VOLUME 2

JOURNAL

OF THE

HOUSE

OF REPRESENTATIVES

SEVENTY-FOURTH SESSION

OF THE

LEGISLATURE

STATE OF MINNESOTA

1985

RAMALEY PRINTING COMPANY

STATE OF MINNESOTA

SEVENTY-FOURTH SESSION – 1985

THIRTY-FIFTH DAY

SAINT PAUL, MINNESOTA, MONDAY, APRIL 8, 1985

The House of Representatives convened at 2:00 p.m. and was called to order by David M. Jennings, Speaker of the House.

Prayer was offered by Reverend Robert Dunn, Christ United Methodist Church, Rochester, Minnesota.

The roll was called and the following members were present:

Anderson, R.	Ellingson	Kostohryz	Osthoff	Segal
Backlund	Erickson	Krueger	Otis	Shaver
Battaglia	Fjoslien	Kvam	Ozment	Sherman
Beard	Forsythe	Levi	Pappas	Simoneau
Becklin	Frederick	Lieder	Pauly	Skoglund
Begich	Frederickson	Long	Peterson	Solberg
Bennett	Frerichs	Marsh	Piepho	Sparby
Bishop	Greenfield	McDonald	Piper	Sviggum
Blatz	Gruenes	McEachern	Poppenhagen	Thiede
Boerboom	Gutknecht	McKasy	Price	Thorson
Boo	Halberg	McLaughlin	Quinn	Tjornhom
Brandl	Hartinger	McPherson	Quist	Tomlinson
Brinkman	Hartle	Metzen	Redalen	Tompkins
Brown	Haukoos	Miller	Rees	Tunheim
Burger	Heap	Minne	Rest	Uphus
Carlson, D.	Himle	Munger	Rice	Valan
Carlson, J.	Jacobs	Murphy	Richter	Valento
Carlson, L.	Jaros	Nelson, D.	Riveness	Vanasek
Clark	Jennings, L.	Nelson, K.	Rodosovich	Vellenga
Clausnitzer	Johnson	Neuenschwander	Rose	Voss
Cohen	Kahn	Norton	Sarna	Waltman
Dempsey	Kalis	Ogren	Schafer	Welle
DenOuden	Kelly	Olsen, S.	Scheid	Wenzel
Dimler	Kiffmeyer	Olson, E.	Schoenfeld	Wynia
Dyke	Knickerbocker	Omann	Schreiber	Zaffke
Elioff	Knuth	Onnen	Seaberg	Spk. Jennings, D.

A quorum was present.

O'Connor and Staten were excused.

Anderson, G., was excused until 3:50 p.m. Stanius was excused until 6:00 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Kvam moved that further reading of the Journal

be dispensed with and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 123, 545, 659, 671, 852, 887, 918, 921, 959, 1023, 1075, 1088, 1093, 1117, 1150, 1170, 1185, 1193, 1202, 1254, 1279, 1300, 1319, 18, 413, 683, 781, 968, 985, 1025, 1064, 1086, 1129, 1224, 1250, 563, 891, 1000, 1016, 1106, 1130, 1163, 1178, 1281, 645, 957, 1197, 835, 855, 876, 831, 1371 and 1370 and S. F. Nos. 77, 625, 635, 923, 374, 679 and 450 have been placed in the members' files.

S. F. No. 625 and H. F. No. 626, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Gruenes moved that S. F. No. 625 be substituted for H. F. No. 626 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 679 and H. F. No. 881, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Thorson moved that S. F. No. 679 be substituted for H. F. No. 881 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 635 and H. F. No. 586, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

McEachern moved that the rules be so far suspended that S. F. No. 635 be substituted for H. F. No. 586 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Heap from the Committee on Labor-Management Relations to which was referred:

H. F. No. 56, A bill for an act relating to labor; creating an employees social responsibility act; providing penalties; proposing coding for new law in Minnesota Statutes, chapter 181.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [181.931] [CITATION.]

Sections 1 to 11 are the "employee's social responsibility act of 1985."

Sec. 2. [181.932] [DEFINITIONS.]

Subdivision 1. [GENERALLY.] *For the purposes of sections 1 to 11 the terms defined in this section have the meanings given them.*

Subd. 2. [EMPLOYEE.] *"Employee" means a person who receives compensation, in any form, for services rendered to an employer. Employee includes a person employed by the state or any political subdivision of the state. Employee does not include an independent contractor or a person rendering services to an employer on behalf of an independent contractor. Employee includes a volunteer receiving expense reimbursement from an employer.*

Subd. 3. [EMPLOYER.] *"Employer" means any person having one or more employees and includes the state and any political subdivisions of the state. Employer includes an independent contractor.*

Sec. 3. [181.933] [DISCLOSURE OF INFORMATION.]

Subdivision 1. [NO RETALIATION.] *Employees making disclosures under this section may do so without fear of any prohibited action by an employer, as set forth under section 4.*

Subd. 2. [REPORT TO PUBLIC OFFICIAL.] *An employee having knowledge of a violation or suspected violation of any federal or state law, or rules and regulations adopted pursuant to law, may report or transmit all facts and information on the matter to any governmental body or law enforcement official where the violation occurred or will occur.*

Subd. 3. [INVESTIGATION.] *The governmental body or law enforcement official shall make any investigation it considers proper upon the receipt of a report or information under this section.*

Subd. 4. [DISCLOSURE OF IDENTITY.] *No public official or law enforcement official shall disclose, or cause to disclose, the identity of any employee making a report or providing information without the employee's consent unless the investigator determines that disclosure is necessary for prosecution. If the disclosure is necessary for prosecution, the employee shall be informed prior to the disclosure.*

Subd. 5. [INTERMEDIARY REPORTING.] *An employee may personally disclose information or make a disclosure through a third person.*

Subd. 6. [FALSE DISCLOSURES.] *This section does not permit an employee to make statements or disclosures knowing that they are false or that they are in reckless disregard of the truth.*

Sec. 4. [181.934] [PROHIBITED ACTIONS.]

An employer shall not discharge, discipline, threaten, or otherwise discriminate against or penalize an employee regarding the employee's compensation, terms, conditions, locations, or privileges of employment because the employee, or a person acting on behalf of the employee, reports a violation under section 3, is requested by a public body or office to participate in an investigation, hearing, or inquiry involving the employee's employer, or refuses to participate in any activity which violates any law or rule. This section does not protect an employee making statements or disclosures knowing that they are false or that they are made in reckless disregard of the truth.

Sec. 5. [181.935] [CIVIL ACTION.]

Subdivision 1. [TIME LIMITATION.] *An employee who alleges a violation of section 4 may bring a civil action for appropriate injunctive relief, or actual damages, or both, within six months after the date of the employer's actions violating section 4.*

Subd. 2. [VENUE.] *An action commenced pursuant to subdivision 1 may be brought in the district court for the county where the alleged violation occurred, or the county where the person against whom the civil complaint is filed resides or has his or her principal place of business.*

Subd. 3. [BURDEN OF PROOF.] *An employee has the burden of proving by clear and convincing evidence that the determinative factor in the employer's allegedly unlawful personnel action was the disclosure made under section 3.*

Subd. 4. [DEFENSES.] *It shall be a defense to any action brought pursuant to this section that the personnel action was predicated upon grounds other than the employee's exercise of any rights protected by section 4.*

Sec. 6. [181.936] [REMEDIES.]

The district court may order reinstatement of the employee, the payment of back wages with interest, full reinstatement of fringe benefits and seniority rights, actual and compensatory damages, attorney's fees, or any combination of these remedies

for each violation of section 4. The court shall not award punitive damages.

Sec. 7. [181.937] [FALSE DISCLOSURE.]

An employee making a false disclosure under section 3 is liable for a fine of not more than $300 and for costs of litigation including reasonable attorney's fees, incurred by the employer.

Sec. 8. [181.938] [EMPLOYEE RIGHTS.]

Subdivision 1. [EXEMPTION.] *This act shall not apply if the employee reports a violation of a statute or regulation which itself contains protection from reprisal or retaliation for reporting suspected violations.*

Subd. 2. [COLLECTIVE BARGAINING RIGHTS.] *Sections 1 to 7 do not diminish or impair the rights of a person under any collective bargaining agreement.*

Subd. 3. [CONFIDENTIAL INFORMATION.] *Sections 1 to 7 do not permit disclosures which would violate federal or state law or diminish or impair the rights of any person to the continued protection of confidentiality of communications provided by common law.*

Subd. 4. [WAIVER OF RIGHTS.] *The institution of an action in accordance with section 5, except as provided in section 12, constitutes a waiver of the rights and remedies available under any other contract, collective bargaining agreement, law, or rule, or under the common law. An employee challenging a personnel action of the employer under a collective bargaining agreement or contractual grievance procedure does not waive other rights and remedies. However, if the employee elects judicial review of the final step decision of that grievance procedure, those other rights and remedies are waived.*

Sec. 9. [181.939] [DEFAMATION ACTIONS.]

Nothing in sections 1 to 11 abridge any action for defamation or invasion of privacy.

Sec. 10. [181.940] [COMPENSATION.]

Sections 1 to 11 do not require an employer to compensate an employee for participation in any investigation, hearing, or inquiry held by a public body or public officer pursuant to section 4.

Sec. 11. [181.941] [EMPLOYEE NOTICE.]

An employer shall keep employees informed of their rights and obligations and the penalties for false disclosures under sections 1 to 11.

Sec. 12. [181.942] [PREEXISTING PRIVATE ACTIONS.]

The provisions of sections 1 to 11 are in addition to the rights and causes of action of employers and employees otherwise existing and shall not be construed to diminish, limit, or in any other way impair the existing rights or causes of action of an employee or former employee, or to abridge any action for defamation, invasion of privacy, or wrongful discharge from employment, upon whatever basis now being or later pursued, or to imply, assume, or provide that an employer had any prior right to act in a manner which is now prohibited by the express provisions of sections 1 to 11, or otherwise. This section applies only to rights or causes of action based on employer action occurring prior to the effective date of sections 1 to 11."

With the recommendation that when so amended the bill pass.

The report was adopted.

Erickson from the Committee on Education to which was referred:

H. F. No. 88, A bill for an act relating to education; removing the age limits on the apportionment of the school endowment fund; amending Minnesota Statutes 1984, section 124.09.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

FOUNDATION AID

Section 1. Minnesota Statutes 1984, section 124.09, is amended to read:

124.09 [SCHOOL ENDOWMENT FUND, APPORTIONMENT.]

The school endowment fund shall be apportioned semiannually by the state board, on the first Monday in March and October in each year, to districts whose schools have been in session at least nine months. The apportionment shall be in proportion to the number of pupils (BETWEEN THE AGES OF FIVE AND TWENTY-ONE YEARS WHO SHALL HAVE BEEN) in average daily membership during the preceding year; provided, that apportionment shall not be paid to a district for pupils for whom tuition is received by the district.

Sec. 2. Minnesota Statutes 1984, section 124.17, is amended by adding a subdivision to read:

Subd. 1a. [AFDC PUPIL UNITS.] *In addition to the pupil units counted under subdivision 1, pupil units shall be counted as provided in this subdivision, beginning with the 1986-1987 school year.*

Each pupil in subdivision 1 from a family receiving aid to families with dependent children or its successor program who is enrolled in the school district on October 1 shall be counted as an additional five-tenths pupil unit.

Sec. 3. Minnesota Statutes 1984, section 124.17, is amended by adding a subdivision to read:

Subd. 4. [DECLINE PUPIL UNITS.] *For each school district which experiences a seven percent or greater decline in the number of resident secondary pupils in average daily membership from the last year to the current year, each resident secondary pupil in average daily membership in the current year shall be weighted fifteen-hundredths of a pupil unit in addition to other weightings. No district shall receive more than $375,000 in additional foundation revenue for any year as a result of the additional pupil weightings allowed under this subdivision.*

Sec. 4. Minnesota Statutes 1984, section 124.2138, subdivision 2, is amended to read:

Subd. 2. [TRANSPORTATION LEVY EQUITY.] (1) If the transportation levy for fiscal year 1985 in any district, or for fiscal year 1986 (AND THEREAFTER) in a nonagricultural district, of 1.75 mills times the adjusted assessed valuation of the district exceeds the transportation aid computation under section 124.225, subdivisions 8b, 8i, 8j, and 8k, an amount shall be deducted as provided in this subdivision from special state aids of chapter 124 receivable for the same fiscal year, and from state payments on behalf of the district for the same fiscal year authorized in sections 354.43, subdivision 1; 354A.12, subdivision 2; and 355.46, subdivision 3, clause (b), to the extent that those special state aids and state payments have not been reduced pursuant to section 124A.037. However, aid authorized in sections 124.2137 and 124.646 shall not be reduced.

(2) The amount of the deduction shall equal the difference between:

(a) 1.75 mills times the adjusted assessed valuation of the district for the levy attributable to that fiscal year, and

(b) the sum of the district's transportation aid computation pursuant to section 124.225, subdivisions 8b, 8i, 8j, and 8k, less

the amount of any aid reduction due to an insufficient appropriation as provided in section 124.225, subdivision 8a.

However, for fiscal year 1985, the amount of the deduction shall be one-sixth of the difference between clauses (a) and (b); *and* for fiscal year 1986, the amount of the deduction shall be one-third of the difference between clauses (a) and (b) (; FOR FISCAL YEAR 1987, THE AMOUNT OF THE DEDUCTION SHALL BE ONE-HALF OF THE DIFFERENCE BETWEEN CLAUSES (A) AND (B); FOR FISCAL YEAR 1988, THE AMOUNT OF THE DEDUCTION SHALL BE TWO-THIRDS OF THE DIFFERENCE BETWEEN CLAUSES (A) AND (B); AND FOR FISCAL YEAR 1989, THE AMOUNT OF THE DEDUCTION SHALL BE FIVE-SIXTHS OF THE DIFFERENCE BETWEEN CLAUSES (A) AND (B)).

Sec. 5. Minnesota Statutes 1984, section 124A.02, subdivision 6, is amended to read:

Subd. 6. [BASIC FOUNDATION REVENUE.] A district's basic foundation revenue for each school year shall equal the formula allowance times its total pupil units *plus its decline pupil units* for that school year.

Sec. 6. Minnesota Statutes 1984, section 124A.02, subdivision 7, is amended to read:

Subd. 7. [BASIC MAINTENANCE MILL RATE.] "Basic maintenance mill rate" means the mill rate applicable to the adjusted assessed valuation of a district, used in the computation of basic foundation aid for a particular school year and of the basic maintenance levy for use in that school year. (THE BASIC MAINTENANCE MILL RATE SHALL BE .024 FOR THE 1982 PAYABLE 1983 LEVIES AND FOR FOUNDATION AID FOR THE 1983-1984 SCHOOL YEAR.) The basic maintenance mill rate shall be .024 for the 1983 payable 1984 levies and for foundation aid for the 1984-1985 school year. The basic maintenance mill rate shall be .0235 for the 1984 payable 1985 levies and for foundation aid for the 1985-1986 school year. *The basic maintenance mill rate for 1985 payable 1986 levies and each year thereafter, and for foundation aid for the 1986-1987 school year and each year thereafter, shall be established as provided in section 11.*

Sec. 7. Minnesota Statutes 1984, section 124A.02, subdivision 8, is amended to read:

Subd. 8. [EQUALIZING FACTOR.] "Equalizing factor" means a number equal to the minimum EARC valuation per (ACTUAL AND AFDC) *total* pupil unit which disqualifies a district from earning any basic foundation aid. The equalizing factor for each school year and for levies for use in that school year equals

the ratio, rounded to the nearest dollar, of the foundation aid formula allowance for that school year to the basic maintenance mill rate for that school year. (HOWEVER, THE EQUALIZING FACTOR FOR DISCRETIONARY AND REPLACEMENT AIDS FOR THE 1982-1983 SCHOOL YEAR SHALL BE $61,-565.)

Sec. 8. Minnesota Statutes 1984, section 124A.02, subdivision 9, is amended to read:

Subd. 9. [FORMULA ALLOWANCE.] "Foundation aid formula allowance" or "formula allowance" means the amount of revenue per pupil unit used in the computation of foundation aid for a particular school year and in the computation of permissible levies for use in that school year. (THE FORMULA ALLOWANCE SHALL BE $1,475 FOR THE 1982 PAYABLE 1983 LEVIES AND FOR FOUNDATION AID FOR THE 1983-1984 SCHOOL YEAR.) The formula allowance shall be $1,475 for the 1983 payable 1984 levies and for foundation aid for the 1984-1985 school year. The formula allowance shall be $1,585 for the 1984 payable 1985 levies and for foundation aid for the 1985-1986 school year. *The formula allowance shall be $1,675 for the 1985 payable 1986 levies and for foundation aid for the 1986-1987 school year.*

Sec. 9. Minnesota Statutes 1984, section 124A.02, subdivision 16, is amended to read:

Subd. 16. [PUPIL UNITS, AFDC.] *For the 1984-1985 and 1985-1986 school years,* "AFDC pupil units" means 98.5 percent of the pupil units identified in Minnesota Statutes 1980, section 124.17, subdivision 1, clauses (4) and (5) in the 1980-1981 school year.

For the 1986-1987 school year and each year thereafter, "AFDC pupil units" means pupil units identified in section 124.17, subdivision 1a.

Sec. 10. Minnesota Statutes 1984, section 124A.02, is amended by adding a subdivision to read:

Subd. 16a. [PUPIL UNITS; DECLINE.] *"Decline pupil units" means pupil units identified in section 3.*

Sec. 11. Minnesota Statutes 1984, section 124A.03, is amended by adding a subdivision to read:

Subd. 1a. [ESTABLISHMENT OF BASIC MAINTENANCE MILL RATE.] *(a) The commissioner of revenue shall establish the basic maintenance mill rate and certify it to the commissioner of education by August 1 of each year for levies payable in the following year. The established basic maintenance mill rate*

shall be a rate, rounded up to the nearest tenth of a mill, which when applied to the adjusted assessed valuation of taxable property for each school district under section 124A.03, subdivision 1 or 3, as applicable, raises the total amount specified in this section. The amount levied by a school district to replace aids subtracted pursuant to section 124A.037 must not be included in the computation of the mill rate.

(b) The basic maintenance mill rate for the 1985 payable 1986 levies and for foundation aid for the 1986-1987 school year shall be established at a rate that raises a total of $613,000,000. The basic maintenance mill rate computed by the commissioner of revenue must not be recomputed due to changes or corrections made in a school district's adjusted assessed valuation after the mill rate has been certified to the department of education pursuant to paragraph (a).

Sec. 12. Minnesota Statutes 1984, section 124A.03, subdivision 3, is amended to read:

Subd. 3. [BASIC MAINTENANCE LEVY; DISTRICTS OFF THE FORMULA.] In any year when the amount of the maximum levy limitation under subdivision 1 for any district, exceeds the product of the district's foundation aid formula allowance for the year in which the levy is recognized as revenue times the estimated number of total pupil units *plus decline pupil units* for that district for that school year, the levy limitation for that district under subdivision 1 shall be limited to the greater of the dollar amount of the levy the district certified in 1977 under Minnesota Statutes 1978, section 275.125, subdivision 2a, clause (1), or the following difference but not to exceed the levy limitation under subdivision 1:

(a) the (SUM OF (I) THE) product of the district's foundation aid formula allowance for the school year in which the levy is recognized as revenue, times the estimated number of total pupil units for that district for that school year, (PLUS (II) THE AMOUNT BY WHICH SPECIAL STATE AIDS OF CHAPTER 124 RECEIVABLE FOR THE SAME SCHOOL YEAR, EXCLUDING AID AUTHORIZED IN SECTIONS 124.2137 AND 124.646, ARE ESTIMATED TO BE REDUCED PURSUANT TO SECTION 124.2138, SUBDIVISION 1, PLUS)

((III) THE AMOUNT BY WHICH STATE PAYMENTS ON BEHALF OF THE DISTRICT FOR THE SAME SCHOOL YEAR AUTHORIZED IN SECTIONS 354.43, SUBDIVISION 1; 354A.12, SUBDIVISION 2; AND 355.46, SUBDIVISION 3, CLAUSE (B), ARE ESTIMATED TO BE REDUCED PURSUANT TO SECTION 124.2138, SUBDIVISION 1,) less

(b) the estimated amount of any payments which would reduce the district's foundation aid entitlement as provided in sec-

tion 124A.035, subdivision 4 in the school year in which the levy is recognized as revenue.

A levy made by a district pursuant to this subdivision shall be construed to be the levy made by that district pursuant to subdivision 1, for purposes of statutory cross-reference.

Sec. 13. Minnesota Statutes 1984, section 124A.03, subdivision 4, is amended to read:

Subd. 4. [SUMMER *INSTRUCTIONAL* PROGRAM LEVY.] In (1984) *1985* and each year thereafter, a district may levy for summer *instructional* programs an amount equal to the following product:

(a) The district's estimated (TOTAL) summer program *instructional* revenue allowance as defined in section 124A.033, subdivision 2, for the summer program session to be held in the calendar year after the calendar year when the levy is certified, times

(b) the lesser of

(1) one, or

(2) the ratio of

(i) the quotient derived by dividing the adjusted assessed valuation of the district in the second preceding year by the total pupil units in the district in the current regular school year, to

(ii) *50 percent of* the equalizing factor for the current regular school year.

Sec. 14. Minnesota Statutes 1984, section 124A.033, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For the purposes of computing foundation aid for summer programs and inter-session classes of flexible school year programs, the following phrases shall have the meanings given them.

(1) "Summer program pupil units" means full-time equivalent pupil units for summer programs and inter-session classes of flexible school year programs computed under the provisions of section 124.17.

(2) "Summer program instructional revenue allowance" means an amount equal to the product of the number of summer program pupil units in a district, times the foundation aid

formula allowance as defined in section 124A.02 for the preceding regular school year.

(3) ("SUMMER EDUCATIONAL IMPROVEMENT REVENUE ALLOWANCE" MEANS AN AMOUNT EQUAL TO THE PRODUCT OF 0.005, TIMES THE NUMBER OF ACTUAL PUPIL UNITS IN THE DISTRICT IN THE PRECEDING REGULAR SCHOOL YEAR, TIMES THE FOUNDATION AID FORMULA ALLOWANCE AS DEFINED IN SECTION 124A.02 FOR THE PRECEDING REGULAR SCHOOL YEAR.)

((4) "TOTAL SUMMER PROGRAM REVENUE ALLOWANCE" MEANS AN AMOUNT EQUAL TO THE SUM OF A DISTRICT'S SUMMER PROGRAM INSTRUCTIONAL REVENUE ALLOWANCE AND SUMMER EDUCATIONAL IMPROVEMENT REVENUE ALLOWANCE.)

((5)) "Summer program aid" means aid for summer programs and inter-session classes of flexible school year programs.

Sec. 15. Minnesota Statutes 1984, section 124A.033, subdivision 3, is amended to read:

Subd. 3. [SUMMER PROGRAM AID; 1985 SUMMER.] In fiscal year 1986 (AND EACH YEAR THEREAFTER), a district shall receive summer program aid equal to the difference between:

(1) the product of

(a) the ratio of the district's actual levy to its permitted levy, pursuant to section 124A.03, subdivision (3) *4*, certified in (THE CALENDAR YEAR BEFORE THE SUMMER PROGRAM IS OFFERED) *1984*; times

(b) the district's total summer program revenue allowance; and

(2) the levy certified by the district pursuant to section 124A.03, subdivision (3) *4*, in (THE CALENDAR YEAR BEFORE THE SUMMER PROGRAM IS OFFERED) *1984*.

Sec. 16. Minnesota Statutes 1984, section 124A.033, is amended by adding a subdivision to read:

Subd. 3a. [SUMMER INSTRUCTIONAL PROGRAM AID; 1986 SUMMER AND THEREAFTER.] *In fiscal year 1987 and each year thereafter, a district shall receive summer instructional program aid equal to the difference between:*

(1) the product of

(a) the ratio of the district's actual levy to its permitted levy, pursuant to section 124A.03, subdivision 4, certified in the calendar year before the summer program is offered; times

(b) the district's summer instructional program revenue allowance; and

(2) the levy certified by the district pursuant to section 124A.03, subdivision 4, in the calendar year before the summer program is offered.

Sec. 17. Minnesota Statutes 1984, section 124A.037, is amended to read:

124A.037 [BASIC MAINTENANCE LEVY EQUITY.]

(1) If the amount of the maximum levy limitation under section 124A.03, subdivision 1, for fiscal year 1985 for any district, or for fiscal year 1986 (OR AFTER) for a nonagricultural district exceeds the district's basic foundation revenue for the corresponding fiscal year, an amount shall be deducted as provided in this subdivision from special state aids of chapter 124 receivable for the same fiscal year, and from state payments on behalf of the district for the same fiscal year authorized in sections 354.43, subdivision 1; 354A.12, subdivision 2; and 355.46, subdivision 3, clause (b). However, the aid authorized in sections 124.2137 and 124.646 shall not be reduced.

(2) The amount of the deduction shall equal the difference between:

(a) the sum of the amount of the district's maximum levy limitation under section 124A.03, subdivision 1, plus the amount of any reductions to that levy limitation pursuant to sections 124A.03, subdivision 3, and 275.125, subdivision 9, and

(b) the district's basic foundation revenue.

However, for fiscal year 1985, the amount of the deduction shall be one-sixth of the difference between clauses (a) and (b); *and* for fiscal year 1986, the amount of the deduction shall be one-third of the difference between clauses (a) and (b) (; FOR FISCAL YEAR 1987, THE AMOUNT OF THE DEDUCTION SHALL BE ONE-HALF OF THE DIFFERENCE BETWEEN CLAUSES (A) AND (B); FOR FISCAL YEAR 1988, THE AMOUNT SHALL BE TWO-THIRDS OF THE DIFFERENCE BETWEEN CLAUSES (A) AND (B); AND FOR FISCAL YEAR 1989, THE AMOUNT OF THE DEDUCTION SHALL BE FIVE-SIXTHS OF THE DIFFERENCE BETWEEN CLAUSES (A) AND (B)).

Sec. 18. Minnesota Statutes 1984, section 124A.06, subdivision 1, is amended to read:

Subdivision 1. [COST DIFFERENTIAL TIER ALLOWANCE.] "Cost differential tier allowance" means the amount of revenue per actual pupil unit used to compute the cost differential tier aid for a school year and levy for use in the same school year. A district's cost differential tier allowance shall be the result of the following computation:

(a) Divide the amount of aid the district would have received for the 1980-1981 school year if Minnesota Statutes *1983 Supplement,* (1979 SUPPLEMENT, SECTION 124.224, AS AMENDED BY) section 124.2124, subdivision 1, had been effective for the 1980-1981 school year by the actual pupil units in the district in the 1980-1981 school year.

(b) For the 1984-1985 school year, multiply the result in clause (a) by one. For the 1985-1986 school year and school years thereafter, multiply the result in clause (a) by two.

(c) Divide the formula allowance for the school year by $1265.

(d) Multiply the result in clause (b) by the result in clause (c).

(e) Subtract 1.25 from the training and experience index, and multiply the difference by $300 for the 1984-1985 school year, or $400 for the 1985-1986 school year and thereafter.

(f) Select the greater of the result in clause (e) or zero.

(g) Add the results of clauses (d) and (f).

Sec. 19. Minnesota Statutes 1984, section 124A.06, subdivision 3a, is amended to read:

Subd. 3a. [COST DIFFERENTIAL TIER LEVY.] (IN 1983 AND EACH YEAR THEREAFTER,) A district may levy for its cost differential tier revenue an amount not to exceed the lesser of its cost differential tier revenue or the result of the following computation:

(i) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.

(ii) Divide the result in clause (i) by the equalizing factor for the school year to which the levy is attributable.

(iii) Multiply the result in clause (ii) by the district's cost differential tier revenue for the school year to which the levy is attributable.

Sec. 20. Minnesota Statutes 1984, section 124A.08, subdivision 3a, is amended to read:

Subd. 3a. [SECOND TIER LEVY.] (IN 1983 AND EACH YEAR THEREAFTER,) A district may levy for its second tier revenue an amount not to exceed the lesser of its second tier revenue or the result of the following computation:

(i) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.

(ii) Divide the result in clause (i) by the equalizing factor for the school year to which the levy is attributable.

(iii) Multiply the result in clause (ii) by the district's second tier revenue for the school year to which the levy is attributable.

Sec. 21. Minnesota Statutes 1984, section 124A.08, subdivision 5, is amended to read:

Subd. 5. [SECOND TIER LEVY FUND BALANCE.] (BEGINNING WITH THE 1983 PAYABLE 1984 LEVY,) For a district where the net unappropriated operating fund balance as of the June 30 before the levy is certified exceeds $500 per total pupil unit in the year when the levy is certified, the second tier levy shall be reduced by the amount of the excess times the lesser of (a) one, or (b) the ratio of the district's EARC valuation for the preceding year per total pupil unit in the school year for which the levy is attributable, to the equalizing factor. (BEGINNING WITH THE 1984-1985 SCHOOL YEAR,) The second tier aid for the year when that levy is used shall be reduced by any amount of the excess which is not subtracted from the levy.

Sec. 22. Minnesota Statutes 1984, section 124A.10, subdivision 3a, is amended to read:

Subd. 3a. [THIRD TIER LEVY.] (IN 1983 AND EACH YEAR THEREAFTER,) A district may levy for its third tier revenue an amount not to exceed the lesser of its third tier revenue or the result of the following computation:

(i) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.

(ii) Divide the result in clause (i) by 75 percent of the equalizing factor for the school year to which the levy is attributable.

(iii) Multiply the result in clause (ii) by the district's third tier revenue for the school year to which the levy is attributable.

Sec. 23. Minnesota Statutes 1984, section 124A.12, subdivision 3a, is amended to read:

Subd. 3a. [FOURTH TIER LEVY.] (IN 1983 AND EACH YEAR THEREAFTER,) A district may levy for its fourth tier revenue an amount not to exceed the lesser of its fourth tier revenue or the result of the following computation:

(i) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.

(ii) Divide the result in clause (i) by 50 percent of the equalizing factor for the school year to which the levy is attributable.

(iii) Multiply the result in clause (ii) by the fourth tier revenue for the school year to which the levy is attributable.

Sec. 24. Minnesota Statutes 1984, section 124A.14, subdivision 5a, is amended to read:

Subd. 5a. [FIFTH TIER LEVY.] (IN 1983 AND EACH YEAR THEREAFTER,) A district may levy for its fifth tier revenue an amount not to exceed the lesser of its fifth tier revenue or the result of the following computation:

(i) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.

(ii) Divide the result in clause (i) by 50 percent of the equalizing factor for the school year to which the levy is attributable.

(iii) Multiply the result in clause (ii) by the fifth tier revenue for the school year to which the levy is attributable.

Sec. 25. Minnesota Statutes 1984, section 124A.16, subdivision 2, is amended to read:

Subd. 2. [TOTAL REVENUE PER ACTUAL PUPIL UNIT.] The total revenue per actual pupil unit permitted from the tiers specified in sections 124A.06, 124A.08, 124A.10, 124A.12, and 124A.14 shall equal the sum of the previous formula amount plus the greater of:

(a) the minimum increase; or

(b) 25 percent of the difference between the total tier allowance and the previous formula amount in the 1984-1985 school

year, 50 percent of the difference in the 1985-1986 school year, (75) *87.5* percent of the difference in the 1986-1987 school year, or 100 percent of the difference in the 1987-1988 school year and subsequent school years.

Sec. 26. Minnesota Statutes 1984, section 124A.16, subdivision 4, is amended to read:

Subd. 4. [UNIT REVENUE BEFORE REDUCTION.] The permitted total revenue per actual pupil unit specified in subdivision 2 shall be determined prior to the reduction according to section (124A.03, SUBDIVISION 3) *124A.08, subdivision 5.*

Sec. 27. Minnesota Statutes 1984, section 126.64, subdivision 2, is amended to read:

Subd. 2. [DISTRICT OF ATTENDANCE.] The district receiving a pupil selected to participate in the program of excellence program shall count the pupil as a resident pupil unit as defined in section 124.17 for purpose of determining aids and levies. *The district of residence shall not count such a pupil as a resident pupil unit while the pupil attends school in another district.*

Sec. 28. Minnesota Statutes 1984, section 275.125, is amended by adding a subdivision to read:

Subd. 6f. [LEVY FOR AFDC CONCENTRATION.] *Each year a district where the number of pupils from families receiving aid to families with dependent children or its successor program equals six percent or more of the total actual pupil units in the district may make a levy under the provisions of this subdivision. The amount of the levy shall not exceed the following computation:*

(a) compute the number of pupils from families receiving aid to families with dependent children or its successor program enrolled in the school district on October 1 in the school year to which the levy is attributable as a percent of actual pupil units in the district determined according to section 124.17, subdivision 1, for that same year. The district shall round this computation down to the nearest whole percent.

(b) multiply each pupil from a family receiving aid to families with dependent children by an amount equal to one-tenth for each percent over five computed in paragraph (a), but not to exceed six-tenths for each pupil.

(c) multiply the result in paragraph (b) by the foundation aid formula allowance for the school year to which the levy is attributable.

Sec. 29. [REDUCTIONS FOR REVENUE EQUITY.]

Pursuant to Minnesota Statutes, sections 124.2138 and 124A.-037, aid payments shall be reduced in fiscal year 1986 by approximately $4,222,600.

Sec. 30. [LEVY ADJUSTMENT.]

The commissioner shall adjust the 1984 payable 1985 levy limitations for school districts as a result of the provisions of section 3 of this article. The adjustment shall be a positive or negative amount equal to the difference between the amount the district levied in 1984 and the amount the district would have certified for the 1984 levies if the provision in section 3 of this article had been in effect at the time the 1984 payable 1985 levy was made. The adjustment shall be added to or subtracted from the district's levy limitation for 1985 taxes payable in 1986.

Sec. 31. [APPROPRIATION.]

Subdivision 1. [TO DEPARTMENT OF EDUCATION.] *There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

Subd. 2. [FOUNDATION AID.] *For foundation aid there is appropriated:*

$706,090,300 1986,

$875,506,000 . . . . . 1987.

The appropriation for 1986 includes $81,869,500 for aid for fiscal year 1985 payable in fiscal year 1986, and $624,220,800 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for 1987 includes $105,419,300 for aid for fiscal year 1986 payable in fiscal year 1987, and $770,086,700 for aid for fiscal year 1987 payable in fiscal year 1987.

Subd. 3. [SUMMER PROGRAMS.] *For summer program aid pursuant to section 124A.033, subdivision 3, and for summer instructional program aid pursuant to section 124A.033, subdivision 3a, there is appropriated:*

$7,878,600 1986,

$3,028,900 . . . . . 1987.

The appropriation for fiscal year 1986 is for aid for programs in summer 1985. The appropriation for fiscal year 1987 is for aid for programs in summer 1986.

Subd. 4. [CANCELLATION.] *Any unexpended balance remaining from the appropriations in this section for 1986 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated.*

Sec. 32. [REPEALER.]

Subdivision 1. [JULY 1, 1985.] *Minnesota Statutes 1984, section 124.201, subdivisions 3, 4 and 5; 126.64, subdivision 1; section 124A.03, subdivision 5; section 124A.035, subdivision 6; and section 275.125, subdivision 2j, are repealed.*

Subd. 2. [JUNE 30, 1986.] *Minnesota Statutes 1984, sections 124.2138, subdivision 2; and 124A.037 are repealed.*

Sec. 33. [EFFECTIVE DATE.]

Section 32, subdivision 2, is effective June 30, 1986.

ARTICLE 2

TRANSPORTATION AID

Section 1. Minnesota Statutes 1984, section 124.223, is amended to read:

124.223 [TRANSPORTATION AID AUTHORIZATION.]

School transportation and related services for which state transportation aid is authorized are:

(1) [TO AND FROM SCHOOL; BETWEEN SCHOOLS.] Transportation or board of resident elementary pupils who reside one mile or more from the public schools which they could attend; transportation or board of resident secondary pupils who reside two miles or more from the public schools which they could attend; transportation to, from, or between the schools the resident pupils attend pursuant to a program approved by the commissioner of education; transportation of resident elementary pupils who reside one mile or more from a nonpublic school actually attended; transportation of resident secondary pupils who reside two miles or more from a nonpublic school actually attended; but with respect to transportation of pupils to nonpublic schools actually attended, only to the extent permitted by sections 123.76 to 123.79;

(2) [OUTSIDE DISTRICT.] Transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school; the pupils may attend a classified secondary school in another district and shall receive board and lodging in or transportation to and from a district having a classified secondary school at the expense of the district of the pupil's residence;

(3) [SECONDARY VOCATIONAL CENTERS.] Transportation to and from a state board approved secondary vocational center for secondary vocational classes for resident pupils of any of the districts who are members of or participating in programs at that center;

(4) [HANDICAPPED.] Transportation or board and lodging of a handicapped pupil when that pupil cannot be transported on a regular school bus, the conveying of handicapped pupils between home and school and within the school plant, necessary transportation of handicapped pupils from home or from school to other buildings, including hospitals and treatment centers where special instruction or services required by section 120.17 are provided, within or outside the district where services are provided, and necessary transportation for resident handicapped pupils required by section 120.17, subdivision 4a. Transportation of handicapped pupils between home and school shall not be subject to the requirement in clause (1) that elementary pupils reside at least one mile from school and secondary pupils reside at least two miles from school in order for the transportation to qualify for aid;

(5) [BOARD AND LODGING; NONRESIDENT HANDICAPPED.] When necessary, board and lodging for nonresident handicapped pupils in a district maintaining special classes;

(6) [SHARED TIME.] Transportation from one educational facility to another within the district for resident pupils enrolled on a shared time basis in educational programs approved by the commissioner of education, and necessary transportation required by section 120.17, subdivision 9 for resident handicapped pupils who are provided special instruction and services on a shared time basis;

(7) [FARIBAULT STATE SCHOOLS.] Transportation for residents to and from the Minnesota school for the deaf or the Minnesota braille and sight-saving school;

(8) [SUMMER SCHOOL.] Services described in clauses (1) to (7) and clauses (9) and (10) when provided in conjunction with a (STATE BOARD APPROVED) summer (SCHOOL) program *eligible for aid and levy under sections 124A.03 and 124A.033*;

(9) [COOPERATIVE ACADEMIC AND VOCATIONAL.] Transportation to, from or between educational facilities located in any of two or more school districts jointly offering academic classes approved by the commissioner or secondary vocational classes not provided at a secondary vocational center which are approved by the commissioner for resident pupils of any of these districts; and

(10) [NONPUBLIC SUPPORT SERVICES.] Necessary transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123.935.

Sec. 2. Minnesota Statutes 1984, section 124.225, subdivision 1, is amended to read:

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

(a) "FTE" means a transported full time equivalent pupil whose transportation is authorized for aid purposes by section 124.223.

(b) "Authorized cost for regular transportation" means the sum of:

(1) all expenditures for transportation in the regular category, as defined in clause (e)(1), for which aid is authorized in section 124.223, plus

(2) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of 12-1/2 percent per year of the cost of the fleet, plus

(3) an amount equal to one year's depreciation on district school buses reconditioned by the department of corrections computed on a straight line basis at the rate of 33-1/3 percent per year of the cost to the district of the reconditioning, plus

(4) (BEGINNING IN FISCAL YEAR 1984,) an amount equal to one year's depreciation on the district's type three school buses, as defined in section 169.44, subdivision 15, which were purchased after July 1, 1982 for authorized transportation of pupils, with the prior approval of the commissioner, computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses.

(c) "Adjusted authorized predicted cost per FTE" means the authorized cost predicted by a multiple regression formula

determined by the department of education, and adjusted pursuant to subdivision 7a.

(d) "Aid entitlement per FTE" means the adjusted authorized predicted cost per FTE, inflated pursuant to subdivision 7b.

(e) "Transportation category" means a category of transportation service provided to pupils. *For the 1984-1985 and 1985-1986 school years,* each category includes transportation provided during the regular school year and in conjunction with a (STATE BOARD APPROVED) summer (SCHOOL) program *eligible for aid and levy under sections 124A.03 and 124A.033.* For purposes of this section, transportation categories *for the 1984-1985 and 1985-1986 school years* are as follows:

(1) Regular transportation is transportation services provided under section 124.223, clauses (1) and (2), excluding transportation between schools under section 124.223, clause (1);

(2) (DURING DAY TRANSPORTATION IS TRANSPORTATION SERVICES BETWEEN SCHOOLS PROVIDED UNDER SECTION 124.223, CLAUSE (1), AND TRANSPORTATION SERVICES PROVIDED UNDER SECTION 124.223, CLAUSES (3) AND (9), AND TRANSPORTATION SERVICES PROVIDED UNDER SECTION 124.223, CLAUSE (6), EXCLUDING TRANSPORTATION PROVIDED FOR PUPILS ATTENDING SHARED TIME SPECIAL EDUCATION CLASSES;)

((3) HANDICAPPED TRANSPORTATION IS TRANSPORTATION SERVICES FOR PUPILS ATTENDING SHARED TIME SPECIAL EDUCATION CLASSES PROVIDED UNDER SECTION 124.223, CLAUSE (6), AND TRANSPORTATION SERVICES PROVIDED UNDER SECTION 124.223, CLAUSE (4), EXCLUDING BOARD AND LODGING AND EXCLUDING TRANSPORTATION TO AND FROM BOARD AND LODGING FACILITIES;)

((4) BOARD AND LODGING IS SERVICES PROVIDED, IN LIEU OF TRANSPORTATION, UNDER SECTION 124.-223, CLAUSES (4) AND (5);)

((5) TO AND FROM BOARD AND LODGING FACILITY TRANSPORTATION IS TRANSPORTATION SERVICES TO AND FROM BOARD AND LODGING FACILITIES PROVIDED UNDER SECTION 124.223, CLAUSES (4) AND (7);)

((6) NONPUBLIC HEALTH, GUIDANCE AND COUNSELING TRANSPORTATION IS TRANSPORTATION SERVICES PROVIDED UNDER SECTION 124.223, CLAUSE (10);)

((7)) Nonregular transportation is transportation services provided between schools under section 124.223, clause (1); and transportation services provided under section 124.223, clauses (3), (4), (5), (6), (7), (9), and (10).

For the purposes of this section, transportation categories for the 1986-1987 school year and thereafter are as follows:

(1) Regular transportation is transportation services provided during the regular school year under section 124.223, clauses (1) and (2), excluding transportation between schools under section 124.223, clause (1);

(2) Nonregular transportation is transportation services provided between schools under section 124.223, clause (1); and transportation services provided under section 124.223, clauses (3), (4), (5), (6), (7), (8), (9), and (10).

(f) "Pupil weighting factor" means the ratio of the actual district average cost per FTE in a particular transportation category in the base year to the actual district average cost per FTE in the regular transportation category in the base year.

(g) "Weighted FTE's" means the number of FTE's in each transportation category multiplied by the pupil weighting factor for that category.

(h) "Mobile unit" means a vehicle or trailer designed to provide facilities for educational programs and services, including diagnostic testing, guidance and counseling services and health services. A mobile unit located off nonpublic school premises is a neutral site as defined in section 123.932, subdivision 9.

((i) "PERCENT EXCESS HANDICAPPED FTE'S TRANSPORTED" MEANS THE RESULT OF THE FOLLOWING COMPUTATION FOR THE CURRENT YEAR:)

(ONE, MINUS THE PRODUCT OF)

((1) THE RATIO OF THE NUMBER OF FTE PUPILS TRANSPORTED IN THE HANDICAPPED CATEGORY IN THE STATE TO THE NUMBER OF FTE PUPILS TRANSPORTED IN THE HANDICAPPED CATEGORY IN THE DISTRICT; TIMES)

((2) THE RATIO OF THE NUMBER OF FTE PUPILS TRANSPORTED IN THE REGULAR CATEGORY IN THE DISTRICT TO THE NUMBER OF FTE PUPILS TRANSPORTED IN THE REGULAR CATEGORY IN THE STATE.)

((J)) *(i)* "Current year" means the school year for which aid will be paid.

((K)) *(j)* "Base year" means the second school year preceding the school year for which aid will be paid.

((L)) *(k)* "Base cost" means the authorized regular transportation cost per FTE in the base year in the regular transportation category, excluding summer school transportation.

((M)) *(l)* "Predicted base cost" means the base cost as predicted by subdivision 3.

Sec. 3. Minnesota Statutes 1984, section 124.225, subdivision 3, is amended to read:

Subd. 3. [FORMULA.] For each school year, the state shall pay to each school district for all pupil transportation and related services for which the district is authorized by law to receive state aid an amount determined according to this section. The department of education shall conduct multiple regression analysis (USING THE TERMS SPECIFIED IN SUBDIVISION 4A FOR THE 1982-1983 AND 1983-1984 SCHOOL YEARS, AND) using the terms specified in subdivision 4b for (THE 1984-1985 SCHOOL YEAR AND) each school year (THEREAFTER) to predict the base cost for each district. Each year a formula shall be derived based upon the regression analysis, (BUT EXCLUDING THE FACTOR DESCRIBED IN SUBDIVISION 4A, CLAUSE (9), IN THE FORMULA FOR THE 1983-1984 SCHOOL YEAR. EACH YEAR THE FORMULA) *and* shall be used to determine a predicted base cost for each district. The amount determined for each district shall be adjusted according to the provisions of subdivisions 7a and 7b.

Sec. 4. Minnesota Statutes 1984, section 124.225, subdivision 4b, is amended to read:

Subd. 4b. [FORMULA TERMS, 1984-1985 AND AFTER.] To predict the logarithm of the base cost for each district pursuant to subdivision 3 for (THE 1984-1985 SCHOOL YEAR AND) each *school* year (THEREAFTER), the multiple regression formula shall use the following terms for each district:

(1) The logarithm of the lesser of (a) the number of authorized FTE's per square mile transported by the district in the regular transportation category, or (b) 200;

(2) Whether the district is nonrural, based upon criteria established by the department of education; and

(3) The logarithm of the percentage of all FTE's transported in the regular category using buses that are not owned by the district.

Sec. 5. Minnesota Statutes 1984, section 124.225, subdivision 7a, is amended to read:

Subd. 7a. [BASE YEAR SOFTENING FORMULA.] ((1) FOR FISCAL YEAR 1983, EACH DISTRICT'S PREDICTED BASE COST DETERMINED ACCORDING TO SUBDIVISION 3 SHALL BE ADJUSTED AS PROVIDED IN THIS CLAUSE TO DETERMINE ADJUSTED AUTHORIZED PREDICTED COST PER FTE FOR THE BASE SCHOOL YEAR.)

((A) IF THE PREDICTED BASE COST EXCEEDS THE BASE COST, THE PREDICTED BASE COST SHALL BE DECREASED BY 50 PERCENT OF THE FIRST $40 OF DIFFERENCE BETWEEN THE BASE COST AND THE PREDICTED BASE COST; 70 PERCENT OF THE NEXT $40 OF DIFFERENCE; AND 90 PERCENT OF ANY DIFFERENCE WHICH EXCEEDS $80, TO DETERMINE THE ADJUSTED AUTHORIZED PREDICTED COST PER FTE.)

((B) IF THE PREDICTED BASE COST IS LESS THAN THE BASE COST, THE PREDICTED BASE COST SHALL BE INCREASED BY 50 PERCENT OF THE FIRST $40 OF DIFFERENCE BETWEEN THE BASE COST AND THE PREDICTED BASE COST; 70 PERCENT OF THE NEXT $40 OF DIFFERENCE; AND 90 PERCENT OF ANY DIFFERENCE WHICH EXCEEDS $80, TO DETERMINE THE ADJUSTED AUTHORIZED PREDICTED COST PER FTE.)

((2) FOR FISCAL YEAR 1984 AND EACH YEAR THEREAFTER,) Each district's predicted base cost determined for each school year according to subdivision 3 shall be adjusted as provided in this clause to determine the district's adjusted authorized predicted cost per FTE for that year.

(a) If the base cost of the district is within five percent of the predicted base cost, the district's adjusted authorized predicted cost per FTE shall be equal to the base cost.

(b) If the base cost of the district is more than five percent greater than the predicted base cost, the district's adjusted authorized predicted cost per FTE shall be equal to 105 percent of the predicted base cost, plus 40 percent of the difference between (i) the base cost, and (ii) 105 percent of the predicted base cost. However, in no case shall a district's adjusted authorized predicted cost per FTE be less than 80 percent of base cost.

(c) If the base cost of the district is more than five percent less than the predicted base cost, the district's adjusted authorized predicted cost per FTE shall be equal to 95 percent of the predicted base cost, minus 40 percent of the difference between (i) 95 percent of predicted base cost, and (ii) the base cost. However, in no case shall a district's adjusted authorized predicted cost per FTE be more than 120 percent of base cost.

Sec. 6. Minnesota Statutes 1984, section 124.225, subdivision 7b, is amended to read:

Subd. 7b. [INFLATION FACTORS.] The adjusted authorized predicted cost per FTE determined for a district under subdivision 7a for the base year shall be increased by (22 PERCENT TO DETERMINE THE DISTRICT'S AID ENTITLEMENT PER FTE FOR THE 1982-1983 SCHOOL YEAR, BY 11.7 PERCENT TO DETERMINE THE DISTRICT'S AID ENTITLEMENT PER FTE FOR THE 1983-1984 SCHOOL YEAR, AND BY) 10.3 percent to determine the district's aid entitlement per FTE for the 1984-1985 school year, *by 8.8 percent to determine the district's aid entitlement per FTE for the 1985-1986 school year, and by 6.9 percent to determine the district's aid entitlement per FTE for the 1986-1987 school year.*

Sec. 7. Minnesota Statutes 1984, section 124.225, subdivision 8a, is amended to read:

Subd. 8a. [AID.] (FOR THE 1982-1983 AND 1983-1984 SCHOOL YEARS, A DISTRICT'S TRANSPORTATION AID SHALL BE EQUAL TO THE SUM OF ITS BASIC TRANSPORTATION AID PURSUANT TO SUBDIVISION 8B, ITS EXCESS HANDICAPPED TRANSPORTATION AID PURSUANT TO SUBDIVISION 8C, ITS HANDICAPPED BOARD AND LODGING AID PURSUANT TO SUBDIVISION 8D, ITS TO AND FROM BOARD AND LODGING AID PURSUANT TO SUBDIVISION 8E, ITS NONPUBLIC SUPPORT SERVICES TRANSPORTATION AID PURSUANT TO SUBDIVISION 8F, ITS DURING DAY TRANSPORTATION AID PURSUANT TO SUBDIVISION 8G, AND ITS CLOSED SCHOOL TRANSPORTATION AID PURSUANT TO SUBDIVISION 8H, MINUS THE AMOUNT RAISED BY TWO MILLS TIMES THE ADJUSTED ASSESSED VALUATION WHICH IS USED TO COMPUTE THE TRANSPORTATION LEVY LIMITATION FOR THE LEVY ATTRIBUTABLE TO THAT SCHOOL YEAR. FOR THE 1983-1984 SCHOOL YEAR TRANSPORTATION AID FOR A DISTRICT WHICH CONTRACTED FOR PUPIL TRANSPORTATION SERVICES IN THE 1981-1982 SCHOOL YEAR SHALL BE REDUCED BY AN AMOUNT EQUAL TO $18 TIMES THE NUMBER OF FTE PUPILS TRANSPORTED ON CONTRACTED SCHOOL BUSES IN THE BASE YEAR IN THE REGULAR TRANSPORTATION CATEGORY. A DISTRICT MAY LEVY LESS THAN THE AMOUNT RAISED BY TWO MILLS. TRANSPORTATION AID SHALL BE COMPUTED AS IF THE DISTRICT HAD LEVIED THE AMOUNT RAISED BY TWO MILLS. AID FOR THE 1982-1983 AND 1983-1984 SCHOOL YEARS SHALL ALSO BE REDUCED BY THE FOLLOWING AMOUNT: THE PRODUCT OF)

((A) THE NUMBER OF NONHANDICAPPED SECONDARY PUPILS TRANSPORTED IN THE BASE YEAR WHO

LIVE BETWEEN ONE AND TWO MILES FROM THE PUBLIC SCHOOL WHICH THEY COULD ATTEND OR THE NONPUBLIC SCHOOL ACTUALLY ATTENDED, TIMES)

((B) 1.5, DIVIDED BY THE AVERAGE DISTANCE TO SCHOOL FOR ALL FTE'S TRANSPORTED IN THE DISTRICT IN THE REGULAR TRANSPORTATION CATEGORY IN THE BASE YEAR, TIMES)

((C) THE DISTRICT'S AID ENTITLEMENT PER FTE DETERMINED ACCORDING TO SUBDIVISION 7B, TIMES THE RATIO OF AVERAGE DAILY MEMBERSHIP USED IN SUBDIVISION 8B.)

For (THE 1984-1985) *each* school year (AND THEREAFTER,) a district's transportation aid shall be equal to the sum of its basic transportation aid pursuant to subdivision 8b, its nonregular transportation aid pursuant to subdivision 8i, and its nonregular transportation levy equalization aid pursuant to subdivision 8j, minus its contracted services and reduction pursuant to subdivision 8k, minus the amount raised by 1.75 mills times the adjusted assessed valuation which is used to compute the transportation levy limitation for the levy attributable to that school year. A district may levy less than the amount raised by 1.75 mills. Transportation aid shall be computed as if the district had levied the amount raised by 1.75 mills.

If the total appropriation for transportation aid for any fiscal year is insufficient to pay all districts the full amount of aid earned, the department of education shall reduce each district's aid in proportion to the number of resident pupils in average daily membership in the district to the state total average daily membership, and shall reduce the aid entitlement of off-formula districts in the same proportion.

Sec. 8. Minnesota Statutes 1984, section 124.225, subdivision 8b, is amended to read:

Subd. 8b. [BASIC AID COMPUTATION.] (FOR THE 1982-1983 AND 1983-1984 SCHOOL YEARS, A DISTRICT'S BASIC TRANSPORTATION AID PURSUANT TO THIS SECTION FOR THE SCHOOL YEAR SHALL EQUAL THE DISTRICT'S AID ENTITLEMENT PER FTE DETERMINED ACCORDING TO SUBDIVISION 7B TIMES THE TOTAL NUMBER OF AUTHORIZED WEIGHTED FTE'S TRANSPORTED IN THE REGULAR AND HANDICAPPED TRANSPORTATION CATEGORIES IN THE DISTRICT IN THE BASE YEAR TIMES THE RATIO OF AVERAGE DAILY MEMBERSHIP IN THE DISTRICT IN THE CURRENT YEAR TO THE AVERAGE DAILY MEMBERSHIP IN THE DISTRICT IN THE BASE YEAR.)

(FOR THE 1984-1985 SCHOOL YEAR AND THEREAFTER,) A district's basic transportation aid pursuant to this section for each school year shall equal the district's aid entitlement per FTE determined according to subdivision 7b, times the total number of authorized FTE's transported in the regular category in the district in the current school year.

Sec. 9. Minnesota Statutes 1984, section 124.225, subdivision 10, is amended to read:

Subd. 10. [DEPRECIATION.] Any school district which owns school buses or mobile units shall transfer annually from the unappropriated fund balance account in its transportation fund to the appropriated fund balance account for bus purchases in its transportation fund at least an amount equal to 12-1/2 percent of the original cost of each type one or type two bus or mobile unit until the original cost of each type one or type two bus or mobile unit is fully amortized, plus 20 percent of the original cost of each type three bus included in the district's authorized cost under the provisions of subdivision 1, clause (b)(4), until the original cost of each type three bus is fully amortized, plus 33-1/3 percent of the cost to the district as of July 1 of each year for school bus reconditioning done by the department of corrections until the cost of the reconditioning is fully amortized; provided, if the district's transportation aid is reduced pursuant to subdivision 8a because the appropriation for that year is insufficient, this amount shall be reduced in proportion to the reduction pursuant to subdivision 8a as a percentage of the sum of

(1) the district's total transportation aid without the reduction pursuant to subdivision 8a, plus

(2) for *each* fiscal *year* (YEARS 1983 AND 1984,) an amount equal to (TWO MILLS TIMES THE ADJUSTED ASSESSED VALUATION WHICH IS USED TO COMPUTE THE LEVY LIMITATION FOR THE LEVY ATTRIBUTABLE TO THAT YEAR, OR FOR FISCAL YEAR 1985 AND THEREAFTER) 1.75 mills times the adjusted assessed valuation of the district for the preceding year. (ANY SCHOOL DISTRICT MAY TRANSFER ANY AMOUNT FROM THE UNAPPROPRIATED FUND BALANCE ACCOUNT IN ITS TRANSPORTATION FUND TO ANY OTHER OPERATING FUND OR TO THE APPROPRIATED FUND BALANCE ACCOUNT FOR BUS PURCHASES IN ITS TRANSPORTATION FUND.)

Sec. 10. Minnesota Statutes 1984, section 275.125, subdivision 5b, is amended to read:

Subd. 5b. [TRANSPORTATION LEVY OFF-FORMULA ADJUSTMENT.] (IN FISCAL YEARS 1983 AND 1984 IF THE TRANSPORTATION LEVY IN A DISTRICT ATTRIBUTABLE TO EACH FISCAL YEAR OF TWO MILLS TIMES

THE ADJUSTED ASSESSED VALUATION OF THE DISTRICT EXCEEDS THE TRANSPORTATION AID COMPUTATION UNDER SECTION 124.225, SUBDIVISIONS 8B, 8C, 8D, 8E, 8F, 8G, AND 8H, THE DISTRICT'S TRANSPORTATION LEVY LIMITATION SHALL BE ADJUSTED AS PROVIDED IN THIS SUBDIVISION. IN THE YEAR FOLLOWING EACH OF THOSE FISCAL YEARS, THE DISTRICT'S TRANSPORTATION LEVY SHALL BE REDUCED BY AN AMOUNT EQUAL TO THE DIFFERENCE BETWEEN (1) TWO MILLS TIMES THE ADJUSTED ASSESSED VALUATION OF THE DISTRICT, AND (2) THE SUM OF THE DISTRICT'S TRANSPORTATION AID COMPUTATION PURSUANT TO SECTION 124.225, SUBDIVISIONS 8B, 8C, 8D, 8E, 8F, 8G, AND 8H, LESS THE AMOUNT OF ANY AID REDUCTION DUE TO AN INSUFFICIENT APPROPRIATION AS PROVIDED IN SECTION 124.225, SUBDIVISION 8A.)

In fiscal year 1985 and each fiscal year thereafter, if the basic transportation levy in a district attributable to a particular fiscal year of 1.75 mills times the adjusted assessed valuation of the district exceeds the transportation aid computation under section 124.225, subdivisions 8b, 8i, 8j, and 8k, the district's levy limitation shall be adjusted as provided in this subdivision. In the year following each fiscal year, the district's transportation levy shall be reduced by an amount equal to the difference between (1) 1.75 mills times the adjusted assessed valuation of the district, and (2) the sum of the district's transportation aid computation pursuant to section 124.225, subdivisions 8b, 8i, 8j, and 8k, and the amount of any subtraction made from special state aids pursuant to section 124.2138, subdivision 2, less the amount of any aid reduction due to an insufficient appropriation as provided in section 124.225, subdivision 8a.

(FOR THE LEVIES CERTIFIED IN 1983 AND 1984, THE FOLLOWING ADDITIONAL AMOUNT SHALL BE SUBTRACTED:)

(THE PRODUCT OF)

((A) THE NUMBER OF NONHANDICAPPED SECONDARY PUPILS TRANSPORTED IN THE BASE YEAR WHO LIVE BETWEEN ONE AND TWO MILES FROM THE PUBLIC SCHOOL WHICH THEY COULD ATTEND OR THE NONPUBLIC SCHOOL ACTUALLY ATTENDED, TIMES)

((B) 1.5, DIVIDED BY THE AVERAGE DISTANCE TO SCHOOL FOR ALL FTE'S TRANSPORTED IN THE DISTRICT IN THE REGULAR TRANSPORTATION CATEGORY IN THE BASE YEAR, TIMES)

((C) THE DISTRICT'S AID ENTITLEMENT PER FTE DETERMINED ACCORDING TO SECTION 124.225, SUBDI-

VISION 7B, TIMES THE RATIO OF AVERAGE DAILY MEMBERSHIP IN THE DISTRICT IN THE CURRENT YEAR TO AVERAGE DAILY MEMBERSHIP IN THE DISTRICT IN THE BASE YEAR.)

Sec. 11. Minnesota Statutes 1984, section 275.125, subdivision 5d, is amended to read:

Subd. 5d. [EXCESS TRANSPORTATION LEVY.] A school district may also make an excess transportation levy pursuant to this clause, which shall be the sum of:

(a) the district's actual cost in the school year after the year in which the excess transportation levy is certified for transportation to and from school of secondary pupils who live more than one mile but less than two miles from the public school which they could attend or from a nonpublic school actually attended, plus

(b) the district's actual cost in the school year after the year in which the excess transportation levy is certified for transportation costs or other related services which are necessary because of extraordinary traffic hazards, *excluding the costs in paragraph (a)*; plus

(c) the amount necessary to eliminate any projected deficit in the appropriated fund balance account for bus purchases in its transportation fund as of June 30 in the school year beginning in the calendar year following the calendar year the levy is certified; plus

(d) an amount equal to the aid subtraction computed pursuant to section 124.225, subdivision 8k, for the school year beginning in the year the levy is certified; except that for the 1983 payable 1984 levy, this amount shall be based upon the aid subtraction for the 1984-1985 school year. These amounts shall be placed in the transportation fund and used for any lawful purpose (.)*; plus*

(e) an amount equal to the lesser of

(1) the difference for the school year beginning in the year in which the levy is certified between (A) the district's actual cost of transporting nonpublic pupils to and from school under section 124.223, clause (1), and (B) the product of the number of full time equivalent nonpublic pupils transported in the regular category in the district, times the district's aid entitlement per FTE determined according to section 124.225, subdivision 7b; or

(2) the difference for the school year beginning in the year in which the levy is certified between (A) the district's actual cost of transporting public and nonpublic pupils to and from

school under section 124.223, clause (1), and (B) the product of the number of FTE public and nonpublic pupils transported in the regular category in the district, times the district's aid entitlement per FTE pupil transported determined according to section 124.225, subdivision 7b:

(f) an amount equal to the lesser of:

(1) the difference for the school year beginning in the year in which the levy is certified between (A) the district's actual cost of transporting pupils to and from school under section 124.223, clause (1), who are transported to schools outside their normal attendance area under the provisions of a plan for desegregation mandated by the state board of education or under court order, and (B) the product of the FTE number of those same pupils transported in the regular category in the district, times the district's aid entitlement per FTE determined according to section 124.225, subdivision 7b; or

(2) the difference for the school year beginning in the year in which the levy is certified between (A) the district's actual cost of transporting all pupils to and from school under section 124.223, clause (1), and (B) the sum of

(i) the product of the total number of FTE pupils transported in the regular category in the district, times the district's aid entitlement per FTE pupil transported determined according to section 124.225, subdivision 7b, and

(ii) the amount which the district is permitted to levy under clause (e) of this subdivision.

Levies authorized by this subdivision shall be computed according to procedures established by the commissioner.

Sec. 12. [APPROPRIATIONS.]

Subdivision 1. [TO DEPARTMENT OF EDUCATION.] *There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

Subd. 2. [TRANSPORTATION AID.] *For transportation aid there is appropriated:*

$88,800,600 1986,

$95,384,400 . . . . . 1987.

(a) The appropriation for 1986 includes $12,284,400 for aid for fiscal year 1985 payable in fiscal year 1986 and $76,516,200 for fiscal year 1986 payable in fiscal year 1986.

(b) The appropriation for 1987 includes $13,502,900 for aid for fiscal year 1986 payable in fiscal year 1987 and $81,881,500 for fiscal year 1987 payable in fiscal year 1987.

(c) The appropriations are based on aid entitlements of $90,019,100 for fiscal year 1986 and $96,331,200 for fiscal year 1987.

Subd. 3. [INTERDISTRICT TRANSPORTATION AID; PROGRAMS OF EXCELLENCE.] *For transportation of pupils to programs of excellence pursuant to Minnesota Statutes 1984, section 126.62, subdivision 6, there is appropriated:*

$17,000 1986,

$17,000 . . . . . 1987.

This aid shall be paid at 100 percent of the entitlement for the current fiscal year.

Subd. 4. [TRANSPORTATION AID FOR CHOICE PROGRAMS.] *For transportation of pupils who choose to attend school pursuant to Article 5, section 4, there is appropriated:*

$50,000 . . . . . 1987.

The commissioner shall allocate this appropriation among school districts based upon criteria adopted by the state board of education under section 123.3514, subdivision 6. This money shall be available until June 30, 1987.

Subd. 5. [CANCELLATION.] *Any unexpended balance remaining from the appropriations in this section for 1986 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If an appropriation amount attributable to either year for any purposes indicated is insufficient, the aid for that year shall be prorated among all qualifying districts in the manner prescribed in Minnesota Statutes, section 124.225, subdivision 8a.*

Sec. 13. [REPEALER.]

Minnesota Statutes 1984, section 124.225, subdivisions 4a, 8c, 8d, 8e, 8f, 8g, and 8h are repealed.

ARTICLE 3

SPECIAL AND COMPENSATORY EDUCATION

Section 1. Minnesota Statutes 1984, section 120.17, subdivision 3, is amended to read:

Subd. 3. [RULES OF THE STATE BOARD.] The state board shall promulgate rules relative to qualifications of essential personnel, courses of study or training, methods of instruction and training, pupil eligibility, (SIZE OF CLASSES,) rooms, equipment, supervision, parent consultation and any other rules and standards it deems necessary, for instruction of handicapped children. These rules shall provide standards and procedures appropriate for the implementation of and within the limitations of subdivisions 3a and 3b. These rules shall also provide standards for the discipline, control, management and protection of handicapped children. *The state board shall not adopt rules establishing either staff to student ratios for students in need of special education services, or maximum numbers of pupils that may be assigned to licensed personnel who are employed as special education teachers. State board rules codified as 3525.1700 in the 1983 Minnesota Rules are repealed, effective the day after final enactment of this section.* The state board shall, according to section 14.05, subdivision 4, notify a district applying for a variance from the rules within 45 calendar days of receiving the request whether the request for the variance has been granted or denied. If a request is denied, the board shall specify the program standards used to evaluate the request and the reasons for denying the request.

Sec. 2. Minnesota Statutes 1984, section 120.17, is amended by adding a subdivision to read:

Subd. 3d. [PLACEMENT IN SPECIAL EDUCATION COOPERATIVE.] *Notwithstanding other law, a school district may place a pupil who is determined to be handicapped, in an appropriate existing program in a multi-district special education cooperative to which that district belongs, for purposes of complying with the requirements of that pupil's individualized education plan. The placement shall be considered to satisfy the requirement of placing that pupil in the least restrictive environment.*

Sec. 3. Minnesota Statutes 1984, section 124.273, subdivision 1b, is amended to read:

Subd. 1b. [(1983-1984) TEACHERS SALARIES.] (FOR THE 1983-1984 SCHOOL YEAR, AND EACH YEAR THEREAFTER,) The department shall pay a school district 65 percent of the salary, *but this amount shall not exceed $15,000 for the regular school year,* calculated from the date of hire, of one full time equivalent teacher for each 45 pupils of limited English proficiency enrolled in the district, or a pro rata amount thereof for increments of fewer than 45 pupils. Notwithstanding the foregoing, the department shall pay 65 percent of the salary, *but this amount shall not exceed $7,500,* calculated from the date of hire, of one-half of a full time equivalent teacher to a district with 22 or fewer pupils of limited English proficiency enrolled.

Sec. 4. Minnesota Statutes 1984, section 124.32, subdivision 1b, is amended to read:

Subd. 1b. [(1983-1984) TEACHERS SALARIES.] (BEGINNING IN THE 1983-1984 SCHOOL YEAR AND EACH YEAR THEREAFTER,) *(a)* The state shall pay to any district for the employment in its educational program for handicapped children 70 percent of the salary of essential personnel *but this amount shall not exceed $20,000* for the normal school year for each full time person employed, *except for the personnel under paragraph (b)*, or a pro rata amount for a part time person or a person employed for a limited time, whether the essential personnel are employed by a district alone or jointly with another district.

(b) The state shall pay to any district for the employment in its educational program for learning disabled and speech impaired handicapped children 70 percent of the salary of essential personnel licensed and teaching in those handicapped areas, but this amount shall not exceed $17,500 for the normal school year for each full time person employed, or a pro rata amount for a part time person or a person employed for a limited time, whether the essential personnel are employed by a district alone or jointly with another district.

Sec. 5. Minnesota Statutes 1984, section 124.32, subdivision 1d, is amended to read:

Subd. 1d. [CONTRACT SERVICES.] (1) (EXCEPT FOR THE 1982-1983 SCHOOL YEAR,) For special instruction or training and services provided for any pupil pursuant to section 120.17, subdivision 2, clause (h), by contract with public, private or voluntary agencies other than Minnesota school districts, the state shall pay each district 60 percent of the difference between the amount of the contract and the foundation aid formula allowance of the district for that pupil or a pro rata portion of the foundation aid formula allowance for pupils who receive services by contract on less than a full time basis.

(2) (EXCEPT FOR THE 1982-1983 SCHOOL YEAR,) For special instruction or training and services provided for a pupil by such a contract as part of a summer school program, the state shall pay each district 60 percent of the difference between the amount of the contract and the summer school revenue allowance of the district attributable to that pupil.

Sec. 6. Minnesota Statutes 1984, section 124.32, subdivision 2, is amended to read:

Subd. 2. [SUPPLY AND EQUIPMENT AID.] (EXCEPT FOR THE 1982-1983 SCHOOL YEAR,) The state shall pay each district for supplies and equipment purchased or rented for use in the instruction of handicapped children an amount equal to

one-half of the sum actually expended by the district but not to exceed an average of $50 in any one school year for each handicapped child receiving instruction.

Sec. 7. Minnesota Statutes 1984, section 124.32, subdivision 5, is amended to read:

Subd. 5. [RESIDENTIAL AID.] When a handicapped child is placed in a residential facility approved by the commissioner and established primarily to serve handicapped children and when the child's educational program is approved by the commissioner, the state shall pay aid to the resident district under the provisions of this subdivision. (EXCEPT FOR THE 1981-1982 REGULAR SCHOOL YEAR,) The aid shall be an amount not to exceed (60) *56* percent of the difference between the instructional costs charged to the resident district and the foundation aid formula allowance, for each handicapped child placed in a residential facility. (EXCEPT FOR 1982 SUMMER SCHOOL PROGRAMS,) The aid for summer school programs for each handicapped child placed in a residential facility shall be an amount not to exceed (60) *56* percent of the difference between the instructional costs charged to the resident district and the summer school revenue allowance in the resident district attributable to that child. Aid for these programs shall be paid on a reimbursement basis by October 31 following completion of the program. No aid shall be paid pursuant to this subdivision for tuition charged a resident district pursuant to section 120.17, subdivision 7a, for a child placed at the Minnesota School for the Deaf or the Minnesota Braille and Sight-Saving School.

The following types of facilities may be approved by the commissioner:

(a) A residential facility operated by the state or public school district and designed to serve the low incidence handicapped, the multiple handicapped, or the most severely handicapped children within the state.

(b) A private, nonsectarian residential facility designed to provide educational services for handicapped children within the state.

(c) A state hospital or private nonsectarian residential center designed to provide care and treatment for handicapped children.

Sec. 8. Minnesota Statutes 1984, section 124.32, subdivision 10, is amended to read:

Subd. 10. [SUMMER SCHOOL.] (THE STATE SHALL PAY AID FOR SUMMER SCHOOL PROGRAMS FOR HANDICAPPED CHILDREN ON THE BASIS OF THE SECTIONS OF MINNESOTA STATUTES PROVIDING AID FOR HAND-

ICAPPED CHILDREN FOR THE PRECEDING SCHOOL YEAR.) *The state shall pay to any district for the employment in its summer school educational program for handicapped children, 70 percent of the salary of essential personnel. However, this amount shall not exceed $3,333 for essential personnel employed in areas other than learning disabilities and speech impairment and shall not exceed $2,917 for essential personnel employed in learning disabilities and speech impairment areas.* By March 15 of each year, districts shall submit separate applications for program and budget approval for summer school programs. The review of these applications shall be as provided in subdivision 7. By May 1 of each year, the commissioner shall approve, disapprove or modify the applications and notify the districts of the action and of the estimated amount of aid for the summer school programs. Aid for these programs shall be paid by November 15 after the summer when the programs are conducted.

Sec. 9. Minnesota Statutes 1984, section 275.125, is amended by adding a subdivision to read:

Subd. 8c. [SPECIAL EDUCATION LEVY.] *A district, excluding intermediate school district Nos. 287, 916, and 917, may levy an amount which may not exceed the lesser of:*

(1) 1.0 mill times the adjusted assessed valuation of the district for the year preceding the year the levy is certified, or

(2) 100 percent of salaries paid to special education essential personnel in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these essential personnel under sections 124.273 and 124.32, for the year to which the levy is attributable.

For purposes of this subdivision, a special education cooperative or an intermediate school district shall allocate the unreimbursed portions of salaries of essential personnel which are attributable to each of the member districts of the cooperative or the intermediate district.

Special education cooperatives and intermediate school districts which allocate the unreimbursed portions of salaries of special education essential personnel among member districts, for purposes of the member districts making a levy under this subdivision, shall provide information to the state department of education on the amount of unreimbursed costs of salaries they allocated to the member districts.

Sec. 10. [SPECIAL EDUCATION LEVY, 1985.]

In addition to the levy authorized in section 8, in 1985 only, a district, excluding intermediate school district Nos. 287, 916, and 917, may levy an amount which may not exceed the lesser of:

(1) 1.0 mill times the 1984 adjusted assessed valuation of the district, or

(2) 100 percent of salaries paid to special education essential personnel in that district in fiscal year 1986, minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these essential personnel under sections 124.273 and 124.32 for fiscal year 1986.

For purposes of this subdivision, a special education cooperative or an intermediate school district shall allocate the portions of unreimbursed salaries of essential personnel which are attributable to each of the member districts of the cooperative or the intermediate school district.

Special education cooperatives and intermediate school districts which allocate the unreimbursed portions of salaries of special education essential personnel among member districts, for purposes of the member districts making a levy under this subdivision, shall provide information to the state department of education on the amount of unreimbursed costs of salaries they allocated to the member districts.

Sec. 11. [OCCUPATIONAL THERAPY STUDY.]

By February 1, 1986, the department of education shall conduct a study and make recommendations to the house and senate education committees, house education finance division, and senate education aids subcommittee on the fiscal impact and educational effectiveness of providing state aid for occupational therapy in special education programs.

Sec. 12. [SPECIAL EDUCATION REPORT.]

The department of education shall prepare (1) guidelines for prereferral to special education, (2) criteria for determining the presence of a specific learning disability as a handicapping condition, and (3) entrance and exit criteria for specific learning disability programs in school districts. The department shall report the guidelines and criteria and its recommendations to the education committees of the legislature by January 15, 1986.

Sec. 13. [APPROPRIATIONS.]

Subdivision 1. [TO DEPARTMENT OF EDUCATION.] *There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

Subd. 2. [SPECIAL EDUCATION AID.] *For special education aid there is appropriated:*

$135,899,600 1986,

$138,939,500 . . . . . 1987.

The appropriation for 1986 includes $20,369,000 for aid for fiscal year 1985 payable in fiscal year 1986, and $115,530,600 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for 1987 includes $20,319,000 for aid for fiscal year 1986 payable in fiscal year 1987 and $118,620,500 for aid for fiscal year 1987, payable in fiscal year 1987.

The appropriations are based on aid entitlements of $135,849,-500 for fiscal year 1986 and $139,482,000 for fiscal year 1987.

Subd. 3. [SUMMER SCHOOL SPECIAL EDUCATION AID.] *For special education aid for summer school programs there is appropriated:*

$3,977,200 . . . . . 1986;

$4,160,000 . . . . . 1987.

The appropriation for 1986 is for 1985 summer school programs.

The appropriation for 1987 is for 1986 summer school programs.

Subd. 4. [RESIDENTIAL FACILITIES AID.] *For aid pursuant to section 124.32, subdivision 5, there is appropriated:*

$1,158,800 . . . . . 1986;

$1,205,200 . . . . . 1987.

Subd. 5. [LIMITED ENGLISH PROFICIENCY PUPILS PROGRAM AID.] *For aid to educational programs for pupils of limited English proficiency pursuant to section 124.273 there is appropriated:*

$2,547,300 . . . . . 1986;

$2,648,200 . . . . . 1987.

The appropriation for 1986 includes $431,100 for aid for fiscal year 1985 payable in fiscal year 1986, and $2,116,200 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for 1987 includes $373,500 for aid for fiscal year 1986 payable in fiscal year 1987 and $2,274,700 for aid for fiscal year 1987, payable in fiscal year 1987.

The appropriations are based on aid entitlements of $2,489,700 for fiscal year 1986 and $2,676,100 for fiscal year 1987.

Subd. 6. [AMERICAN INDIAN LANGUAGE AND CULTURE PROGRAM AID.] *For grants to American Indian language and culture education programs pursuant to section 126.54, subdivision 1, there is appropriated:*

$585,200 . . . . . 1986;

$588,300 . . . . . 1987.

The appropriation for 1986 includes $85,200 for aid for fiscal year 1985 payable in fiscal year 1986 and $500,000 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for 1987 includes $88,300 for aid for fiscal year 1986 payable in fiscal year 1987 and $500,000 for aid for fiscal year 1987, payable in fiscal year 1987.

The appropriations are based on aid entitlements of $588,235 for fiscal year 1986 and $588,235 for fiscal year 1987.

Subd. 7. [HEARING IMPAIRED SUPPORT SERVICES AID.] *For payment of support services for hearing impaired persons pursuant to section 121.201 there is appropriated:*

$65,000 . . . . . 1986;

$30,000 . . . . . 1987.

The appropriations are based on aid entitlements of $60,000 for fiscal year 1986 and $30,000 for fiscal year 1987. $5,000 of the appropriation for fiscal year 1986 shall be used by the department of education to conduct a study on hearing impaired support services.

Subd. 8. [CANCELLATION.] *Any unexpended balances remaining from the appropriations in this section for 1986 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated.*

Subd. 9. [PRORATION.] *If the appropriation amount in subdivision 2, 3, 4, 5, 6, or 7 of this section attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.*

Sec. 14. [APPROPRIATIONS FOR DEFICIENCIES.]

Subdivision 1. [HEARING IMPAIRED SUPPORT SERVICES AID.] *There is appropriated from the general fund to the department of education the sum of $15,000 for fiscal year 1985 for the payment of a deficiency in funds available for payment of hearing impaired support services aid in that fiscal year. This sum shall be added to the sum appropriated for fiscal year 1985 for this purpose in Laws 1983, chapter 314, article 3, section 19, subdivision 8.*

Subd. 2. [FUTURE DEFICIENCIES.] *Beginning with fiscal year 1986 and each year thereafter, the legislature does not intend to appropriate any moneys to fund special education deficiencies which may occur in fiscal year 1986 and subsequent years.*

Sec. 15. [REPEALER.]

Minnesota Statutes 1984, section 120.17, subdivision 1a, section 120.172, subdivision 3, section 124.273, subdivisions 2b and 5, and section 124.32, subdivision 9a are repealed.

Sec. 16. [EFFECTIVE DATE.]

Sections 2 and 14, subdivision 1 are effective the day following final enactment.

ARTICLE 4

COMMUNITY AND ADULT EDUCATION

Section 1. Minnesota Statutes 1984, section 121.88, is amended to read:

121.88 [(DISTRICT) *COMMUNITY EDUCATION* PROGRAMS; (CITIZENS) ADVISORY COUNCIL.]

Subdivision 1. [AUTHORIZATION.] The board of education of each school district of the state is hereby authorized to initiate a community education program in its district and to provide for the general supervision of (SAID) *the* program. Each board may, as it considers appropriate, employ community education directors and coordinators to further the purposes of the community education program. The salaries of the directors and coordinators shall be paid by the board.

Subd. 2. [ADVISORY COUNCIL.] Each board shall provide for a citizen advisory council to consist of members who represent: the various service organizations; churches; private schools; local government; park, recreation or forestry services of municipal or local government units located in whole or in

part within the boundaries of the school district; and any other groups participating in the community education program in the school district.

Subd. 3. [COOPERATION.] The council shall function in cooperation with the community education director in an advisory capacity in the interests of promoting the goals and objectives of sections 121.85 to 121.88.

Subd. 4. [DUPLICATION POLICY.] Each council shall adopt a policy to reduce and eliminate program duplication within the district.

Subd. 5. [SUMMER (SCHOOL) PROGRAMS.] Notwithstanding any law to the contrary, during the summer a school district may offer community education programs to elementary and secondary pupils. The district may use community education revenue received pursuant to sections 124.271 and 275.125, subdivision 8 and charge fees for the cost of the programs.

Subd. 6. [PROGRAMS FOR HANDICAPPED ADULTS.] *A school board may offer, as part of a community education program, a program for handicapped adults. Boards are encouraged to offer programs cooperatively with other districts and organizations. Programs may not be limited to district residents. Programs may include:*

(1) services enabling the adults to participate in community activities or community education classes;

(2) classes specifically for handicapped adults;

(3) outreach activities to identify adults needing service;

(4) activities to increase public awareness of the roles of handicapped people;

(5) activities to enhance the role of handicapped people in the community; and

(6) other direct and indirect services and activities benefitting handicapped adults.

Subd. 7. [PROGRAM APPROVAL.] *To be eligible for handicapped adult program revenue a program and budget must receive approval from the community education section in the department of education. Approval may be for one or two years. For programs offered cooperatively, the request for approval must include an agreement on the method by which local money is to be derived and distributed. The department may not exceed the amount appropriated when approving programs and budgets. A request for approval must include all of the following:*

(1) characteristics of the people to be served;

(2) description of the program services and activities;

(3) program budget and amount of aid requested;

(4) participation by handicapped adults in developing the program;

(5) assessment of the needs of handicapped adults; and

(6) cooperative efforts with community organizations.

Sec. 2. Minnesota Statutes 1984, section 121.882, subdivision 2, is amended to read:

Subd. 2. [PROGRAM CHARACTERISTICS.] Early childhood and family education programs are programs for children in the period of life from birth to kindergarten and for the parents *including expectant parents* of such children. The programs may include the following:

(1) programs to educate parents about the physical, mental, and emotional development of children;

(2) programs to enhance the skills of parents in providing for their children's learning and development;

(3) learning experiences for children and parents;

(4) activities designed to detect children's physical, mental, emotional, or behavioral problems that may cause learning problems;

(5) educational materials which may be borrowed for home use;

(6) information on related community resources; or

(7) other programs or activities.

The programs shall not include activities for children that do not require substantial involvement of the children's parents.

Sec. 3. Minnesota Statutes 1984, section 121.882, is amended by adding a subdivision to read:

Subd. 2a. [SUBSTANTIAL PARENTAL INVOLVEMENT.] *The requirement of substantial parental involvement in subdivision 2 means that:*

(a) parents must be physically present much of the time in classes with their children or in concurrent classes;

(b) parenting education or family education must be an integral part of every early childhood and family education program;

(c) early childhood and family education appropriations must not be used for traditional day care or nursery school, or similar programs; and

(d) the form of parent involvement common to kindergarten, elementary school, or early childhood special education programs such as parent conferences, newsletters, and notes to parents is not substantial enough to qualify a program under subdivision 2.

Sec. 4. Minnesota Statutes 1984, section 124.26, subdivision 1, is amended to read:

Subdivision 1. [COMPENSATION.] For evening schools and continuing education programs, the state shall pay aids *only for programs approved by the commissioner of education. The total aid for all programs approved by the commissioner shall not exceed the amount appropriated for this purpose. The aid shall be paid* on a current funding basis. (EXCEPT FOR THE 1982-1983 SCHOOL YEAR,) Aid shall be 90 percent of the compensation paid each teacher for services in the programs up to $8,000 per year as approved in the current year application. Aid may also be paid for an alternative method of providing programs if the method is determined by the commissioner of education to be cost-effective. Not more than two and one-half percent of the amount appropriated for evening schools and continuing education programs may be for alternative programs. All classes shall be tuition free when taught by teachers subsidized under this section. No charge for registration, materials and supplies may be made except a security deposit for the return of materials, supplies, and equipment. Evening school and continuing education programs are defined as those public day or evening school programs which are established for persons over 16 years of age not in attendance at (THE) full time elementary or secondary schools and which qualify such persons for the high school diploma, the high school equivalency certificate or for academic achievement at the secondary level.

Sec. 5. Minnesota Statutes 1984, section 124.26, subdivision 6, is amended to read:

Subd. 6. [APPLICATIONS; PRORATION.] By August 1 of each fiscal year, the commissioner shall approve or disapprove all applications for funding for that year pursuant to (SUBDIVISION 1) *this section* that were received by the preceding

June 1, and shall notify the applicant districts of the decision. In any fiscal year when the total amount requested by districts for approved programs exceeds the amount appropriated, the commissioner shall, to the extent possible, fully fund the programs which were approved by August 1, and shall (PRORATE) *allocate* any remaining funds among programs which are approved after August 1.

Sec. 6. Minnesota Statutes 1984, section 124.271, subdivision 2b, is amended to read:

Subd. 2b. [AID (; 1985 AND AFTER).] (1) Each fiscal year a district which is operating a community education program in compliance with rules promulgated by the state board shall receive community education aid. For fiscal year 1985, the aid shall be an amount equal to the difference obtained by subtracting

(a) an amount equal to .8 mill times the adjusted assessed valuation used to compute the community education levy limitation for the levy attributable to that school year, from

(b) the greater of

(i) $7,000, or

(ii) $5 times the population of the district.

For fiscal year 1986 (AND EACH FISCAL YEAR THEREAFTER), the aid shall be an amount equal to the difference obtained by subtracting

(a) an amount equal to .8 mill times the adjusted assessed valuation used to compute the community education levy limitation for the levy attributable to that school year, from

(b) the greater of

(i) $7,000, or

(ii) ($5.25) *$5.00* times the population of the district.

For fiscal year 1987 and each fiscal year thereafter, the aid shall be an amount equal to the difference obtained by subtracting

(a) an amount equal to one mill times the adjusted assessed valuation used to compute the community education levy limitation for the levy attributable to that school year, from

(b) the greater of

(i) $7,000, or

(ii) $5.00 times the population of the district.

(2) However, for any district which certifies less than the maximum permissible levy under the provisions of section 275.-125, subdivision 8, clause (1), the district's community education aid under clause (1) of this subdivision shall be reduced by multiplying the aid amount computed pursuant to clause (1) of this subdivision by the ratio of the district's actual levy under section 275.125, subdivision 8, clause (1), to its maximum permissible levy under section 275.125, subdivision 8, clause (1). For purposes of computing the aid reduction pursuant to this clause, the amount certified pursuant to section 275.125, subdivision 8, clause (1), shall not reflect reductions made pursuant to section 275.125, subdivision 9.

(3) In addition to the amount in clause (1), in fiscal year 1985 a district which makes a levy for community education programs pursuant to section 275.125, subdivision 8, shall receive additional aid of 50 cents per capita.

Sec. 7. Minnesota Statutes 1984, section 124.271, is amended by adding a subdivision to read:

Subd. 7. [HANDICAPPED ADULT PROGRAMS.] *A district or group of districts offering an approved program for handicapped adults shall receive aid equal to the lesser of $25,000 or one-half of the amount of the approved budget. A district or group of districts shall provide the remaining half from other public or private sources, the levy authorized in section 275.125, subdivision 8, clause (4), or combinations of sources.*

Sec. 8. Minnesota Statutes 1984, section 124.2711, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION OF MAXIMUM REVENUE.] (BEGINNING) For fiscal year 1986 (AND EACH YEAR THEREAFTER) the "maximum revenue" for early childhood and family education programs for a school year means the amount of revenue equal to the product of five percent of the foundation aid formula allowance for the current school year, times the greater of (a) 150, or (b) the number of people under five years of age residing in the district on September 1 of the preceding school year.

Beginning for fiscal year 1987 and each year thereafter the "maximum revenue" for early childhood and family education programs for a school year means the amount of revenue equal to the product of 2.5 percent of the foundation aid formula allowance for the current school year, times the greater of (a) 150, or (b) the number of people under five years of age residing in the district on September 1 of the preceding school year.

Sec. 9. Minnesota Statutes 1984, section 275.125, subdivision 8, is amended to read:

Subd. 8. [COMMUNITY EDUCATION LEVY.] (1) Each year, a district which has established a community education advisory council pursuant to section 121.88, may levy *the following amounts for its community education program. In 1984 a district may levy* the amount raised by .8 mill times the most recent adjusted assessed valuation of the district, but no more than the greater of

(a) ($5.25) *$5.00* times the population of the district, or

(b) $7,000.

In 1985 and each year thereafter, a district may levy the amount raised by one mill times the most recent adjusted assessed valuation of the district, but no more than the greater of

(a) $5.00 times the population of the district, or

(b) $7,000.

(2) In addition to the levy authorized in clause (1), in 1983 a district may levy an additional amount for community education programs equal to the difference obtained by subtracting

(a) the sum in fiscal year 1984 of

(i) the district's estimated maximum permissible revenue for fiscal year 1985 from community education aid under section 124.271, subdivision 2b, clause (1), and

(ii) the community education levy authorized in clause (1) of this subdivision, from

(b) the sum in fiscal year 1983 of

(i) the district's maximum permissible revenue from community education aid under *Minnesota Statutes 1984*, section 124.271, subdivision 2, excluding any reductions from community education aid made pursuant to Laws 1981, Third Special Session chapter 2, article 2, section 2, clause (mm), and Laws 1982, Third Special Session chapter 1, article 3, section 6, and

(ii) the maximum community education levy authorized in this subdivision for the district for the levy made in 1981, payable in 1982, before any reduction in the levy pursuant to subdivision 9.

(3) In (1984 AND EACH YEAR THEREAFTER, IN) addition to the levy authorized in clause (1), a district may levy an

amount equal to the amount the district was entitled to levy pursuant to clause (2) in 1983.

(4) *In addition to the levy amounts authorized in this subdivision a district having an approved program and budget may levy for a handicapped adult program. The levy amount may not exceed the lesser of one-half of the amount of the approved budget for the program for the fiscal year beginning in the year after the levy is certified or $25,000 for one program. In the case of a program offered by a group of districts, the levy amount shall be divided among the districts according to the agreement submitted to the department. The proceeds of the levy shall be used only for a handicapped adult program or, if the program is subsequently not offered, for community education programs. For programs not offered, the department of education shall reduce the community education levy authorized in 1986 by the amount levied in 1985 for handicapped adult programs.*

(5) The levies authorized in this subdivision shall be used for community education, including nonvocational adult programs, recreation and leisure time activity programs, and programs authorized by sections 121.85 to 121.88 (AND 129B.06 TO 129B.09,) and section 121.882. A school district may levy pursuant to this subdivision only after it has filed a certificate of compliance with the commissioner of education. The certificate of compliance shall certify that the governing boards of the county, municipality and township in which the school district or any part thereof is located have been sent 15 working days written notice of a meeting and that a meeting has been held to discuss methods of increasing mutual cooperation between such bodies and the school board. The failure of a governing board of a county, municipality or township to attend the meeting shall not affect the authority of the school district to levy pursuant to this subdivision.

((5)) *(6)* The population of the district for purposes of this subdivision is the population determined as provided in section 275.14 or as certified by the department of education from the most recent federal census.

Sec. 10. Minnesota Statutes 1984, section 275.125, is amended by adding a subdivision to read:

Subd. 8c. [1985 LEVY FOR HANDICAPPED ADULT PROGRAMS.]

In addition to the levy authorized in Minnesota Statutes, section 275.125, subdivision 8, clause (4), as amended by section 9 of this article, a district may levy in 1985 for a handicapped adult program in the 1985-1986 school year according to this subdivision. The additional levy amount may not exceed the lesser of one-half of the program budget or $25,000. In the case of a program offered by a group of districts, the levy amount shall be

divided among the districts according to their agreement. The proceeds of the levy shall be used only for a handicapped adult program or, if the program is subsequently not offered, for community education programs. For programs not offered, the department of education shall reduce the community education levy authorized in 1986 by the amount levied in 1985 for handicapped adult programs.

Sec. 11. [LEVY ADJUSTMENT.]

The commissioner shall adjust the 1984 payable 1985 community education levy limitations for school districts according to the provisions of this section. The adjustment shall be a positive or negative amount equal to the difference between the amount the district levied pursuant to section 275.125, subdivision 8, and the amount the district would have certified if the provisions of section 9 in this article amending section 275.125, subdivision 8, with respect to the 1984 payable 1985 levy had been in effect at the time the 1984 payable 1985 levy was made. The adjustment shall be added to or subtracted from the district's levy limitation for 1985 taxes payable in 1986.

Sec. 12. [EVALUATION STUDY.]

The department of education shall conduct a thorough study of the pilot early childhood and family education programs administered by the council on quality education and the early childhood and family education programs authorized under Minnesota Statutes 1984, section 129B.06 to 129B.09. The study shall examine at least the following: the extent of participation in the programs; the cost-effectiveness of the programs; the involvement of the local advisory councils in assisting the districts in administering the programs; inter-district cooperation in providing programs; adequacy of funding; administration by the department of education; and the impact on strengthening families and helping young children develop their physical and cognitive skills. By March 1, 1986, the department of education shall report the results of its study to the education committees of the legislature.

Sec. 13. [APPROPRIATIONS.]

Subdivision 1. [TO DEPARTMENT OF EDUCATION.] *There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

Subd. 2. [ADULT EDUCATION AID.] *For adult education aid pursuant to section 124.26 there is appropriated:*

$1,560,800 1986,

$1,500,000 . . . . . 1987.

The amount appropriated for fiscal year 1986 includes $285,-800 for aid for fiscal year 1985 payable in fiscal year 1986, and $1,275,000 for aid for fiscal year 1986 payable in fiscal year 1986.

The amount appropriated for fiscal year 1987 includes $225,-000 for aid for fiscal year 1986 payable in fiscal year 1987, and $1,275,000 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $1,500,000 for fiscal year 1986 and $1,500,000 for fiscal year 1987.

Subd. 3. [COMMUNITY EDUCATION AID.] *For community education aid pursuant to section 124.271 there is appropriated:*

$1,467,800 1986,

$ 548,500 . . . . 1987.

The amount appropriated for fiscal year 1986 includes $424,-200 for aid for fiscal year 1985 payable in fiscal year 1986, and $1,043,600 for aid for fiscal year 1986 payable in fiscal year 1986.

The amount appropriated for fiscal year 1987 includes $184,-200 for aid for fiscal year 1986 payable in fiscal year 1987, and $364,300 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $1,227,800 for fiscal year 1986 and $428,600 for fiscal year 1987.

Subd. 4. [EARLY CHILDHOOD AND FAMILY EDUCATION AID.] *For early childhood and family education aid pursuant to section 124.2711 there is appropriated:*

$5,245,100 1986,

$2,399,100 . . . . . 1987.

The amount appropriated for fiscal year 1986 is for aid for fiscal year 1986 payable in fiscal year 1986.

The amount appropriated for fiscal year 1987 includes $925,-600 for aid for fiscal year 1986 payable in fiscal year 1987, and $1,473,500 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $6,170,700 for fiscal year 1986 and $1,733,500 for fiscal year 1987.

Subd. 5. [HANDICAPPED ADULT.]

There is appropriated from the general fund to the department of education the sums indicated for the fiscal years ending June 30 in the years indicated.

For aid for handicapped adult program aid:

$250,000 1986,

$350,000 . . . . . 1987.

Of the amount appropriated in fiscal year 1987, $100,000 shall be for new programs beginning in that year.

The appropriations are based on entitlements of $250,000 for fiscal year 1986 and $350,000 for fiscal year 1987.

Subd. 6. [CANCELLATION AND PRORATION.] *Any unexpended balance remaining from the appropriations in this section for 1986 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts, and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.*

Sec. 14. [APPROPRIATION FOR DEFICIENCY.]

There is appropriated from the general fund to the department of education the sum of $399,600 for fiscal year 1985 for the payment of a deficiency in funds available for the payment of adult education aid in that fiscal year. This sum shall be added to the sum appropriated for fiscal year 1985 for this purpose in Laws 1983, chapter 314, article 4, section 11, subdivision 2.

Sec. 15. [REPEALER.]

Minnesota Statutes 1984, section 124.271, subdivisions 2 and 2a, and section 129B.03 are repealed.

Sec. 16. [EFFECTIVE DATE.]

Section 14 is effective the day following final enactment.

ARTICLE 5

CHOICE IN EDUCATION

Section 1. [123.3514] [POST-SECONDARY ENROLLMENT OPTIONS ACT.]

Subdivision 1. [CITATION.] *This section may be cited as the "post-secondary enrollment options act."*

Subd. 2. [PURPOSE.] *The purpose of this section is to promote rigorous academic pursuits and to provide a wider variety of academic options to high school students by encouraging and enabling secondary pupils to enroll full-time or part-time in nonsectarian academic courses in post-secondary institutions in Minnesota or in a state which has a reciprocity agreement with Minnesota.*

Subd. 3. [AUTHORIZATION; NOTIFICATION.] *Beginning with the 1985-1986 school year and each year thereafter, notwithstanding any other law to the contrary, a parent or guardian of an 11th or 12th grade pupil may apply to a post-secondary institution in Minnesota or in a state which has a reciprocity agreement with Minnesota to allow the pupil to enroll in nonsectarian academic courses offered at that post-secondary institution. A pupil attending a post-secondary institution under this section shall not be included in the institution's student enrollment. If a post-secondary institution accepts a secondary pupil for enrollment under this section, that institution shall send written notice to the pupil and the pupil's resident district within ten days of acceptance. The notice shall indicate the course or courses and hours of enrollment of that pupil.*

Subd. 4. [CREDITS.] *A school district shall grant academic credit to a pupil enrolled in a nonsectarian academic course offered by a post-secondary education institution in Minnesota or in a state which has a reciprocity agreement with Minnesota, or a nonprofit public agency other than the district under subdivision 3, if the pupil successfully completes the course attended and passes an examination approved by the district. If no comparable course is offered by the district, the state board of education shall determine the number of credits which shall be granted to a pupil who successfully completes and passes the course. If a comparable course is offered by the district, the local school board shall grant a comparable number of credits to the pupil. If there is a dispute between the district and the pupil regarding the number of credits granted for a particular course, the pupil may appeal the school board's decision to the state board of education. The state board's decision regarding the number of credits shall be final.*

The credits granted to a pupil shall be counted toward the graduation requirements and subject area requirements of the school district. Evidence of successful completion of each class and credits granted shall be included in the pupil's secondary school record.

Subd. 5. [FINANCIAL ARRANGEMENTS.] *The resident district of the pupil attending a post-secondary institution under this section shall pay to the higher education coordinating board,*

an amount equal to the difference between the formula allowance plus the total tier revenue allowance attributable to that pupil and an amount computed by multiplying the formula allowance plus the total tier revenue allowance attributable to that pupil by a ratio. The ratio to be used is the total number of hours that that pupil is enrolled in courses in the secondary school during the regular school year over 1050 hours. The resident school district shall pay this amount to the higher education coordinating board within ten days after receiving written notice under subdivision 3. The payment to the higher education coordinating board for any pupil shall not exceed the actual tuition cost for that pupil enrolled at the post-secondary institution. The resident district of the pupil shall reimburse the pupil for the cost of the pupil's textbooks and other materials required for the post-secondary coursework. In no case shall the tuition costs, textbooks and materials exceed the total revenue allowance attributable to that pupil.

The higher education coordinating board shall establish a fund for disbursing the moneys received from the school districts under this subdivision to the post-secondary institutions at which pupils are enrolled under this section. Payments based on the average tuition costs of the respective post-secondary systems shall be forwarded to the individual institutions in which secondary pupils were enrolled under this section each term following institutional documentation of the number of full time equivalent secondary pupils enrolled under this section as of census date.

Subd. 6. [TRANSPORTATION.] *A parent or guardian of a pupil attending a post-secondary institution under this section, may apply to the pupil's district of residence for reimbursement for transporting the pupil between the secondary school in which the pupil is enrolled and the post-secondary institution that the pupil attends. The state board of education shall adopt rules to establish criteria for providing state aid to districts to reimburse the parent or guardian for the necessary transportation costs, which shall be based on financial need.*

Sec. 2. [EVALUATION.]

The department of education and the higher education coordinating board shall collect and evaluate information about the implementation of the program established under section 4 of this article. By January 15, 1987, the commissioner of education shall submit a report to the education committees of the legislature on the implementation of this program.

Sec. 3. [REPEALER.]

Minnesota Statutes 1984, sections 123.3511, 123.3512 and 123.3513 are repealed. The repealer of these sections shall not affect any current obligations of school districts or post-secondary institutions relating to pupils enrolled in post-secondary courses under these sections prior to the 1985-1986 school year.

ARTICLE 6

OTHER AIDS AND LEVIES

Section 1. Minnesota Statutes 1984, section 123.705, subdivision 1, is amended to read:

Subdivision 1. [AID AMOUNTS.] The department of education shall pay each school district for the cost of screening services provided pursuant to sections 123.701 to 123.705. The payment shall not exceed ($15 PER CHILD SCREENED IN FISCAL YEAR 1983, $15 PER CHILD SCREENED IN FISCAL YEAR 1984, AND) $15.60 per child screened in fiscal year 1985, *$7.00 per child screened in fiscal year 1986 and $8.15 per child screened in fiscal year 1987.*

Sec. 2. Minnesota Statutes 1984, section 124.247, subdivision 3, is amended to read:

Subd. 3. [AID.] A district which establishes a program for gifted and talented students shall receive for the purpose of this program an amount equal to ($16.18 IN THE 1982-1983 SCHOOL YEAR, $18.25 IN THE 1983-1984 SCHOOL YEAR, AND) $19.00 in the 1984-1985 school year, times the number of gifted and talented students in the district. *In the 1985-1986 school year and later school years, a district shall receive the greater of $40 per gifted and talented student or $500.* No more than five percent of the students enrolled in the district shall be counted as gifted and talented for the purpose of aid computations pursuant to this subdivision. No more than five percent of the moneys received by a district pursuant to this subdivision may be expended for the purpose of administration of the program for gifted and talented students.

Sec. 3. [124.248] [ADVISORY COUNCIL FOR THE GIFTED AND TALENTED.]

Subdivision 1. [ADVISORY COUNCIL.] *The Minnesota advisory council for the gifted and talented is established. By August 1, 1985, the members shall be appointed by the commissioner of education. The members of the advisory council on the gifted and talented created by the state board of education may serve as the first members of the advisory council established by this section. The chairs of the house and senate education committees or their designees are ex officio members of the council. Members shall be reimbursed for their expenses as provided in section 15.059, subdivision 6. Appointments of the members shall not be subject to the provisions of section 15.059.*

Subd. 2. [STUDY.] *The advisory council, with the aid of the department of education, shall conduct a study of gifted and talented education in Minnesota. The study shall include:*

(1) a report of the current status of gifted and talented education in Minnesota;

(2) a review of current research and literature on education of the gifted and talented;

(3) a review of gifted and talented programs in other states;

(4) the recommended roles for the state, for ECSU's, higher education institutions, for local school districts and communities in education of gifted and talented learners;

(5) recommended ways to expand educational opportunities for all gifted and talented learners, but especially those outside the metro area;

(6) possible funding structures for gifted and talented education; and

(7) the development of suggested guidelines in the education of the gifted and talented, including identification, program development, staff development, parent and community involvement, and evaluation.

Subd. 3. [REPORT.] *The advisory council is to report to the education committees of the legislature by February 1, 1986.*

Sec. 4. Minnesota Statutes 1984, section 124.272, subdivision 3, is amended to read:

Subd. 3. [COOPERATION PLAN.] To receive aid or to levy pursuant to section 275.125, subdivision 8a a district shall submit to the commissioner of education an application for aid by August 15. The application shall contain the following:

(a) a three-year plan to improve the district curriculum, which gives priority to offering of any of the following: a three-year mathematics sequence in grades 10 to 12, a three-year science sequence in grades 10 to 12, a two-year foreign language sequence, elementary and secondary courses in computer usage, or other programs recommended by the state board;

(b) an assurance that the proposed curriculum in clause (a) has been developed in conjunction with the planning, evaluation, and reporting process of section 123.741;

(c) a copy of the cooperation agreement;

(d) a description of the proposed increase in curriculum offerings resulting from the agreement;

(e) the estimated instructional cost of the cooperation plan for the following fiscal year; (AND)

(f) *the attributable administrative cost, which may not exceed five percent of the instructional costs, of the cooperation plan for the following fiscal year; and*

(g) other information required by the commissioner.

Sec. 5. Minnesota Statutes 1984, section 124.573, subdivision 2, is amended to read:

Subd. 2. [SALARIES, EQUIPMENT AND TRAVEL.] (EXCEPT FOR THE 1982-1983 SCHOOL YEAR,) The state shall pay to any district or cooperative center (45) *44* percent of the salaries paid to essential, licensed personnel in that school year for services rendered in that district's or center's secondary vocational education programs. (EXCEPT FOR THE 1982-1983 SCHOOL YEAR,) The state shall pay (45) *44* percent of the costs of necessary travel between instructional sites by secondary vocational education teachers and (45) *44* percent of the costs of necessary travel by secondary vocational education teachers accompanying students to and from vocational student organization meetings held within the state for educational purposes. (FOR THE 1981-1982 SCHOOL YEAR, THE STATE SHALL PAY 45 PERCENT OF THE COSTS OF NECESSARY EQUIPMENT FOR THESE PROGRAMS.) No secondary vocational equipment aid shall be paid for the 1982-1983 school year and thereafter. The commissioner may withhold all or any portion of this aid for a secondary vocational education program which receives funds from any other source. In no event shall a district or center receive a total amount of state aid pursuant to this section which, when added to funds from other sources, will provide the program an amount for salaries, equipment and travel which exceeds 100 percent of the amount of its expenditures for salaries, equipment and travel in the program.

Sec. 6. Minnesota Statutes 1984, section 124.574, subdivision 2b, is amended to read:

Subd. 2b. [SALARIES.] For the 1983-1984 school year and each year thereafter, the state shall pay to any district or cooperative center 70 percent of the salaries, *but this amount shall not exceed $18,000 for the regular school year,* paid to essential licensed personnel in that school year for services rendered in that district or center's secondary vocational education programs for handicapped children.

Sec. 7. Minnesota Statutes 1984, section 124.646, subdivision 1, is amended to read:

Subdivision 1. [SCHOOL LUNCH AID COMPUTATION.] (a) For the (1983-1984) *1985-1986* school year, school districts participating in the national school lunch program shall be paid

by the state in the amount of 7.5 cents for each full paid student lunch served to students in the district.

(b) For the (1984-1985) *1986-1987* school year, school districts participating in the national school lunch program shall be paid by the state in the amount of 7.5 cents for each full paid student lunch served to students in the district.

Sec. 8. Minnesota Statutes 1984, section 125.60, subdivision 7, is amended to read:

Subd. 7. [APPLICATION PROCEDURES; LIMITS.] (NO SCHOOL BOARD SHALL GRANT AN EXTENDED LEAVE OF ABSENCE PURSUANT TO THIS SECTION WITHOUT APPLYING FOR AND RECEIVING AUTHORIZATION FROM THE COMMISSIONER OF EDUCATION.) The commissioner of education shall establish procedures for applications and shall approve or disapprove applications *for extended leaves beginning before the 1984-1985 school year* pursuant to this subdivision within the limits of the appropriation for the purposes of sections 354.094 and 354A.091. Each application shall state whether or not the teacher requesting the extended leave of absence pursuant to this section intends to pay the employee contribution and requests state payment of the employer contribution into the teacher's retirement fund pursuant to section 354.-094 or 354A.091 in order to receive retirement service credit for years spent on leave. The commissioner shall approve no more than 250 applications for extended leaves beginning in the 1983-1984 school year for teachers who intend to pay employee contributions and request state payment of employer contributions.

If more than 250 applications for extended leaves beginning in any school year are received by March 15 of the preceding school year, the commissioner may decide which applications to approve according to the order of receipt, a method ensuring participation by teachers from the maximum possible number of districts, random allotment or any combination of these methods. Applications received by the commissioner after March 15 shall be considered for approval according to the order of receipt within the limits prescribed by this subdivision.

The commissioner shall not approve any applications for extended leaves beginning in the 1984-1985 or any subsequent school year for teachers who intend to pay employee contributions and request state payment of employer contributions. There is no limit on the number of applications which may be approved *by school districts* for extended leaves for teachers who do not intend to pay employee contributions or who do not request state payment of employer contributions.

Sec. 9. Minnesota Statutes 1984, section 136D.27, is amended to read:

136D.27 [TAX LEVIES, CERTIFICATES OF INDEBTEDNESS.]

(a) The joint school board may each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred for area vocational technical schools, certify to each participating school district the tax levy specified in section 275.125, subdivision 13, clause (2). Additional tax levies may be certified which shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for special education and .7 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. *These additional tax levies also may be used to fund academic programs for low-incidence populations.*

(b) Each participating school district shall include such tax levies in the next tax roll which it shall certify to the county auditor or auditors, and shall remit the collections of such levies to the board promptly when received. Such levies shall not be included in computing the limitations upon the levy of any district under sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125. The board may, any time after such levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amounts such as will not exceed the portion of the levies which is then not collected and not delinquent.

Sec. 10. Minnesota Statutes 1984, section 136D.74, subdivision 2, is amended to read:

Subd. 2. [TAX LEVY.] *(a)* The intermediate school board may in each year for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred certify to each county auditor of each county in which said intermediate school district shall lie, as a single taxing district, the tax levy specified in section 275.125, subdivision 13, clause (2). Additional tax levies may be certified which shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for expenses for special education and .5 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. *These additional tax levies also may be used to fund academic programs for low-incidence populations.*

(b) Said annual tax levies shall be certified pursuant to section 124.02. Upon such certification the county auditor or auditors and other appropriate county officials shall levy and collect such levies and remit the proceeds of collection thereof to the intermediate school district as in the case with independent school districts. Such levies shall not be included in computing the limitations, if any, upon the levy of the intermediate district or any of the participating districts under sections 124A.03,

124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125.

Sec. 11. Minnesota Statutes 1984, section 136D.87, is amended to read:

136D.87 [TAX LEVIES, CERTIFICATES OF INDEBTEDNESS.]

(a) The joint school board may each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred for area vocational technical schools, certify to each participating school district the tax levy specified in section 275.125, subdivision 13, clause (2). Additional tax levies may be certified which shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for expenses for special education and .5 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. *These additional tax levies also may be used to fund academic programs for low-incidence populations.*

(b) Each participating school district shall include such tax levies in the next tax roll which it shall certify to the county auditor or auditors, and shall remit the collections of such levies to the board promptly when received. Such levies shall not be included in computing the limitations upon the levy of any district under sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125. The board may, any time after such levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amounts such as will not exceed the portion of the levies which is then not collected and not delinquent.

Sec. 12. Minnesota Statutes 1984, section 275.125, subdivision 8a, is amended to read:

Subd. 8a. [INTERDISTRICT COOPERATION LEVY.] Each year, a district which is eligible for aid pursuant to section 124.272, subdivision 2, may levy the amount of the estimated instructional *and administrative* costs of the interdistrict cooperation plan for the year to which the levy is attributable, but the levy shall not exceed the lesser of: (1) $50 times the actual pupil units for that school year; (2) $50,000; or (3) one mill times the adjusted assessed valuation of the district for the preceding year. The proceeds of the levy may only be used to pay for instructional costs *and administrative costs, which may not exceed five percent of the instructional costs*, incurred in providing the program offerings resulting from the cooperation plan.

Sec. 13. Minnesota Statutes 1984, section 275.125, is amended by adding a subdivision to read:

Subd. 11d. [CAPITAL LEVY FOR SURPLUS SCHOOL USED AS COMMUNITY CENTER.] *In addition to levies for other purposes, a school district may levy not more than $5.00 per district resident. This levy may be made only if the district has a surplus school building that is used substantially for public nonschool purposes. The proceeds of the levy may only be spent on the building, and then only for a capital expenditure purpose otherwise allowed in this section.*

Sec. 14. [TECHNOLOGY LEVY; MID STATE EDUCATIONAL COOPERATIVE.]

In 1985 only, independent school district Nos. 482, 484, 485, 486, and 487, which are each members of the Mid State educational cooperative, may each make a levy in an amount not to exceed one mill times the adjusted assessed valuation of the district to fund the technology demonstration site proposal of the cooperative. However, the total levy for all members of the cooperative shall not exceed $65,000.

Sec. 15. [TECHNOLOGY LEVY; FOUR SIBLEY COUNTY SCHOOL DISTRICTS.]

In 1985 only, independent school district Nos. 731, 732, 733, and 735 may each make a levy in an amount not to exceed one mill times the adjusted assessed valuation of the district to fund an interactive educational interlink among the districts. However, the total levy for all four districts shall not exceed $75,000.

Sec. 16. [TECHNOLOGY LEVY; SOUTHWEST MINNESOTA TELECOMMUNICATIONS PROJECT.]

In 1985 only, independent school district Nos. 504, 505, 511, 581, 582, 583, 669, 670, 671, and 918 may each make a levy in an amount not to exceed one mill times the adjusted assessed valuation of the district to fund a two-way interactive telecommunications system among the districts. However, the total levy for all the districts shall not exceed $100,000.

Sec. 17. [SOUTHWEST MINNESOTA TELECOMMUNICATIONS PROJECT.]

Subdivision 1. [APPROPRIATION.] *$100,000 is appropriated in fiscal year 1986 from the general fund to the department of education to make a grant to the fiscal agent for the southwest Minnesota telecommunications project to complete a two-way interactive telecommunications system between the project's ten-member independent school districts to be used for the purposes in subdivision 2.*

Subd. 2. [PURPOSES.] *The purposes of the two-way interactive television network to be funded by the grant in subdivision 1 are:*

(1) to offer an expanded curriculum to member schools including courses for the academically talented;

(2) to allow the districts to be in compliance with proposed department of education curriculum requirements;

(3) to allow these districts to retain their independence and continue to enjoy the benefits that a school adds to the community;

(4) to provide a convenient method of sharing teachers and other resources across school district boundary lines without the waste of time and expense of teacher or student travel;

(5) to provide a vehicle for adult education through linkage with area AVTI's, Southwest State University, and Worthington Junior College;

(6) to provide a vehicle for in-service opportunities for teachers, other professionals, business leaders including farmers, and public officials; and

(7) to serve as a model for other school district cooperatives who may be interested in the construction and implementation of a similar system.

Sec. 18. [MID STATE EDUCATIONAL COOPERATIVE.]

$65,000 is appropriated in fiscal year 1986 to the department of education to fund the technology demonstration site proposal of the Mid State educational cooperative. The appropriation is available until June 30, 1987. The grant is for use during the 1985-1986 and 1986-1987 school years.

Sec. 19. [INTERACTIVE CABLE FOR FOUR SIBLEY COUNTY SCHOOL DISTRICTS.]

$75,000 is appropriated in fiscal year 1986 from the general fund to the department of education. The appropriation is for a grant to the Arlington/Gaylord/Gibbon/Winthrop cable communications commission for an interactive educational interlink between independent school district Nos. 731, 732, 733, and 735.

Sec. 20. [SHERBURNE-WRIGHT EDUCATIONAL TECHNOLOGY COOPERATIVE.]

Subdivision 1. [APPROPRIATION.] *$65,000 is appropriated in fiscal year 1986 from the general fund to the department*

of education to make a grant to the fiscal agent for the Sherburne-Wright educational technology cooperative to complete a two-way interactive telecommunications system between the project's member school districts to be used for the purposes in subdivision 3.

Subd. 2. [LEVY.] *In 1985 only, school districts which are members of the Sherburne-Wright educational technology cooperative may each make a levy in an amount not to exceed 1 mill times the adjusted assessed valuation of the district. However, the total amount levied by all members of the cooperative shall not exceed $65,000.*

Subd. 3. [PURPOSES.] *The purposes of the two-way interactive television network to be funded by the grant in subdivision 1 and the levy in subdivision 2 are:*

(1) to offer an expanded curriculum to member schools including courses for the academically talented;

(2) to allow the districts to be in compliance with proposed department of education curriculum requirements;

(3) to allow these districts to retain their independence and continue to enjoy the benefits that a school adds to the community;

(4) to provide a convenient method of sharing teachers and other resources across school district boundary lines without the waste of time and expense of teacher or student travel;

(5) to provide a vehicle for adult education through linkage with area AVTI's and St. Cloud State University;

(6) to provide a vehicle for in-service opportunities for teachers, other professionals, business leaders including farmers, and public officials; and

(7) to serve as a model for other school district cooperatives who may be interested in the construction and implementation of a similar system.

Sec. 21. [JORDAN GRANT.]

Because of the Minnesota sexual abuse reporting law and resulting legal ramifications occurring in independent school district No. 717, Jordan, which has resulted in a loss of pupil units during the 1984-1985 school year, the legislature shall make a grant to that school district for fiscal year 1986 to compensate for that loss.

Sec. 22. [EXCESS CAPITAL LEVY FOR DOVER-EYOTA DISTRICT.]

Notwithstanding the levy limits in Minnesota Statutes, chapter 275, and in addition to all other levies authorized by law, independent school district No. 533, Dover-Eyota, may levy in 1985 only an amount not to exceed $91,000. The proceeds of the levy may be used for any purpose for which the levies made under Minnesota Statutes, section 275.125, subdivisions 11a, 11b, 11c, and 12 may be used.

Sec. 23. [APPROPRIATIONS.]

Subdivision 1. [TO DEPARTMENT OF EDUCATION.] *There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

Subd. 2. [ABATEMENT AID.] *For abatement aid pursuant to section 124.214, subdivision 2, there is appropriated:*

$5,656,400 1986,

$5,921,600 . . . . . 1987.

Subd. 3. [EDUCATIONAL COOPERATIVE SERVICE UNITS.] *For educational cooperative service units, there is appropriated:*

$718,700 1986,

$747,500 . . . . . 1987.

The appropriation for aid for fiscal year 1986 includes $104,300 for aid for fiscal year 1985 payable in fiscal year 1986 and $614,400 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for aid for fiscal year 1987 includes $108,500 for aid for fiscal year 1986 payable in fiscal year 1987 and $639,000 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $722,900 for fiscal year 1986 and $751,800 for fiscal year 1987.

Funds from this appropriation shall be transmitted to ECSU boards of directors for general operations in the amount of $65,718 per ECSU for fiscal year 1986, and $68,345 per ECSU for fiscal year 1987; however, the ECSU whose boundaries coincide with the boundaries of development region 11 and the ECSU whose boundaries encompass development regions six and eight

shall each receive $131,436 for fiscal year 1986 and $136,690 for fiscal year 1987 for general operations.

Subd. 4. [SCHOOL LUNCH AND FOOD STORAGE AID.]

For school lunch aid pursuant to section 124.646, and for food storage and transportation costs for USDA donated commodities there is appropriated:

$4,625,000 1986,

$4,625,000 . . . . . 1987.

Any unexpended balance remaining from the appropriations in this subdivision shall be prorated among participating schools based on the number of fully paid lunches served during that school year in order to meet the state revenue matching requirement of the USDA National School Lunch Program.

If the appropriation amount attributable to either year is insufficient, the rate of payment for each fully paid student lunch shall be reduced and the aid for that year shall be prorated among participating schools so as not to exceed the total authorized appropriations for that year.

Subd. 5. [CHEMICAL USE PROGRAMS.] *For aid for chemical dependency programs authorized pursuant to section 124.246, there is appropriated:*

$153,900 . . . . . 1986.

The appropriation for fiscal year 1986 includes $153,900 for aid for fiscal year 1985 payable in fiscal year 1986.

Subd. 6. [EXTENDED LEAVES OF ABSENCE.] *To meet the state's obligation prescribed in Minnesota Statutes 1984, sections 354.094 and 354A.091, there is appropriated:*

$938,000 1986,

$602,000 . . . . . 1987.

Subd. 7. [PART-TIME TEACHING.] *To meet the state's obligation prescribed in Minnesota Statutes 1984, sections 354.66 and 354A.094, there is appropriated:*

$118,000 . . . . . 1986.

Subd. 8. [NONPUBLIC AIDS.] *For programs for nonpublic educational aid pursuant to sections 123.931 to 123.947, there is appropriated:*

$6,763,400 1986,

$7,184,100 . . . . . 1987.

The appropriation for aid for fiscal year 1986 includes $960,-700 for aid for fiscal year 1985 payable in fiscal year 1986 and $5,802,700 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for fiscal year 1987 includes $1,024,000 for aid for fiscal year 1986 payable in fiscal year 1987 and $6,160,100 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $6,826,700 for fiscal year 1986 and $7,247,100 for fiscal year 1987.

Subd. 9. [GIFTED AND TALENTED ADVISORY COUNCIL.] *For the Minnesota advisory council for the gifted and talented established in section 124.248, there is appropriated:*

$35,000 . . . . . 1986.

Of this amount, $30,000 is for a study of gifted and talented education in Minnesota and $5,000 is for council expenses.

Subd. 10. [GIFTED AND TALENTED AID.] *For gifted and talented aid pursuant to section 124.247, there is appropriated:*

$1,282,600 1986,

$1,395,500 . . . . . 1987.

The appropriation for aid for fiscal year 1986 includes $99,100 for aid for fiscal year 1985 payable in fiscal year 1986 and $1,183,500 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for aid for fiscal year 1987 includes $208,-900 for aid for fiscal year 1986 payable in fiscal year 1987 and $1,186,600 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $1,392,400 for fiscal year 1986 and $1,396,000 for fiscal year 1987.

Subd. 11. [CAPITAL EXPENDITURE EQUALIZATION AID.] *For capital expenditure equalization aid pursuant to section 124.245, subdivision 1, there is appropriated:*

$249,600 1986,

$256,700 . . . . . 1987.

The appropriation for fiscal year 1986 includes $34,900 for aid for fiscal year 1985 payable in fiscal year 1986 and $214,700 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for fiscal year 1987 includes $37,900 for aid for fiscal year 1986 payable in fiscal year 1987 and $218,800 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $252,600 for fiscal year 1986 and $257,400 for fiscal year 1987.

Any unexpended balance remaining from the appropriation in this subdivision for either year may be expended for special purpose capital expenditure equalization aid pursuant to section 124.245, subdivision 1a.

Subd. 12. [SPECIAL PURPOSE CAPITAL EXPENDITURE EQUALIZATION AID.] *For special purpose capital expenditure equalization aid pursuant to section 124.245, subdivision 1a, there is appropriated:*

$45,800 1986,

$50,800 . . . . . 1987.

The appropriation for fiscal year 1986 includes $6,400 for aid for fiscal year 1985 payable in fiscal year 1986 and $39,400 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for fiscal year 1987 includes $7,000 for aid for fiscal year 1986 payable in fiscal year 1987 and $43,800 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $46,400 for fiscal year 1986 and $51,500 for fiscal year 1987.

Any unexpended balance remaining from the appropriation in this subdivision for either year may be expended for capital expenditure equalization aid pursuant to section 124.245, subdivision 1.

Subd. 13. [HAZARDOUS SUBSTANCE CAPITAL EXPENDITURE EQUALIZATION AID.] *For hazardous substance capital expenditure equalization aid pursuant to section 124.245, subdivision 1c, there is appropriated:*

$42,100 1986,

$50,200 . . . . . 1987.

The appropriation for fiscal year 1986 includes $6,200 for aid for fiscal year 1985 payable in fiscal year 1986 and $35,900 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for fiscal year 1987 includes $6,400 for aid for fiscal year 1986 payable in fiscal year 1987 and $43,800 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $42,300 for fiscal year 1986 and $51,500 for fiscal year 1987.

Any unexpended balance remaining from the appropriation in this subdivision for either year may be expended for capital expenditure equalization aid pursuant to section 124.245, subdivision 1.

Subd. 14. [PRESCHOOL HEALTH SCREENING AID.] *For preschool health screening aid pursuant to sections 123.701 and 123.705, there is appropriated:*

$450,000 1986,

$450,100 . . . . . 1987.

The appropriation for fiscal year 1986 includes $121,000 for aid for fiscal year 1985 payable in fiscal year 1986 and $329,000 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for fiscal year 1987 includes $58,100 for aid for fiscal year 1986 payable in fiscal year 1987 and $392,000 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $387,100 for fiscal year 1986 and $461,200 for fiscal year 1987.

Subd. 15. [SECONDARY VOCATIONAL EDUCATION AID.] *For secondary vocational education aid pursuant to section 124.573, there is appropriated:*

$22,174,500 1986,

$22,796,700 . . . . . 1987.

The appropriation for 1986 includes $3,422,400 for aid for fiscal year 1985 payable in fiscal year 1986. This amount also includes $18,752,100 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for 1987 includes $3,309,200 for aid for fiscal year 1986 payable in fiscal year 1987. This amount also includes $19,487,500 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $22,061,-300 for fiscal year 1986 and $22,926,400 for fiscal year 1987.

For the purposes of this subdivision, money appropriated for secondary vocational education programs may not be expended for the purpose of discontinuing or converting existing senior secondary industrial arts education programs.

Subd. 16. [AID FOR SECONDARY VOCATIONAL EDUCATION PROGRAMS FOR HANDICAPPED CHILDREN.] *For secondary vocational programs for handicapped children pursuant to section 124.574, there is appropriated:*

$3,434,700 1986,

$3,458,800 . . . . . 1987.

The appropriation for 1986 includes $551,700 for aid for fiscal year 1985 payable in fiscal year 1986. This amount also includes $2,883,000 for aid for fiscal year 1986 payable in fiscal year 1986. This appropriation is based on the assumption that the state will spend for this purpose an amount at least equal to $230,000 in fiscal year 1986 of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended.

The appropriation for 1987 includes $508,800 for aid for fiscal year 1986 payable in fiscal year 1987. This amount also includes $2,950,000 for aid for fiscal year 1987 payable in fiscal year 1987. This appropriation is based on the assumption that the state will spend for this purpose an amount at least equal to $230,000 in fiscal year 1987 of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended.

The appropriations are based on aid entitlements of $3,391,800 for fiscal year 1986 and $3,470,600 for fiscal year 1987.

Subd. 17. [INTERDISTRICT COOPERATION AID.] *For aid for interdistrict cooperation programs pursuant to section 124.272, there is appropriated:*

$1,494,300 1986,

$2,085,000 . . . . . 1987.

The appropriation for fiscal year 1986 includes $187,100 for aid for fiscal year 1985 payable in fiscal year 1986 and $1,307,200 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for fiscal year 1987 includes $230,700 for aid for fiscal year 1986 payable in fiscal year 1987 and $1,854,300 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $1,537,-900 for fiscal year 1986 and $2,181,500 for fiscal year 1987.

Subd. 18. [MAXIMUM EFFORT SCHOOL LOAN FUND.] *There is appropriated from the general fund to the maximum effort school loan fund the sum of $2,390,300 for the fiscal year ending June 30, 1986, and $2,585,300 for the fiscal year ending June 30, 1987. Any unexpended balance of this appropriation for fiscal year 1986 shall not cancel but shall be available for the second year of the biennium.*

These appropriations shall be placed in the loan repayment account of the maximum effort school loan fund for the payment of the principal and interest on school loan bonds, as provided in section 124.46, to the extent that money in the fund is not sufficient to pay when due the full amount of principal and interest due on school loan bonds. The purpose of these appropriations is to ensure that sufficient money is available in the fund to prevent a statewide property tax levy as would otherwise be required pursuant to section 124.46, subdivision 3. Notwithstanding section 124.39, subdivision 5, any amount of the appropriation made in this section which is not needed to pay when due the principal and interest due on school loan bonds shall not be transferred to the debt service loan account of the maximum effort school loan fund but instead shall cancel and revert to the general fund.

Subd. 19. [INDIAN EDUCATION.] *For certain Indian education programs identified in Laws 1984, chapter 463, article 6, section 13, subdivision 12, there is appropriated:*

$24,400 . . . . . 1986.

The appropriation is for aid for fiscal year 1985 payable in fiscal year 1986.

Subd. 20. [JORDAN GRANT.] *There is appropriated $36,570 for fiscal year 1986 for the purposes of section 20.*

Subd. 21. [NONCANCELLATION; FUNDING RESTRICTION.] *Any unexpended balances remaining from the appropriations in subdivision 7 for fiscal year 1986 shall not cancel but shall be available for the second year of the biennium. Notwithstanding Minnesota Statutes 1984, sections 354.43 and 354A.12, the state's obligations prescribed in Minnesota Statutes 1984, sections 354.094, 354.66, 354A.091, and 354A.094 shall not be financed out of standing appropriations for the state's obligations pursuant to Minnesota Statutes 1982, chapter 354 or 354A.*

Subd. 22. [CANCELLATION AND PRORATION.] *Except as provided in subdivision 7, any unexpended balance remaining from the appropriations in this section for 1986 shall cancel and*

shall not be available for the second year of the biennium. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

Sec. 24. [APPROPRIATIONS FOR DEFICIENCIES.]

Subdivision 1. [CHEMICAL USE PROGRAMS.] *There is appropriated for fiscal year 1985 the sum of $12,825 for the payment of a deficiency in funds available for payment of chemical use program aid in that fiscal year. This sum shall be added to the sum appropriated for fiscal year 1985 for this purpose in Laws 1983, chapter 314, article 6, section 34, subdivision 13.*

Subd. 2. [ABATEMENT AID.] *There is appropriated from the general fund to the department of education the sum of $1,798,453 for fiscal year 1985 for the payment of a deficiency in funds available for payment of abatement aid in that fiscal year. This sum shall be added to the sums appropriated for fiscal year 1985 for this purpose in Laws 1983, chapter 314, article 6, section 34, subdivision 3, and Laws 1984, chapter 463, article 6, section 18, subdivision 1.*

Subd. 3. [CAPITAL EXPENDITURE EQUALIZATION AID.] *There is appropriated from the general fund to the department of education the sum of $18,735 for fiscal year 1985 for the payment of a deficiency in funds available for payment of capital expenditure aid in that fiscal year. This sum shall be added to the sum appropriated for fiscal year 1985 for this purpose in Laws 1983, chapter 314, article 6, section 34, subdivision 4.*

Subd. 4. [SECONDARY VOCATIONAL EDUCATION AID.] *There is appropriated from the general fund to the department of education the sum of $1,105,000 for fiscal year 1985 for the payment of a deficiency in funds available for payment of secondary vocational education aid in that fiscal year. This sum shall be added to the sum appropriated for fiscal year 1985 for this purpose in Laws 1983, chapter 314, article 5, section 18, subdivision 10.*

Subd. 5. [AID FOR SECONDARY VOCATIONAL EDUCATION PROGRAMS FOR HANDICAPPED CHILDREN.] *There is appropriated from the general fund to the department of education the sum of $505,543 for fiscal year 1984 and $821,915 for fiscal year 1985 for the payment of deficiencies in funds available for payment of aid for secondary vocational education programs for handicapped children in those fiscal years. These appropriations shall be added to the sums appropriated for*

fiscal years 1984 and 1985 for this purpose in Laws 1983, chapter 314, article 5, section 18, subdivision 11.

Sec. 25. [REPEALER.]

Minnesota Statutes 1984, section 125.611, subdivisions 3, 4, 5, 6, and 7 are repealed.

Sec. 26. [EFFECTIVE DATE.]

Section 24, the section containing appropriations for deficiencies, is effective the day following final enactment.

ARTICLE 7

MISCELLANEOUS

Section 1. Minnesota Statutes 1984, section 120.06, subdivision 1, is amended to read:

Subdivision 1. [AGE LIMITATIONS; PUPILS.] All schools supported in whole or in part by state funds are public schools. Admission to a public school, except an area vocational technical institute, is free to any person who resides within the district which operates the school, who is under 21 years of age, and who satisfies the minimum age requirements imposed by this section. Notwithstanding the provisions of any law to the contrary, the conduct of all students under 21 years of age attending a public secondary school shall be governed by a single set of reasonable rules and regulations promulgated by the local board of education. No person shall be admitted to any public school (AFTER SEPTEMBER 1, 1971,) (1) as a kindergarten student, unless he is at least five years of age on September 1 of the calendar year in which the school year for which he seeks admission commences; or (2) as a first grade student, unless he is at least six years of age on September 1 of the calendar year in which the school year for which he seeks admission commences or has completed kindergarten; except that any school board may establish a policy for admission of selected pupils at an earlier age.

Sec. 2. Minnesota Statutes 1984, section 120.10, subdivision 1, is amended to read:

Subdivision 1. [AGES AND TERM.] Every child between seven and 16 years of age *and every child under the age of seven who is enrolled in kindergarten or grades above* shall attend a public school, or a private school, during the entire time that the school is in session during any school year. No child shall be required to attend a public school more than 200 days or their

equivalent, during any school year. *A parent may withdraw a child under the age of seven from school at any time.*

Sec. 3. Minnesota Statutes 1984, section 120.11, is amended to read:

120.11 [SCHOOL BOARDS AND TEACHERS, DUTIES.]

It shall be the duty of each board through its clerk or other authorized agent or employee, to report the names of children (BETWEEN SIX AND 16 YEARS OF AGE) *required to attend school,* with excuses, if any, granted in such district, to the superintendent or principals thereof, within the first week of school. Subsequent excuses granted shall be forthwith reported in the same manner. The clerk or principal shall provide the teachers in the several schools under his supervision, with the necessary information for the respective grades of school, relating to the list of pupils with excuses granted. On receipt of the list of such pupils of school age and the excuses granted, the clerk or principals shall report the names of children not excused, who are not attending school, with the names and addresses of their parents, to the district superintendent within five days after receiving the report.

Sec. 4. Minnesota Statutes 1984, section 120.15, is amended to read:

120.15 [CLASSES FOR TRUANTS.]

A board may maintain ungraded classes for (THE) instruction of children (BETWEEN SEVEN AND 16 YEARS OF AGE) *who are required to attend school and* who are habitually truant or not in attendance.

All such children shall be deemed delinquent and the board may compel their attendance at such ungraded classes, or any department of the public schools, as the board may determine, and cause them to be brought before the juvenile court of the county for appropriate discipline.

Sec. 5. [121.161] [SHARED SERVICE AGREEMENTS.]

The commissioner may make a shared service agreement with another public agency. The agreement must be of mutual benefit to the state, the department, and the other agency. The term of the agreement must not be more than three years. The commissioner and the other agency need not consult the legislative advisory committee before making the agreement.

Charges by the department and the other agency must be on an actual cost basis, and the receipts are dedicated to the operation

of the department or agency receiving them and are appropriated for that purpose.

Sec. 6. Minnesota Statutes 1984, section 121.912, subdivision 1, is amended to read:

Subdivision 1. [LIMITATIONS.] *(a)* No school district shall permanently transfer money from an operating fund to a nonoperating fund except as provided in this subdivision *or section 7.*

(b) Permanent transfers may be made from an operating fund to any other fund to correct for prior fiscal years' errors discovered after the books have been closed for that year.

(c) Permanent transfers may be made from the general fund to eliminate deficits in another fund when that other fund is being discontinued.

(d) When a district discontinues operation of a district-owned bus fleet or a substantial portion of a fleet, permanent transfers may be made from the fund balance account entitled "pupil transportation fund appropriated for bus purchases" to the capital expenditure fund, with the approval of the commissioner. The levy authorized pursuant to section 275.125, subdivision 11a, shall be reduced by an amount equal to the amount transferred.

(e) Any school district may transfer any amount from the unappropriated fund balance account in its transportation fund to any other operating fund or to the appropriated fund balance account for bus purchases in its transportation fund.

Sec. 7. [121.9121] [EXCEPTIONS FOR PERMANENT FUND TRANSFERS.]

Subdivision 1. [STATE BOARD AUTHORIZATION.] *Notwithstanding sections 123.36, subdivisions 10 and 13; 475.61, subdivision 4; or any other law, rule or UFARS standard which may prohibit permanent transfers of money between funds or accounts, the state board may authorize a board to transfer money from any fund or account to another fund or account according to this section.*

Subd. 2. [APPLICATION.] *A board requesting authority to transfer money shall apply to the state board and provide information requested. The application shall indicate the law or rule prohibiting the desired transfer. It shall be signed by the superintendent and approved by the school board.*

Subd. 3. [ADVISORY COUNCIL.] *The state board shall submit each application to the advisory council on uniform fi-*

nancial accounting and reporting standards for its recommendations. The advisory council shall develop and maintain guidelines for reviewing and approving requests.

Subd. 4. [APPROVAL STANDARD.] *The state board may approve a request only when an event has occurred in a district that could not have been foreseen by the district. The event shall relate directly to the fund or account involved and to the amount to be transferred.*

Subd. 5. [APPROVAL.] *The state board shall use the advisory council guidelines and recommendation when it approves, disapproves, or modifies a request. It shall take action on a request within 60 days of receiving the request. If the state board action is different from the action recommended by the advisory council, the state board shall provide written reasons for the difference.*

Subd. 6. [PROCEDURES.] *The state board and advisory council may prepare forms and adopt procedures necessary to implement this section.*

Subd. 7. [REPORT TO LEGISLATURE.] *By January 15 each year the state board shall report to the education committees of the legislature about the requests for transfers, action taken for each request, and the reasons for the action. The report shall include the recommendations of the advisory council.*

Sec. 8. Minnesota Statutes 1984, section 122.86, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] In order to provide for comprehensive and coherent planning for the delivery of educational services pursuant to sections 122.86 to (122.89) *122.88*, each educational cooperative service unit shall establish an educational planning task force. In the event an area has not established an ECSU by September 1, 1977, the commissioner shall establish a task force for that area.

Sec. 9. Minnesota Statutes 1984, section 123.36, subdivision 1, is amended to read:

Subdivision 1. When funds are available therefor, the board may locate and acquire necessary sites of school houses or enlargements, or additions to existing schoolhouse sites by lease, purchase or condemnation under the right of eminent domain; it may erect schoolhouses thereon; it may erect or purchase garages for district owned school buses. (IN ANY CITY, THE SCHOOL SITES, WHEN PRACTICABLE, SHALL CONTAIN AT LEAST ONE BLOCK AND IF OUTSIDE OF ANY CITY, TWO ACRES; AND WHEN ANY SCHOOLHOUSE SITES SHALL CONTAIN LESS THAN SUCH AMOUNT, THE

BOARD MAY ACQUIRE OTHER LAND ADJACENT TO OR NEAR SUCH SITE TO MAKE, WITH SUCH SITE, ALL OR PART OF SUCH AMOUNT.) When property is taken by eminent domain by authority of this subdivision when needed by the school district for such purposes, the fact that the property so needed has been acquired by the owner under the power of eminent domain or is already devoted to public use, shall not prevent its acquisition by the school district. The board may sell or exchange schoolhouses or sites, and execute deeds of conveyance thereof.

Sec. 10. Minnesota Statutes 1984, section 123.58, is amended by adding a subdivision to read:

Subd. 11. [ANNUAL MEETING.] *Each ECSU shall conduct a meeting at least annually for districts that have entered into an agreement under section 471.59 and for districts cooperatively offering educational services to elementary and secondary pupils within the area served by the ECSU. The purpose of the meeting shall be to discuss issues of mutual concern and to facilitate coordination and cooperation in providing educational opportunities. The governing board formed under each cooperative agreement or each school board participating in a cooperative program, for programs having no governing board, shall designate at least one person to attend this meeting.*

Sec. 11. Minnesota Statutes 1984, section 124.14, subdivision 4, is amended to read:

Subd. 4. A reduction of aid under this section may be appealed to the state board of education and its decision shall be final. Public schools shall at all times be open to the inspection of the state board, and the accounts and records of any district shall be open to inspection by the state auditor, the state board, or the commissioner for the purpose of audits conducted under this section. *Each district shall keep for a minimum of three years at least the following: (1) identification of the annual session days held, together with a record of the length of each session day, (2) a record of each student's daily attendance, with entrance and withdrawal dates, and (3) identification of the students transported who are reported for transportation aid.*

Sec. 12. Minnesota Statutes 1984, section 124.48, is amended by adding a subdivision to read:

Subd. 1a. [TASK FORCE.] *The Minnesota Indian scholarship advisory task force is established. Members shall be appointed by the state board. Members shall be reimbursed for expenses as provided in section 15.059, subdivision 6. The state board shall determine the membership terms and duration of the task force. The task force shall provide advice and counsel to the state board in the awarding of scholarships to eligible Ameri-*

can Indian students, and in the administration of the state board's duties regarding the awarding of American Indian post-secondary preparation grants to school districts.

Sec. 13. Minnesota Statutes 1984, section 125.05, subdivision 5, is amended to read:

Subd. 5. [PROVISIONAL LICENSES (; PROHIBITED).] (THE BOARD OF TEACHING SHALL GRANT NO NEW PROVISIONAL LICENSES BY JANUARY 15, 1984, THE STATE BOARD AND COMMISSIONER OF EDUCATION SHALL SUBMIT A REPORT TO THE EDUCATION COMMITTEES OF THE LEGISLATURE WITH RECOMMENDATIONS ON PROVISIONAL LICENSES.) *The board of teaching may grant provisional licenses, which shall be valid for two years, in fields where licenses were not issued previously, or in fields where a shortage of licensed teachers exists. A shortage shall be defined as a lack of or an inadequate supply of licensed personnel within a given licensure area in a school district that has notified the board of teaching of such a shortage and has applied to the board of teaching for provisional licenses for that district's licensed staff.*

Sec. 14. Minnesota Statutes 1984, section 125.12, is amended by adding a subdivision to read:

Subd. 2a. [EMPLOYMENT IN SUPERVISORY POSITIONS.] *Notwithstanding other law, a teacher as defined in section 179A.03 does not have a right to employment in a district as an assistant superintendent, as a principal defined in section 179A.03, as a confidential or supervisory employee defined in section 179A.03, or in a position that is a promotion from the position currently held, based on seniority, seniority date, or order of employment by the district; provided that this provision shall not alter the reinstatement rights of an individual who is placed on leave from an assistant superintendent, principal or assistant principal, or supervisory or confidential employee position pursuant to chapter 125.*

Sec. 15. Minnesota Statutes 1984, section 125.17, is amended by adding a subdivision to read:

Subd. 2a. [EMPLOYMENT IN SUPERVISORY POSITIONS.] *Notwithstanding other law, a teacher as defined in section 179A.03 does not have a right to employment in a district as an assistant superintendent, as a principal defined in section 179A.03, as a confidential or supervisory employee defined in section 179A.03, or in a position that is a promotion from the position currently held, based on seniority, seniority date, or order of employment by the district; provided that this provision shall not alter the reinstatement rights of an individual who is placed on leave from an assistant superintendent, principal or*

assistant principal, or supervisory or confidential employee position pursuant to chapter 125.

Sec. 16. Minnesota Statutes 1984, section 125.60, subdivision 3, is amended to read:

Subd. 3. [REINSTATEMENT.] Except as provided in subdivisions 6a and 6b, a teacher on an extended leave of absence pursuant to this section shall have the right to be reinstated to a position for which the teacher is licensed at the beginning of any school year which immediately follows a year of the extended leave of absence, unless the teacher *fails to give the required notice of intention to return or* is discharged or placed on unrequested leave of absence or the contract is terminated pursuant to section 125.12 or 125.17 while the teacher is on the extended leave. The board shall not be obligated to reinstate any teacher who is on an extended leave of absence pursuant to this section, unless the teacher advises the board of the intention to return before February 1 in the school year preceding the school year in which the teacher wishes to return *or by February 1 in the calendar year in which the leave is scheduled to terminate.* The board shall notify the commissioner within 30 days of being notified that a teacher intends to return from an extended leave.

Sec. 17. [EXPERIMENTAL SCHOOL EXPIRATION DATE.]

Laws 1973, chapter 683, section 26, subdivision 17, as amended by Laws 1975, chapter 432, section 88, as amended by Laws 1977, chapter 447, article VII, section 28, as amended by Laws 1981, chapter 358, article VI, section 42, is amended to read:

Subd. 17. The provisions of this section shall expire July 1, (1985) *1989.* At any time the experimental school may be terminated upon unanimous vote of the officers of the committee and 30 days notice to the board of District No. 309, whereupon the board of District No. 309 shall resume the care management and control of the entire district on July 1 following. Prior to December 1 of each year the committee shall submit to the legislature a report of the experimental school established by this section. Such report shall document the success or failure of the experimental school.

Sec. 18. [AUTHORIZATION OF BONDS AND TAX LEVIES.]

Subdivision 1. [AMOUNT; PROCEDURE.] *Independent school district No. 706 may issue bonds in an aggregate principal amount not exceeding $3,225,000, in addition to any bonds already issued or authorized, to finance the acquisition and betterment of school buildings and facilities. Except as permitted by this section, the bonds shall be authorized, sold, and issued in ac-*

cordance with Minnesota Statutes, chapter 475, except that the bonds shall not constitute net debt within the meaning of Minnesota Statutes, section 475.53.

Subd. 2. [NOTICE; ELECTION.] *Prior to the issuance of the bonds, the school board shall conduct an election on the proposition of issuing the bonds authorized by this section. The bonds shall not be issued unless and until such proposition has been approved by a majority of the votes cast thereon at a regular or special election.*

Subd. 3. [LEVY.] *After the sale and before the delivery of any bonds under authority of this section, the school board shall, by resolution, levy upon all taxable property in the school district, a direct, general ad valorem tax for each year of the term of the bonds in amounts which, if collected in full and added to the minimum amounts required to be paid to the district under section 19, subdivision 1, are sufficient to pay when due the principal of and interest on the bonds. A copy of the resolution shall be filed and the taxes levied shall be collected as specified in Minnesota Statutes, section 475.61. A resolution of the board levying taxes for the payment of the bonds and interest on them as authorized by this section and pledging the proceeds of the levies for the payment of the bonds and interest on them shall be deemed to be in compliance with the provisions of Minnesota Statutes, chapter 475 with respect to the levying of taxes for their payment.*

Subd. 4. [DEFICIENCIES.] *Bonds issued under authority of this section shall be general obligations of the school district, for which its full faith and credit and unlimited taxing powers shall be pledged. If there are any deficiencies in the collections of the taxes levied pursuant to subdivision 2 or in the amounts required to be paid to the district under section 19, subdivision 1, they shall be made good by general levies, not subject to limit, on all taxable property in the district in accordance with Minnesota Statutes, section 475.74. If any deficiency levies are necessary, the school board may effect a temporary loan or loans on certificates of indebtedness issued in anticipation of them to meet payments of principal or interest on the bonds due or about to become due.*

Subd. 5. [EFFECT ON OTHER LEVIES.] *Taxes levied pursuant to this section shall be disregarded in the calculation of any other tax levies or limits on tax levies provided by other law.*

Subd. 6. [INDEBTEDNESS LIMITATIONS.] *Bonds may be issued under authority of this section notwithstanding any limitations upon the indebtedness of a district, and their amounts shall not be included in computing the indebtedness of a district for any purpose, including the issuance of subsequent bonds and the incurring of subsequent indebtedness.*

Sec. 19. [TRANSFER OF TACONITE TAXES.]

Subdivision 1. [PAYMENTS TO DISTRICT; APPROPRIATIONS.] *Commencing with taxes payable in the first year after approval in an election of the issuance of the bonds authorized in section 18, the commissioner of revenue shall deduct and pay to independent school district No. 706 on or before October 1 of each year, an amount equal to 16.5 cents per gross ton of taxable iron concentrate produced or to 90 percent of the the debt service coming due on or before the second following January 1 on all bonds issued by the district pursuant to section 18, whichever is greater, from the taxes paid pursuant to sections 298.23 to 298.28 by a person, corporation, partnership, operator, joint venture, or other owner of a taconite plant and taconite properties located in the school district. The deduction shall be made from the amount which would otherwise have been distributed to northeast Minnesota economic protection fund in the apportionment fund in the state treasury under section 298.28, subdivision 1. However, the amount paid to the district each year shall not exceed the amount of the debt service coming due on or before the second following January 1 on all bonds issued by the district pursuant to section 18. Any amount by which the amount paid to the district exceeds the amount of the debt service shall be paid by the district to the northeast Minnesota economic protection fund. A sum is annually appropriated to the commissioner from the proceeds of the taxes sufficient to make the payments required by this section.*

Subd. 2. [PAYMENTS WHEN PRODUCTION DECREASES OR STOPS.] *If the producer described in subdivision 1 ceases operations or decreases its operations so that the amount of the deduction of 16.5 cents per gross ton of concentrate produced is insufficient to raise the minimum amount required to be paid annually under subdivision 1, then the difference between the deduction of 16.5 cents per gross ton of concentrate produced and such minimum amount shall be paid as provided in section 298.225.*

Subd. 3. [DEPOSIT AND USE OF FUNDS.] *The revenue received pursuant to this section by independent school district No. 706 shall be deposited in the bond redemption fund of the district and shall be used only to pay debt service on bonds issued pursuant to section 18.*

Subd. 4. [TERMINATION.] *The deduction and payment of taxes authorized in subdivisions 1 and 2 shall terminate upon the payment in full, or the discharge of the district's obligation to pay in full, the principal of and interest on all bonds issued pursuant to section 18.*

Sec. 20. [BONDS, EVELETH SCHOOL DISTRICT.]

Subdivision 1. Independent school district No. 697, Eveleth, may issue bonds in an aggregate principal amount not exceeding $3,385,000, in addition to any bonds already issued or authorized, to finance the acquisition and betterment of school buildings and facilities. Except as permitted by this section, the bonds shall be authorized, sold, and issued in accordance with Minnesota Statutes, chapter 475. An election is required to authorize their issuance under subdivision 2, and the bonds shall not constitute net debt within the meaning of Minnesota Statutes, section 475.53.

Subd. 2. The bonds described in subdivision 1 must not be issued unless and until the proposition of issuing the bonds has been approved by a majority of the votes cast thereon at a regular or special election. The election shall be conducted as provided in Minnesota Statutes, chapter 475, and Minnesota Statutes, section 123.32.

Subd. 3. After the sale and before the delivery of any bonds under authority of this section, the school board shall, by resolution, levy upon all taxable property in the school district, a direct, general ad valorem tax for each year of the term of the bonds in amounts which, if collected in full and added to the minimum amounts required to be paid to the district under section 21, subdivision 1, are sufficient to pay when due the principal of and interest on the bonds. A copy of the resolution shall be filed and the taxes levied shall be collected as specified in Minnesota Statutes, section 475.61. A resolution of the board levying taxes for the payment of the bonds and interest on them as authorized by this section and pledging the proceeds of the levies for the payment of the bonds and interest on them shall be deemed to be in compliance with the provisions of Minnesota Statutes, chapter 475, with respect to the levying of taxes for their payment.

Subd. 4. Bonds issued under authority of this section shall be general obligations of the school district, for which its full faith and credit and unlimited taxing powers shall be pledged. If there are any deficiencies in the collections of the taxes levied pursuant to subdivision 3 or in the amounts required to be paid to the district under section 21, subdivision 1, they shall be made good by general levies, not subject to limit, on all taxable property in the district in accordance with Minnesota Statutes, section 475.74. If any deficiency levies are necessary, the school board may effect a temporary loan or loans on certificates of indebtedness issued in anticipation of them to meet payments of principal or interest on the bonds due or about to become due.

Subd. 5. Taxes levied pursuant to this section shall be disregarded in the calculation of any other tax levies or limits on tax levies provided by other law.

Subd. 6. Bonds may be issued under authority of this section notwithstanding any limitations upon the indebtedness of a

district, and their amounts shall not be included in computing the indebtedness of a district for any purpose, including the issuance of subsequent bonds and the incurring of subsequent indebtedness.

Sec. 21. [TRANSFER OF TACONITE TAXES.]

Subdivision 1. Commencing with taxes payable in 1986, the commissioner of revenue shall deduct and pay to independent school district No. 697 on or before October 1 of each year, an amount equal to 90 percent of the debt service coming due on or before the second following January 1 on all bonds issued by the district pursuant to section 20, or 16 cents per gross ton of taxable iron concentrate produced from the taxes paid pursuant to Minnesota Statutes, sections 298.23 to 298.28 by a person, corporation, partnership, operator, joint venture, or other owner of a taconite plant and taconite properties located in the school district. The deduction shall be made from the amount which would otherwise have been distributed to the northeast Minnesota economic protection fund in the apportionment fund in the state treasury under Minnesota Statutes, section 298.28, subdivision 1. A sum is annually appropriated to the commissioner from the proceeds of the taxes sufficient to make the payments required by this section. However, if the district selects to pay their ten percent share from funds on hand, then not less than 100 percent of the debt service requirements will be transferred. In no event shall more than the actual annual debt service requirement be transferred. In any year if more than the actual debt service requirement is paid to the district, the amount by which the payment to the district exceeds the debt service requirement shall be paid by the district to the northeast Minnesota economic protection fund.

Subd. 2. If the producer described in subdivision 1 ceases operations or decreases its operations so that the amount of the deduction of 16 cents per gross ton of concentrate produced is insufficient to raise the minimum amount required to be paid annually under subdivision 1, then the difference between the deduction of 16 cents per gross ton of concentrate produced and such minimum amount shall be paid as provided in Minnesota Statutes, section 298.225.

Subd. 3. The revenue received pursuant to this section by independent school district No. 697, Eveleth, shall be deposited in the bond redemption fund of the district and shall be used only to pay debt service on bonds issued pursuant to section 20.

Subd. 4. The deduction and payment of taxes authorized in subdivisions 1 and 2 shall terminate upon the payment in full, or the discharge of the district's obligation to pay in full, the principal of and interest on all bonds issued pursuant to section 1.

Sec. 22. [K-3 CLASS SIZE STUDY.]

The department of education shall conduct a study on reducing certain class sizes of grades kindergarten through three to a ratio of 15 to 1 in Minnesota. The study shall address at least the following: determination of the number of teachers which would be required to reduce class sizes to a ratio of 15 students to one teacher in those grades in the areas of reading, writing, and mathematics; examining the feasibility of individual school districts to reduce class sizes to a ratio of 15 students to one teacher; and evaluating the existing research on the impact of reducing class sizes.

Sec. 23. [REPEALER.]

Minnesota Statutes 1984, sections 122.84, 122.85, and 122.89 are repealed.

Sec. 24. [EFFECTIVE DATE.]

Subdivision 1. Sections 6 and 7 are effective the day following final enactment.

Subd. 2. Sections 18 and 19 are effective the day after the school board of independent school district No. 706 complies with Minnesota Statutes, section 645.021, subdivision 3.

Subd. 3. Sections 20 and 21 are effective the day after the school board complies with Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 8

EDUCATIONAL IMPROVEMENT

Section 1. [121.509] [POLICY.]

It is the intent of the legislature that proficiency assessments required by sections 1 to 9 measure the progress of each pupil in mastering basic skills rather than the pupil's performance relative to the pupil's classmates. Proficiency assessments shall be used to determine whether pupils need assistance to master basic skills, and if so, the appropriate content and mode of the assistance. To use these proficiency assessments effectively, the school districts are encouraged to assess their pupils early in the school year.

Sec. 2. [121.510] [ADOPTION OF PROFICIENCY STANDARDS.]

Subdivision 1. The board of each school district shall adopt standards of proficiency in basic skills for pupils attending school

within its school district. Standards shall be adopted for reading comprehension, writing, and computation skills, in the English language, and other skills, if any, which the board concludes are necessary to succeed in school and life experiences. The standards will permit individual achievement to be ascertained and evaluated and shall be directly related to the district's instructional program.

Subd. 2. The school board shall invite parents, administrators, teachers, counselors, and, with respect to secondary schools, pupils to participate in the consideration of the standards of proficiency to be adopted.

Subd. 3. The standards shall be adopted: by January 1, 1987, for grades 9 through 12; by June 30, 1987, for grades 6 through 8; and by January 1, 1988, for grades 2 through 5. Proficiency assessments based on these standards shall begin in the school year following adoption.

Sec. 3. [121.511] [SEPARATE STANDARDS.]

Separate standards of proficiency shall be established for reading comprehension, writing, computation skills, and each additional skill which a school board designates. A separate assessment shall be made of the pupil's proficiency in each skill.

Sec. 4. [121.512] [ASSESSMENT MATERIALS.]

For students with diagnosed learning disabilities, as well as for students participating in the regular school program, proficiency assessments may be part of the classroom experience, and teaching materials may be used as assessment materials.

The school board shall periodically screen the assessment materials for racial, cultural, and sexual bias.

Sec. 5. [121.513] [ASSESSMENT SCHEDULE.]

Progress toward proficiency in basic skills shall be assessed in the English language during the regular instructional program at least once during the 2nd through 5th grades, once during the 6th through 8th grades, and twice during the 9th through 12th grades.

Sec. 6. [121.514] [REMEDIATION; PARENT CONFERENCE.]

Subdivision 1. Additional instruction shall be provided to a pupil who does not demonstrate sufficient progress toward the mastery of any of the basic skills. The additional instruction shall continue until the pupil attains the proficiency standards or is no

longer enrolled in school. The instruction may be provided in summer school programs.

Subd. 2. (a) If a pupil does not demonstrate sufficient progress toward mastery of basic skills and will not be able to attain the prescribed standards upon exit from the 5th, 8th, or 12th grade, whichever is applicable, the principal shall arrange a conference among the parent or guardian of the pupil and a licensed employee familiar with the pupil's progress to discuss the results of the proficiency assessment and recommend actions to further the pupil's progress.

(b) The conference to discuss the results of the assessment may be conducted on an individual or group basis among the parents or guardians of the pupils, the licensed employees, and the pupils. If the conference is conducted on a group basis, a pupil or the parent or guardian may request, and shall be granted, a conference on an individual basis without having to attend the group conference.

(c) A secondary pupil shall attend the conference. An elementary pupil shall attend the conference unless the principal and the parent or guardian agree that the pupil's presence would not be in the pupil's best interest.

(d) The pupil and the parent or guardian shall be requested in writing to attend the conference. The notice shall be written in the primary language of the parent or guardian whenever practicable. If the conference is to be conducted on a group basis, the notice shall specify the right of the pupil or the parent or guardian to request and be granted a conference on an individual basis without having to attend the group conference.

(e) At the conference, the instructional program which shall be provided to assist the pupil to master basic skills shall be described. If the parent or guardian does not attend the conference, this information shall be communicated to the parent or guardian by other means within ten days of the date of the conference.

Sec. 7. [121.515]

If a pupil of limited English proficiency, as determined under section 126.262, subdivision 2, does not possess sufficient English language skills to be fairly assessed for basic skills proficiency in the English language, the district shall defer the assessment. The deferment shall be for a period of at least six months but shall not be longer than 24 months. During the deferment period the pupil shall complete at least six months of instruction in reading, writing, and comprehension in the English language.

However, a pupil of limited English proficiency shall be assessed for basic skills in the English language upon the pupil's own request or upon the request of the pupil's parent or guardian.

Nothing in this section shall preclude a district from conducting an assessment of a pupil in both English and in the native language of the pupil.

Sec. 8. [121.516] [DIFFERENTIAL STANDARDS FOR LEARNING DISABLED STUDENTS.]

Subdivision 1. Differential standards and assessment procedures may be adopted for pupils who:

(a) are enrolled in special education programs and for whom individualized education programs have been developed under section 120.17, and

(b) have diagnosed learning handicaps or disabilities.

Subd. 2. If an individualized education team determines that a pupil does not demonstrate evidence of the ability to attain the district's regular proficiency standards with available and appropriate education services and support, the team shall develop differential proficiency standards, or modify general differential standards adopted by the board, appropriate to the needs and potential of the pupil.

Subd. 3. The determination and the development of differential proficiency standards shall be part of the process of developing, reviewing, and revising a pupil's individualized education program.

Subd. 4. If one or more differential standards are developed for a pupil enrolled in special education, the standards may be maintained throughout the pupil's school experience, whether or not the pupil continues to be enrolled in special education.

Subd. 5. Differential standards and assessment procedures adopted under this section shall permit the pupil for whom they are adopted to attain the standards within the time the state is required by state or federal law to provide an education to the pupil.

Subd. 6. Nothing in this subdivision shall be construed to require differential proficiency standards for a pupil that a team determines can attain the district's regular proficiency standards with appropriate and available educational services and support.

Sec. 9. [121.517] [ASSESSMENT FRAMEWORK; STATE BOARD OF EDUCATION.]

Subdivision 1. The state board of education shall prepare and distribute to all school districts a framework for assessing pupil proficiency in reading comprehension, writing, and computation

skills. The framework shall include a range of assessment items in each skill area. The assessment framework shall be provided solely to assist each school district in the development of its own pupil assessments as required by section 3.

Subd. 2. The framework shall be distributed by: September 1, 1986, for assessments of students in the 9th through 12th grades; January 1, 1987, for assessments of students in the 6th through 8th grades; and July 1, 1987, for assessments of students in the 2nd through 5th grades.

Subd. 3. Nothing in this section shall be construed to authorize or permit the state board of education to adopt statewide minimum proficiency standards for high school graduation or for any other purpose.

Sec. 10. Minnesota Statutes 1984, section 123.7431, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] Each school district which completes the planning, evaluation, and reporting process pursuant to the requirements of sections 123.741 and 123.742 and which receives approval from the commissioner of education is eligible to receive state aid. An eligible school district shall receive $1 times average daily membership for the (APPLICABLE) *1984-1985* school year (.), *and* no district which is eligible for aid shall receive less than $1,500 *for that year.*

An eligible district shall receive $1.04 times average daily membership for the 1985-1986 school year, and no district which is eligible for aid shall receive less than $1,560 for that year. An eligible district shall receive $1.08 times average daily membership for the 1986-1987 school year, and no district which is eligible for aid shall receive less than $1,620 for that year.

Sec. 11. Minnesota Statutes 1984, section 124.19, subdivision 1, is amended to read:

Subdivision 1. [INSTRUCTIONAL TIME.] Every district which receives special state aid shall maintain school in session (OR), provide instruction in other districts, in state university laboratory school or in the university laboratory school, *or provide staff development opportunities* for at least 175 days, not including summer school, or the equivalent in a district operating a flexible school year program. *Pupil instruction shall be conducted at least 170 out of the 175 days. The remaining five days shall be used for parent-teacher conferences, teachers' workshops, staff development, or additional pupil instruction. For kindergarten classes, up to ten days out of the 175 may be devoted to parent-teacher conferences, teachers' workshops, staff development, or additional pupil instruction as part of the required minimum number of days. In both cases, up to three days*

of the state aid may be used to provide teachers' access to small group or individual staff development activities during released time or nonschool days. A district which holds school for the required minimum number of days and is otherwise qualified is entitled to special state aid as provided by law. If school is not held for the required minimum number of days, special state aid shall be reduced by the ratio that the difference between 175 days and the number of days school is held bears to 175 days, multiplied by 60 percent of the product of the foundation aid formula allowance times its pupil units for that year. However, districts maintaining school for fewer than the required minimum number of days do not lose special state aid, if the circumstances causing loss of school days below the required minimum number of days are beyond the control of the board and, if proper evidence is submitted and a good faith attempt made to make up time lost due to these circumstances. The loss of school days resulting from a lawful employee strike shall not be considered a circumstance beyond the control of the board. Days devoted to teachers' institutes or other meetings authorized or called by the commissioner may not be included as part of the required minimum number of days of school. (NOT MORE THAN FIVE DAYS MAY BE DEVOTED TO PARENT-TEACHER CONFERENCES OR TEACHERS' WORKSHOPS AS PART OF THE REQUIRED MINIMUM NUMBER OF DAYS, EXCEPT THAT, FOR KINDERGARTEN CLASSES, NOT MORE THAN TEN DAYS MAY BE DEVOTED TO PARENT-TEACHER CONFERENCES OR TEACHERS' WORKSHOPS AS PART OF THE REQUIRED MINIMUM NUMBER OF DAYS.)

Sec. 12. Minnesota Statutes 1984, section 124.195, subdivision 9, is amended to read:

Subd. 9. [PAYMENT PERCENTAGE FOR CERTAIN AIDS.] The following aids shall be paid at 100 percent of the entitlement for the current fiscal year: school lunch aid, according to section 124.646; hearing impaired support services aid, according to section 121.201; *aid for excellence in teaching and curriculum, according to section 14 of this article; handicapped adult programs aid, according to article 4, section 7; interdistrict transportation aid, according to section 126.62, subdivision 6;* and educational improvement aids, according to (SECTIONS 121.601, 129B.33, 129B.34, AND) *section* 129B.36.

Sec. 13. [124.248] [EDUCATIONAL IMPROVEMENT.]

Subdivision 1. [PROGRAMS.] *Aid for educational improvement programs shall be paid as provided in this section. The proceeds of this aid and the levy authorized by section 275.-125, subdivision 7f, may be used for expenditures for staff development, curriculum development, parent or community involvement, experimental educational delivery systems, and other measures designed to improve education in the district.*

Subd. 2. [REVENUE.] *A district's educational improvement revenue allowance shall be an amount equal to the product of 0.005, times the number of actual pupil units in the district, times the foundation aid formula allowance as defined in section 124A.02.*

Subd. 3. [AID.] *In fiscal year 1987 and each year thereafter, a district shall receive educational improvement aid equal to the difference between:*

(1) the product of

(a) the ratio of the district's actual levy to its permitted levy, pursuant to section 275.125, subdivision 7f; times

(b) the district's educational improvement revenue allowance; and

(2) the levy certified by the district pursuant to section 275.125, subdivision 7f.

Sec. 14. [124.253] [AID FOR EXCELLENCE IN TEACHING AND CURRICULUM.]

Subdivision 1. [MAXIMUM REVENUE.] *The maximum revenue a district may receive for an excellence in teaching and curriculum program is $125 times the number of full-time equivalent licensed staff, including teaching, supervisory, and support staff, in the district's elementary and secondary programs in that school year. No district shall receive less than $3,000. For a district that does not have contracts executed according to section 21, the maximum revenue is reduced by 40 percent. For districts that have entered into contracts according to section 21, the 40 percent portion of the maximum revenue shall not exceed the cost of the contracts.*

Subd. 2. [AID.] *An eligible district shall receive aid equal to:*

(1) the difference between the maximum revenue, according to subdivision 1, and the permitted levy attributable to the same school year, according to section 275.125, subdivision 8c; times

(2) the ratio of the district's actual levy to its permitted levy.

Subd. 3. [USE OF REVENUE.] *The proceeds of the aid authorized by this section and the levy authorized by section 275.125, subdivision 8c, shall be used only for an excellence in teaching and curriculum program and shall be used only in the proportions set forth in section 18.*

Sec. 15. [124.275] [ARTS EDUCATION AID.]

Subdivision 1. [PURPOSES.] *Each school district shall receive arts education aid for arts education programs such as creative dramatics, dance, creative writing, music, visual arts, and film and video arts. Districts are encouraged to offer cooperative programs and share staff with other districts when appropriate to maximize the use of the aid.*

Subd. 2. [GUIDELINES.] *Each district may determine how to use its arts education aid. A district is encouraged to use the following guidelines in the order listed:*

(1) develop a long-range, comprehensive arts education plan, develop an arts curriculum, and implement arts programs for grades kindergarten through six;

(2) provide professional development for teachers to increase their arts skill level and to enable them to provide improved opportunities for pupils to learn in, about, and through the arts; and

(3) provide arts enrichment activities for pupils in grades kindergarten through six.

(4) increase the number of elementary arts teachers, with a goal of at least one full-time art teacher and one full-time music teacher for 400 pupils in grades kindergarten to six;

Subd. 3. [AID AMOUNT.] *Arts education aid shall equal the greater of: $2.40 times the number of pupils in grades kindergarten to six in average daily membership in the district, or $500.*

Sec. 16. Minnesota Statutes 1984, section 125.05, subdivision 1, is amended to read:

Subdivision 1. [QUALIFICATIONS.] The authority to license teachers as defined in section 125.03 is vested in the board of teaching except that the authority to license supervisory and support personnel is vested in the state board of education. Licenses shall be issued to such persons as the board of teaching or the state board of education finds to be competent for their respective positions. Qualifications of teachers and other professional employees except supervisory and support personnel shall be determined by the board of teaching under the rules which it promulgates. *When legislation requires teachers to have taken certain courses or preparation, the board of teaching shall establish in its rules whether such courses shall be taken before obtaining an initial license or may be taken as in-service education. By July 1, 1987, the board of teaching shall adopt and field test a plan to assess subject knowledge in the teaching fields of candidates for initial licensure. By July 1, 1987, the board of teaching*

shall also develop and field test a plan to evaluate the teaching skills of beginning teachers prior to granting continuing licensure. Licenses under the jurisdiction of the board of teaching shall be issued through the licensing section of the department of education. Licenses under the jurisdiction of the state board of education shall be issued through the licensing section of the department of education.

Sec. 17. Minnesota Statutes 1984, section 125.185, subdivision 4, is amended to read:

Subd. 4. The board shall develop and create rules for the licensure of public school teachers and interns, and from time to time it shall revise or supplement the rules for licensure of public school teachers subject to the provisions of chapter 14. It shall be the duty of the board to establish rules for the approval of teacher education programs; provided these rules shall encourage teacher educators to obtain periodic classroom teaching experience. *In establishing the rules for teacher education program approval, the board shall consider the policy recommendations of a special task force to be convened in cooperation with the higher education coordinating board.* The board shall also grant licenses to interns and to candidates for original licenses and receive rec- who qualify according to requirements established by the board, for the renewal of teaching licenses, grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 125.09 and 214.10. Notwithstanding any law or rule to the contrary, the board shall not establish any expiration date for application for life licenses. With regard to vocational education teachers the board of teaching shall adopt and maintain as its rules the rules of the state board of education and the state board of vocational technical education.

Sec. 18. [126.56] [SUMMER SCHOLARSHIPS FOR ACADEMIC ENRICHMENT.]

Subdivision 1. [ESTABLISHMENT.] *A scholarship program is established to enable secondary pupils to attend summer programs sponsored by post-secondary institutions.*

Subd. 2. [ELIGIBLE PUPILS.] *To be eligible for a scholarship, a pupil shall meet all of the following:*

(1) is a resident of Minnesota;

(2) attends an eligible program;

(3) has completed grades 7 through 11;

(4) demonstrates leadership or involvement in the community;

(5) has earned at least a B average during the semester or quarter prior to application, or ranked in the upper one-third of the class for the school year prior to application, as applicable; and

(6) demonstrates need for financial assistance.

Subd. 3. [FINANCIAL NEED.] *Need for financial assistance shall be based on family income, family size, and special necessary expenditures of the family. The need shall also be directly related to the actual charges made by the institution sponsoring the summer program. The higher education coordinating board shall determine the financial need of each pupil and shall award scholarships within the limits of the appropriation for this section. If the amount appropriated is insufficient to make a full award to each applicant, the board shall allocate the amount appropriated in the manner it determines.*

Subd. 4. [ELIGIBLE PROGRAMS.] *A scholarship may be used only for an eligible program. Each program shall be approved by the state board of education and the higher education coordinating board. A program shall be sponsored by a post-secondary institution that (a) is accredited by the north central association of colleges, (b) offers at least an associate or baccalaureate degree program approved under section 136A.65, subdivision 1, and (c) is located in Minnesota.*

It shall provide academic instruction in curricular areas such as communications, humanities, social studies, social science, science, mathematics, art, or foreign language. The program shall not be offered for credit to post-secondary students. It shall not provide remedial instruction enabling a pupil to achieve at the pupil's grade level or enabling a pupil to achieve skills needed for entry into a post-secondary program. The program shall not have as its primary emphasis athletic skills, recreation, physical education, crafts, hobbies, or leisure activities. The program shall not contain any religious activities of any nature. Additional requirements for eligibility may be established by the state board of education and the higher education coordinating board.

Subd. 5. [ADVISORY COMMITTEE.] *An advisory committee of 11 members shall assist the academic excellence foundation, state board of education, and higher education coordinating board in planning, implementing, and evaluating the scholarship program. The committee shall consist of the executive director of the higher education coordinating board or a representative, the commissioner of education or a representative, two secondary school administrators and two secondary teachers appointed by the commissioner of education, the executive director of the academic excellence foundation, a private college representative appointed by the president of the Minnesota private college*

council, a community college representative appointed by the community college chancellor, a state university representative appointed by the state university chancellor, and a University of Minnesota representative appointed by the president of the University of Minnesota.

Subd. 6. [INFORMATION.] *The academic excellence foundation shall assemble and distribute information about scholarships and eligible programs.*

Subd. 7. [ADMINISTRATION.] *The state board of education and the higher education coordinating board shall determine the time and manner for scholarship applications, awards, and program approval.*

Subd. 8. [EXEMPTION FROM RULEMAKING.] *Sections 14.01 to 14.47 shall not apply to the provisions of this section.*

Sec. 19. [126.70] [PLANNING FOR EXCELLENCE IN TEACHING AND CURRICULUM.]

Subdivision 1. [DEVELOPMENT OF PLAN.] *Each school district is encouraged to develop and adopt a written comprehensive plan for excellence in teaching and curriculum. The plan shall be prepared in consultation with the curriculum advisory committee appointed according to section 123.741, subdivision 3. The district plan shall be submitted to the department of education for approval.*

Subd. 2. [CONTENTS OF THE PLAN.] *The plan shall include:*

(1) whether the school board intends to offer contracts under the excellence in teaching program;

(2) procedures the district will use to analyze and identify teaching and curricular needs;

(3) short-term and long-term needs for identified areas of need;

(4) integration with in-service and curricular efforts already in progress;

(5) integration of areas listed under section 20, subdivision 2;

(6) goals to be achieved and the means to be used; and

(7) procedures for evaluating progress.

Subd. 3. [MODEL PLANS.] *In consultation with the instructional effectiveness advisory task force, advisory committee on technology in education, educational cooperative service units, and other appropriate agencies, the department of education shall develop model plans by August 31, 1985, for districts to use in developing their plans.*

Sec. 20. [126.71] [EXCELLENCE IN TEACHING AND CURRICULUM.]

Subdivision 1. [ELIGIBILITY.] *Each district that has an approved plan for excellence in teaching and curriculum is eligible for the revenue described in section 14.*

Subd. 2. [USE OF REVENUE.] *Sixty percent of the revenue for excellence in teaching and curriculum shall be used for at least two of the following purposes:*

(1) to provide instructional effectiveness education according to section 121.609;

(2) to provide in-service education for elementary and secondary teachers to improve the use of technology in education;

(3) to provide subject area in-service education emphasizing the academic content of curricular areas determined by the district to be a priority area;

(4) to increase the involvement of parents, business, and the community in education;

(5) for experimental delivery systems;

(6) for in-service education to increase the effectiveness of principals and administrators;

(7) for in-service education or curriculum development for programs for gifted and talented pupils;

(8) for in-service education or curriculum development for cooperative efforts to increase curriculum offerings, as set forth in section 124.272; or

(9) for improving curriculum, according to the needs identified under the planning, evaluation, and reporting process set forth in section 123.741.

The revenue shall not be used to provide direct instruction to pupils.

Subd. 3. [ADDITIONAL USE OF REVENUE.] *Forty percent of the revenue for excellence in teaching and curriculum shall be used for contracts for the excellence in teaching program.*

Sec. 21. [126.72] [EXCELLENCE IN TEACHING PROGRAM.]

Subdivision 1. [AUTHORIZATION.] *As part of a program for excellence in teaching and curriculum, a school board may use up to 40 percent of the revenue for excellence in teaching and curriculum for short-term, limited contracts with classroom teachers employed by the district.*

Subd. 2. [PURPOSE.] *The school board shall determine the needs of its classroom teachers and the need for changes in its curriculum. In determining these needs, the school board shall obtain the recommendations from classroom teachers, staff responsible for curriculum, and the curriculum advisory committee. It shall consider assessment results, other test results, and the district improvement plan portion of the report adopted according to section 123.741, subdivision 6. Contracts executed under this section shall relate directly to the identified needs.*

Subd. 3. [SELECTION COMMITTEE.] *A committee of six members appointed by the school board shall recommend teachers to receive contracts. Three members of the committee shall be classroom teachers. Three members shall be administrators, parents, members of the school board, or members of the community. The committee shall consider only classroom teachers who have background, knowledge, or expertise needed to perform duties in the areas of need identified by the school board. Years of service in the district shall not be a factor for consideration by the committee. No teacher shall have a right to a contract under this section based on seniority or order of employment in the district. The committee shall recommend to the school board names of individual teachers. The number of individual teachers recommended shall be approximately the number designated by the school board to meet the identified needs. The school board may award contracts to any of the recommended teachers but not to any others. The board may request the committee to recommend additional names of teachers.*

Subd. 4. [SHORT-TERM, LIMITED CONTRACTS,] *Contracts executed under this section shall provide classroom teachers any one or a combination of the following:*

(1) released time during the school day;

(2) additional hours in a school day; or

(3) additional days or weeks of employment during the summer.

Contracts executed under this section shall terminate within one year of the date of execution. During the term of a contract under this section a teacher may be discharged for cause from duties under this contract; a hearing shall be held on the discharge upon request of the teacher. A teacher has no rights in a subsequent year to a contract under this subdivision.

Subd. 5. [APPLICATION OF OTHER LAWS.] *Section 125.12 or 125.17 shall not apply to the initial award, the renewal, or the termination of contracts under this section. The provisions of this section concerning short-term, limited contracts shall not be construed to alter any aspect of other contracts executed by a school board.*

Subd. 6. [ELIGIBILITY FOR REVENUE.] *To be eligible for the excellence in teaching portion of revenue under section 14, the district shall file with the department of education a statement signed by the chair of the school board verifying that contracts under this section will be awarded. The statement shall indicate the number of contracts, whether duties are performed before, during, or after the school day or during the summer, the total cost of all contracts, and a general description of the duties. The statement shall also describe how the recommendations required by subdivision 2 were obtained. Any problems associated with implementing this section may be included.*

Sec. 22. Minnesota Statutes 1984, section 129B.17, is amended to read:

129B.17 [(AUTHORIZATION) *COMPREHENSIVE ARTS PLANNING PROGRAM.*]

The department of education shall prescribe the form and manner of application (FOR RECIPIENTS OF) *by school districts to be designated as a site to participate in the* comprehensive arts (IN EDUCATION) planning (GRANTS) *program. Up to 30 sites may be selected.* The (STATE BOARD) *department* of education shall (AWARD GRANTS) *designate sites* in consultation with the Minnesota alliance for arts in education and the Minnesota state arts board.

Sec. 23. Minnesota Statutes 1984, section 129B.20, is amended to read:

129B.20 [(CRITERIA FOR GRANT APPROVAL) *COMPREHENSIVE ARTS PLANNING PROGRAM SITES.*]

Subdivision 1. [FUNDING.] (UP TO 30 GRANTS OF $1,000 EACH MAY BE APPROVED FOR PROGRAMS WHICH INCLUDE:) *Each site shall receive $1,250 each year for two years. Before receiving money for the second year, a long-range plan for arts education must be submitted to the department.*

Subd. 2. [CRITERIA.] *The department of education, in consultation with the Minnesota alliance for arts in education, shall establish criteria for site selection. Criteria shall include at least the following:*

(1) (A NEEDS ASSESSMENT OF ARTS EDUCATION AND PLANNING IN THE SCHOOL DISTRICT) *a willingness by the district to designate a program chair for comprehensive arts planning with sufficient authority to implement the program;*

(2) (CREATION OF A COMMUNITY BASED ARTS EDUCATION TEAM OF EIGHT INDIVIDUALS FROM THE) *a willingness by the district to create a committee comprised of* school district and (THE) community *people* whose function (WILL BE) *is* to promote comprehensive arts education in the (SCHOOL) district;

(3) (PARTICIPATION BY) *commitment on the part of committee* members (OF THE ARTS EDUCATION TEAM) *to participate* in training offered by the department of education; (AND)

(4) (ESTABLISHMENT OF AN EVALUATION COMPONENT) *a commitment by the committee to conduct a needs assessment of arts education;*

(5) commitment by the committee to evaluate its involvement in the program;

(6) a willingness by the district to adopt a long-range plan for arts education in the district;

(7) no previous involvement of the district in the comprehensive arts planning program; and

(8) location of the district to assure representation of urban, suburban, and rural districts and distribution of sites throughout the states.

Subd. 3. [PROGRAM ACCOUNTS.] *A district receiving funds shall maintain a separate account for the receipt and disbursement of all funds relating to the program. The funds shall be spent only for the purpose of arts education programs, including teacher release time.*

Subd. 4. [ADDITIONAL FUNDING.] *A district receiving funds may receive funds for the program from private sources and from other governmental agencies, including any state or federal funds available for arts education.*

Sec. 24. Minnesota Statutes 1984, section 129B.21, is amended to read:

129B.21 [DEPARTMENT RESPONSIBILITY.]

The department of education, *in cooperation with the Minnesota alliance for arts in education and the Minnesota state arts board,* shall (:)

((1)) provide *materials,* training, and assistance to the arts education (TEAMS) *committees* in the school districts (;)

((2) PROVIDE CONSULTATION AND TECHNICAL ASSISTANCE TO DISTRICTS WHICH RECEIVE ARTS IN EDUCATION PLANNING GRANTS; AND)

((3) SUBMIT A REPORT TO THE EDUCATION COMMITTEES OF THE SENATE AND HOUSE OF REPRESENTATIVES BY JANUARY 1, 1985. THE REPORT SHALL INCLUDE THE STATUS AND IMPLEMENTATION OF COMPREHENSIVE ARTS IN EDUCATION PLANNING GRANTS AND THE DEPARTMENT'S PLANS TO PROMOTE ARTS EDUCATION IN THE SCHOOLS). *The department may contract with the Minnesota alliance for arts in education for its involvement in providing services, including staff assistance, to the program.*

Sec. 25. Minnesota Statutes 1984, section 129B.35, is amended to read:

129B.35 [REGIONAL COORDINATORS.]

The (MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM) *department of education* shall *contract to* provide regional instructional computing coordinators with expertise in the use of technology in education. The (MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM AND THE) department (OF EDUCATION) *and school districts within an ECSU region* shall agree on the services to be provided by the regional coordinators. Among other responsibilities, the regional coordinators shall serve as on-site consultants to districts (PARTICIPATING IN) *attempting to implement recently approved* technology utilization (PLANNING) *plans* and in-service training.

Sec. 26. Minnesota Statutes 1984, section 129B.36, is amended to read:

129B.36 [TECHNOLOGY DEMONSTRATION SITES.]

Subdivision 1. [SITE DESIGNATION.] By (JANUARY 15, 1984) *July 1, 1985,* the (STATE BOARD) *commissioner, in*

consultation with the advisory committee, shall (DESIGNATE FROM EIGHT TO TEN DISTRICTS AS) *determine the level of funding for the existing* technology demonstration sites (AND AWARD EACH DISTRICT A GRANT FOR USE DURING THE 1983-1984 AND 1984-1985 SCHOOL YEARS) *which are eligible for continuation grants for use during the 1985-1986 and 1986-1987 school years. Grantees must continue matching the grant award in the manner agreed for the previous biennium.*

Subd. 2. ([CRITERIA FOR SELECTION.] IN CONSULTATION WITH THE DEPARTMENT OF EDUCATION, APPROPRIATE REGIONAL MANAGEMENT INFORMATION CENTERS, AND THE MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM, THE ADVISORY COMMITTEE SHALL DEVELOP SELECTION CRITERIA FOR REVIEW BY THE STATE BOARD. THE STATE BOARD SHALL ESTABLISH SELECTION CRITERIA TO BE DISTRIBUTED TO DISTRICTS BY OCTOBER 1, 1983. CRITERIA SHALL INCLUDE AT LEAST THE FOLLOWING:)

((A) EXEMPLARY PROGRAM OF TECHNOLOGY UTILIZATION EXISTING IN THE DISTRICT;)

((B) EVIDENCE OF WILLINGNESS BY DISTRICT STAFF AND THE COMMUNITY TO INCORPORATE TECHNOLOGY FULLY INTO THE CURRICULUM TO DEMONSTRATE NEW INSTRUCTIONAL METHODS;)

((C) WILLINGESS TO MATCH THE GRANT AWARDED TO THE DISTRICT; AND)

((D) WILLINGNESS TO SHARE EDUCATIONAL EXPERIENCES WITH OTHER INTERESTED PARTIES.)

(FOR TWO OF THE SITES, CRITERIA MAY INCLUDE PARTICIPATION OF MINNESOTA HIGH TECHNOLOGY BUSINESS OR INDUSTRY. CLAUSE (A) MAY BE EXCLUDED AS A FACTOR IN SELECTION OF THE TWO SITES, ONE OF WHICH MAY BE A RURAL DISTRICT.)

(SUBD. 3. [SITES THROUGHOUT THE STATE.] TO THE EXTENT POSSIBLE, THE SELECTED SITES SHALL BE GEOGRAPHICALLY WELL DISTRIBUTED WITH REPRESENTATION FROM URBAN, SUBURBAN, AND RURAL AREAS.)

(SUBD. 4.) [GRANT AWARDS.] Applications for grants shall be submitted to the (STATE BOARD) *commissioner* by (DECEMBER 1, 1983) *August 1, 1985* in the form and manner prescribed by the department. Grants shall be awarded by (JANUARY 15, 1984) *September 1, 1985.*

Subd. (5) *3.* [RECIPIENT DUTIES AND USE OF MONEY.] A district selected for a grant shall work cooperatively with the advisory committee, department of education, (MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM,) higher education institutions in the area, and business and industry, as appropriate. (A DISTRICT SELECTED FOR A GRANT SHALL HAVE A TECHNOLOGY UTILIZATION PLAN ACCORDING TO SECTION 129B.33.) The district shall conduct at least (ONE WORKSHOP) *four workshops* each school year of the grant to demonstrate to other districts and interested parties its use of technology in education. Grant money may be used for equipment, consultants, curriculum development, and teacher training.

Subd. (6) *4.* [PRIVATE FUNDING.] The advisory committee shall seek funding and in-kind contributions from private sources to supplement state money for the purpose of awarding grants. Private contributions may be made directly to the technology demonstration sites.

Subd. (7) *5.* [EVALUATION OF SITES.] The advisory committee shall evaluate the technology demonstration sites. It may contract with independent evaluators for this purpose.

Sec. 27. Minnesota Statutes 1984, section 129B.38, subdivision 1, is amended to read:

Subdivision 1. [AID AMOUNT.] A district that purchases or leases courseware packages that qualify as high quality according to section 129B.37 shall receive state aid. The aid shall be equal to the lesser of:

(a) ($1.60) *$1.00* times average daily membership for the (1982-1983) *1984-1985* school year; or

(b) 25 percent of the actual expenditures of the district for purchase or lease of the courseware packages between (JANUARY 1, 1984) *July 1, 1985,* and May 31, (1985) *1987.*

Sec. 28. Minnesota Statutes 1984, section 129B.39, is amended to read:

129B.39 [PURCHASE OF COURSEWARE PACKAGE DUPLICATION RIGHTS.]

Rights to duplication of courseware packages may be purchased, and volume purchase agreements may be established by the department of education, if the department determines that the courseware packages qualify as high quality according to section 129B.37, and if the courseware packages are available to the state at a lower cost than if purchased by school districts indi-

vidually. The department shall (MAKE THE COURSEWARE PACKAGES AVAILABLE TO THE MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM FOR DISTRIBUTION TO DISTRICTS) *contract with any Minnesota company that sumits the lowest bid and that has the capability to duplicate and distribute courseware packages obtained by the department under this section.* The materials shall be available to districts without cost except for nominal costs of reproduction and distribution.

Sec. 29. Minnesota Statutes 1984, section 129B.40, is amended to read:

129B.40 [COURSEWARE PACKAGE DEVELOPMENT.]

Subdivision 1. [NEW COURSEWARE PACKAGES.] The (MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM, IN CONSULTATION WITH THE) department of education (, IS AUTHORIZED TO DEVELOP AND) *may contract with various organizations, commercial or nonprofit, for the* design *and development of* courseware packages which will meet the needs of (SCHOOLS) *school* districts and which otherwise are unavailable or too expensive for individual districts or the state to purchase. The (MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM) *department* may:

(a) contract with school districts, private entrepreneurs, and other public or private agencies for the development of a specified courseware package;

(b) assist entrepreneurs to develop their own ideas for courseware packages that could be used in school districts, by providing funds for that purpose;

(c) secure copyrights for those materials in which it has a whole or part interest;

(d) (SELL DEVELOPED) *contract to distribute* courseware packages (AT COST) to school districts (IN MINNESOTA AND AT COMMERCIAL RATES ELSEWHERE) *at cost under section 129B.39*; and

(e) (SELL OR) contract for the marketing of courseware packages.

The department of education shall evaluate whether the courseware packages qualify as high quality according to the criteria and procedures established in section 129B.37.

Courseware packages developed according to this subdivision shall become the property of the (MINNESOTA EDUCA-

TIONAL COMPUTING CONSORTIUM) *department of education.* Revenue from the sale of these courseware packages shall be *annually appropriated from the general fund to the department of education and shall be* used to develop additional courseware packages according to this section *and to evaluate the other commercial courseware under section 129B.37.*

Subd. 2. [DISTRIBUTION.] (THE MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM MAY) *Any company with which the department contracts to develop courseware packages must* sell *those* courseware packages to Minnesota school districts at cost and may sell to school districts in other states and to the general public at commercial rates. Each contract with a developer who shares in the profits of distribution shall include a provision requiring sale of the courseware packages at cost to Minnesota school districts.

Sec. 30. [129B.61] [MASTERY LEARNING THROUGH INDIVIDUALIZED LEARNING PLANS ACT.]

Sections 31 to 35 may be cited as the "mastery learning through individualized learning plans act."

Sec. 31. [129B.62] [LEGISLATIVE FINDINGS; PURPOSE.]

The legislature finds that mastery learning is a process for managing learning that enhances mastery of clearly defined educational objectives for all learners, because all learners have the capacity to achieve defined levels of mastery with appropriate time and instruction. The legislature is committed to the goal of providing optimal educational outcomes in reading through mastery learning, using individualized learning plans and encouraging parental involvement. The legislature recognizes that, because of recent developments, technology exists to assist teachers in managing a mastery learning system in reading. The legislature further recognizes that reading is a cognitive skill upon which most subsequent learning is based and that individual learner characteristics need not necessarily be a limitation on that learner's level of mastery of this basic skill. Therefore, the purposes of this legislation are to:

(1) offer mastery learning programs in reading that take into account the entry reading level of each student and provide individualized instruction and appropriate learning time based on that level;

(2) provide design models of individualized student learning plans that demonstrate the use of mastery management programs in reading;

(3) encourage continuous progress in learning reading that uses variable class-size groupings;

(4) recognize that sequential, measurable learning in reading for all students can occur in a program that is planned for mastery, taught for mastery, and managed for mastery.

Sec. 32. [129B.63] [GRADE LEVEL PARTICIPATION.]

The demonstration mastery learning reading programs that are designated under section 33 shall be available for students in grades kindergarten through three.

Sec. 33. [129B.64] [SITE DESIGNATION.]

By March 15, 1986, the commissioner of education shall designate 15 districts as demonstration sites for mastery learning through individualized learning plans and award each district a grant for use during the 1986-1987 school year.

Sec. 34. [129B.65] [ADVISORY COMMITTEE.]

By August 15, 1985, the commissioner of education shall appoint a 15-member advisory committee to assist in the implementation of sections 31 to 35. Representation on the advisory committee shall include a technology in curriculum specialist from the state department, an instructional effectiveness specialist from the state department, a reading specialist from the state department, two representatives from post-secondary teacher education programs, two district level reading curriculum specialists, a state department testing specialist, a superintendent, an elementary school principal, two school boards, a parent, and two teachers. Appointments to this advisory committee are not subject to section 15.0597.

Sec. 35. [129B.66] [GRANTS; APPLICATION PROCESS.]

Subdivision 1. [DEVELOPMENT OF PLAN.] *Each school is encouraged to develop and adopt a written plan for providing a program for mastery learning through individualized learning plans. This plan shall be developed in consultation with the curriculum advisory committee for planning, evaluation, and reporting appointed pursuant to section 123.741, subdivision 3.*

Subd. 2. [PRELIMINARY PROPOSAL.] *By September 15, 1985, each school district is encouraged to submit a brief preliminary proposal that indicates its intent to submit a detailed plan for implementing a program under this section. The proposal shall include an outline of the district's plan and shall be on forms provided by the department of education.*

Subd. 3. [SELECTION OF FINALISTS; PLANNING AID.] *By October 15, 1985, the commissioner, in consultation with the advisory committee, shall select 30 districts to submit detailed plans for implementing demonstration programs of mastery*

learning under this section. By November 1, 1985, the commissioner shall pay planning aid in the amounts of $1,000 to those selected districts with 600 pupil units or less, and $1,500 to those selected districts with more than 600 pupil units.

Subd. 4. [DESIGN COMPONENTS.] *The design of the programs developed by the 30 districts selected under subdivision 3 shall demonstrate concise, measurable objectives/learner outcomes in reading that clearly describe the criterion for mastery learning in reading. Each program design must include a process for:*

(1) the identification of specific skills stated as measurable objectives/learner outcomes;

(2) diagnostic preassessment that determines each student's present entry level of reading skills;

(3) development of an individualized plan for each participating student based on the diagnostic assessment, including the utilization of different instructional strategies and groupings to achieve the stated mastery of the measurable reading objectives/learner outcomes;

(4) diagnostic assessment of progress during instruction and reteaching; and

(5) post-instruction measurement evaluation to determine whether the identified reading skills have been mastered.

Subd. 5. [MANDATORY PLAN COMPONENTS.] *In addition to the components of the design of the program specified in subdivision 4, the program plan must include:*

(1) sufficient allowance of time for teachers to identify specific skills and measurable objectives/learner outcomes;

(2) sufficient allowance of time for the development or acquisition of a locally-developed, state-developed, or a commercially-developed mastery management system;

(3) a demonstration of how the participating schools will reduce reading class sizes by providing variable class size groupings;

(4) a demonstration of how a skill-based computerized management system shall be used to develop individualized student learning plans in reading, diagnose individual student levels of learning, retest to ascertain progress toward mastery of objectives, and post-test to determine the extent of final mastery of the objectives;

(5) a plan for in-service staff development that addresses all components of the mastery learning model, including parent communication and involvement and the reteaching component; and

(6) a procedure for involving parents, in the process of developing individualized instruction plans for mastery in reading and keeping them informed of the progress of their children, as well as suggestions on how the parents can assist in the individualized learning plan.

Subd. 6. [OPTIONAL COMPONENTS OF THE PLAN.] *In addition to the required components of the plan specified in subdivision 5, a district's plan may include:*

(1) plans for all-day kindergarten;

(2) plans for coordination with early childhood and family education programs;

(3) plans for program expansion to grades four through six;

(4) plans for use of volunteers;

(5) summer learning opportunities;

(6) a process for integrating the assessment of student affective levels;

(7) inclusion of foreign languages in the mastery reading program;

(8) plans for utilizing peer-tutoring in the program; and

(9) the feasibility of establishing a demonstration/laboratory school to be operated by the school district and to be used for teacher training purposes.

Subd. 7. [SELECTION CRITERIA.] *The commissioner of education, in consultation with the advisory committee, shall establish selection criteria for approving plans, to be distributed to the school districts by November 1, 1985.*

Subd. 8. [GEOGRAPHIC DISTRIBUTION OF SITES.] *To the extent possible, the selected sites shall be geographically well distributed with representation from urban, suburban, and rural areas. Some of the sites selected shall be exemplary programs already in existence.*

Subd. 9. [DIFFERENTIATED STAFFING; TWO SITES.] *At least two of the sites approved by the state board shall in-*

clude plans for adopting differentiated staffing models that utilize master teachers and nonlicensed personnel such as teachers' aides or paraprofessionals.

Subd. 10. [APPROVAL OF PLANS; GRANT AWARDS.] *The districts shall submit a plan and application for a grant by February 1, 1986 in the form and manner prescribed by the department. Grants shall be awarded by March 15, 1986.*

Subd. 11. [EVALUATION OF SITES.] *The commissioner of education shall make a preliminary evaluation of the designated sites and report to the education committees of the legislature on the results of the preliminary evaluation by February 1, 1987. By December 1, 1987 and each year thereafter, the commissioner of education shall make an annual evaluation report on the program to the education committees of the legislature.*

Sec. 36. [136A.043] [DATA ON TEACHER EDUCATION STUDENTS AND GRADUATES.]

The higher education coordinating board in consultation with the board of teaching shall collect and publish annual data from teacher preparation institutions on the characteristics of students admitted to and graduating from teacher education programs. The board shall establish the reporting format in consultation with teacher preparation institutions and the board of teaching.

Sec. 37. Minnesota Statutes 1984, section 275.125, is amended by adding a subdivision to read:

Subd. 7f. [EDUCATIONAL IMPROVEMENT LEVY.] *In 1985 and each year thereafter, a district may levy for educational improvement programs an amount equal to the following product:*

(a) the district's educational improvement revenue allowance as defined in section 124.248, subdivision 2, times

(b) the lesser of

(1) one, or

(2) the ratio of

(i) the quotient derived by dividing the adjusted assessed valuation of the district in the second preceding year by the total pupil units in the district in the school year to which the levy is attributable, to

(ii) the equalizing factor for the school year to which the levy is attributable.

Sec. 38. Minnesota Statutes 1984, section 275.125, is amended by adding a subdivision to read:

Subd. 8c. [TEACHING AND CURRICULUM LEVY.] *A district may levy for its excellence in teaching and curriculum program. The amount levied shall not exceed the lesser of:*

(1) .1 mill times the adjusted assessed valuation of the district for the year preceding the year the levy is certified; or

(2) the maximum revenue, as defined in section 124.248, subdivision 4, for the fiscal year to which the levy is attributable.

If the school district does not file the statement required by section 21, subdivision 6, before the levy limits for the district are certified according to subdivision 10, the department shall reduce the levy limitation for this subdivision by the amount the district levied the previous year for contracts under section 21.

Sec. 39. [REPORT TO LEGISLATURE.]

By January 15, 1987, the department of education shall submit a report and recommendations to the legislature about the issues reported by school districts under section 21, subdivision 6.

Sec. 40. [USE OF 1985 SUMMER REVENUE.]

Notwithstanding any law to the contrary, a district may use the 1985 summer educational improvement revenue allowance during the school year as well as during the summer.

Sec. 41. [LEVY REDUCTION IF PLAN NOT APPROVED.]

If a district plan is not approved according to section 14 and if the district levied under Minnesota Statutes, section 275.125, subdivision 8c, for an excellence in teaching and curriculum program, the department of education shall reduce the 1986 or 1987 levy limit, as applicable, for Minnesota Statutes, section 275.125, subdivision 8c, or for Minnesota Statutes, section 124A.03, subdivision 1, by the amount the district levied for the program in 1985 or 1986.

Sec. 42. [COMPUTERIZED MASTERY MANAGEMENT SYSTEM.]

The department of education shall develop, contract for the development, or purchase the state rights to computerized mastery management system that may be utilized for individualized learning plan models to be implemented under sections 31 to 35.

The computer models shall have a common management system and be able to utilize several banks of learner outcomes and objectives that reflect content found in major textbooks. The department shall also develop, contract for the development, or purchase the state rights to support and resource materials to be used in conjunction with the computerized mastery management system for reading. In future years, the department is encouraged to develop and acquire a similar system and supporting materials for mathematics.

Sec. 43. [TEACHER EDUCATION CURRICULUM.]

Subdivision 1. [ADVISORY TASK FORCE.] *The higher education coordinating board and the board of teaching, shall jointly appoint an advisory task force on changes in teacher education programs needed to adapt to state educational priorities, changing roles for teachers, and economic and social trends that will affect educational needs. Members shall include, but not be limited to, representatives of the commissioner of education, council on quality education, board of teaching, higher education coordinating board, teachers, school boards, administrators, and teacher education students and faculty.*

Subd. 2. [DUTIES.] *The advisory task force shall make recommendations to the higher education coordinating board, the board of teaching, and teacher education institutions on teacher education curricula to meet contemporary and anticipated conditions. The advisory task force shall also make recommendations to the board of teaching concerning program outcomes and outcome measures to be used in the evaluation and approval of teacher education programs. The measures shall include evidence that program graduates are capable of performing effectively as teachers in the schools. In developing its proposals, the advisory task force shall consider and coordinate efforts with Minnesota Statutes, sections 121.608 to 121.609, 129B.31 to 129B.35, and 129B.41 to 129B.47, and learning improvement initiatives within the department of education.*

Subd. 3. [REPORTS.] *The task force shall submit its report to the higher education coordinating board and the board of teaching by November 1, 1986. The higher education coordinating board and the board of teaching shall transmit the task force report to the education committees of the legislature with recommendations by January 1, 1987.*

Sec. 44. [PLAN FOR MENTOR TEACHERS.]

Subdivision 1. [PURPOSE.] *The commissioner of education shall prepare a plan for the use of experienced teachers, called mentors, to assist in the continued development of beginning teachers. The purposes of the plan shall be to provide a link between preservice teacher education and employment as a teacher, to reduce the attrition of new teachers, to create a career*

development option for experienced teachers, and to improve instructional effectiveness in the schools.

Subd. 2. [FACTORS.] *The plan shall include the following factors and others identified by the commissioner of education:*

(1) selection of mentor teachers;

(2) requirements for district and school participation;

(3) compensation of teachers and districts;

(4) funding and administrative requirements;

(5) relationships between mentor teachers and preservice teacher education institutions and faculty;

(6) training of mentor teachers;

(7) implications for seniority and other collective bargaining agreements;

(8) implications for school management; and

(9) implications for teacher licensure.

Subd. 3. [REPORT.] *The plan shall be submitted for approval by the education and finance committees of the legislature by January 1, 1986.*

Subd. 4. [PILOT IMPLEMENTATION.] *The plan shall be implemented on a pilot basis during the 1986-1987 school year. A preliminary evaluation of the pilot shall be submitted to the education and finance committees of the legislature by January 1, 1987.*

Sec. 45. [ALTERNATIVE TEACHER EDUCATION PROGRAMS.]

Subdivision 1. [PURPOSE.] *The purposes of this section are to support innovation in teacher education, to involve the schools more closely in the preparation of new teachers, and to encourage talented college graduates to enter the field of teaching.*

Subd. 2. [GRANTS FOR INNOVATIVE PROGRAMS.] *The board of teaching shall award grants for innovative teacher education programs. Such grants shall be awarded upon the basis of competitive proposals.*

Subd. 3. [ELIGIBLE PROGRAMS.] *Proposals shall be eligible under this section if they are designed to prepare college graduates to teach through structured internships in participating schools or by other methods. Programs shall be conducted jointly by an approved teacher education institution and one or more school districts.*

Subd. 4. [ADVISORY TASK FORCE.] *The board of teaching shall name an advisory task force to recommend selection criteria and evaluate proposals. The advisory task force shall include at least one representative from the higher education coordinating board.*

Subd. 5. [EVALUATION.] *The board of teaching shall evaluate the programs in cooperation with the higher education coordinating board. The evaluation should assess the effectiveness of the programs in comparison with traditional teacher education programs.*

Sec. 46. [TASK FORCE ON AN ACADEMIC HIGH SCHOOL LEAGUE.]

Subdivision 1. [ESTABLISHMENT.] *A task force on an academic high school league is established. The task force shall consist of 15 members appointed by the academic excellence foundation. The foundation shall appoint at least one member from the state committee of the north central association and one member from the advisory committee for programs of excellence. The task force shall terminate by June 30, 1986.*

Subd. 2. [DUTIES.] *The task force shall study and make recommendations about establishing an academic high school league. The study shall include at least the following issues:*

(1) the utilization of high schools designated under the provisions of Minnesota Statutes, section 126.62, program of excellence, to create a league;

(2) the utilization of high schools accredited by the north central association to create a league; and

(3) the annual activities of the league including competition among schools, recognition of achievements, and the relationship of the activities to the Minnesota high school league.

Subd. 3. [EXPENSES.] *The compensation on task force members, removal, and vacancies shall be as provided in Minnesota Statutes, section 15.059, subdivisions 3 and 4.*

Subd. 4. [REPORT.] *The task force shall report its finding and recommendations to the academic excellence foundation and the education committees of the legislature by February 1, 1986.*

Subd. 5. [APPROPRIATION.] *There is appropriated $5,000 from the general fund to the academic excellence foundation for expenses related to the operation of the task force specified in this section. The sum shall be available until June 30, 1986.*

Sec. 47. [INDUSTRIAL TECHNOLOGY PROGRAM.]

The commissioner of education shall develop a curriculum for the industrial technology program that incorporates the instructional competencies found in secondary industrial arts and secondary vocational trade and industrial occupations programs.

Sec. 48. [APPROPRIATIONS; DEPARTMENT OF EDUCATION.]

Subdivision 1. [TO DEPARTMENT OF EDUCATION.] *There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

Subd. 2. [EDUCATIONAL IMPROVEMENT.] *For educational improvement aid pursuant to section 124.248, subdivision 3, there is appropriated:*

$2,982,100 . . . . . 1987.

Subd. 3. [COUNCIL ON QUALITY EDUCATION.] *For the council on quality education venture fund grants pursuant to Minnesota Statutes, sections 129B.01 to 129B.05, there is appropriated:*

$122,400 . . . . . 1986.

This amount is for grants for fiscal year 1985 payable in fiscal year 1986.

Subd. 4. [PROGRAMS OF EXCELLENCE.] *For programs of excellence pursuant to Minnesota Statutes, section 126.62, there is appropriated:*

$25,000 1986,

$25,000 . . . . . 1987.

Subd. 5. [TEST ITEM BANK.] *For the test item bank established pursuant to Minnesota Statutes, section 123.742, subdivision 5, there is appropriated:*

$200,000 1986,

$200,000 . . . . . 1987.

Subd. 6. [ACADEMIC EXCELLENCE FOUNDATION.] *For the academic excellence foundation, there is appropriated:*

$54,000 1986,

$54,000 . . . . . 1987.

Subd. 7. [TECHNOLOGY DEMONSTRATION SITES.] *For grants to technology demonstration sites, there is appropriated:*

$1,090,000 1986,

$1,090,000 . . . . . 1987.

Up to $435,000 of the total amount of these appropriations for both years may be used for travel expenses, evaluation, and costs of administration. No grant to any site shall exceed a total of $175,000 for the biennium. Thirteen sites shall be funded. The Woodland Cooperative and the Mankato/St. Peter KIDS projects shall not receive grants.

Subd. 8. [COURSEWARE PACKAGE DEVELOPMENT.] *For courseware package development pursuant to Minnesota Statutes, section 129B.40, courseware package evaluation pursuant to Minnesota Statutes, section 129B.37, purchase of courseware duplication rights pursuant to Minnesota Statutes, section 129B.39, and technology regional coordinators pursuant to Minnesota Statutes, section 129B.35, there is appropriated:*

$649,000 1986,

$649,000 . . . . . 1987.

Subd. 9. [PURCHASE OR LEASE OF COURSEWARE.] *For aid for purchase or lease of courseware pursuant to Minnesota Statutes, section 129B.38, there is appropriated:*

$351,000 1986,

$351,000 . . . . . 1987.

Any unexpended balance of this appropriation for fiscal year 1986 shall not cancel, but shall be available for fiscal year 1987.

Subd. 10. [INSTRUCTIONAL EFFECTIVENESS.] *For instructional effectiveness training pursuant to Minnesota Statutes, section 121.609, subdivision 5, for instructional effectiveness regional services pursuant to Minnesota Statutes, section 121.609, subdivision 4, and for instructional effectiveness train-*

ing and evaluation pursuant to Minnesota Statutes, section 121.-609, subdivision 3, there is appropriated:

$1,050,000 1986,

$765,000 . . . . . 1987.

It is the expectation of the legislature that in-service training for instructional effectiveness will be paid for by school districts beginning with fiscal year 1987.

Subd. 11. [MENTOR TEACHING PLAN.] *For development of a mentor teacher plan pursuant to section 44, there is appropriated:*

$100,000 . . . . . 1986.

Subd. 12. [MENTOR TEACHER PLAN PILOT.] *For implementation of the mentor teacher plan on a pilot basis pursuant to section 44, subdivision 4, there is appropriated:*

$500,000 . . . . . 1987.

Subd. 13. [PLANNING AID.] *For planning aid pursuant to section 35, subdivision 3, there is appropriated:*

$40,000 . . . . . 1986.

Subd. 14. [MASTERY LEARNING GRANT AWARDS AND EVALUATION.] *For mastery learning demonstration project grants pursuant to section 35, subdivision 10, there is appropriated:*

$1,945,000 . . . . . 1986.

The department may use up to $20,000 of the appropriation for the costs of administering the program and up to $50,000 for evaluating the program.

Subd. 15. [MASTERY MANAGEMENT SYSTEMS.] *For development or purchase of rights to computerized mastery management systems pursuant to section 42, there is appropriated:*

$125,000 . . . . . 1986.

Subd. 16. [AID FOR EXCELLENCE IN TEACHING AND CURRICULUM.] *For aid for excellence in teaching and curriculum, pursuant to section 14, there is appropriated:*

$2,800,000 . . . . . 1987.

Subd. 17. [PER PROCESS AID.] *For aid pursuant to Minnesota Statutes, section 123.7431, subdivision 1, there is appropriated:*

$1,044,000 1986,

$1,085,700 . . . . . 1987.

Subd. 18. [COMPREHENSIVE ARTS PLANNING PROGRAMS.] *For comprehensive arts planning programs there is appropriated:*

$100,000 1986,

$100,000 . . . . . 1987.

Up to $62,500 each year may be used to provide technical assistance to the districts involved. Technical assistance costs may include workshops, leadership conferences, and planning materials expenses, and the costs of consultants or staff to administer the assistance.

The unencumbered balance remaining from fiscal year 1986 shall not cancel but shall be available for fiscal year 1987.

Subd. 19. [ARTS EDUCATION.] *For arts education aid to school districts there is appropriated:*

$900,000 1986,

$900,000 . . . . . 1987.

Each fiscal year, 100 percent of the aid shall be paid to school districts. The unencumbered balance remaining from fiscal year 1986 shall not cancel but shall be available for fiscal year 1987.

Sec. 49. [APPROPRIATIONS; HIGHER EDUCATION COORDINATING BOARD.]

Subdivision 1. [TO HIGHER EDUCATION COORDINATING BOARD.] *There is appropriated from the general fund to the higher education coordinating board the sums indicated in this section for the fiscal years ending June 30 in the years designated. Any unexpended balance remaining from the appropriations for fiscal year 1986 shall not cancel, and shall be available for fiscal year 1987.*

Subd. 2. [SUMMER PROGRAM SCHOLARSHIPS.] *For scholarship awards for 1986 and 1987 summer programs, pursuant to Minnesota Statutes, section 126.56, there is appropriated:*

$500,000 . . . . . 1986.

Of this appropriation, the amount required may be used for the higher education coordinating board's costs of administering the program.

Subd. 3. [DATA COLLECTION ON TEACHER EDUCATION STUDENTS.] *For data collection and reporting on characteristics of teacher education students pursuant to section 36, there is appropriated:*

$25,000 . . . . . 1986.

A portion of this appropriation may be used to defray the costs of teacher preparation institutions in providing requested data.

Subd. 4. [CURRICULUM TASK FORCE.] *For the task force on teacher education curriculum and related expenses, there is appropriated:*

$75,000 1986,

$75,000 . . . . . 1987.

Sec. 50. [APPROPRIATIONS; BOARD OF TEACHING.]

Subdivision 1. [TO BOARD OF TEACHING.] *There is appropriated from the general fund to the board of teaching the amounts indicated in this section for the fiscal years ending June 30 in the year designated. Any unexpended balance remaining from the appropriations for 1986 shall not cancel and shall be available for fiscal year 1987.*

Subd. 2. [SUBJECT TESTS.] *For development and implementation of a plan to test the subject knowledge of beginning teachers, there is appropriated:*

$150,000 . . . . . 1986.

Subd. 3. [LICENSURE ASSESSMENT OF TEACHING PERFORMANCE.] *For development and implementation of a plan to evaluate the teaching skills of beginning teachers for purposes of state licensure, there is appropriated:*

$150,000 1986,

$200,000 . . . . . 1987.

A portion of these appropriations may be used for consultants and contracted services by higher education institutions.

Subd. 4. [MODEL PROGRAMS.] *For model teacher preparation programs pursuant to section 45, there is appropriated:*

$110,000 1986,

$110,000 . . . . . 1987.

Sec. 51. [REPEALER.]

Section 19 is repealed June 30, 1987.

Minnesota Statutes 1984, sections 124.247, subdivision 6; 129B.33; and 129B.34 are repealed.

Sec. 52. [EFFECTIVE DATE.]

Section 14 is effective for the 1986-1987 school year and thereafter.

ARTICLE 9

LIBRARIES

Section 1. Minnesota Statutes 1984, section 123.742, subdivision 7, is amended to read:

Subd. 7. [(CURRICULUM) *PROVIDING* INFORMATION *TO SCHOOLS.*] The department may provide (AVAILABLE CURRICULUM) *library* information *services* for improving teaching *and administrative* practices at public *and nonpublic* elementary, secondary and post-secondary vocational schools. The information may be provided upon the request of a school district or an educational cooperative service unit (WITH WHICH THE DEPARTMENT HAS A WRITTEN AGREEMENT). The department may collect reasonable fees not to exceed its actual costs for this service. The department may also accept money from any public or private source to defray the cost of this service.

Sec. 2. Minnesota Statutes 1984, section 123.742, is amended by adding a subdivision to read:

Subd. 7a. [PROVIDING OTHER INFORMATION.] *The department may provide library information and services it considers appropriate and necessary to any state agency, governmental unit, nonprofit organization, or private entity. The department may collect reasonable fees not to exceed its actual costs for providing the information and services. The department may also accept money from any public or private source to defray the cost of providing the information and services.*

Sec. 3. Minnesota Statutes 1984, section 123.742, is amended by adding a subdivision to read:

Subd. 9. [OPEN APPROPRIATION.] *The fees charged and money accepted by the department under sections 1 and 2 shall be deposited in the state treasury and credited to a special account. Money in the account is appropriated to the department to defray the costs of providing the information and services.*

Sec. 4. Minnesota Statutes 1984, section 134.31, subdivision 2, is amended to read:

Subd. 2. The department of education shall give advice and instruction to the managers of any public library or to any governing body maintaining a library or empowered to do so by law upon any matter pertaining to the organization, maintenance, or administration of libraries. The department may also give advice and instruction, as requested, to (THE MANAGERS OF ANY LIBRARY IN A) post-secondary educational (INSTITUTION) *institutions, state agencies, governmental units, nonprofit organizations, or private entities.* It shall assist, to the extent possible, in the establishment and organization of library service in those areas where adequate services do not exist, and may aid in improving previously established library services.

Sec. 5. Minnesota Statutes 1984, section 134.31, subdivision 3, is amended to read:

Subd. 3. The department may provide, for any library in the state, books, journals, audiovisual items, (REFERENCE) *information* services or resource materials it deems appropriate and necessary and shall encourage the sharing of library resources and the development of interlibrary cooperation.

Sec. 6. [134.341] [COUNTY FINANCIAL SUPPORT.]

In order to ensure the availability of public library service to every person in the state, beginning January 1, 1988, every county is encouraged to provide financial support for public library services at no less than minimum amounts as specified in sections 134.33 and 134.34 and is encouraged to participate in the designated regional public library system to which it is assigned by the state board of education pursuant to section 134.34, subdivision 3. Each county board of commissioners in participating counties shall appoint at least one county resident to serve as a representative to the regional public library system board and may appoint more than one representative under terms and conditions of the regional public library system contract.

Sec. 7. Minnesota Statutes 1984, section 134.35, is amended to read:

134.35 [REGIONAL LIBRARY BASIC SYSTEM SUPPORT GRANTS; DISTRIBUTION FORMULA.]

Subdivision 1. [GRANT APPLICATION.] Any regional public library system which qualifies according to the provisions of section 134.34 may apply for an annual grant for regional library basic system support. The amount of each grant for each fiscal year shall be calculated as provided in this section.

Subd. 2. (FIFTY-FIVE) *Sixty* percent of the available grant funds shall be distributed to provide all qualifying systems an equal amount per capita. Each system's allocation pursuant to this subdivision shall be based on the population it serves.

Subd. 3. Fifteen percent of the available grant funds shall be distributed to provide all qualifying systems an equal amount per square mile. Each system's allocation pursuant to this subdivision shall be based on the area it serves.

Subd. 4. (THE SUM OF $35,000) *Seven and one-half percent of the available grant funds* shall be paid to each system as a base grant for basic system services.

Subd. 5. (AFTER THE ALLOCATIONS MADE PURSUANT TO SUBDIVISIONS 2, 3, AND 4, ANY REMAINING AVAILABLE GRANT FUNDS FOR BASIC SYSTEM SUPPORT) *Seventeen and one-half percent of the available grant funds* shall be distributed to those regional public library systems which contain counties whose adjusted assessed valuations per capita were below the state average adjusted assessed valuation per capita for the second year preceding the fiscal year for which the grant is made. Each system's entitlement shall be calculated as follows:

(a) Subtract the adjusted assessed valuation per capita for each eligible county or participating portion of a county from the statewide average adjusted assessed valuation per capita;

(b) Multiply the difference obtained in clause (a) for each eligible county or participating portion of a county by the population of that eligible county or participating portion of a county;

(c) For each regional public library system, determine the sum of the results of the computation in clause (b) for all eligible counties or portions thereof in that system;

(d) Determine the sum of the result of the computation in clause (b) for all eligible counties or portions thereof in all regional public library systems in the state;

(e) For each system, divide the result of the computation in clause (c) by the result of the computation in clause (d) to obtain the allocation factor for that system;

(f) Multiply the allocation factor for each system as determined in clause (e) times the amount of the remaining grant funds to determine each system's dollar allocation pursuant to this subdivision.

Sec. 8. Minnesota Statutes 1984, section 134.351, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The state board of education, upon the advice of the advisory council to the office of (PUBLIC LIBRARIES AND INTERLIBRARY COOPERATION) *library development and services*, may approve the establishment of multi-county, multi-type library systems and the geographic boundaries of those systems.

Sec. 9. [APPROPRIATION.]

Subdivision 1. [BASIC SUPPORT GRANTS.] *For basic support grants for public libraries there is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

$4,799,800 1986,

$4,977,500 . . . . . 1987.

The appropriation for 1986 includes $695,000 for aid for fiscal year 1985 payable in fiscal year 1986, and $4,104,800 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for 1987 includes $724,400 for aid for fiscal year 1986 payable in fiscal year 1987 and $4,253,100 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $4,829,200 for fiscal year 1986 and $5,003,600 for fiscal year 1987.

Subd. 2. [MULTI-COUNTY LIBRARY SYSTEMS.] *For grants pursuant to sections 134.353 and 134.354 to multi-county, multi-type library systems there is appropriated:*

$205,100 1986,

$213,000 . . . . . 1987.

The appropriation for 1986 includes $30,000 for aid for fiscal year 1985 payable in fiscal year 1986, and $175,100 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for 1987 includes $30,900 for fiscal year 1986 payable in fiscal year 1987, and $182,100 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $206,000 for fiscal year 1986, and $214,200 for fiscal year 1987.

Sec. 10. [EFFECTIVE DATE.]

Section 6 is effective July 1, 1986.

ARTICLE 10

CASH FLOW

Section 1. Minnesota Statutes 1984, section 121.904, subdivision 4a, is amended to read:

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

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

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

(2) the sum of the state aids and credits enumerated in section 124.155, subdivision 2 which are for the fiscal year payable in that fiscal year plus (32) *24* percent of the amount of the levy certified in the prior calendar year according to section 275.125, subdivision 2d, plus or minus auditor's adjustments, not including levy portions that are assumed by the state; or

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

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

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

(iii) retirement and severance pay pursuant to section 275.125, subdivision 6a, and Laws 1975, chapter 261, section 4; and

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

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

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

Sec. 2. Minnesota Statutes 1984, section 121.904, subdivision 4c, is amended to read:

Subd. 4c. [PROPERTY TAX SHIFT REDUCTION.] (a) (FOR THE PURPOSE OF THIS SUBDIVISION, "COMBINED FUND BALANCE" MEANS THE SUM OF THE FUND BALANCE DETERMINED BY THE COMMISSIONER OF FINANCE PURSUANT TO SECTION 9 OF THIS ARTICLE, AFTER TRANSFERS TO THE EDUCATION AIDS INCREASE ACCOUNT, PLUS THE BALANCE IN THE EDUCATION AIDS INCREASE ACCOUNT.)

((B) IF THE COMBINED FUND BALANCE EXCEEDS $58,000,000,) *If the most recent forecasts of general fund revenues and expenditures prepared by the commissioner of finance pursuant to chapter 16A as of December 1, 1985, indicate a projected general fund balance for the biennium ending June 30, 1987 in excess of $10,000,000,* the levy recognition percent specified in subdivision 4a, clauses (b)(2) and (b)(3), shall be reduced for taxes payable in (1985) *1986* and thereafter according to the provisions of this subdivision.

((C)) *(b)* The levy recognition percent shall equal the result of the following computation: (32) *24* percent, times the ratio of

(1) the statewide total amount of levy recognized in June (1985) *1986* pursuant to subdivision 4a, clause (b), reduced by the *lesser of: (A) the* amount of the (COMBINED) *projected general* fund balance (IN EXCESS OF $50,000,000), *or (B) $70,000,000,* to

(2) the statewide total amount of the levy recognized in June (1985) *1986* pursuant to subdivision 4a, clause (b).

The result shall be rounded up to the nearest whole percent. (HOWEVER, IN NO CASE SHALL THE LEVY RECOGNITION PERCENT BE REDUCED BELOW 24 PERCENT.)

Sec. 3. [CERTIFICATION AND NOTICE OF PERCENT.]

The commissioner of finance shall certify to the commissioner of education the levy recognition percent computed under section 2 of this article by January 5, 1986. The commissioner of education shall notify school districts of any change in the levy recognition percent by January 15, 1986.

Sec. 4. [TRANSFER IN FISCAL YEAR 1985 FOR ADDITIONAL AIDS.]

The commissioner of finance shall transfer from the general fund to the education aids appropriations specified by the commissioner of education, the amounts needed to finance the additional payments required because of the reduction pursuant to section 2 of this article of the levy recognition percent in Minnesota Statutes, section 121.904, subdivision 4c. However, the amount of the transfer shall not exceed $70,000,000. Payments to a school district of additional state aids resulting from a reduction in the levy recognition percent pursuant to section 2 of this article, shall be added to the cash metering system, according to Minnesota Statutes, section 124.195, after January 15, 1986, and shall be paid in a manner consistent with the percent specified in that section.

ARTICLE 11

TEACHER RETIREMENT

Section 1. [124.2161] [TEACHER RETIREMENT AND F.I.C.A. AID AND LEVY; DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] *For the purposes of sections 1 and 2 and section 275.125, the following terms have the meanings given them.*

Subd. 2. [F.I.C.A.] *"F.I.C.A." means employer contribution obligations under the Federal Insurance Contribution Act.*

Subd. 3. [TEACHER RETIREMENT OBLIGATIONS.] *"Teacher Retirement Obligations" means a school district's obligations for employer contributions to a teacher retirement fund as required by sections 354.42, subdivisions 3 and 5, and 354A.12, subdivision 2, excluding contributions on behalf of teachers employed at an area vocational technical institute, and excluding contributions based upon salaries paid from sources other than normal school operating funds as defined in section 354.05, subdivision 27.*

Subd. 4. [F.I.C.A. OBLIGATIONS.] *"F.I.C.A. Obligations" means a school district's obligations for F.I.C.A. as required by sections 355.208 and 355.287, excluding contributions on behalf of teachers employed at an area vocational technical institute, and excluding contributions based upon salaries paid from sources other than normal school operating funds as defined in section 354.05, subdivision 27.*

Subd. 5. [TEACHER RETIREMENT INFLATION FACTOR.] *"Teacher Retirement Inflation Factor" means a factor to be multiplied by a district's teacher retirement obligations for the base year. For the base year of fiscal year 1985, the teacher retirement inflation factor shall be 1.0816. For base years after fiscal year 1985, the teacher retirement inflation factor shall be equal to the foundation aid formula allowance for the current year, divided by the foundation aid formula allowance for the base year.*

Subd. 6. [F.I.C.A. INFLATION FACTOR.] *"F.I.C.A. Inflation Factor" means a factor to be multiplied by a district's F.I.C.A. obligations for the base year. For the base year of fiscal year 1985, the F.I.C.A. inflation factor shall be 1.1221. For base years after fiscal year 1985, the F.I.C.A. inflation factor shall be equal to the foundation aid formula allowance for the current year, divided by the foundation aid formula allowance for the base year.*

Subd. 7. [BASE YEAR.] *"Base year" means the second fiscal year preceding the fiscal year for which a district's aid and levy are computed under the provisions of this section and section 124.2162.*

Subd. 8. [CURRENT YEAR.] *"Current year" means the fiscal year for which a district's aid and levy are computed under the provisions of this section and section 124.2162.*

Sec. 2. [124.2162] [TEACHER RETIREMENT AID AND LEVY.]

Subdivision 1. [TEACHER RETIREMENT AND F.I.C.A. REVENUE ALLOWANCE.] *"Teacher Retirement and F.I.C.A. Revenue Allowance" for a district is the quotient of (a) the sum of (1) teacher retirement obligations in the base year, multiplied*

by the teacher retirement inflation factor, and (2) F.I.C.A. obligations in the base year, multiplied by the F.I.C.A. inflation factor, divided by (b) the number of actual pupil units in the district in the base year.

Subd. 2. [REVENUE.] *For a district for each fiscal year, the teacher retirement and F.I.C.A. revenue is the teacher retirement and F.I.C.A. revenue allowance under subdivision 1 times the district's actual pupil units for the current school year.*

Subd. 3. [LEVY.] *Each year a district may levy for teacher retirement and F.I.C.A. obligations the amount permitted under section 275.125, subdivision 6f.*

Subd. 4. [AID.] *Each year beginning with fiscal year 1987, the state shall pay to school districts teacher retirement and F.I.C.A. aid equal to the district's revenue under subdivision 2 minus its levy limitation under subdivision 3.*

Subd. 5. [ALLOCATION AMONG CENTERS.] *Each year school districts that are members of a center under section 123.-351 shall equitably allocate among the members their teacher retirement and F.I.C.A. obligations to make the computations in this section. A center shall notify the department of its allocation by September 1 of each year. If no allocation is received in the department by September 1, the department shall make the allocations and notify the center and its members by October 1.*

Sec. 3. Minnesota Statutes 1984, section 275.125, is amended by adding a subdivision to read:

Subd. 6f. [LEVY FOR FISCAL 1987.] *A school district may make a levy for teacher retirement and F.I.C.A. obligations under sections 1 and 2 for the fiscal year beginning in the year after the levy is certified. The levy must not exceed the district's teacher retirement and F.I.C.A. revenue under section 2, subdivision 2, multiplied by a fraction. The numerator of the fraction is the district's adjusted assessed valuation for the year before the year the levy is certified, divided by the district's total pupil units for the school year that corresponds to the fiscal year for which the levy is made. The denominator of the fraction is $360,000.*

Sec. 4. Minnesota Statutes 1984, section 354.06, subdivision 1, is amended to read:

Subdivision 1. The management of the fund shall be vested in a board of eight trustees which shall be known as the board of trustees of the teachers retirement fund. It shall be composed of the following persons: the commissioner of education, the commissioner of finance, (THE COMMISSIONER OF COMMERCE) *a representative of the Minnesota school boards as-*

sociation, four members of the fund who shall be elected by the members of the fund and one retiree who shall be elected by the retirees of the fund. The five elected members of the board of trustees shall be chosen by mail ballot in a manner which shall be fixed by the board of trustees of the fund. In every odd numbered year there shall be elected two members of the fund to the board of trustees for terms of four years commencing on the first of July next succeeding their election. In every odd numbered year there shall be elected one retiree of the fund to the board of trustees for a term of two years commencing on the first of July next succeeding the election. Each election shall be completed by June first of each succeeding odd numbered year. In the case of elective members, any vacancy shall be filled by appointment by the remainder of the board, and the appointee shall serve until the members or retirees of the fund at the next regular election have elected a trustee to serve for the unexpired term caused by the vacancy. No member or retiree shall be appointed by the board, or elected by the members of the fund as a trustee if the person is not a member or retiree of the fund in good standing at the time of the appointment or election. It shall be the duty of the board of trustees to faithfully administer the law without prejudice and consistent with the expressed intent of the legislature. They shall act as trustees with a fiduciary obligation to the state of Minnesota which created the fund, the taxpayers which aid in financing it and the teachers who are its beneficiaries.

Sec. 5. Minnesota Statutes 1984, section 354.43, subdivision 3, is amended to read:

Subd. 3. Each school district, state university, community college and any other employing authority of members of the fund shall be obligated for employer contributions in accordance with the provisions of sections 354.42, subdivisions 3 and 5, and 355.46, subdivision 3, as provided in this section. With respect to state employees, each department and agency shall pay the amounts required by section 354.42, subdivisions 3 and 5 from the accounts and funds from which each department or agency receives its revenue, including appropriations from the general fund and from any other fund, now or hereafter existing, for the payment of salaries and in the same proportion as it pays therefrom the amounts of the salaries. The payments shall be charged as an administrative cost by these units of state government. (FOR OTHER REPORTING UNITS, THAT PORTION OF THE EMPLOYER CONTRIBUTIONS BASED ON SALARIES PAID FROM SOURCES OTHER THAN NORMAL SCHOOL OPERATING FUNDS AS DEFINED IN SECTION 354.05, SUBDIVISION 27 SHALL BE REMITTED TO THE TEACHERS RETIREMENT ASSOCIATION. THE REMITTANCE SHALL BE ACCOMPANIED BY A SATISFACTORY CERTIFICATION WHICH SHOWS THE TOTAL OF ALL SALARIES PAID WHICH ARE SUBJCT TO TEACHERS RETIREMENT DEDUCTIONS. THE CERTIFICATION SHALL ALSO SHOW THE TOTAL AMOUNT OF SALARIES PAID FROM NORMAL SCHOOL OPERATING FUNDS AND

THE TOTAL AMOUNT OF SALARIES PAID FROM SOURCES OTHER THAN NORMAL SCHOOL OPERATING FUNDS AS DEFINED IN SECTION 354.05, SUBDIVISION 27. FOR EACH INDIVIDUAL SALARY INCLUDED IN THE TOTAL OF ALL SALARIES PAID FROM SOURCES OTHER THAN NORMAL SCHOOL OPERATING FUNDS AS DEFINED IN SECTION 354.05, SUBDIVISION 27, THE CERTIFICATION SHALL SHOW EACH PERSON'S NAME, HIS SALARY OR RELATED PORTION OF SALARY AND REMITTANCE OF EMPLOYER CONTRIBUTIONS RELATED TO THE SALARY FOR EACH PERSON INCLUDED IN THE ACTUAL REMITTANCE.)

Sec. 6. Minnesota Statutes 1984, section 354A.12, subdivision 2, is amended to read:

Subd. 2. [EMPLOYER CONTRIBUTIONS.] 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 (AND THE STATE SHALL ASSUME THE TOTAL EMPLOYER OBLIGATION).

The (STATE) *employing units* shall make the following employer contributions to teachers retirement fund associations:

(a) For any coordinated member of a teachers retirement fund association in a city of the first class, the (STATE) *employing unit* shall pay the employer social security taxes in accordance with section 355.46, subdivision 3, clause (b);

(b) For any coordinated member of one of the following teachers retirement fund associations in a city of the first class, the (STATE) *employing unit* shall make a contribution to the respective retirement fund association in an amount equal to the designated percentage of the salary of the coordinated member as provided below:

Duluth teachers retirement fund association	5.79 percent
Minneapolis teachers retirement fund association	4.50 percent
St. Paul teachers retirement fund association	4.50 percent

(c) For any basic member of one of the following teachers retirement fund associations in a city of the first class, the (STATE) *employing unit* shall make a contribution to the re-

spective retirement fund in an amount equal to the designated percentage of the salary of the basic member as provided below:

Minneapolis teachers retirement fund association ..... 13.35 percent

St. Paul teachers retirement fund association ..... 12.63 percent

The (STATE) employer contributions shall be remitted directly to each teachers retirement fund association each month (IN ACCORDANCE WITH THE PROCEDURES DESCRIBED IN SECTION 354.43, SUBDIVISIONS 1 AND 5).

(ONCE EACH MONTH THE EXECUTIVE SECRETARY OF EACH TEACHERS RETIREMENT FUND ASSOCIATION SHALL DETERMINE THE AMOUNT OF MONEY NECESSARY AND PRESENTLY NEEDED TO MEET THE STATE OBLIGATION AS PROVIDED IN THIS SUBDIVISION BY APPLYING THE PERCENTAGE OF PAYROLL FIGURE TO THE ESTIMATED PAYROLL AMOUNTS FOR THE CURRENT MONTH AND SHALL CERTIFY THE AMOUNT TO THE COMMISSIONER OF FINANCE. THE MONEYS REQUIRED TO MEET THE AMOUNTS CERTIFIED BY EACH EXECUTIVE SECRETARY OF A TEACHERS RETIREMENT FUND ASSOCIATION SHALL BE REMITTED DIRECTLY TO THE APPLICABLE TEACHERS RETIREMENT FUND ASSOCIATION FROM THE GENERAL FUND EACH MONTH. IF SUBSEQUENT ACTUAL EXPERIENCE DEVIATES FROM THE ANTICIPATED EXPERIENCE UPON WHICH THE AMOUNT CERTIFIED WAS DETERMINED, THE ALLOCATION TO THE FIRST CLASS CITY TEACHERS RETIREMENT FUND ASSOCIATION INVOLVED NEXT FOLLOWING THE DISCOVERY OF THE DEVIATION SHALL BE ADJUSTED. IF THE STATE MAKES AN EXCESS EMPLOYER CONTRIBUTION TO A TEACHERS RETIREMENT FUND ASSOCIATION AS THE RESULT OF A FALSE OR WRONGFUL CERTIFICATION, THE STATE SHALL BE ENTITLED TO RECOVER THE EXCESS EMPLOYER CONTRIBUTION BY ANY APPROPRIATE MEANS, INCLUDING RECOVERY FROM FUTURE STATE ALLOCATIONS, STATE AID OR OTHER FUNDS PAYABLE TO THE SCHOOL DISTRICT IN WHICH THE ASSOCIATION IS LOCATED. IF AN EMPLOYEE OF THAT SCHOOL DISTRICT IS RESPONSIBLE FOR THE FALSE OR WRONGFUL CERTIFICATION, ANY EXCESS EMPLOYER CONTRIBUTION RECOVERED BY THE STATE SHALL BE THE OBLIGATION OF THE SCHOOL DISTRICT.)

Sec. 7. Minnesota Statutes 1984, section 355.208, is amended to read:

355.208 [EMPLOYER CONTRIBUTIONS.]

Contributions required under the agreement or modification entered into pursuant to section 355.207 to be made by political subdivisions employing teachers, and payments required by section 355.49, which shall apply to political subdivisions employing teachers, shall be paid by the (STATE) *political subdivisions.*

Sec. 8. Minnesota Statutes 1984, section 355.209, is amended to read:

355.209 [EMPLOYEE CONTRIBUTIONS; DEDUCTION FROM WAGES.]

After the date the agreement or modification is entered into pursuant to section 355.207, there shall be paid as a deduction from wages an employee contribution in an amount equal to the tax that would be imposed by the Federal Insurance Contribution Act if such service constituted employment within the meaning of that act. Contributions so made shall be paid into the contribution fund in partial discharge of the liability of the (STATE AND EACH) political subdivision in respect thereto. Failure to deduct such contribution shall not relieve the employee (OR THE STATE) or the political subdivision of liability therefor.

Sec. 9. Minnesota Statutes 1984, section 355.287, is amended to read:

355.287 [EMPLOYER CONTRIBUTIONS.]

Contributions required under the agreement or modification entered into pursuant to section 355.286 to be made by political subdivisions employing teachers, and payments required by section 355.49, which shall apply to political subdivisions employing teachers, shall be paid by the (STATE) *political subdivision.*

Sec. 10. Minnesota Statutes 1984, section 355.288, is amended to read:

355.288 [EMPLOYEE CONTRIBUTIONS; DEDUCTION FROM WAGES.]

After the date the agreement or modification is entered into pursuant to section 355.286, there shall be paid as a deduction from wages an employee contribution in an amount equal to the tax that would be imposed by the Federal Insurance Contribution Act if such service constituted employment within the meaning of that act. Contributions so made shall be paid into the contribution fund in partial discharge of the liability of the (STATE AND EACH) political subdivision in respect thereto. Failure to deduct such contribution shall not relieve the employee (OR THE STATE) or the political subdivision of liability therefor.

Sec. 11. Minnesota Statutes 1984, section 355.46, subdivision 3, is amended to read:

Subd. 3. [SOCIAL SECURITY CONTRIBUTIONS.] The employer taxes due with respect to employment by educational employees who have made their selection pursuant to section 218(d) (6) (C) of the Social Security Act, shall be paid in the following manner:

(a) (CONTRIBUTIONS REQUIRED FOR RETROACTIVE COVERAGE SHALL BE MADE IN THE MANNER PROVIDED IN SUBDIVISION 2.)

((B)) Contributions required to be made for current service by political subdivisions employing educational employees and payments required by section 355.49 shall be paid by the (STATE) *political subdivision.* The (STATE'S OBLIGATION FOR SERVICES PERFORMED SUBSEQUENT TO THE DATE OF THE AGREEMENT OR MODIFICATION SHALL BE PAID BY THE COMMISSIONER OF EMPLOYEE RELATIONS AT SUCH TIMES AND IN SUCH AMOUNTS AS MAY BE DETERMINED BY THE STATE AGENCY TO BE NECESSARY) *state shall make payments for services rendered prior to July 1, 1986.*

((C)) *(b)* Contributions required to be made with respect to educational employees of state departments and institutions and payments required by section 355.49 shall be paid by the departments and institutions in accordance with the provisions of sections 355.49 and 355.50.

Sec. 12. [APPROPRIATIONS.]

Subdivision 1. [TO AGENCIES INDICATED.] *The sums indicated in this section are appropriated from the general fund to the agencies and for the purposes indicated, to be available for the fiscal years ending June 30 in the years indicated.*

Subd. 2. [TO DEPARTMENT OF EDUCATION.] *To the department of education to make the aid payments required by section 2, there is appropriated:*

$194,241,300 . . . . . 1987.

Subd. 3. [TO TEACHERS RETIREMENT ASSOCIATIONS IN CITIES OF THE FIRST CLASS.] *To the commissioner of finance for payment of the state's obligation prescribed in Minnesota Statutes, sections 354.43, 354.55, subdivision 5, 355.46, 355.49, and 354A.12, subdivision 2, there is appropriated:*

$214,725,900 . . . . . 1986.

Sec. 13. [REPEALER; JULY 1, 1986.]

Minnesota Statutes 1984, sections 354.43, subdivisions 1, 4, and 5; 354A.12, subdivision 3; 355.46, subdivisions 1, 2, and 5; and 355.47, are repealed.

Sec. 14. [EFFECTIVE DATES.]

Subdivision 1. Sections 5 to 12 are effective July 1, 1985, for covered employees of area vocational technical institutes and July 1, 1986, for all other covered employees of school districts.

Subd. 2. Section 13 is effective July 1, 1986."

Delete the title and insert:

"A bill for an act relating to education; providing for aids to education, aids to libraries, state payments for teacher retirement contributions, and the distribution of tax revenues; granting certain powers and duties to school boards, school districts, the state board of education, the board of teaching, and the higher education coordinating board; modifying certain components of foundation aid; modifying the basic maintenance mill rate; modifying computation of pupil units; repealing revenue equity; modifying the computation of summer program aid, transportation aid, special education aid, secondary vocational aid, and other aids; establishing an aid and levy formula for excellence in teaching and curriculum; providing for measurement of pupil progress; establishing mastery learning pilot projects; requiring assessment of new teachers; appropriating money; amending Minnesota Statutes 1984, sections 120.06, subdivision 1; 120.10, subdivision 1; 120.11; 120.15; 120.17, subdivision 3, and by adding a subdivision; 121.88; 121.882, subdivision 2, and by adding a subdivision; 121.904, subdivisions 4a and 4c; 121.912, subdivision 1; 122.86, subdivision 1; 123.36, subdivision 1; 123.58, by adding a subdivision; 123.705, subdivision 1; 123.742, subdivision 7, and by adding subdivisions; 123.7431, subdivision 1; 124.09; 124.14, subdivision 4; 124.17, by adding subdivisions; 124.19, subdivision 1; 124.195, subdivision 9; 124.2138, subdivision 2; 124.223; 124.225, subdivisions 1, 3, 4b, 7a, 7b, 8a, 8b, and 10; 124.247, subdivision 3; 124.26, subdivisions 1 and 6; 124.271, subdivision 2b, and by adding a subdivision; 124.2711, subdivision 1; 124.272, subdivision 3; 124.273, subdivision 1b; 124.32, subdivisions 1b, 1d, 2, 5, and 10; 124.48, by adding a subdivision; 124.573, subdivision 2; 124.574, subdivision 2b; 124.646, subdivision 1; 124A.02, subdivisions 6, 7, 8, 9, 16, and by adding a subdivision; 124A.03, subdivisions 3, 4, and by adding a subdivision; 124A.033, subdivisions 2 and 3, and by adding a subdivision; 124A.037; 124A.06, subdivisions 1 and 3a; 124A.08, subdivisions 3a and 5; 124A.10, subdivision 3a; 124A.12, subdivision 3a; 124A.14, subdivision 5a; 124A.16, subdivisions 2 and 4; 125.05, subdivisions 1 and 5; 125.12, by adding a subdivision; 125.17, by adding a subdivision; 125.185, subdivi-

sion 4; 125.60, subdivisions 3 and 7; 126.64, subdivision 2; 129B.17; 129B.20; 129B.21; 129B.35; 129B.36; 129B.38, subdivision 1; 129B.39; 129B.40; 134.31, subdivisions 2 and 3; 134.35; 134.351, subdivision 1; 136D.27; 136D.74, subdivision 2; 136D.-87; 275.125, subdivisions 5b, 5d, 8, and 8a, and by adding subdivisions; 354.06, subdivision 1; 354.43, subdivision 3; 354A.12, subdivision 2; 355.208; 355.209; 355.287; 355.288; 355.46, subdivision 3; and Laws 1973, chapter 683, section 26, subdivision 17, as amended; proposing coding for new law in Minnesota Statutes, chapters 121; 123; 124; 126; 129B; 134; 136A; repealing Minnesota Statutes 1984, sections 120.17, subdivision 1a; 120.172, subdivision 3; 122.84; 122.85; 122.89; 123.3511; 123.-3512; 123.3513; 124.201, subdivisions 3, 4, and 5; 124.2138, subdivision 2; 124.225, subdivisions 4a, 8c, 8d, 8e, 8f, 8g, and 8h; 124.247, subdivision 6; 124.271, subdivisions 2 and 2a; 124.273, subdivisions 2b and 5; 124.32, subdivision 9a; 124A.03, subdivision 5; 124A.035, subdivision 6; 124A.037; 125.611, subdivisions 3, 4, 5, 6, and 7; 126.64, subdivision 1; 129B.03; 129B.33; 129B.-34; 275.125, subdivision 2j; 354.43, subdivisions 1, 4, and 5; 354A.12, subdivision 3; 355.46, subdivisions 1, 2, and 5; and 355.47."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 229, A bill for an act relating to retirement; early retirement without reduction in annuities; amending Minnesota Statutes 1984, section 356.70, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 356.70, subdivision 1, is amended to read:

Subdivision 1. [COMBINED AGE AND SERVICE REQUIREMENT.] Any member of a retirement plan established pursuant to chapters 352, 353, 354, or 354A who has attained the age of at least 55 years and whose attained age plus credited allowable service totals *at least* 85 *prior to January 1, 1987*, is entitled, upon *valid* application *and termination of service* prior to (DECEMBER 31, 1986) *July 1, 1987*, to the normal retirement annuity provided in these chapters without any reduction in annuity by reason of such early retirement."

With the recommendation that when so amended the bill pass.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 237, A bill for an act relating to retirement; authorizing state aid for the University of Minnesota police department; amending Minnesota Statutes 1984, section 69.011, subdivision 1.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Fjoslien from the Committee on General Legislation and Veterans Affairs to which was referred:

H. F. No. 325, A bill for an act relating to elections; regulating lobbyist and candidate activities and contributions; proposing coding for new law in Minnesota Statutes, chapter 10A.

Reported the same back with the following amendments:

Page 1, line 11, delete "*, other than a candidate for a judicial office,*"

Page 1, line 14, delete "*, other*"

Page 1, line 15, delete "*than a candidate for a judicial office,*"

Page 1, delete lines 19 to 23

Page 1, line 24, delete "*4*" and insert "*3*"

With the recommendation that when so amended the bill pass.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

H. F. No. 330, A bill for an act relating to courts; providing that venue for hearings for certain pregnant women shall be the county in which the woman resides; amending Minnesota Statutes 1984, section 144.343, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, line 11, delete "*county*" and insert "*judicial district*"

Amend the title as follows:

Page 1, line 3, delete "county" and insert "judicial district"

With the recommendation that when so amended the bill pass.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 380, A bill for an act relating to the city of South St. Paul; providing for the financing of certain public improvements.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

H. F. No. 543, A bill for an act relating to human rights; removing a statutory prohibition on waiver of remedies under the human rights act; repealing Minnesota Statutes 1984, section 363.031.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 363.031, is amended to read:

363.031 [*LIMITATIONS ON* WAIVER (PROHIBITED).]

Subdivision 1. [PROSPECTIVE WAIVER PROHIBITED.] Any provision, whether oral or written, of a lease, contract, or other agreement or instrument, which purports to be a waiver by an individual of any right or remedy provided in chapter 363 is contrary to public policy and void (. NOTHING IN THIS SECTION SHALL BE CONSTRUED TO PREVENT A WAIVER GIVEN IN FULL AND FINAL WRITTEN SETTLEMENT OF AN EXISTING, IDENTIFIED CLAIM, WHETHER BY GRIEVANCE, MEDIATION, ARBITRATION, OR OTHER SETTLEMENT AGREEMENT) *if the waiver or release purports to waive claims arising out of acts or practices which occur after the execution of the waiver or release.*

Subd. 2. [RESCISSION OF WAIVER.] *A waiver or release of rights or remedies secured by chapter 363 which purports to apply to claims arising out of acts or practices prior to, or concurrent with, the execution of the waiver or release may be rescinded within seven calendar days of its execution, except that a waiver or release given in settlement of a claim filed with the department or with another administrative agency or judicial body is valid and final upon execution. A waiving or releasing party shall be informed in writing of the right to rescind the waiver or release. To be effective, the rescission must be in writing and delivered to the waived or released party either by hand or mail within the seven-day period. If delivered by mail, the rescission must be:*

(1) postmarked within the seven-day period;

(2) properly addressed to the waived or released party; and

(3) sent by certified mail return receipt requested.

Sec. 2. [EFFECTIVE DATE.]

Section 1, subdivision 1, is effective retroactive to August 1, 1984."

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon and insert "prohibiting the waiver of legal rights or remedies in certain human rights cases; establishing standards for waiver rescission; amending"

Page 1, delete line 3

Page 1, line 4, delete everything before "Minnesota"

With the recommendation that when so amended the bill pass.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 606, A bill for an act relating to liquor; authorizing issuance of off-sale wine licenses to food stores; regulating sales; prohibiting the same person from being licensed as both liquor wholesaler and retailer; amending Minnesota Statutes 1984, sections 340.07, subdivision 13, and by adding a subdivision; 340.11, subdivisions 13 and 14; 340.13, by adding a subdivision; and 340.14, subdivisions 1 and 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 340.07, subdivision 13, is amended to read:

Subd. 13. "Exclusive liquor store" is an on-sale or off-sale, or combination on-sale and off-sale, establishment used exclusively for the sale of intoxicating liquor at retail and under the control of an individual owner or manager and as an incident thereof may also sell cigars, cigarettes, ice, all forms of tobacco, non-intoxicating malt beverages, and soft drinks at retail, and may offer recorded or live entertainment, and make available coin-operated amusement devices. *An exclusive off-sale liquor store, including a municipal liquor store, may also sell food for consumption off the licensed premises, provided that the store does not utilize more than 25 percent of its total retail floor space for the dispensing and display of food.* An exclusive liquor store includes an on-sale or combination on-sale and off-sale establishment operating a restaurant or selling food for consumption on the premises when authorized by the municipality issuing the license or owning or operating the exclusive liquor store, as the case may be.

Sec. 2. Minnesota Statutes 1984, section 340.11, is amended by adding a subdivision to read:

Subd. 20a. [OFF-SALE WINE LICENSES.] *A statutory or home rule city, including a city which operates a municipal liquor store, may issue off-sale wine licenses, in a number to be determined by the governing body thereof, to general food stores within the city. The licenses authorize the sale of wine containing not more than 21 percent alcohol by volume, for consumption off the licensed premises. The restrictions in section 340.13, subdivision 3, do not apply to licenses issued under this subdivision. All provisions of this chapter apply to licenses issued under this subdivision except as otherwise specified. Days and hours for the sale of wine under this subdivision are the same as those provided for off-sales under section 340.14, subdivision 1. The maximum fee for a license under this subdivision is $100.*

No license under this subdivision may be issued to a general food store which also sells motor fuel at retail.

A general food store which has been issued a license under this subdivision may not be open for business during any period in which its license, including any license issued under section 340.02, is suspended, and may not be open for business within 30 days of the effective date of a license revocation, including a revocation of any license issued under section 340.02.

Sec. 3. Minnesota Statutes 1984, section 340.13, is amended by adding a subdivision to read:

Subd. 15. [RETAILER PROHIBITED FROM OBTAINING WHOLESALER LICENSE.] *No person may be issued both a retailer and a wholesaler license.*

Sec. 4. Minnesota Statutes 1984, section 340.14, subdivision 3, is amended to read:

Subd. 3. [SALES; WHERE FORBIDDEN.] No intoxicating liquors shall be sold in any of the following places:

(1) Within the capitol or upon the grounds thereof;

(2) Upon the state fairgrounds or at any place in a city of the first class within one-half mile of such fairgrounds except as hereinafter otherwise provided by charter;

(3) Upon the campus of the institute of agriculture of the University of Minnesota or at any place in a city of the first class within one-half mile of such campus except as hereinafter otherwise provided by charter. The city may issue one on-sale wine license to a vendor in the territory described in this clause that is not also included in the territory described in clause (2). The license is in addition to any others permitted in the city by other law or charter;

(4) Within 1,000 feet of any state hospital, training school, reformatory, prison, or other institution under the supervision and control, in whole or in part, of the commissioner of human services or the commissioner of corrections. Whoever sells or otherwise disposes of intoxicating liquor at retail at a place prohibited by this clause is guilty of a gross misdemeanor;

(5) In any town or municipality in which a majority of votes at the last election at which the question of license was voted upon shall not have been in favor of license, or within one-half mile of any such municipality, except that any intoxicating liquor, manufactured within any such district, may be sold to be consumed outside of such district;

(6) At any place on the east side of the Mississippi River within one-tenth mile of the main building of the University of Minnesota unless the licensed establishment is on property owned or operated by a nonprofit corporation organized prior to January 1, 1940 for and by former students of the University of Minnesota; a license may be issued under this clause notwithstanding any local law to the contrary;

(7) Within 1,500 feet of any state university, except as hereinafter provided, or, when the place of sale is not within a mu-

nicipality, within 1,500 feet of any public school outside of a municipality; within 1,500 feet at St. Cloud State University except for one wine and two off-sale licenses only, and within 1,200 feet at Winona State University, and at Southwest State University. In determining the distance, the measurement shall be along the most direct line from the nearest corner of the administration building of the university to the main entrance of the licensed premises; as to Mankato State University in the city of Mankato when the place of sale is within 1,500 feet as measured from the front door of the student union of the Highland campus;

(8) At more than five places on any one side of a block within and fronting upon the patrol limits of cities of the first class;

(9) The restrictions imposed by this subdivision shall not apply to any manufacturer or wholesaler of intoxicating liquors or to a drug store or to any person lawfully licensed to sell intoxicating liquor immediately prior to the enactment of this subdivision, *or to a general food store with an off-sale wine license.*"

Delete the title and insert:

"A bill for an act relating to intoxicating liquor; allowing cities to issue licenses for the sale of wine in general food stores; allowing exclusive off-sale liquor stores to sell food products under certain circumstances; amending Minnesota Statutes 1984, sections 340.07, subdivision 13; 340.11, by adding a subdivision; 340.13, by adding a subdivision; and 340.14, subdivision 3."

With the recommendation that when so amended the bill pass.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 607, A bill for an act relating to retirement; authorizing municipalities to establish and finance defined contribution plans for municipal ambulance and rescue volunteers; amending Minnesota Statutes 1984, sections 356.24; and 356.25; proposing coding for new law in Minnesota Statutes, chapter 424A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 356.24, is amended to read:

356.24 [SUPPLEMENTAL PENSION OR DEFERRED COMPENSATION PLANS, RESTRICTIONS UPON GOVERNMENT UNITS.]

It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for, or contribute public funds to a supplemental pension or deferred compensation plan which is established, maintained and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than to a supplemental pension plan which was established, maintained and operated prior to May 6, 1971, to any plan which provides solely for group health, hospital, disability or death benefits (OR), to any plan which provides solely for severance pay as authorized pursuant to section 465.72 to a retiring or terminating employee, *or to a defined contribution plan for municipal ambulance and rescue volunteers established and operated pursuant to sections 3 to 14.* No change in benefits or employer contributions in any plan to which this section applies after May 6, 1971 shall be effective without prior legislative authorization.

Sec. 2. Minnesota Statutes 1984, section 356.25, is amended to read:

356.25 [LOCAL GOVERNMENTAL PENSION FUND PROHIBITIONS; EXCLUSIONS.]

Notwithstanding any other provision of law or charter, no city, county, public agency or instrumentality, or other political subdivision shall, after August 1, 1975, establish for any of its employees any local pension plan or fund financed in whole or in part from public funds, other than a volunteer firefighter's relief association established pursuant to chapter 424A and governed by sections 69.771 to 69.776, *or to a defined contribution plan for municipal ambulance and rescue volunteers established and operated pursuant to sections 3 to 14.*

Sec. 3. [424B.01] [DEFINITIONS.]

Subdivision 1. As used in sections 3 to 14, the following terms have the meanings given.

Subd. 2. "Volunteer" means a municipal ambulance and rescue volunteer and includes each person who participates in ambulance and rescue activities operated under the direction of and with financial support from a municipality and who is enrolled on the roster of municipal ambulance and rescue volunteers.

Subd. 3. "Municipality" means a home rule or statutory city, county, town, hospital district, or joint powers entity, which utilizes volunteers to carry out or help carry out municipal ambulance and rescue activities.

Subd. 4. "Defined contribution fund" means a separate fund of the municipality dedicated to the payment of distributions to municipal ambulance and rescue volunteers.

Subd. 5. "Separate from active service" means to cease to perform municipal ambulance and rescue duties under local ordinance or resolution governing the activities of the ambulance and rescue volunteers and cease to supervise municipal ambulance and rescue activities.

Sec. 4. [424B.02] [AUTHORITY.]

A municipality may by ordinance or resolution establish a defined contribution plan for its municipal ambulance and rescue volunteers with administrative responsibilities delegated to the municipal finance officer or department.

Sec. 5. [424B.03] [DEFINED CONTRIBUTION FUND.]

Subdivision 1. A municipality electing to establish a plan shall establish a defined contribution fund with an individual account for each person who is a volunteer. Contributions to individual accounts shall be made in equal amounts to all volunteers, or be based on a participation schedule adopted by municipal ordinance or resolution. A schedule may provide:

(1) equal share contributions based on minimum participation levels that must be met by volunteers; or

(2) prorate shares based on actual participation rates of volunteers.

Each individual account shall be credited with an appropriate share of:

(1) any defined contribution amount specified by the municipality and raised from available municipal revenue sources;

(2) gifts, charitable contributions, proceeds of fund-raising activities, and other nonmunicipal revenue sources;

(3) any amounts equal to the share of the assets of the defined contribution fund to the credit of a former volunteer who terminates active service prior to meeting the minimum service requirement provided for in section 6; and

(4) interest or investment income earned on the assets of the defined contribution fund in proportion to the share of the assets of the defined contribution fund to the credit of each individual account.

Subd. 2. A volunteer shall not be deemed to have separated from active service nor shall assets be divided among the individual accounts of active volunteers due to a volunteer's failure to meet minimum participation levels set for purposes of determining contributions to individual accounts.

Subd. 3. A volunteer who is participating in ambulance and rescue activities for a municipality on the date the municipality establishes a defined contribution plan under sections 3 to 14 shall receive credit for previous years of active service for qualification purposes but shall not have contributions credited to his or her individual account for the previous years of active service.

Subd. 4. A municipality shall not require volunteers to contribute to individual accounts, nor shall volunteers be allowed to elect to contribute to individual accounts.

Sec. 6. [424B.04] [QUALIFICATION REQUIREMENTS.]

Subdivision 1. In order to qualify for a distribution from the defined contribution fund, a volunteer must:

(1) complete at least five years of active service as a member of the municipal ambulance and rescue volunteers;

(2) separate from active service with the municipal ambulance and rescue volunteers;

(3) reach the age of 55 years or be totally and permanently disabled; and

(4) comply with any additional requirements prescribed by local ordinance or other resolution of the municipality. No ordinance or resolution shall prescribe an active service requirement in excess of ten years.

Subd. 2. A member of a volunteer firefighters' relief association may have an individual account established by the municipality within a defined contribution fund only if volunteer ambulance and rescue activities are not a part of the normal activities performed as a volunteer firefighter.

Sec. 7. [424B.05] [REQUALIFICATION REQUIREMENTS.]

A volunteer who has separated from active service before fulfilling the qualifications of section 6 and whose individual account has been lawfully divided among the individual accounts of active volunteers shall requalify for a distribution only after again fulfilling the requirements of section 6, except that the

volunteer shall receive credit for the previous years of active service for requalification purposes. The assets previously divided among the individual accounts of other active volunteers shall not be restored or credited to the individual account of the returning volunteer.

A volunteer who has separated from active service and received a distribution shall requalify for another distribution only after again fulfilling the requirements of section 6 but shall not receive credit for the previous years of active service. Assets previously distributed to the volunteer shall not be restored or credited to the individual account of the returning volunteer nor shall the volunteer be allowed to repay such assets.

Sec. 8. [424B.06] [PAYMENT OF DEFINED CONTRIBUTION FUND DISTRIBUTIONS.]

At the time of retirement, disability, or death, a volunteer who fulfills the requirements of section 6 or the designated beneficiary in the case of death, is entitled to that portion of the assets of the defined contribution fund credited to the volunteer's individual account. The municipality shall pay out of the assets of the defined contribution fund a distribution to each volunteer who is so entitled. For any permanently disabled or deceased volunteer who fulfilled the requirements of section 6, the distribution shall be paid to the former volunteer or to a designated beneficiary or the estate on behalf of a deceased volunteer.

Sec. 9. [424B.07] [DISTRIBUTION OF ASSETS UPON DISSOLUTION IN CERTAIN CASES.]

If the municipality dissolves or eliminates the ambulance and rescue activities operated under its direction, the municipality shall distribute the assets and dissolve the defined contribution fund in the following manner:

(1) Within six months after the dissolution of the ambulance and rescue activities, the municipality shall convert all assets of the defined contribution fund to cash or negotiable instruments.

(2) The municipality then shall credit to the volunteers' individual accounts any assets not already credited.

(3) After crediting all assets to individual accounts, the municipality shall distribute the assets to the volunteers.

Sec. 10. [424B.08] [TRANSFER OF INDIVIDUAL ACCOUNTS IN CERTAIN CASES.]

A volunteer who separates from active service in one municipality in order to begin active service in another municipali-

ty shall have his or her individual account and assets transferred to the defined contribution fund of the other municipality if the other municipality maintains a defined contribution fund.

Sec. 11. [424B.09] [DISTRIBUTIONS; NONASSIGNABLE.]

A distribution paid or payable from the defined contribution fund shall not be subject to garnishment, judgment, execution, or other legal process, except as provided in section 518.611. No person entitled to a distribution may assign any distribution nor shall the municipality have the authority to recognize any assignment or pay over any sum purportedly assigned.

Sec. 12. [424B.10] [INVESTMENT OF DEFINED CONTRIBUTION FUND.]

The assets of the defined contribution fund shall be invested only in securities authorized by section 69.775.

Sec. 13. [424B.11] [AUDIT OF DEFINED CONTRIBUTION FUND.]

The municipality shall provide for an annual audit of the defined contribution fund by the auditor or accountant who regularly examines or audits the financial transactions of the municipality.

Sec. 14. [424B.12] [ALTERNATIVE DEFINED CONTRIBUTION PLAN.]

Rather than establishing a defined contribution plan authorized in section 4, the municipality may establish a plan and make contributions on behalf of a volunteer to a simplified employee pension pursuant to section 219 of the Internal Revenue Code of 1954, as amended."

Delete the title and insert:

"A bill for an act relating to retirement; authorizing municipalities to establish and finance defined contribution plans for municipal ambulance and rescue volunteers; amending Minnesota Statutes 1984, sections 356.24; and 356.25; proposing coding for new law as Minnesota Statutes, chapter 424B."

With the recommendation that when so amended the bill pass.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 649, A bill for an act relating to St. Louis county; fixing the maximum amount of the county emergency fund; amending Minnesota Statutes 1984, section 383C.016.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 760, A bill for an act relating to cities of the first class; authorizing the cities to regulate taxicabs.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 773, A bill for an act relating to recreation; establishing study of need for motor sports facility; appropriating money.

Reported the same back with the following amendments:

Page 1, line 19, delete "*on or before* . . . . . ." and insert a period

Page 1, delete section 2

Amend the title as follows:

Page 1, line 3, delete "; appropriating money"

With the recommendation that when so amended the bill pass.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 784, A bill for an act relating to retirement; state employees retirement system; reversing the workers' compensation offset; allowable service computation for leaves of absence; deferred annuities; disability benefits; amending Minnesota Statutes 1984, sections 176.021, subdivision 7; 352.01, subdivision 11; 352.22, subdivision 3; and 352B.10; repealing Minnesota Statutes 1984, section 352.113, subdivision 5.

Reported the same back with the following amendments:

Page 1, line 27, after the period insert "*Notwithstanding the provisions of section 176.132, a deduction under this subdivision does not entitle an employee to supplemental benefits under section 176.132.*"

Page 7, after line 20, insert:

"Sec. 5. Minnesota Statutes 1984, section 352.95, subdivision 1, is amended to read:

Subdivision 1. Any covered correctional employee less than 55 years of age who shall become disabled and physically unfit to perform the duties of the position as a direct result of an injury, sickness, or other disability incurred in or arising out of any act of duty which shall render the employee physically or mentally unable to perform the duties, shall be entitled to a disability benefit based on covered correctional service only, in an amount equal to 50 percent of the average salary defined in section 352.93, plus an additional (TWO) *2-1/2* percent for each year of covered correctional service in excess of 20 years *but not in excess of 25 years, and two percent for each year of covered correctional service in excess of 25 years,* pro-rated for completed months, to a maximum monthly benefit of 75 percent of the average monthly salary."

Renumber the sections

Amend the title as follows:

Page 1, line 7, delete "and"

Page 1, line 8, after the semicolon insert "and 352.95, subdivision 1;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 907, A bill for an act relating to Ramsey county; providing for the creation, organization, powers, and duties of a personnel system; providing penalties; amending Minnesota Statutes 1984, sections 383.405; and 383A.41, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 383A; repealing Minnesota Statutes 1984, sections 383A.28; 383A.29; 383A.30; and 383A.31.

Reported the same back with the following amendments:

Page 3, line 8, after the semicolon insert "*and*"

Page 3, line 9, delete "*and*"

Page 3, delete line 10

Page 8, line 18, delete "REINSTATMENT" and insert "REINSTATEMENT"

Page 17, line 15, after "*shall*" insert "*request the chief administrative law judge to*"

Page 17, line 26, delete "*of receipt of the*" and insert "*after the close of the hearing record*"

Page 17, line 27, delete everything before the comma

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 970, A bill for an act relating to the city of South St. Paul; authorizing the expenditure of certain tax increments to pay costs of a combined storm-sanitary sewer separation project.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 1009, A bill for an act relating to retirement; state employees; extending coverage to state employees on leave of absence with an exclusive bargaining agent; amending Minnesota Statutes 1984, section 352.029.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Fjoslien from the Committee on General Legislation and Veterans Affairs to which was referred:

H. F. No. 1033, A bill for an act relating to veterans; reestablishing the board of governors of the Big Island Veterans Camp; providing for its appointment and duties; transferring certain state land to the board; providing for the possible disposition of the land by the board; proposing coding for new law in Minnesota Statutes, chapter 197; repealing Minnesota Statutes 1984, sections 197.13; 197.15; 197.16; 197.17; 197.18; and 197.19.

Reported the same back with the following amendments:

Page 1, line 16, delete "*eight*" and insert "*nine*"

Page 1, line 20, after "*Wars*" insert "*and one member of the Vietnam Veterans of America*"

With the recommendation that when so amended the bill pass.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 1040, A bill for an act relating to retirement; public employees police and fire fund; retirement with 30 years of service; actuarial reduction; amending Minnesota Statutes 1984, section 353.651, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 176.021, subdivision 7, is amended to read:

Subd. 7. [PUBLIC OFFICER.] If an employee who is a public officer of the state or governmental subdivision continues to receive the compensation of his office during a period when he is receiving benefits under the workers' compensation law for temporary total or temporary partial disability or permanent total disability and the compensation of his office exceeds $100 a year, the amount of that compensation attributable to the period for which benefits under the workers' compensation law are paid shall be deducted from such benefits. *If an employee covered by retirement benefits pursuant to chapters 352, 353, and 354 receives total and permanent disability benefits pursuant to section 352.113, 353.33, or 354.48 or disability benefits pursuant to section 352.95, 352B.10, or 353.656, the amount of disability benefits shall be deducted from workers' compensation benefits otherwise payable.*

Sec. 2. Minnesota Statutes 1984, section 353.27, subdivision 12, is amended to read:

Subd. 12. [OMITTED SALARY DEDUCTIONS; OBLIGATIONS.] In the case of omission of required deductions from salary of an employee, past due for a period of 60 days or less, the head of the department shall deduct from the employee's next salary payment and forthwith remit to the executive director the amount of the employee contribution delinquency, with cumulative interest thereon at the rate of six percent per annum, compounded annually, from the date or dates each delinquent employee contribution was first payable, such interest to be paid by the employer. To the extent that any such omitted required deductions are not paid by the employee, they shall constitute a liability of the governmental subdivision which failed to make said required deductions, with interest thereon as hereinbefore specified. After July 1, 1973, any such omitted required deductions, past due for a period in excess of 60 days, shall become the sole obligation of the governmental subdivision from the time such deductions were first payable, together with interest thereon as hereinbefore specified. Any amount so due, together with employer and additional employer contributions at the rates and in the amounts specified in subdivisions 3 and 3a, with interest thereon at the rate of six percent compounded annually from the date they were first payable, shall be paid from the proceeds of a tax levy made pursuant to section 353.28, or from other funds available to the employer. Unless otherwise indicated, this subdivision shall have both retroactive and prospective application, and the governmental subdivision is liable retroactively and prospectively for all amounts due hereunder. No action for the recovery of delinquent employee and employer contributions or interest thereon shall be commenced (AND NO PAYMENT OF DELINQUENT CONTRIBUTIONS SHALL BE MADE OR ACCEPTED) after the expiration of three calendar years next following the calendar year in which the contributions were omitted.

Sec. 3. Minnesota Statutes 1984, section 353.651, is amended by adding a subdivision to read:

Subd. 4. [RETIREMENT WITH 30 YEARS SERVICE.] *Any member of the police and fire fund with 30 years or more of allowable service credit may elect retirement prior to age 55. In the event of this election the member shall receive an annuity reduced by one-quarter percent for each month the member is under age 55 at the time of retirement.*

Sec. 4. Minnesota Statutes 1984, section 353.656, subdivision 1, is amended to read:

Subdivision 1. [IN LINE OF DUTY; COMPUTATION OF BENEFITS.] Any member of the police and fire fund less than 55 years of age, who shall become disabled and physically unfit to perform his duties as a police officer or fire fighter subsequent to June 30, 1973, as a direct result of an injury, sickness, or other disability incurred in or arising out of any act of duty, which shall render him physically or mentally unable to perform his duties as a police officer or fire fighter, shall receive disability benefits during the period of such disability. The benefits shall be in an amount equal to 50 percent of the "average salary" pursuant to subdivision 3 plus an additional (TWO) *2.5* percent of said "average salary" for each year of service in excess of 20 *years but not exceeding 25 years and two percent for each year thereafter.* Should disability under this subdivision occur before the member has at least five years of allowable service credit in the police and fire fund, the disability benefit shall be computed on the "average salary" from which deductions were made for contribution to the police and fire fund.

Sec. 5. [REPEALER.]

Minnesota Statutes 1984, sections 352.113, subdivision 5; 353.33, subdivision 5; 353.656, subdivision 2; and 354.48, subdivision 5, are repealed.

Sec. 6. [EFFECTIVE DATE.]

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

Delete the title and insert:

"A bill for an act relating to retirement; public employees retirement association; offset of disability benefits against workers' compensation benefits; delinquent contributions; police and fire retirement formula; amending Minnesota Statutes 1984, sections 176.021, subdivision 7; 353.27, subdivision 12; 353.651, by adding a subdivision; and 353.656, subdivision 1; repealing Minnesota Statutes 1984, sections 352.113, subdivision 5; 353.33, subdivision 5; 353.656, subdivision 2; and 354.48, subdivision 5."

With the recommendation that when so amended the bill pass.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 1058, A bill for an act relating to natural resources; establishing a youth conservation corps to promote employment of youths and young adults; redefining hazardous waste; increasing the tax on cigarettes; appropriating money for various natural resource-related projects, a youth conservation corps, and lime sludge removal; amending Minnesota Statutes 1984, sections 116.06, subdivision 13; 297.02, subdivision 1; and 297.22, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 84C.

Reported the same back with the following amendments:

Page 2, line 18, delete "*needed*" and after "*assistance*" insert "*without the dislocation of regular employees*"

Page 7, line 28, after the period insert "*The exclusive bargaining representative shall be notified no less than 14 days in advance of any placement of corps members. Prior sign off with respect to job duties of persons placed as corps members shall be obtained from the appropriate exclusive bargaining representative.*

The advisory council shall be given monthly lists of all job placements by the youth conservation corps."

Pages 10 and 11, delete section 6

Page 11, delete line 32 and insert "*sections 6 and 7*"

Page 11, line 34, after "*appropriated*" insert "*annually*"

Page 11, delete line 35

Page 11, line 36, delete "*amounts and for*"

Page 12, line 1, after the period insert "*Expenditures shall be made in the categories of:*

I. Fishing and water management related activities.

II. Land conservation and wildlife habitat improvement.

III. Outdoor recreation related activities.

IV. Youth education and development purposes."

Page 12, delete line 3, and insert:

"Category I $ . . . . . ."

Page 12, delete line 12, and insert:

"Category I ....."

Page 12, delete line 18, and insert:

"Category I ....."

Page 12, line 30, delete everything after the period

Page 12, delete lines 31 through 39

Page 12, delete line 42, and insert:

"Category III ....."

Page 12, delete line 53

Page 13, delete lines 1 through 24

Page 13, delete line 26, and insert:

"Category II ....."

Page 13, delete line 41, and insert:

"Category III ....."

Page 14, delete line 1, and insert:

"Category III ....."

Page 14, delete lines 10 through 25

Page 14, delete line 28, and insert:

"Category I ....."

Page 14, delete line 40, and insert:

"Category III ....."

Page 15, delete line 5, and insert:

"Category II ....."

Page 15, delete lines 13 and 14

Page 15, delete line 16, and insert:

"Category II ....."

Page 15, delete line 29, and insert:

"Category I ....."

Page 15, delete line 39, and insert:

"Category III ....."

Page 15, delete line 48, and insert:

"Category III ....."

Page 16, delete line 6, and insert:

"Category II ....."

Page 16, delete line 19, and insert:

"Category II ....."

Page 16, delete line 37, and insert:

"Category II ....."

Page 16, delete line 51, and insert:

"Category II ....."

Page 17, delete lines 20 through 38, and insert:

"Subd. 20. YOUTH CONSERVATION CORPS.

Category IV .....

For purposes of operating the youth conservation work program.

Subd. 21. GROUNDWATER QUANTIFICATION STUDIES.

Category I .....

Groundwater resources will be evaluated for unquantified aquifer systems having significant current or potential development. Emphasis will be on buried drift aquifer systems consistent with the rec-

ommendations of the former water planning board. A portion of this amount may be used to match the United States Geological Survey for cooperative groundwater studies. A portion may be used for county geologic atlases in accordance with priorities established by the commissioner of natural resources and the director of the Minnesota geological survey.

Subd. 22. WORK PROGRAMS.

It is a condition of acceptance of the appropriations made by this section that the agency or entity receiving the appropriation must submit work programs and semi-annual progress reports in the form determined by the legislative commission on Minnesota resources. None of the money provided in this section may be spent unless the commission has approved the pertinent work program. Upon request from the commission, the agency head shall submit an evaluation by July 1, 1986, as to whether the program should be incorporated in the next agency budget.

Subd. 23. COMPLEMENT TEMPORARY.

Persons employed by a state agency and paid by an appropriation in this section are in the unclassified civil service, and their continued employment is contingent upon the availability of money from the appropriation. When the appropriation has been spent, their positions shall be canceled and the approved complement of the agency reduced accordingly. Part-time employment of persons is authorized.

Sec. 9. [APPROPRIATION.]

$140,000 is appropriated from the general fund to the commissioner of natural resources for the cross country ski trail program to be available until June 30, 1986.

Sec. 10. [EFFECTIVE DATE.]

This act is effective July 1, 1985."

Renumber the subdivisions in sequence

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, delete "redefining hazardous waste;"

Page 1, line 6, after the comma insert "and"

Page 1, line 7, after "corps" delete ", and lime sludge removal"

Page 1, lines 8 and 9, delete "116.06, subdivision 13;"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 1080, A bill for an act relating to economic development; adding definitions to the Minnesota energy and economic development authority law; clarifying purposes of the economic development fund; adding development power and authority; restricting the duties of the energy and economic development authority and enlarging the duties of the commissioner of energy and economic development; extending the life of the Minnesota manufacturing growth council; amending Minnesota Statutes 1984, sections 116M.03, subdivisions 10, 11, 13, and by adding subdivisions; 116M.04, subdivision 1; 116M.06, subdivisions 2, 4, and 11; 116M.07, subdivisions 1, 2, 11, 12, and by adding a subdivision; 116M.08, subdivisions 11, 13, 16, 19, 20, and by adding subdivisions; 116M.10, subdivision 5; 474.01, subdivisions 6, 7b, 8, and 11; and Laws 1984, chapter 654, article 2, section 151, subdivision 5.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 1146, A bill for an act relating to occupations and professions; regulating the licensing of salons for estheticians; amending Minnesota Statutes 1984, section 155A.08, subdivision 2.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

H. F. No. 1161, A bill for an act relating to corporations; providing for access by shareholders to certain corporate records; protecting the privacy of individuals; clarifying legislative intent; amending Minnesota Statutes 1984, section 302A.461, subdivision 5, and by adding subdivisions; repealing Minnesota Statutes 1984, section 302A.461, subdivision 4.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 302A.011, is amended by adding a subdivision to read:

Subd. 40. [PUBLICLY-HELD CORPORATION.] *"Publicly-held corporation" means a corporation which has a class of equity securities registered pursuant to section 12 of the securities exchange act of 1934, as amended through December 31, 1984.*

Sec. 2. Minnesota Statutes 1984, section 302A.461, subdivision 4, is amended to read:

Subd. 4. [RIGHT TO INSPECT.] (a) A shareholder, beneficial owner, or a holder of a voting trust certificate *of a corporation which is not a publicly-held corporation* has an absolute right, upon written demand, to examine and copy, in person or by a legal representative, at any reasonable time:

(1) The share register; and

(2) All documents referred to in subdivision 2.

(b) A shareholder, beneficial owner, or a holder of a voting trust certificate has a right, upon written demand, to examine and copy, in person or by a legal representative, other corporate records at any reasonable time only if the shareholder, beneficial owner, or holder of a voting trust certificate *of a corporation which is not a publicly-held corporation* demonstrates a proper purpose for the examination.

(c) A shareholder, beneficial owner, or a holder of a voting trust certificate of a publicly-held corporation has, upon written demand, stating the purpose thereof and acknowledged or verified in the manner provided in chapter 358, the right at any reasonable time to examine and copy, only upon demonstrating the stated purpose to be a proper purpose, the corporation's share register and other corporate records. The acknowledged or verified demand shall be directed to the corporation at its registered office in this state or at its principal place of business.

(d) For purposes of section 302A.461, a "proper purpose" is one reasonably related to the person's interest as a shareholder, beneficial owner, or holder of a voting trust certificate of the corporation.

Sec. 3. Minnesota Statutes 1984, section 302A.461, is amended by adding a subdivision to read:

Subd. 4b. [OTHER USE PROHIBITED.] *A shareholder, beneficial owner, or holder of a voting trust certificate who has gained access under this section to any corporate record including the share register shall not use nor furnish to another for use any such corporate record or portion of the contents thereof for any purpose other than a proper purpose. Upon application of the corporation, a court in this state may use its equitable powers to issue a protective order or fashion such other relief as may be necessary to enforce the provisions of this subdivision.*

Sec. 4. Minnesota Statutes 1984, section 302A.461, subdivision 5, is amended to read:

Subd. 5. [COST OF COPIES.] Copies of *the share register and* all documents referred to in subdivision 2, *if required to be furnished under this section,* shall be furnished at the expense of the corporation. (A COPY OF THE MOST RECENTLY GENERATED SHARE REGISTER SHALL BE FURNISHED AT THE EXPENSE OF THE CORPORATION IF THE REQUESTING PARTY SHOWS A PROPER PURPOSE.) In all other cases, the corporation may charge the requesting party a reasonable fee to cover the expenses of providing the copy."

Delete the title and insert:

"A bill for an act relating to corporations; providing for access by shareholders to certain corporate records; prohibiting disclosures of corporate records by persons who have gained access for any purpose other than a proper purpose; clarifying legislative intent; amending Minnesota Statutes 1984, sections 302A.011, by adding a subdivision; and 302A.461, subdivisions 4 and 5, and by adding a subdivision."

With the recommendation that when so amended the bill pass.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 1165, A bill for an act relating to retirement; Minneapolis teachers maximum service credit accrual; amendment of articles.

Reported the same back with the following amendments:

Page 1, after line 12, insert:

"Sec. 2. Laws 1979, chapter 109, section 1, as amended by Laws 1981, chapter 157, section 1, is amended to read:

Sec. 1. Authorization is hereby granted in accordance with Minnesota Statutes, Section 354A.12, for the St. Paul teachers retirement fund association to amend its bylaws as follows:

(1) Paragraph 9 of Section 3 of Article IV of the bylaws may be amended to provide a lump sum payment to annuitants and survivor benefit recipients who have been receiving annuities or benefits for at least three years, payable (THREE) *six* months following the end of a fiscal year. The payments shall only be made if the investment income of the fund during the preceding fiscal year was in excess of 5-1/2 percent of the asset value of the fund at the end of that fiscal year. The amount that each eligible annuitant or benefit recipient shall be entitled to receive shall be determined as follows:

((A) THE YEARS OF SERVICE OF EACH ANNUITANT AS CREDITED BY THE FUND AND THE YEARS OF SERVICE OF EACH PERSON ON BEHALF OF WHOM A SURVIVOR BENEFIT IS PAID AS CREDITED BY THE FUND SHALL BE TOTALED;)

((B) THE DOLLAR AMOUNT EQUAL TO ONE-HALF OF ONE PERCENT OF THE ASSET VALUE OF THE FUND AT THE END OF THE PREVIOUS FISCAL YEAR SHALL BE DETERMINED;)

((C) THE DOLLAR AMOUNT DETERMINED PURSUANT TO CLAUSE (B) SHALL BE DIVIDED BY THE AGGREGATE YEARS OF CREDITED SERVICE TOTALED PURSUANT TO CLAUSE (A), THE RESULT TO BE CONSIDERED THE BONUS FIGURE PER YEAR OF SERVICE CREDIT;)

((D) FOR EACH ELIGIBLE ANNUITANT AND BENEFIT RECIPIENT, THE PAYMENT SHALL BE EQUAL TO THE BONUS FIGURE PER YEAR OF SERVICE CREDIT DETERMINED PURSUANT TO CLAUSE (C) MULTIPLIED BY EACH YEAR OF SERVICE CREDITED FOR THAT PERSON BY THE FUND.)

((2) A NEW PARAGRAPH MAY BE ADDED TO SECTION 2 OF ARTICLE IV OF THE BYLAWS TO PROVIDE THAT ANY ACTIVE MEMBER OF THE FUND WITH SERVICE CREDIT PRIOR TO JULY 1, 1978 WHO ELECTS IN THE SOCIAL SECURITY REFERENDUM TO BECOME A

COORDINATED MEMBER SHALL BE ENTITLED TO A RETIREMENT ANNUITY WHEN OTHERWISE QUALIFIED, THE CALCULATION OF WHICH SHALL UTILIZE THE FORMULA SPECIFIED IN LAWS 1977, CHAPTER 429, SECTION 61 FOR THAT PORTION OF CREDITED SERVICE WHICH WAS SERVED PRIOR TO JULY 1, 1978 AND THE NEW COORDINATED FORMULA SPECIFIED IN THE BYLAWS FOR THE REMAINDER OF CREDITED SERVICE, BOTH APPLIED TO THE AVERAGE SALARY AS SPECIFIED IN PARAGRAPH 2 OF SECTION 1 OF ARTICLE IX. THE FORMULA PERCENTAGES TO BE USED IN CALCULATING THE COORDINATED PORTION OF A RETIREMENT ANNUITY ON COORDINATED SERVICE SHALL RECOGNIZE THE COORDINATED SERVICE AS A CONTINUATION OF ANY SERVICE PRIOR TO JULY 1, 1978.)

((3) PARAGRAPH 5 OF SECTION 3 OF ARTICLE IV OF THE BYLAWS IN EFFECT ON JUNE 1, 1978 MAY BE AMENDED TO PROVIDE THAT THE RECOMPUTATION OF A DISABILITY BENEFIT IN AN AMOUNT EQUAL TO A SERVICE PENSION SHALL OCCUR WHEN THE MEMBER ATTAINS THE AGE OF 60 YEARS AND SHALL BE RECOMPUTED WITHOUT ANY REDUCTION FOR EARLY RETIREMENT, AND THAT IF THE DISABILITY TERMINATES PRIOR TO AGE 60 THE MEMBER SHALL BE ELIGIBLE FOR BENEFITS AS PROVIDED IN PARAGRAPH 1 OF SECTION 3 OF ARTICLE IV AND THE YEARS OF SERVICE AND FINAL AVERAGE SALARY ACCRUED TO DISABILITY TERMINATION DATE WOULD BE USED AS PROVIDED IN PARAGRAPH 5 OF SECTION 3 OF ARTICLE IV OF THE BYLAWS IN EFFECT JUNE 1, 1978 AND THAT PARAGRAPH 3 OF SECTION 4 OF ARTICLE IV BE AMENDED TO CONFORM TO THIS PROVISION.)

((4) ARTICLE VIII OF THE BYLAWS IN EFFECT JULY 1, 1978 MAY BE AMENDED BY ADDING A NEW SECTION 5 PROVIDING AUGMENTATION OF BENEFITS IN THE SAME MANNER AS MINNESOTA STATUTES 1978, SECTION 354.55, SUBDIVISION 11.)

(a) the years of service of each annuitant as credited by the fund and the years of service of each person on behalf of whom a survivor benefit is paid as credited by the fund and the years receiving payments shall be totaled;

(b) the dollar amount equal to up to one percent of the asset value of the fund at the end of the previous fiscal year shall be determined by the board of trustees;

(c) the dollar amount determined pursuant to clause (b) shall be divided by the aggregate years of credited service and years receiving payments in a manner determined by the board

of trustees pursuant to clause (a), the result is to be considered the bonus figure per unit;

(d) for each eligible annuitant and benefit recipient, the bonus payment shall be equal to the bonus figure per unit determined pursuant to clause (c) multiplied by the combination of years of service and years receiving payments as determined by the board of trustees based on the records of the fund.

Sec. 3. [EFFECTIVE DATE.]

Section 2 is effective the day following enactment."

Amend the title as follows:

Page 1, line 3, after "articles" insert "; St. Paul teachers retirement fund association lump sum payments to annuitants and disabilitants; amending Laws 1979, chapter 109, section 1, as amended"

With the recommendation that when so amended the bill pass.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 1183, A bill for an act relating to game and fish; prohibiting harassment of hunters and anglers; providing penalties: proposing coding for new law in Minnesota Statutes, chapter 97.

Reported the same back with the following amendments:

Page 2, line 8, delete "*gross*"

Page 2, delete lines 9 to 22"

With the recommendation that when so amended the bill pass.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 1188, A bill for an act relating to Cass county; providing authority for tourism and agriculture promotion; permitting a property tax levy.

Reported the same back with the following amendments:

Page 1, after line 14, insert:

"Sec. 2. [REVERSE REFERENDUM.]

If the Cass county board intends to exercise the authority provided by section 1 in subsequent years, it shall pass a resolution stating the fact before January 1, 1986. Thereafter, the resolution shall be published for two successive weeks in the official newspaper of the county or, if there is no official newspaper, in a newspaper of general circulation in the county, together with a notice fixing a date for a public hearing on the matter. The hearing shall be held not less than two weeks nor more than four weeks after the first publication of the resolution. Following the public hearing, the county may determine to take no further action or, in the alternative, adopt a resolution confirming its intention to exercise the authority. That resolution shall also be published in the official newspaper of the county or, if there is no official newspaper, in a newspaper of general circulation in the county. If within 30 days thereafter a petition signed by voters equal in number to five percent of the votes cast in the county in the last general election requesting a vote on the proposed resolution is filed with the clerk, the resolution shall not be effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a special or general election prior to December 1, 1986."

Renumber the remaining section

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 1198, A bill for an act relating to local government; authorizing the creation of a youth coordinating board in the city of Minneapolis.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 1199, A bill for an act relating to the city of New Brighton; providing an exception from the New Brighton police civil service system for the chief and deputy chief of police.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

H. F. No. 1214, A bill for an act relating to courts; providing for the recovery of costs, disbursements, and attorney fees from the state when a statute is declared unconstitutional; proposing coding for new law in Minnesota Statutes, chapter 549.

Reported the same back with the following amendments:

Page 1, line 10, delete "*the*" and insert "*a*" and after "*finds*" insert "*or affirms that*"

Page 1, line 11, after "*statute*" insert "*is*"

Page 1, line 13, delete "*a private individual who is a*" and insert "*the*"

Page 1, line 14, delete "*and*"

Page 1, line 15, delete "*The state is not liable under*"

Page 1, delete lines 16 to 18

Page 1, line 19, delete "*or other entity.*"

Page 1, line 23, delete "*join the state as a party to the action*" and insert "*, when the state or an officer, agency, or employee of the state is not a party to the action, notify the attorney general of the constitutional challenge within sufficient time to allow the state to intervene*"

Page 2, after line 1, insert:

"*Any award ordered by a court pursuant to this section is effective the day after time for appeal of a final decision has*

run, except an award ordered by the Minnesota or United States supreme court is effective on the date of decision. An appellate court may modify the amount ordered by a lower court."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 1226, A bill for an act relating to local government; permitting land transfers between Ramsey county and the town of White Bear.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 1235, A bill for an act relating to state lands; authorizing conveyance of certain state trail lands no longer needed for trails; amending Laws 1981, chapter 190, section 3.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 1236, A bill for an act relating to licensed occupations; requiring a certified signature on final documents prepared by certain licensed professionals; amending Minnesota Statutes 1984, section 326.12, subdivision 3.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 1248, A bill for an act relating to state parks; concession fees at Fort Snelling State Park.

Reported the same back with the following amendments:

Page 1, line 10, delete "*with no increase in fee*" and insert "*; provided that, the compensation for the first year of the renewal shall be $3,500 and the maximum cap for each year thereafter shall be increased five percent above the preceding year*"

Page 1, line 11, delete "*July*" and insert "*December*"

With the recommendation that when so amended the bill pass.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 1256, A bill for an act relating to natural resources; altering certain provisions regarding water permit fees; amending Minnesota Statutes 1984, section 105.44, subdivision 10.

Reported the same back with the following amendments:

Page 1, line 12, after "*amend*" delete the comma and insert "*or*" and delete "*, or extend the duration of*"

Page 1, line 15, after "*amend*" delete the comma and insert "*or*" and delete "*, or*"

Page 1, line 16, delete "*extend*"

Page 2, line 1, reinstate the stricken "may" and delete "*shall*"

Page 2, line 2, after "$25" insert "*nor more than $750*"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Heap from the Committee on Labor-Management Relations to which was referred:

H. F. No. 1262, A bill for an act relating to occupational safety and health; prescribing duties of employers and of employees;

providing for standards; providing for the use of investigative information; providing for enforcement mechanisms; amending Minnesota Statutes 1984, sections 182.651, subdivision 14; 182.653, subdivisions 4a, 4b, 4c, 4e, and 4f; 182.654, subdivision 11; 182.655, subdivisions 10 and 10a; 182.659, by adding a subdivision; 182.661, subdivision 1, and by adding a subdivision; 182.668, subdivision 1; and 182.669, subdivision 1.

Reported the same back with the following amendments:

Page 1, line 25, after the stricken "or" insert a semicolon

Page 2, line 33, strike "or agents"

Page 12, delete lines 6 to 11 and insert:

"*Subd. 8. Neither the commissioner nor any employee of the department is subject to subpoena for purposes of inquiry into any occupational safety and health inspection except in enforcement proceedings brought under this chapter. All written information, documentation and reports gathered or prepared by the department pursuant to an occupational safety and health inspection are public information once the departmental inspection file is closed.*"

Page 14, after line 4, insert:

"Sec. 15. [EFFECTIVE DATE.]

The repeal of the small business exemption in section 3 is effective November 26, 1985."

With the recommendation that when so amended the bill pass.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 1263, A resolution memorializing the President and Congress of the United States to take immediate steps to reduce acid deposition.

Reported the same back with the following amendments:

Page 1, line 23, after "Forest," insert "Chippewa National Forest,"

With the recommendation that when so amended the bill pass.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 1273, A bill for an act relating to the city of Edina; providing that survivors' benefits of firemen's service association be paid as provided by general law; repealing Laws 1965, chapter 592, section 4, as amended.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Heap from the Committee on Labor-Management Relations to which was referred:

H. F. No. 1280, A bill for an act relating to labor; providing for fair labor standard practice; providing penalties; amending Minnesota Statutes 1984, sections 177.23, subdivisions 4 and 7; 177.24, subdivisions 3, 4, and 5; 177.27; 177.28, subdivision 4; 177.32, subdivision 1; 181.79, subdivision 1; 181A.04, subdivision 3; and 181A.12, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 181.

Reported the same back with the following amendments:

Page 12, after line 14, insert:

"Sec. 14. [REPEALER.]

Minnesota Statutes 1984, sections 184A.01, 184A.02, 184A.03, 184A.04, 184A.05, 184A.06, 184A.07, 184A.08, 184A.09, 184A.10, 184A.11, 184A.12, 184A.13, 184A.14, 184A.15, 184A.16, 184A.17, 184A.18, 184A.19, and 184A.20 are repealed.

Sec. 15. [EFFECTIVE DATE.]

Section 9 is effective January 1, 1986. Sections 1 to 8 and 10 to 14 are effective the day following final enactment."

Amend the title as follows:

Page 1, line 9, after "181" insert "; repealing Minnesota Statutes 1984, chapter 184A"

With the recommendation that when so amended the bill pass.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 1287, A bill for an act relating to the environment; providing a PCB amnesty program; prohibiting installation of PCB products in public buildings; requiring PCB products to be removed from public buildings according to a schedule; providing for notification of fire departments of PCB products; providing for burning of PCB oil; appropriating money; amending Minnesota Statutes 1984, sections 116.36, subdivision 1, and by adding subdivisions; and 116.37, subdivisions 1, 2, 3, 4, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 116.

Reported the same back with the following amendments:

Page 4, line 16, after "*from*" insert "*within*"

Page 4, delete lines 26 to 29

Page 4, line 30, delete "*4*" and insert "*3*"

Page 4, line 31, after "*PCB*" insert "*, which can be repaired to contain less than one kilogram of PCB,*"

Page 4, line 32, after the period delete "*The*" and insert "*PCB products that are removed and cannot be repaired to contain less than one kilogram of PCB shall not be reinstalled.*"

Page 4, delete line 33

Page 5, line 10, before the period insert "*and may prohibit the burning of PCB oil if the director determines that the person that has the permit to operate the facility cannot ensure that the facility can maintain United States Environmental Protection Agency specifications*"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 1321, A bill for an act relating to natural resources; altering certain revenue and fee provisions for state parks, recreation areas, and waysides; amending Minnesota Statutes 1984, sections 85.05, subdivisions 1 and 2; and 85.22, subdivision 2a.

Reported the same back with the following amendments:

Page 3, line 25, delete "*officer,*"

Page 3, line 26, before "*or*" insert "*peace officer,*"

Page 3, line 28, after "The" insert "*peace*"

Page 4, line 33, delete "*November*" and insert "*July*"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 1336, A bill for an act relating to retirement; granting the authority to firefighter relief associations in cities of the first class to elect retired members to the associations' board of directors; amending Minnesota Statutes 1984, section 69.26.

Reported the same back with the following amendments:

Page 1, line 26, delete the comma and insert "*and*"

Page 1, line 26, delete everything after the period

Page 2, delete lines 1 through 3

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 1337, A bill for an act relating to retirement; providing for the return to work of a police officer, firefighter and the provision of service credit for certain periods of disability; amending Minnesota Statutes 1984, section 423A.15.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 1340, A bill for an act relating to wild animals; increasing certain game, fish, and related license and other fees; amending Minnesota Statutes 1984, sections 97.4841, subdivision 3; 97.4842, subdivision 2; 98.46, subdivisions 2 and 14; 98.47, subdivision 1; and 100.271, subdivision 2.

Reported the same back with the following amendments:

Page 2, lines 4 to 8, delete the new language

Page 2, lines 10 to 13, delete the new language

Page 2, line 18, before the period insert ". *The surcharge imposed by section 97.86 does not apply to residents who have attained the age of 65 years;*

(9) to take fish by angling or spearing, if 65 years of age or older, $3"

Page 2, line 29, reinstate the stricken language and delete the new language

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 1367, A bill for an act relating to historical interpretive centers; conforming certain laws to a name change; amending Minnesota Statutes 1984, section 138.93, subdivision 3.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 1368, A bill for an act relating to public safety; education; appropriating money to design a rural emergency response training facility.

Reported the same back with the following amendments:

Page 1, line 9, after "*design*" insert "*and construct*"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 1369, A bill for an act relating to retirement; Moorhead police and firefighters relief associations; consolidation into the public employees police and fire fund; terminating the special fund of the Moorhead firefighters relief association; transferring of assets and records; repealing Laws 1945, chapter 277; Laws 1951, chapter 499; Laws 1955, chapter 75; Laws 1965, chapter 190; Laws 1967, chapter 775; Laws 1969, chapter 138; Laws 1975, chapter 120; Laws 1978, chapter 563, section 8; Laws 1979, chapter 216, sections 27 to 43; Laws 1980, chapter 600, section 16; Laws 1981, chapter 224, section 236; and Laws 1982, chapter 578, article 3, section 18.

Reported the same back with the following amendments:

Page 1, line 20, after "*firefighters*" insert "*or deferred recipients*"

Page 2, line 2, delete "*July*" and insert "*August*"

Page 2, line 33, delete "*, and deferred recipients,*"

Page 3, line 27, delete everything after "*fund*" and insert "*by July 31, 1985.*"

Page 3, delete lines 28 and 29, and insert:

"*Future adjustments, pursuant to section 11A.18, must be calculated on the annuity or benefit amount payable by either relief association in July 1985. For the purposes of determining and paying the January 1, 1986, adjustment from the postretirement fund, the adjustment must be calculated as though June 30, 1984, were the effective date of retirement for each postfund recipient.*

The required reserves for the January 1, 1986, increase determined using a five percent interest assumption and the applicable police and fire fund mortality table shall be transferred by the police and fire fund to the postretirement fund on January 1, 1986. If any assets remain"

Page 7, line 4, after "*Moorhead*" insert "*police officer or*"

Page 7, after line 13, insert:

"Sec. 8. Minnesota Statutes 1984, section 423A.02, is amended to read:

423A.02 [LOCAL POLICE AND FIREFIGHTERS' RELIEF ASSOCIATION AMORTIZATION STATE AID.]

Subdivision 1. Any municipality in which is located a local police or salaried firefighters' relief association to which the provisions of section 69.77, apply, unless the municipality has adopted a municipal resolution retaining the local relief association pursuant to section 423A.01, subdivision 1, shall be entitled upon (ANNUAL) application (ON OR BEFORE THE DATE SPECIFIED) *as required* by the commissioner of finance 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. The amount of (LOCAL POLICE AND SALARIED FIREFIGHTERS' RELIEF ASSOCIATION) amortization state aid to which a municipality is entitled annually shall be an amount equal to the level annual dollar amount required to amortize, by December 31, 2010, the unfunded accrued liability of the special fund of the appropriate relief association as reported in the (MOST RECENT) *December 31, 1978,* actuarial valuation of the relief association prepared pursuant to Minnesota Statutes (1978), sections 356.215 and 356.216, (AND FILED WITH THE COMMISSIONER OF COMMERCE ON THE DATE OF FINAL ENACTMENT OF LAWS 1980, CHAPTER 607,) reduced by the dollar amount required to pay the interest on the unfunded accrued liability of the special fund of the relief association for (THE) calendar year (NEXT FOLLOWING THE DATE OF FINAL ENACTMENT OF LAWS 1980, CHAPTER 607,) *1981* set at the rate specified in Minnesota Statutes 1978, section 356.-215, subdivision 4, clause (4). Payment of (LOCAL POLICE AND SALARIED FIREFIGHTERS' RELIEF ASSOCIATION) amortization state aid to municipalities shall be made directly to the municipalities involved in four equal installments on March 15, July 15, September 15 and November 15 annually. Upon receipt of (THE LOCAL POLICE AND SALARIED FIREFIGHTERS' RELIEF ASSOCIATION) 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. The commissioner of finance shall prescribe and periodically revise the form for and content of the (ANNUAL) application for the (LOCAL POLICE AND SALARIED FIREFIGHTERS' RELIEF ASSOCIATION) amortization state aid. The amounts required to pay the (LOCAL POLICE AND SALARIED FIREFIGHTERS' RELIEF ASSO-

CIATION) amortization state aid are hereby annually appropriated from the general fund to the commissioner of finance.

Subd. 2. Any municipality which has qualified for amortization state aid under subdivision 1 shall continue upon application to be entitled to receive the aid after the local police or salaried firefighters' relief association has been consolidated into the public employees police and fire fund."

Renumber the remaining section

Amend the title as follows:

Page 1, line 3, after the semicolon insert "clarifying receipt of amortization state aid;"

Page 1, after line 6, insert "amending Minnesota Statutes 1984, section 423A.02;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

H. F. No. 1382, A bill for an act relating to courts; providing for transcript fees in the second judicial district; amending Minnesota Statutes 1984, section 486.06; proposing coding for new law in Minnesota Statutes, chapter 486.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 486.06, is amended to read:

486.06 [CHARGE FOR TRANSCRIPT.]

In addition to the salary specified in section 486.05, the court reporter may charge for a transcript of his or her record ordered by any person other than the judge 50 cents per original folio thereof and ten cents per folio for each manifold or other copy thereof when so ordered that it can be made with the original transcript. *The chief judge of the judicial district may by order establish new transcript fee ceilings annually."*

Amend the title as follows:

Page 1, line 4, delete everything after "486.06"

Page 1, line 5, delete everything before the period

With the recommendation that when so amended the bill pass.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 1404, A bill for an act relating to retirement; teachers; participation in variable annuity division; amending Minnesota Statutes 1984, section 354.62, subdivision 2; repealing Minnesota Statutes 1984, section 354.621.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 56, 229, 237, 325, 330, 380, 543, 606, 607, 649, 760, 773, 784, 907, 970, 1009, 1033, 1040, 1080, 1146, 1161, 1165, 1183, 1198, 1199, 1226, 1235, 1236, 1248, 1262, 1263, 1273, 1280, 1336, 1337, 1367, 1369, 1382 and 1404 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 625, 679 and 635 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Dimler, Quinn, Fjoslien, Uphus and Beard introduced:

H. F. No. 1516, A bill for an act relating to veterans; clarifying certain veteran benefit definitions to include veterans who have served in the Grenada campaign or with the peacekeeping forces in the Lebanon campaign; amending Minnesota Statutes 1984, sections 136C.13, subdivision 3; 198.01; and 462A.05, subdivision 19.

The bill was read for the first time and referred to the Committee on General Legislation and Veterans Affairs.

Brandl introduced:

H. F. No. 1517, A bill for an act relating to health; requiring licensure of home care agencies; providing a home care bill of rights; providing a complaint procedure for home care clients; appropriating money; amending Minnesota Statutes 1984, sections 144A.51, by adding a subdivision; 144A.52, subdivision 3; 144A.53, subdivisions 1, 2, 3, and 4; 144A.54, subdivision 1; 626.557, subdivision 2; and proposing coding for new law in Minnesota Statutes, chapter 144A.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Knickerbocker, Sviggum, Simoneau and Gutknecht introduced:

H. F. No. 1518, A bill for an act relating to retirement; defining and providing for the payment of disability benefits to members of the teachers retirement association for occupational disability; amending Minnesota Statutes 1984, sections 354.05, by adding a subdivision; and 354.48, subdivisions 1, 2, 3, 4, 6, 7, and 10.

The bill was read for the first time and referred to the Committee on Governmental Operations.

Munger, Boo, Jaros, Battaglia and Carlson, D., introduced:

H. F. No. 1519, A bill for an act relating to transportation; appropriating money for support of AMTRAK.

The bill was read for the first time and referred to the Committee on Transportation.

Knickerbocker, Sviggum, Simoneau and Gutknecht introduced:

H. F. No. 1520, A bill for an act relating to retirement; teachers variable annuity fund transfers and repayments; amending Minnesota Statutes 1984, section 354.146, subdivision 1, and by adding subdivisions.

The bill was read for the first time and referred to the Committee on Governmental Operations.

Knickerbocker, Sviggum, Simoneau and Gutknecht introduced:

H. F. No. 1521, A bill for an act relating to retirement; making various administrative changes in the law governing the teachers retirement association; amending Minnesota Statutes 1984, sections 354.44, subdivision 5; 354.48, subdivisions 3, 6, and 7; 354.49, subdivision 2; and 354.55, subdivision 11.

The bill was read for the first time and referred to the Committee on Governmental Operations.

Wenzel introduced:

H. F. No. 1522, A bill for an act relating to taxation; property; extending the exemption for certain property held by a municipality.

The bill was read for the first time and referred to the Committee on Taxes.

Bishop introduced:

H. F. No. 1523, A bill for an act relating to state government; shifting the department of administration's plant management operations from the general fund to the general services revolving fund; amending Minnesota Statutes 1984, sections 16B.24, subdivision 5, and 16B.48, subdivision 2.

The bill was read for the first time and referred to the Committee on Governmental Operations.

Wenzel introduced:

H. F. No. 1524, A bill for an act relating to retirement; public employees police and fire fund; rule of 75; amending Minnesota Statutes 1984, section 353.651, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Governmental Operations.

Jacobs introduced:

H. F. No. 1525, A bill for an act relating to crimes; prohibiting sale, possession or use of electric weapons; exempting law enforcement agencies and peace officers from the possession and use prohibition; prescribing penalties; proposing coding for new law in Minnesota Statutes, chapter 624.

The bill was read for the first time and referred to the Committee on Crime and Family Law.

Halberg, Knickerbocker, Jacobs, Valento and Blatz introduced:

H. F. No. 1526, A bill for an act relating to taxation; income; changing the pension exclusion; amending Minnesota Statutes 1984, sections 290.01, subdivision 20b; and 290.08, subdivision 26.

The bill was read for the first time and referred to the Committee on Taxes.

Neuenschwander; Carlson, D.; Battaglia; Schoenfeld and Begich introduced:

H. F. No. 1527, A bill for an act relating to game and fish; priority of senior citizens for certain percentage of doe permits; amending Minnesota Statutes 1984, section 97.48, subdivision 24.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Neuenschwander; Rose; Carlson, D.; Battaglia and Schoenfeld introduced:

H. F. No. 1528, A bill for an act relating to natural resources; designating the white-tailed deer as the official state mammal; proposing coding for new law in Minnesota Statutes, chapter 1.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Minne, Begich and Marsh introduced:

H. F. No. 1529, A bill for an act relating to taxation; providing for state reimbursement of local taxing districts for property tax refunds paid to railroads; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 278.

The bill was read for the first time and referred to the Committee on Taxes.

Neuenschwander; Carlson, D.; Battaglia; Zaffke and Begich introduced:

H. F. No. 1530, A bill for an act relating to natural resources; providing emergency assistance for loggers of state timber who are in serious distress due to abrupt closure of certain timber processing plants; specifying powers and duties of the commissioner of natural resources; appropriating money.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Redalen, McDonald, Dyke, Quist and Valan introduced:

H. F. No. 1531, A bill for an act relating to taxation; income; exempting capital gains from certain forced sales of farms; amending Minnesota Statutes 1984, section 290.01, subdivision 20b.

The bill was read for the first time and referred to the Committee on Taxes.

Neuenschwander, Zaffke, Munger, Schoenfeld and Ogren introduced:

H. F. No. 1532, A bill for an act relating to game and fish; imposing a natural resources surcharge upon fines for game and fish violations; allocating the proceeds; amending Minnesota Statutes 1984, sections 97.49, by adding subdivisions; and 97.81, subdivision 1.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Halberg, Boo, Beard and Solberg introduced:

H. F. No. 1533, A bill for an act relating to taxes; exempting sales of electricity used to make ski snow from the sales tax; amending Minnesota Statutes 1984, section 297A.25, subdivision 1.

The bill was read for the first time and referred to the Committee on Taxes.

Rest, Cohen, Backlund, Shaver and Riveness introduced:

H. F. No. 1534, A bill for an act relating to cable communications; facilitating the activation of the metropolitan area interconnected regional cable channel; appropriating money; amending Minnesota Statutes 1984, sections 238.05, subdivision 2; 473.129, subdivision 6; proposing coding for new law as Minnesota Statutes, chapter 238A.

The bill was read for the first time and referred to the Committee on Regulated Industries and Energy.

McKasy, Metzen and Valento introduced:

H. F. No. 1535, A bill for an act relating to the environment; decreasing local government charges for infiltrated water in a combined metropolitan storm and sewage disposal system; amending Minnesota Statutes 1984, section 473.517, subdivision 2.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Welle introduced:

H. F. No. 1536, A bill for an act relating to retirement; membership of county historical society employees in the public employees retirement association; amending Minnesota Statutes 1984, section 353.01, subdivision 2a.

The bill was read for the first time and referred to the Committee on Governmental Operations.

Marsh introduced:

H. F. No. 1537, A bill for an act relating to economic development; authorizing the energy and economic development authority to make loans for health care equipment; amending Minnesota Statutes 1984, sections 116M.02; 116M.03, by adding subdivisions; and 116M.07, subdivision 1, and by adding subdivisions.

The bill was read for the first time and referred to the Committee on Commerce and Economic Development.

Uphus, by request, introduced:

H. F. No. 1538, A bill for an act relating to agriculture; providing for minimum prices for agricultural commodities under certain conditions; establishing a legislative task force on farm commodity pricing; imposing penalties; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 17.

The bill was read for the first time and referred to the Committee on Agriculture.

Sarna introduced:

H. F. No. 1539, A bill for an act relating to veterans; providing a bonus for veterans of World War I; appropriating money; providing for the issuance of bonds; amending Minnesota Statutes 1984, sections 197.972; 197.973, subdivision 2; 197.975, subdivision 3; 197.978, subdivision 4; and 197.985.

The bill was read for the first time and referred to the Committee on General Legislation and Veterans Affairs.

Nelson, K., introduced:

H. F. No. 1540, A bill for an act relating to children; requiring an interagency program to deal with the multifaceted problems of children in need; authorizing pilot programs in ten communities; appropriating money.

The bill was read for the first time and referred to the Committee on Education.

Riveness introduced:

H. F. No. 1541, A bill for an act relating to human services; requiring the commissioner of human services to establish services for the care of brain damaged adults; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 252B.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Hartinger introduced:

H. F. No. 1542, A bill for an act relating to solid waste; prohibiting the operation, construction, and expansion of a waste facility in the town of Oak Grove; providing for local approval.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Boo; Munger; Jennings, D.; Battaglia and Carlson, D., introduced:

H. F. No. 1543, A bill for an act relating to the establishment of a convention center in the city of Duluth; appropriating money.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Hartinger introduced:

H. F. No. 1544, A bill for an act relating to solid waste; prohibiting the operation, construction, and expansion of a waste facility in the city of Andover; providing for local approval.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Piper and Anderson, R., introduced:

H. F. No. 1545, A bill for an act relating to health; providing a statewide emergency medical services fund; requiring certain distribution of the fund; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 144.

The bill was read for the first time and referred to the Committee on Health and Human Services.

CONSENT CALENDAR

H. F. No. 18, A bill for an act relating to game and fish; authorizing resident licenses for trainees at Camp Ripley during open seasons; amending Minnesota Statutes 1984, section 98.47, subdivision 3.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Backlund	Forsythe	Levi	Pappas	Skoglund
Battaglia	Frederick	Lieder	Pauly	Solberg
Beard	Frederickson	Long	Peterson	Sparby
Becklin	Frerichs	Marsh	Piepho	Sviggum
Begich	Greenfield	McDonald	Piper	Thiede
Bennett	Gruenes	McEachern	Poppenhagen	Thorson
Blatz	Gutknecht	McKasy	Price	Tjornhom
Boerboom	Hartinger	McPherson	Quinn	Tomlinson
Boo	Hartle	Metzen	Quist	Tompkins
Brandl	Haukoos	Miller	Redalen	Tunheim
Brinkman	Heap	Minne	Rees	Uphus
Brown	Himle	Munger	Rest	Valan
Burger	Jacobs	Murphy	Rice	Valento
Carlson, J.	Jaros	Nelson, D.	Richter	Vanasek
Carlson, L.	Jennings, L.	Nelson, K.	Riveness	Vellenga
Clark	Johnson	Neuenschwander	Rodosovich	Voss
Clausnitzer	Kahn	Norton	Rose	Waltman
Cohen	Kalis	Ogren	Sarna	Welle
Dempsey	Kelly	Olsen, S.	Schafer	Wenzel
DenOuden	Kiffmeyer	Olson, E.	Scheid	Wynia
Dimler	Knickerbocker	Omann	Schoenfeld	Zaffke
Dyke	Knuth	Onnen	Seaberg	Spk. Jennings, D.
Elioff	Kostohryz	Osthoff	Shaver	
Erickson	Krueger	Otis	Sherman	
Fjoslien	Kvam	Ozment	Simoneau	

The bill was passed and its title agreed to.

H. F. No. 645 was reported to the House.

There being no objection H. F. No. 645 was temporarily laid over on the Consent Calendar.

H. F. No. 852, A bill for an act relating to state lands; directing conveyance of an easement over certain state lands to the city of Duluth.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Backlund	Fjoslien	Kvam	Pappas	Skoglund
Battaglia	Forsythe	Levi	Pauly	Solberg
Beard	Frederick	Lieder	Peterson	Sparby
Becklin	Frederickson	Long	Piepho	Sviggum
Begich	Frerichs	Marsh	Piper	Thiede
Bennett	Greenfield	McDonald	Poppenhagen	Thorson
Blatz	Gruenes	McEachern	Price	Tjornhom
Boerboom	Gutknecht	McPherson	Quinn	Tomlinson
Boo	Hartinger	Metzen	Quist	Tompkins
Brandl	Hartle	Miller	Redalen	Tunheim
Brinkman	Haukoos	Minne	Rees	Uphus
Brown	Heap	Munger	Rest	Valan
Burger	Himle	Murphy	Rice	Valento
Carlson, D.	Jacobs	Nelson, D.	Richter	Vanasek
Carlson, J.	Jaros	Nelson, K.	Riveness	Vellenga
Carlson, L.	Jennings, L.	Neuenschwander	Rodosovich	Voss
Clark	Johnson	Norton	Rose	Waltman
Clausnitzer	Kahn	Ogren	Sarna	Welle
Cohen	Kalis	Olsen, S.	Schafer	Wenzel
Dempsey	Kelly	Olson, E.	Scheid	Wynia
DenOuden	Kiffmeyer	Omann	Seaberg	Zaffke
Dimler	Knickerbocker	Onnen	Segal	Spk. Jennings, D.
Dyke	Knuth	Osthoff	Shaver	
Elioff	Kostohryz	Otis	Sherman	
Erickson	Krueger	Ozment	Simoneau	

The bill was passed and its title agreed to.

H. F. No. 968, A bill for an act relating to education; permitting payroll deductions in the state university system for a certain nonprofit university foundation; proposing coding for new law in Minnesota Statutes, chapter 136.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 120 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Backlund	Cohen	Heap	McDonald	Otis
Battaglia	Dempsey	Himle	McEachern	Ozment
Beard	DenOuden	Jacobs	McPherson	Pappas
Becklin	Dimler	Jaros	Metzen	Pauly
Begich	Dyke	Jennings, L.	Miller	Peterson
Bennett	Elioff	Johnson	Minne	Piepho
Blatz	Erickson	Kahn	Munger	Piper
Boerboom	Fjoslien	Kalis	Murphy	Poppenhagen
Boo	Forsythe	Kiffmeyer	Nelson, D.	Price
Brandl	Frederick	Knickerbocker	Nelson, K.	Quinn
Brinkman	Frederickson	Knuth	Neuenschwander	Quist
Brown	Frerichs	Kostohryz	Norton	Redalen
Burger	Greenfield	Krueger	Ogren	Rees
Carlson, D.	Gruenes	Kvam	Olsen, S.	Rest
Carlson, J.	Gutknecht	Levi	Olson, E.	Rice
Carlson, L.	Hartinger	Lieder	Omann	Richter
Clark	Hartle	Long	Onnen	Riveness
Clausnitzer	Haukoos	Marsh	Osthoff	Rodosovich

Rose	Shaver	Sviggum	Tunheim	Voss
Schafer	Sherman	Thiede	Uphus	Waltman
Scheid	Simoneau	Thorson	Valan	Welle
Schoenfeld	Skoglund	Tjornhom	Valento	Wenzel
Seaberg	Solberg	Tomlinson	Vanasek	Zaffke
Segal	Sparby	Tompkins	Vellenga	Spk. Jennings, D.

The bill was passed and its title agreed to.

H. F. No. 985, A bill for an act relating to human services; expanding time of eligibility for aid for unborn children; authorizing prenatal care payments; amending Minnesota Statutes 1984, section 256.73, subdivision 5.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Erickson	Krueger	Otis	Shaver
Backlund	Fjoslien	Kvam	Ozment	Sherman
Battaglia	Forsythe	Levi	Pappas	Simoneau
Beard	Frederick	Lieder	Pauly	Skoglund
Becklin	Frederickson	Long	Peterson	Solberg
Begich	Frerichs	Marsh	Piepho	Sparby
Bennett	Greenfield	McDonald	Piper	Sviggum
Bishop	Gruenes	McEachern	Poppenhagen	Thiede
Blatz	Gutknecht	McLaughlin	Price	Thorson
Boerboom	Hartinger	McPherson	Quinn	Tjornhom
Brandl	Hartle	Metzen	Quist	Tomlinson
Brinkman	Haukoos	Miller	Redalen	Tompkins
Brown	Heap	Minne	Rees	Tunheim
Burger	Himle	Munger	Rest	Uphus
Carlson, D.	Jacobs	Murphy	Rice	Valan
Carlson, J.	Jaros	Nelson, D.	Richter	Valento
Carlson, L.	Jennings, L.	Nelson, K.	Riveness	Vanasek
Clark	Johnson	Neuenschwander	Rodosovich	Vellenga
Clausnitzer	Kahn	Norton	Rose	Voss
Cohen	Kalis	Ogren	Sarna	Waltman
Dempsey	Kelly	Olsen, S.	Schafer	Welle
DenOuden	Kiffmeyer	Olson, E.	Scheid	Wenzel
Dimler	Knickerbocker	Omann	Schoenfeld	Wynia
Dyke	Knuth	Onnen	Seaberg	Zaffke
Elioff	Kostohryz	Osthoff	Segal	Spk. Jennings, D.

The bill was passed and its title agreed to.

H. F. No. 645 which was temporarily laid over earlier today on the Consent Calendar was again reported to the House.

H. F. No. 645, A bill for an act relating to crimes; specifying the effect of and the procedure for issuing an order of restitution; amending Minnesota Statutes 1984, section 611A.04, subdivision 3; proposing coding for new law in chapter 611A.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Fjoslien	Kvam	Ozment	Simoneau
Backlund	Forsythe	Levi	Pappas	Skoglund
Battaglia	Frederick	Lieder	Pauly	Solberg
Beard	Frederickson	Long	Peterson	Sparby
Becklin	Frerichs	Marsh	Piepho	Sviggum
Begich	Greenfield	McDonald	Piper	Thiede
Bennett	Gruenes	McEachern	Poppenhagen	Thorson
Bishop	Gutknecht	McKasy	Price	Tjornhom
Blatz	Halberg	McLaughlin	Quinn	Tomlinson
Boerboom	Hartinger	McPherson	Quist	Tompkins
Brandl	Hartle	Metzen	Redalen	Tunheim
Brinkman	Haukoos	Miller	Rees	Uphus
Brown	Heap	Minne	Rest	Valan
Burger	Himle	Munger	Rice	Valento
Carlson, D.	Jacobs	Murphy	Richter	Vanasek
Carlson, J.	Jaros	Nelson, D.	Riveness	Vellenga
Carlson, L.	Jennings, L.	Nelson, K.	Rodosovich	Voss
Clark	Johnson	Neuenschwander	Rose	Waltman
Clausnitzer	Kahn	Norton	Sarna	Welle
Cohen	Kalis	Ogren	Schafer	Wenzel
Dempsey	Kelly	Olsen, S.	Scheid	Wynia
DenOuden	Kiffmeyer	Olson, E.	Schoenfeld	Zaffke
Dimler	Knickerbocker	Omann	Seaberg	Spk. Jennings, D.
Dyke	Knuth	Onnen	Segal	
Elioff	Kostohryz	Osthoff	Shaver	
Erickson	Krueger	Otis	Sherman	

The bill was passed and its title agreed to.

H. F. No. 1025, A bill for an act relating to public utilities; deregulating providers of coin telephone service; imposing a penalty; amending Minnesota Statutes 1984, section 237.01, subdivision 2, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 237.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Blatz	Carlson, J.	Dyke	Greenfield
Backlund	Boerboom	Carlson, L.	Elioff	Gutknecht
Battaglia	Boo	Clark	Erickson	Halberg
Beard	Brandl	Clausnitzer	Fjoslien	Hartinger
Becklin	Brinkman	Cohen	Forsythe	Hartle
Begich	Brown	Dempsey	Frederick	Haukoos
Bennett	Burger	DenOuden	Frederickson	Heap
Bishop	Carlson, D.	Dimler	Frerichs	Himle

Jacobs	McEachern	Osthoff	Rodosovich	Tompkins
Jaros	McKasy	Otis	Rose	Tunheim
Jennings, L.	McLaughlin	Ozment	Sarna	Uphus
Johnson	McPherson	Pappas	Schafer	Valan
Kahn	Metzen	Pauly	Scheid	Valento
Kalis	Miller	Peterson	Schoenfeld	Vanasek
Kelly	Minne	Piepho	Seaberg	Vellenga
Kiffmeyer	Munger	Piper	Shaver	Voss
Knickerbocker	Murphy	Poppenhagen	Sherman	Waltman
Knuth	Nelson, D.	Price	Simoneau	Welle
Kostohryz	Nelson, K.	Quinn	Skoglund	Wenzel
Krueger	Neuenschwander	Quist	Solberg	Wynia
Kvam	Norton	Redalen	Sparby	Zaffke
Levi	Ogren	Rees	Sviggum	Spk. Jennings, D.
Lieder	Olsen, S.	Rest	Thiede	
Long	Olson, E.	Rice	Thorson	
Marsh	Omann	Richter	Tjornhom	
McDonald	Onnen	Riveness	Tomlinson	

The bill was passed and its title agreed to.

H. F. No. 1093 was reported to the House.

POINT OF ORDER

Vanasek raised a point of order pursuant to section 121, paragraph 5, of "Mason's Manual of Legislative Procedure" relating to breaches of the order of the house. The Speaker ruled the point of order not well taken.

H. F. No. 1093, A resolution memorializing the President and Secretary of Agriculture of the United States to insist to the government of Canada on fair trade regulations on hogs, or impose quotas and strict tariffs on Canadian hog imports.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 122 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Clark	Halberg	Levi	Norton
Backlund	Clausnitzer	Hartle	Lieder	Ogren
Battaglia	Cohen	Haukoos	Long	Olsen, S.
Beard	Dempsey	Heap	Marsh	Olson, E.
Becklin	DenOuden	Himle	McDonald	Omann
Begich	Dimler	Jacobs	McEachern	Onnen
Bennett	Dyke	Jaros	McKasy	Osthoff
Bishop	Elioff	Jennings, L.	McLaughlin	Otis
Blatz	Erickson	Johnson	McPherson	Ozment
Boerboom	Fjoslien	Kalis	Metzen	Pappas
Boo	Forsythe	Kelly	Miller	Pauly
Brandl	Frederick	Kiffmeyer	Minne	Peterson
Brinkman	Frederickson	Knickerbocker	Munger	Piepho
Brown	Frerichs	Knuth	Murphy	Piper
Burger	Greenfield	Kostohryz	Nelson, D.	Poppenhagen
Carlson, D.	Gruenes	Krueger	Nelson, K.	Price
Carlson, L.	Gutknecht	Kvam	Neuenschwander	Quinn

Quist	Rose	Skoglund	Tompkins	Waltman
Redalen	Schafer	Solberg	Tunheim	Wenzel
Rees	Scheid	Sparby	Uphus	Wynia
Rest	Schoenfeld	Sviggum	Valan	Zaffke
Rice	Seaberg	Thiede	Valento	Spk. Jennings, D.
Richter	Shaver	Thorson	Vanasek	
Riveness	Sherman	Tjornhom	Vellenga	
Rodosovich	Simoneau	Tomlinson	Voss	

Those who voted in the negative were:

Carlson, J.	Kahn

The bill was passed and its title agreed to.

H. F. No. 1117, A bill for an act relating to gifts to minors; permitting securities to be registered in the name of a broker or financial institution; amending Minnesota Statutes 1984, sections 527.02, subdivision 1; and 527.04, subdivision 7.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Erickson	Krueger	Otis	Sherman
Backlund	Fjoslien	Kvam	Ozment	Simoneau
Battaglia	Forsythe	Levi	Pappas	Skoglund
Beard	Frederick	Lieder	Pauly	Solberg
Becklin	Frederickson	Long	Peterson	Sparby
Begich	Frerichs	Marsh	Piepho	Sviggum
Bennett	Greenfield	McDonald	Piper	Thiede
Bishop	Gruenes	McEachern	Poppenhagen	Thorson
Blatz	Gutknecht	McKasy	Price	Tjornhom
Boerboom	Halberg	McLaughlin	Quinn	Tomlinson
Boo	Hartinger	McPherson	Quist	Tompkins
Brandl	Hartle	Metzen	Redalen	Tunheim
Brinkman	Haukoos	Miller	Rees	Uphus
Brown	Heap	Minne	Rest	Valan
Burger	Himle	Munger	Rice	Valento
Carlson, D.	Jacobs	Murphy	Richter	Vanasek
Carlson, J.	Jaros	Nelson, D.	Riveness	Vellenga
Carlson, L.	Jennings, L.	Nelson, K.	Rodosovich	Voss
Clark	Johnson	Neuenschwander	Rose	Waltman
Clausnitzer	Kahn	Norton	Sarna	Welle
Cohen	Kalis	Ogren	Schafer	Wenzel
Dempsey	Kelly	Olsen, S.	Scheid	Wynia
DenOuden	Kiffmeyer	Olson, E.	Schoenfeld	Zaffke
Dimler	Knickerbocker	Omann	Schreiber	Spk. Jennings, D.
Dyke	Knuth	Onnen	Seaberg	
Elioff	Kostohryz	Osthoff	Shaver	

The bill was passed and its title agreed to.

H. F. No. 1150, A bill for an act relating to state lands; providing for the sale of certain tax-forfeited land in Chisago county.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Erickson	Krueger	Otis	Sherman
Backlund	Fjoslien	Kvam	Ozment	Simoneau
Battaglia	Forsythe	Levi	Pappas	Skoglund
Beard	Frederick	Lieder	Pauly	Solberg
Becklin	Frederickson	Long	Peterson	Sparby
Begich	Frerichs	Marsh	Piepho	Sviggum
Bennett	Greenfield	McDonald	Piper	Thiede
Bishop	Gruenes	McEachern	Poppenhagen	Thorson
Blatz	Gutknecht	McKasy	Price	Tjornhom
Boerboom	Halberg	McLaughlin	Quinn	Tomlinson
Boo	Hartinger	McPherson	Quist	Tompkins
Brandl	Hartle	Metzen	Redalen	Tunheim
Brinkman	Haukoos	Miller	Rees	Uphus
Brown	Heap	Minne	Rest	Valan
Burger	Himle	Munger	Rice	Valento
Carlson, D.	Jacobs	Murphy	Richter	Vanasek
Carlson, J.	Jaros	Nelson, D.	Rodosovich	Vellenga
Carlson, L.	Jennings, L.	Nelson, K.	Rose	Voss
Clark	Johnson	Neuenschwander	Sarna	Waltman
Clausnitzer	Kahn	Norton	Schafer	Welle
Cohen	Kalis	Ogren	Scheid	Wenzel
Dempsey	Kelly	Olsen, S.	Schoenfeld	Wynia
DenOuden	Kiffmeyer	Olson, E.	Schreiber	Zaffke
Dimler	Knickerbocker	Omann	Seaberg	Spk. Jennings, D.
Dyke	Knuth	Onnen	Segal	
Elioff	Kostohryz	Osthoff	Shaver	

The bill was passed and its title agreed to.

H. F. No. 1193, A bill for an act relating to corrections; updating the recordkeeping systems of jails and lockups; amending Minnesota Statutes 1984, sections 641.05; and 642.07.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Bennett	Brinkman	Clark	Dyke
Backlund	Bishop	Brown	Clausnitzer	Elioff
Battaglia	Blatz	Burger	Cohen	Erickson
Beard	Boerboom	Carlson, D.	Dempsey	Fjoslien
Becklin	Boo	Carlson, J.	DenOuden	Forsythe
Begich	Brandl	Carlson, L.	Dimler	Frederick

Frederickson	Kostohryz	Norton	Rice	Thorson
Frerichs	Krueger	Ogren	Richter	Tjornhom
Greenfield	Kvam	Olsen, S.	Riveness	Tomlinson
Gruenes	Levi	Omann	Rodosovich	Tompkins
Gutknecht	Lieder	Onnen	Rose	Tunheim
Hartinger	Long	Osthoff	Sarna	Uphus
Hartle	Marsh	Otis	Schafer	Valan
Haukoos	McDonald	Ozment	Scheid	Valento
Heap	McEachern	Pappas	Schoenfeld	Vanasek
Himle	McKasy	Pauly	Schreiber	Vellenga
Jacobs	McLaughlin	Peterson	Seaberg	Voss
Jaros	McPherson	Piepho	Segal	Waltman
Jennings, L.	Metzen	Piper	Shaver	Welle
Johnson	Miller	Poppenhagen	Sherman	Wenzel
Kahn	Minne	Price	Simoneau	Wynia
Kalis	Munger	Quinn	Skoglund	Zaffke
Kelly	Murphy	Quist	Solberg	Spk. Jennings, D.
Kiffmeyer	Nelson, D.	Redalen	Sparby	
Knickerbocker	Nelson, K.	Rees	Sviggum	
Knuth	Neuenschwander	Rest	Thiede	

The bill was passed and its title agreed to.

H. F. No. 1197, A bill for an act relating to cities of Circle Pines and Lino Lakes; permitting cities to determine the size of Circle Pines utilities commission.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Ellingson	Kostohryz	Ozment	Sherman
Backlund	Erickson	Kvam	Pappas	Simoneau
Battaglia	Fjoslien	Levi	Pauly	Skoglund
Beard	Forsythe	Lieder	Peterson	Solberg
Becklin	Frederick	Long	Piepho	Sparby
Begich	Frederickson	Marsh	Piper	Sviggum
Bennett	Frerichs	McDonald	Poppenhagen	Thiede
Bishop	Greenfield	McEachern	Price	Thorson
Blatz	Gruenes	McKasy	Quinn	Tjornhom
Boerboom	Gutknecht	McLaughlin	Quist	Tomlinson
Boo	Halberg	McPherson	Redalen	Tompkins
Brandl	Hartinger	Metzen	Rees	Tunheim
Brinkman	Hartle	Miller	Rest	Uphus
Brown	Haukoos	Minne	Rice	Valan
Burger	Heap	Munger	Richter	Valento
Carlson, D.	Himle	Murphy	Riveness	Vanasek
Carlson, J.	Jacobs	Nelson, D.	Rodosovich	Vellenga
Carlson, L.	Jaros	Neuenschwander	Rose	Voss
Clark	Jennings, L.	Norton	Sarna	Waltman
Clausnitzer	Johnson	Ogren	Schafer	Welle
Cohen	Kahn	Olsen, S.	Scheid	Wenzel
Dempsey	Kalis	Olson, E.	Schoenfeld	Wynia
DenOuden	Kelly	Omann	Schreiber	Zaffke
Dimler	Kiffmeyer	Onnen	Seaberg	Spk. Jennings, D.
Dyke	Knickerbocker	Osthoff	Segal	
Elioff	Knuth	Otis	Shaver	

The bill was passed and its title agreed to.

H. F. No. 1254, A bill for an act relating to local government; permitting insurance and indemnification of certain municipal electric power personnel; correcting a statutory cross reference; amending Minnesota Statutes 1984, section 453.55, subdivision 11.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Ellingson	Kostohryz	Osthoff	Segal
Backlund	Erickson	Krueger	Otis	Shaver
Battaglia	Fjoslien	Kvam	Ozment	Sherman
Beard	Forsythe	Levi	Pappas	Simoneau
Becklin	Frederick	Lieder	Pauly	Skoglund
Begich	Frederickson	Long	Peterson	Solberg
Bennett	Frerichs	Marsh	Piepho	Sparby
Bishop	Greenfield	McDonald	Piper	Sviggum
Blatz	Gruenes	McEachern	Poppenhagen	Thiede
Boerboom	Gutknecht	McKasy	Price	Thorson
Boo	Halberg	McLaughlin	Quinn	Tjornhom
Brandl	Hartinger	McPherson	Quist	Tomlinson
Brinkman	Hartle	Metzen	Redalen	Tompkins
Brown	Haukoos	Miller	Rees	Tunheim
Burger	Heap	Minne	Rest	Uphus
Carlson, D.	Himle	Munger	Rice	Valan
Carlson, J.	Jacobs	Murphy	Richter	Valento
Carlson, L.	Jaros	Nelson, D.	Riveness	Vanasek
Clark	Jennings, L.	Nelson, K.	Rodosovich	Vellenga
Clausnitzer	Johnson	Neuenschwander	Rose	Voss
Cohen	Kahn	Norton	Sarna	Waltman
Dempsey	Kalis	Ogren	Schafer	Welle
DenOuden	Kelly	Olsen, S.	Scheid	Wenzel
Dimler	Kiffmeyer	Olson, E.	Schoenfeld	Wynia
Dyke	Knickerbocker	Omann	Schreiber	Zaffke
Elioff	Knuth	Onnen	Seaberg	Spk. Jennings, D.

The bill was passed and its title agreed to.

H. F. No. 1319, A bill for an act relating to St. Louis county; providing a retirement contribution exemption for emergency jobs program employees; amending Laws 1984, chapter 501, section 1.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Beard	Bennett	Boerboom	Brinkman
Backlund	Becklin	Bishop	Boo	Brown
Battaglia	Begich	Blatz	Brandl	Burger

Carlson, D.	Hartle	McKasy	Piepho	Skoglund
Carlson, J.	Haukoos	McLaughlin	Piper	Solberg
Carlson, L.	Heap	McPherson	Poppenhagen	Sparby
Clark	Himle	Metzen	Price	Sviggum
Clausnitzer	Jacobs	Miller	Quinn	Thiede
Cohen	Jaros	Minne	Quist	Thorson
Dempsey	Jennings, L.	Munger	Redalen	Tjornhom
DenOuden	Johnson	Murphy	Rees	Tomlinson
Dimler	Kahn	Nelson, D.	Rest	Tompkins
Dyke	Kalis	Nelson, K.	Rice	Tunheim
Elioff	Kelly	Neuenschwander	Richter	Uphus
Ellingson	Kiffmeyer	Norton	Riveness	Valan
Erickson	Knickerbocker	Ogren	Rodosovich	Valento
Fjoslien	Knuth	Olsen, S.	Rose	Vanasek
Forsythe	Kostohryz	Olson, E.	Sarna	Vellenga
Frederick	Krueger	Omann	Schafer	Voss
Frederickson	Kvam	Onnen	Scheid	Waltman
Frerichs	Levi	Osthoff	Schoenfeld	Welle
Greenfield	Lieder	Otis	Schreiber	Wenzel
Gruenes	Long	Ozment	Seaberg	Wynia
Gutknecht	Marsh	Pappas	Shaver	Zaffke
Halberg	McDonald	Pauly	Sherman	Spk. Jennings, D.
Hartinger	McEachern	Peterson	Simoneau	

The bill was passed and its title agreed to.

CONSIDERATION UNDER RULE 1.10

Pursuant to rule 1.10, Forsythe requested immediate consideration of S. F. No. 546.

S. F. No. 546 was reported to the House.

Frerichs moved to amend S. F. No. 546, the unofficial engrossment, as follows:

Page 3, line 16, delete ", *to be available*"

Page 3, line 17, delete "*until June 30, 1985,*"

Page 3, line 36, delete ", *to be*"

Page 4, line 1, delete "*available until June 30, 1985,*"

The motion prevailed and the amendment was adopted.

The Speaker called Halberg to the Chair.

Erickson moved to amend S. F. No. 546, the unofficial engrossment, as amended, as follows:

Page 3, line 13, delete "AVTI" insert "STATE BOARD OF VOCATIONAL TECHNICAL EDUCATION"

The motion prevailed and the amendment was adopted.

The Speaker resumed the Chair.

Metzen was excused for the remainder of today's session.

S. F. No. 546, A bill for an act relating to agriculture; appropriating money for the state board of vocational technical education and the agricultural extension service of the University of Minnesota.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 91 yeas and 26 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Forsythe	Krueger	Price	Tjornhom
Anderson, R.	Frederick	Levi	Quinn	Tomlinson
Backlund	Frederickson	Lieder	Rees	Tompkins
Beard	Frerichs	Marsh	Rest	Tunheim
Bennett	Greenfield	McDonald	Riveness	Uphus
Blatz	Gruenes	McEachern	Rodosovich	Valan
Boerboom	Gutknecht	McKasy	Rose	Valento
Boo	Halberg	Miller	Schafer	Vanasek
Brandl	Hartinger	Murphy	Schoenfeld	Voss
Brown	Hartle	Nelson, D.	Schreiber	Waltman
Carlson, L.	Haukoos	Nelson, K.	Seaberg	Welle
Clark	Heap	Neuenschwander	Segal	Wenzel
Clausnitzer	Himle	Norton	Shaver	Wynia
DenOuden	Jacobs	Olson, E.	Simoneau	Zaffke
Dimler	Jennings, L.	Onnen	Skoglund	Spk. Jennings, D.
Dyke	Johnson	Otis	Solberg	
Ellingson	Kalis	Ozment	Sparby	
Erickson	Kelly	Pappas	Sviggum	
Fjoslien	Kiffmeyer	Pauly	Thorson	

Those who voted in the negative were:

Becklin	Kahn	McLaughlin	Poppenhagen	Sarna
Brinkman	Knuth	McPherson	Quist	Scheid
Burger	Kostohryz	Ogren	Redalen	Sherman
Carlson, D.	Kvam	Omann	Rice	Thiede
Carlson, J.	Long	Osthoff	Richter	Vellenga
Cohen				

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

Vanasek was excused at 5:00 p.m.

GENERAL ORDERS

Pursuant to rules of the House, the House resolved itself into the Committee of the Whole with Jennings, D., in the Chair for consideration of bills pending on General Orders of the day. After some time spent therein the Committee arose.

REPORT OF THE COMMITTEE OF THE WHOLE

The Speaker resumed the Chair, whereupon the following recommendations of the Committee were reported to the House:

H. F. No. 517 was recommended to pass.

S. F. No. 472 was recommended for progress.

H. F. Nos. 755 and 520 were recommended for progress retaining their places on General Orders.

H. F. No. 102 which it recommended to progress with the following amendments:

Offered by Schafer:

Amend the title as follows:

Page 1, line 7, delete "appropriating"

Page 1, line 8, delete "money;"

Offered by Piepho:

Page 4, line 18, delete "*No*" and insert "*Any*"

Page 4, line 24, after "*(b)*" insert "*which does not*"

Page 4, delete lines 25 and 26 and insert "*alcoholic beverages.*"

Offered by Dempsey and Piepho:

Page 5, after line 23, insert:

"Sec. 11. Minnesota Statutes 1984, section 340.73, subdivision 3, is amended to read:

Subd. 3. Whoever in any way procures intoxicating liquor or nonintoxicating malt liquor for the use of any person named in this section shall be deemed to have sold it to that person. Any person violating any of the provisions of this section is guilty of a gross misdemeanor, *except that a first violation of this section is a misdemeanor in any instance where the person for whom the liquor was procured was of the age of 19 or 20 years.*"

Page 6, after line 17, insert:

"Sec. 13. Minnesota Statutes 1984, section 340.732, is amended to read:

340.732 [VIOLATIONS, PENALTIES.]

Any person who violates any provision of section 340.731 is guilty of a misdemeanor, *except that a first violation by a person of the age of 19 or 20 years is a petty misdemeanor.*

In addition, any person under the age of 19 years who is convicted of purchasing or attempting to purchase an alcoholic beverage in violation of section 340.731 shall have his or her driver's license or permit to drive revoked by the commissioner of public safety for a period of 30 days if the person used a driver's license or permit to purchase or attempt to purchase the alcoholic beverage."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 14, delete "subdivision 1" and insert "subdivisions 1 and 3" and after "340.731;" insert "340.732;"

Offered by Vellenga:

Delete the Piepho amendment

Page 4, line 25, insert a period after "*beverages*" and delete everything after the comma

Page 4, delete line 26

Offered by Segal; Nelson, K.; Wynia; Nelson, D.; Greenfield; Vellenga; McEachern and Skoglund:

Page 1, after line 17, insert:

"Section 1. Minnesota Statutes 1984, section 124.246, subdivision 2, is amended to read:

Subd. 2. [AID.] An eligible district shall receive $1.04 in fiscal year 1984 and $1.08 in fiscal (YEAR) *years* 1985, *1986 and 1987* for each pupil, in average daily membership, enrolled in a public elementary, secondary or area vocational-technical or nonpublic elementary or secondary school. Aid for nonpublic school pupils shall be paid to the district upon request by or on behalf of the pupils. No district shall receive less than $1,040 in fiscal year 1984 and $1,080 in fiscal (YEAR) *years* 1985, *1986 and 1987.*

Renumber the sections in sequence

Page 6, line 32, delete "*3 and 9*" and insert "*4 and 10*"

Amend the title as follows:

Page 1, line 7, after the semicolon insert "extending authorization for chemical use programs in schools;"

Page 1, line 9, after "sections" insert "124.246, subdivision 2;"

On the motion of Levi the report of the Committee of the Whole was adopted.

ROLL CALLS IN COMMITTEE OF THE WHOLE

Pursuant to rule 1.6, the following roll calls were taken in the Committee of the Whole:

Dempsey and Piepho moved to amend H. F. No. 102, the second engrossment, as amended, as follows:

Page 5, after line 23, insert:

"Sec. 11. Minnesota Statutes 1984, section 340.73, subdivision 3, is amended to read:

Subd. 3. Whoever in any way procures intoxicating liquor or nonintoxicating malt liquor for the use of any person named in this section shall be deemed to have sold it to that person. Any person violating any of the provisions of this section is guilty of a gross misdemeanor, *except that a first violation of this section is a misdemeanor in any instance where the person for whom the liquor was procured was of the age of 19 or 20 years.*"

Page 6, after line 17, insert:

"Sec. 13. Minnesota Statutes 1984, section 340.732, is amended to read:

340.732 [VIOLATIONS, PENALTIES.]

Any person who violates any provision of section 340.731 is guilty of a misdemeanor, *except that a first violation by a person of the age of 19 or 20 years is a petty misdemeanor.*

In addition, any person under the age of 19 years who is convicted of purchasing or attempting to purchase an alcoholic beverage in violation of section 340.731 shall have his or her driver's license or permit to drive revoked by the commissioner of public safety for a period of 30 days if the person used a driver's license or permit to purchase or attempt to purchase the alcoholic beverage."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 14, delete "subdivision 1" and insert "subdivisions 1 and 3" and after "340.731;" insert "340.732;"

The question was taken on the Dempsey and Piepho amendment and the roll was called. There were 68 yeas and 48 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	McEachern	Price	Solberg
Backlund	Greenfield	Minne	Quinn	Sparby
Beard	Halberg	Munger	Rice	Tomlinson
Begich	Haukoos	Murphy	Riveness	Tompkins
Bennett	Himle	Neuenschwander	Rodosovich	Tunheim
Bishop	Jacobs	Norton	Rose	Uphus
Boerboom	Jennings, L.	Ogren	Sarna	Valento
Brandl	Johnson	Olsen, S.	Scheid	Vanasek
Brinkman	Kahn	Olson, E.	Schoenfeld	Voss
Brown	Kalis	Omann	Seaberg	Welle
Carlson, L.	Kostohryz	Osthoff	Segal	Wenzel
Clark	Lieder	Pappas	Shaver	Wynia
Dempsey	Long	Piepho	Sherman	
Ellingson	Marsh	Piper	Skoglund	

Those who voted in the negative were:

Battaglia	Elioff	Kiffmeyer	Onnen	Sviggum
Becklin	Erickson	Knickerbocker	Otis	Thiede
Blatz	Forsythe	Knuth	Peterson	Thorson
Boo	Frederick	Krueger	Poppenhagen	Tjornhom
Burger	Frederickson	Levi	Quist	Valan
Carlson, D.	Gutknecht	McLaughlin	Redalen	Waltman
Carlson, J.	Hartinger	McPherson	Rees	Zaffke
Cohen	Hartle	Miller	Rest	Spk. Jennings, D.
DenOuden	Heap	Nelson, D.	Richter	
Dyke	Kelly	Nelson, K.	Schafer	

The motion prevailed and the amendment was adopted.

Sherman moved to amend H. F. No. 102, the second engrossment, as amended, as follows:

Page 3, line 3, reinstate "(19)" and insert "*years in the case of on-sale, or*" and after "years" insert "*in the case of off-sale,*"

Page 3, line 7, reinstate "(19)" and insert "*years in the case of on-sale, or*" and after "years" insert "*in the case of off-sale*"

Page 3, line 8, reinstate "(19)" and insert "*years in the case of on-sale, or*" and after "years" insert "*in the case of off-sale,*"

Page 4, line 13, after "*of*" insert "*19 years in the case of on-sale, or*" and after "*years*" insert "*in the case of off-sale,*"

Page 5, line 22, reinstate "(19)" and insert "*years in the case of on-sale, or*"

Page 5, line 23, after "years" insert "*in the case of off-sale*"

Page 5, line 28, reinstate "(19)"

Page 5, line 29, before "*21*" insert "*years in the case of on-sale, or*" and after "years" insert "*in the case of off-sale,*"

Page 5, line 34, reinstate "(19)" and insert "*years in the case of on-sale, or*" and after "years" insert "*in the case of off-sale,*"

Page 6, line 5, reinstate "(19)" and insert "*years in the case of on-sale, or*" and after "years" insert "*in the case of off-sale,*"

Page 6, line 9, after "guardian" insert "*, except that a person who has reached the age of 19 years may possess and consume intoxicating liquor or non-intoxicating malt liquor in a licensed on-sale establishment*"

Page 6, line 10, strike "at a place"

Page 6, strike line 11

Page 6, line 12, strike "be" and insert "*in violation of this subdivision is*"

Page 6, line 12, strike everything after "consume"

Page 6, strike line 17, and insert "*it in violation of this subdivision*"

Page 6, line 17, after "guardian" insert "*except that a person who has reached the age of 19 years may possess and consume intoxicating liquor or non-intoxicating malt liquor in a licensed on-sale establishment.*"

Page 6, delete lines 18 to 28

Page 6, line 29, delete "13" and insert "12"

Page 6, line 31, delete "14" and insert "13"

Page 6, line 32, before "*sections*" insert "*(1)*"

Page 6, line 33, following "*act*" insert "*, except as provided in clause (2),*"

Page 6, after line 33, insert "*(b) Sections 4, 7, 10 and 11 are effective September 1, 1985.*"

Amend the title as follows:

Page 1, line 4, after "furnishing" insert "in certain instances"

Page 1, line 14, after "1;" insert "and"

Page 1, line 14, delete "and 340.80;"

The question was taken on the Sherman amendment and the roll was called. There were 55 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	McEachern	Pauly	Skoglund
Beard	Gruenes	McPherson	Piepho	Solberg
Bishop	Gutknecht	Miller	Piper	Sparby
Boerboom	Halberg	Minne	Quinn	Tunheim
Brandl	Jaros	Munger	Riveness	Uphus
Brinkman	Jennings, L.	Neuenschwander	Rodosovich	Valan
Brown	Johnson	Norton	Scheid	Valento
Clark	Krueger	Olsen, S.	Schoenfeld	Vanasek
Clausnitzer	Kvam	Olson, E.	Schreiber	Vellenga
Dempsey	Levi	Omann	Sherman	Voss
Dyke	Lieder	Osthoff	Simoneau	Wenzel

Those who voted in the negative were:

Anderson, R.	Ellingson	Kalis	Onnen	Segal
Backlund	Erickson	Kelly	Ozment	Shaver
Battaglia	Fjoslien	Kiffmeyer	Pappas	Sviggum
Becklin	Forsythe	Knickerbocker	Poppenhagen	Thiede
Begich	Frederick	Knuth	Price	Thorson
Bennett	Frederickson	Kostohryz	Quist	Tjornhom
Blatz	Greenfield	Long	Rees	Tomlinson
Boo	Hartinger	Marsh	Rest	Waltman
Carlson, J.	Hartle	McDonald	Rice	Welle
Carlson, L.	Haukoos	McKasy	Richter	Wynia
Cohen	Heap	Murphy	Rose	Zaffke
DenOuden	Himle	Nelson, D.	Sarna	Spk. Jennings, D.
Dimler	Jacobs	Nelson, K.	Schafer	
Elioff	Kahn	Ogren	Seaberg	

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

Riveness and Bishop moved to amend H. F. No. 102, the second engrossment, as amended, as follows:

Page 6, delete lines 32 and 33, and insert:

"Sections 1 to 13 are effective the day following the date upon which those states contiguous to the state of Minnesota adopt a legal age of 21 for consumption of alcoholic beverages and the adoption of that age becomes effective."

The question was taken on the Riveness and Bishop amendment and the roll was called. There were 53 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Begich	Jaros	Miller	Pappas	Skoglund
Bishop	Jennings, L.	Minne	Piepho	Solberg
Boerboom	Johnson	Murphy	Piper	Tunheim
Brandl	Kahn	Neuenschwander	Quinn	Valan
Brinkman	Knuth	Norton	Riveness	Vellenga
Brown	Kostohryz	Ogren	Rodosovich	Voss
Clark	Levi	Olsen, S.	Rose	Welle
Dempsey	Lieder	Olson, E.	Scheid	Wenzel
Dyke	Long	Omann	Shaver	Wynia
Greenfield	McEachern	Osthoff	Sherman	
Jacobs	McLaughlin	Otis	Simoneau	

Those who voted in the negative were:

Anderson, R.	Erickson	Kalis	Peterson	Sparby
Backlund	Fjoslien	Kelly	Poppenhagen	Sviggum
Battaglia	Forsythe	Kiffmeyer	Price	Thiede
Beard	Frederick	Knickerbocker	Quist	Thorson
Becklin	Frederickson	Krueger	Redalen	Tjornhom
Blatz	Frerichs	Kvam	Rees	Tomlinson
Boo	Gruenes	Marsh	Rest	Tompkins
Burger	Gutknecht	McKasy	Richter	Uphus
Carlson, D.	Halberg	McPherson	Sarna	Valento
Carlson, L.	Hartinger	Nelson, D.	Schafer	Waltman
Clausnitzer	Hartle	Nelson, K.	Schoenfeld	Zaffke
Cohen	Haukoos	Onnen	Schreiber	Spk. Jennings, D.
DenOuden	Heap	Ozment	Seaberg	
Elioff	Himle	Pauly	Segal	

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

Segal; Nelson, K.; Wynia; Nelson, D.; Greenfield; Vellenga; McEachern and Skoglund moved to amend H. F. No. 102, the second engrossment, as amended, as follows:

Page 1, after line 17, insert:

"Section 1. Minnesota Statutes 1984, section 124.246, subdivision 2, is amended to read:

Subd. 2. [AID.] An eligible district shall receive $1.04 in fiscal year 1984 and $1.08 in fiscal (YEAR) *years* 1985, *1986 and 1987* for each pupil, in average daily membership, enrolled in a public elementary, secondary or area vocational-technical or nonpublic elementary or secondary school. Aid for nonpublic school pupils shall be paid to the district upon request by or on behalf of the pupils. No district shall receive less than $1,040 in fiscal year 1984 and $1,080 in fiscal (YEAR) *years* 1985, *1986 and 1987*.

Renumber the sections in sequence

Page 6, line 32, delete "*3 and 9*" and insert "*4 and 10*"

Amend the title as follows:

Page 1, line 7, after the semicolon insert "extending authorization for chemical use programs in schools;"

Page 1, line 9, after "sections" insert "124.246, subdivision 2;"

The question was taken on the Segal et al., amendment and the roll was called. There were 66 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	McLaughlin	Piper	Solberg
Battaglia	Fjoslien	Minne	Price	Sparby
Beard	Greenfield	Munger	Quinn	Tomlinson
Begich	Jacobs	Murphy	Rest	Tompkins
Bishop	Jaros	Nelson, D.	Rice	Tunheim
Brandl	Jennings, L.	Nelson, K.	Riveness	Valento
Brinkman	Kahn	Neuenschwander	Rodosovich	Vellenga
Brown	Kalis	Norton	Sarna	Voss
Carlson, D.	Kelly	Ogren	Scheid	Welle
Carlson, L.	Kostohryz	Olson, E.	Schoenfeld	Wynia
Clark	Krueger	Osthoff	Segal	
Cohen	Lieder	Otis	Sherman	
Dyke	Long	Pappas	Simoneau	
Elioff	McEachern	Peterson	Skoglund	

Those who voted in the negative were:

Anderson, R.	Forsythe	Kiffmeyer	Pauly	Thiede
Backlund	Frederick	Knickerbocker	Piepho	Thorson
Becklin	Frederickson	Kvam	Poppenhagen	Tjornhom
Bennett	Frerichs	Levi	Quist	Uphus
Blatz	Gruenes	Marsh	Redalen	Valan
Boerboom	Gutknecht	McDonald	Rees	Waltman
Boo	Halberg	McKasy	Richter	Wenzel
Burger	Hartinger	McPherson	Rose	Zaffke
Carlson, J.	Hartle	Miller	Schafer	Spk. Jennings, D.
Clausnitzer	Haukoos	Olsen, S.	Schreiber	
Dempsey	Heap	Omann	Seaberg	
DenOuden	Himle	Onnen	Shaver	
Erickson	Johnson	Ozment	Sviggum	

The motion prevailed and the amendment was adopted.

MOTIONS AND RESOLUTIONS

Halberg moved that his name be stricken and the name of Rees be added as chief author on H. F. No. 364. The motion prevailed.

Schreiber moved that his name be stricken and the name of Valento be added as chief author on H. F. No. 849. The motion prevailed.

Valento moved that the names of Solberg and Voss be stricken and the name of Johnson be added as an author on H. F. No. 1005. The motion prevailed.

O'Connor moved that the name of Pappas be added as an author on H. F. No. 1064. The motion prevailed.

Gutknecht moved that the name of Knickerbocker be added as an author on H. F. No. 1267. The motion prevailed.

McLaughlin moved that his name be shown as second author and the name of Blatz be added as chief author on H. F. No. 1272. The motion prevailed.

Shaver moved that the name of Heap be added as an author on H. F. No. 1444. The motion prevailed.

Simoneau moved that the name of Sparby be added as an author on H. F. No. 1452. The motion prevailed.

Simoneau moved that the name of Sparby be added as an author on H. F. No. 1453. The motion prevailed.

Thiede moved that the name of Sparby be added as an author on H. F. No. 1464. The motion prevailed.

Price moved that the name of Sparby be added as an author on H. F. No. 1476. The motion prevailed.

Segal moved that the names of Staten, Greenfield and Kahn be added as authors on H. F. No. 1493. The motion prevailed.

Fjoslien moved that the name of Sparby be added as an author on H. F. No. 1506. The motion prevailed.

Rose moved that H. F. No. 961 be recalled from the Committee on Appropriations and be re-referred to the Committee on Environment and Natural Resources. The motion prevailed.

Fjoslien, Dimler, Osthoff, Thorson and Schafer introduced:

House Concurrent Resolution No. 8, A house concurrent resolution designating the "Red Ribbon" to commemorate Minnesota citizens who are still missing in action or are being held against their will in Asian countries.

The Concurrent Resolution was referred to the Committee on General Legislation and Veterans Affairs.

ADJOURNMENT

Levi moved that when the House adjourns today it adjourn until 2:00 p.m., Thursday, April 11, 1985. The motion prevailed.

Levi moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:00 p.m., Thursday, April 11, 1985.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-FOURTH SESSION – 1985

THIRTY-SIXTH DAY

SAINT PAUL, MINNESOTA, TUESDAY, APRIL 9, 1985

The Senate met on Tuesday, April 9, 1985, which was the Thirty-sixth Day of the Seventy-fourth Session of the Minnesota State Legislature. The House of Representatives did not meet on this date.

STATE OF MINNESOTA

SEVENTY-FOURTH SESSION – 1985

THIRTY-SEVENTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, APRIL 11, 1985

The House of Representatives convened at 2:00 p.m. and was called to order by David M. Jennings, Speaker of the House.

Prayer was offered by Father Allen Wielinski, St. Mary's Church, Melrose, Minnesota.

The roll was called and the following members were present:

Anderson, G.	Ellingson	Krueger	Ozment	Skoglund
Anderson, R.	Erickson	Kvam	Pappas	Solberg
Backlund	Fjoslien	Levi	Pauly	Sparby
Battaglia	Forsythe	Lieder	Peterson	Stanius
Beard	Frederick	Long	Piepho	Staten
Becklin	Frederickson	Marsh	Piper	Sviggum
Begich	Frerichs	McDonald	Poppenhagen	Thiede
Bennett	Greenfield	McEachern	Price	Thorson
Bishop	Gruenes	McKasy	Quinn	Tjornhom
Blatz	Gutknecht	McLaughlin	Quist	Tomlinson
Boerboom	Halberg	McPherson	Redalen	Tompkins
Boo	Hartinger	Metzen	Rees	Tunheim
Brandl	Hartle	Miller	Rest	Uphus
Brinkman	Haukoos	Minne	Rice	Valan
Brown	Heap	Munger	Richter	Valento
Burger	Himle	Murphy	Riveness	Vanasek
Carlson, D.	Jacobs	Nelson, D.	Rose	Vellenga
Carlson, J.	Jaros	Neuenschwander	Sarna	Voss
Carlson, L.	Jennings, L.	Norton	Schafer	Waltman
Clark	Johnson	O'Connor	Scheid	Welle
Clausnitzer	Kahn	Ogren	Schoenfeld	Wenzel
Cohen	Kalis	Olsen, S.	Schreiber	Wynia
Dempsey	Kelly	Olson, E.	Seaberg	Zaffke
DenOuden	Kiffmeyer	Omann	Segal	Spk. Jennings, D.
Dimler	Knickerbocker	Onnen	Shaver	
Dyke	Knuth	Osthoff	Sherman	
Elioff	Kostohryz	Otis	Simoneau	

A quorum was present.

Nelson, K., and Rodosovich were excused.

The Chief Clerk proceeded to read the Journals of the preceding days. Gruenes moved that further reading of the Journals

be dispensed with and that the Journals be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 237, 380, 649, 760, 970, 1009, 1080, 1146, 1198, 1199, 1226, 1235, 1236, 1273, 1337, 1367, 1404, 229, 325, 607, 773, 784, 1248, 1336, 56, 330, 543, 606, 907, 1165, 1183, 1262, 1263, 1280, 1369, 1382, 1033, 1040, 1161 and 102 have been placed in the members' files.

REPORTS OF STANDING COMMITTEES

McDonald from the Committee on Agriculture to which was referred:

H. F. No. 134, A bill for an act relating to agriculture; providing for establishment of certain fees by rule; changing certain fees and procedures; appropriating money; amending Minnesota Statutes 1984, sections 17.714, subdivision 1; 17.715, subdivision 1; 17.717, subdivision 1; 17.718, subdivision 1; 17.725, subdivision 2; 25.39; and 25.40, subdivision 1; repealing Minnesota Statutes 1984, section 17.717, subdivisions 3, 4, 5, and 6.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 17.717, is amended by adding a subdivision to read:

Subd. 1a. [FERTILIZER INSPECTION ACCOUNT.] *A fertilizer inspection account is established in the state treasury. The commissioner shall deposit all fees and penalties collected under sections 17.711 to 17.729 in the fertilizer inspection account. Money in that account, including interest earned and any money appropriated for the purposes of sections 17.711 to 17.729, is annually appropriated to the commissioner for the administration and enforcement of sections 17.711 to 17.729.*

Sec. 2. Minnesota Statutes 1984, section 25.39, subdivision 4, is amended to read:

Subd. 4. [COMMERCIAL FEED INSPECTION ACCOUNT.] (FEES COLLECTED SHALL BE DEPOSITED IN THE STATE TREASURY AND CREDITED TO THE GENERAL FUND. THE COSTS OF INSPECTIONS, SAMPLING, AND ANALYSIS SHALL BE PAID FROM THE APPROPRIATIONS MADE TO THE DEPARTMENT OF AGRICULTURE.) *A commercial feed inspection account is established in*

the state treasury. Fees and penalties collected under sections 25.35 to 25.44 must be deposited in the state treasury and credited to the commercial feed inspection account. Money in that account, including interest earned and money appropriated for the enforcement and administration of sections 25.35 to 25.44, is annually appropriated to the commissioner for the administration and enforcement of sections 25.35 to 25.44.

Sec. 3. [REPEALER.]

Minnesota Statutes 1984, section 17.717, subdivision 6, is repealed.

Sec. 4. [EFFECTIVE DATE.]

This act is effective July 1, 1985."

Delete the title and insert:

"A bill for an act relating to agriculture; establishing dedicated accounts for commercial fertilizer inspection fees and commercial feed inspection fees; appropriating money; amending Minnesota Statutes 1984, sections 17.717, by adding a subdivision; and 25.39, subdivision 4; repealing Minnesota Statutes 1984, section 17.717, subdivision 6."

With the recommendation that when so amended the bill pass.

The report was adopted.

McDonald from the Committee on Agriculture to which was referred:

H. F. No. 135, A bill for an act relating to agriculture; changing requirements for certain adulterated milk or cream; providing a penalty; amending Minnesota Statutes 1984, section 32.21.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 32.21, is amended to read:

32.21 [(PURCHASE OR SALE OF UNWHOLESOME OR) ADULTERATED MILK (OR) *AND* CREAM (PROHIBITED).]

(NO PERSON SHALL SELL OR KNOWINGLY BUY UNWHOLESOME OR ADULTERATED MILK OR CREAM.

MILK OR CREAM THAT HAS NOT BEEN WELL COOLED AND AERATED, OR TO WHICH A PRESERVATIVE HAS BEEN ADDED; MILK DRAWN FROM COWS KEPT IN CROWDED CONDITIONS OR IN PLACES NOT WELL VENTILATED OR LIGHTED, OR WHICH FROM ANY CAUSE ARE FILTHY OR INSANITARY, OR FROM UNCLEAN OR DISEASED COWS, OR THOSE FED WITH GARBAGE OR ANY FILTHY, DECAYED, PUTRID, OR UNWHOLESOME ANIMAL OR VEGETABLE SUBSTANCE; MILK DRAWN FROM COWS WITHIN 15 DAYS BEFORE, OR FIVE DAYS AFTER CALVING; AND MILK OR CREAM WHICH HAS BEEN KEPT IN ANY PLACE WHERE BAD AIR EXISTS, AND CREAM TAKEN FROM UNWHOLESOME OR ADULTERATED MILK, SHALL BE DEEMED UNWHOLESOME AND ADULTERATED WITHIN THE MEANING OF SECTIONS 32.21 AND 32.22. EXCEPT WHERE OTHERWISE PROVIDED BY LAW. MILK FROM WHICH ANY NORMAL INGREDIENT HAS BEEN ABSTRACTED, OR MILK CONTAINING ANY SUBSTANCE NOT A NORMAL CONSTITUENT THEREOF, OR CONTAINING LESS THAN THREE AND ONE-FOURTH PERCENT OF BUTTERFAT, AND CREAM IN WHICH THERE IS LESS THAN 18 PERCENT OF BUTTERFAT, OR WHICH CONTAINS ANY FOREIGN THICKENING OR COLORING SUBSTANCE, OR ANY ABNORMAL INGREDIENT WHATSOEVER, SHALL BE DEEMED ADULTERATED; NOR SHALL ANY ARTICLE OF FOOD BE MANUFACTURED FROM UNWHOLESOME OR ADULTERATED MILK OR CREAM EXCEPT AS PROVIDED IN SECTION 32.22.)

Subdivision 1. [PURCHASE AND SALE PROHIBITION.] *A person may not sell or knowingly buy adulterated milk or cream.*

Subd. 2. [MANUFACTURER OF FOOD FOR HUMAN CONSUMPTION FROM ADULTERATED MILK OR CREAM PROHIBITED.] *An article of food for human consumption may not be manufactured from adulterated milk or cream, except as provided in section 32.22.*

Subd. 3. [ADULTERATED MILK OR CREAM.] *For purposes of this section and section 32.22, milk or cream is adulterated if:*

(1) milk is drawn in a filthy or unsanitary place;

(2) milk is drawn from unhealthy or diseased cows;

(3) milk is drawn from cows that are fed garbage or an unwholesome animal or vegetable substance;

(4) milk is drawn from cows within 15 days before calving, or five days after calving;

(5) milk or cream contains a substance that is not a normal constituent of the milk or cream, except as allowed in this chapter;

(6) milk contains water in excess of that normally present in milk; or

(7) milk or cream contains antibiotics or other bacterial inhibitory substances in amounts above the actionable levels established by rule or under section 32.415.

Subd. 4. [PENALTIES.] *(a) A person, other than a milk producer, who violates this section is guilty of a misdemeanor.*

(b) A milk producer may not change milk plants within 30 days, without permission of the commissioner, after receiving notification from the commissioner under paragraph (c) that the milk producer has violated this section.

(c) A milk producer who violates this section shall be subject to a civil penalty of $100. The commissioner must notify the person violating this section by certified mail stating:

(1) the milk producer violating this section is on probation for one year after the date of violation; and

(2) the $100 civil penalty is suspended unless the milk producer violates this section during the probation period, including changing milk plants within 30 days after the violation.

(d) A milk producer who violates this section a second time within a 12-month period is subject to a $200 civil penalty. The commissioner must notify the milk producer violating this section stating:

(1) the milk producer is still on probation;

(2) the $200 civil penalty is suspended, unless the milk producer violates this section during the probation period, including changing milk plants within 30 days after the violation; and

(3) the consequences of a third violation.

(e) A milk producer who violates this section three or more times within a 12-month period is subject to a fine of $300.

(f) Penalties collected under this section shall be deposited in the milk inspection service account created in section 32.394, subdivision 9."

With the recommendation that when so amended the bill pass.

The report was adopted.

McDonald from the Committee on Agriculture to which was referred:

H. F. No. 163, A resolution memorializing the President and Congress to design the 1985 farm bill to preserve the family farm system.

Reported the same back with the following amendments:

Page 1, after line 19, insert:

"*Be It Further Resolved* that policies of the farmers home administration should be significantly liberalized to provide all necessary loan guarantees for farm real estate and operating debt, with special emphasis given to that held by rural lenders.

Be It Further Resolved that management practices of the farmers home administration should be improved to speed up the delivery of relief to American farmers who are currently in critical financial conditions."

Page 1, line 20, delete "by" and insert "earned through a fair"

Page 2, after line 9, insert:

"*Be It Further Resolved* that the future of American agriculture lies in developing and maintaining international trade opportunities for grain, livestock, and dairy products. This future cannot be realized as long as many foreign governments subsidize their farm exports while the United States government does not. For effective competition in international markets, it may be necessary for the United States to also establish subsidies on farm exports."

Page 2, after line 36, insert:

"*Be It Further Resolved* that particular attention should be paid to maintaining family dairy farms because of their high production efficiency, reliability, and positive influence on the sound social structure of America.

Be It Further Resolved that the dairy diversion program should be reinstated because it has effectively reduced the need for government purchase and storage of surplus dairy products. The program should be changed to more carefully target supports to family size dairy farms while limiting benefits to huge corporate dairy operations."

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 580, A bill for an act relating to economic development; providing for the election of certain community development corporation directors; amending Minnesota Statutes 1984, section 116M.04, subdivision 6.

Reported the same back with the following amendments:

Page 2, line 6, delete "*statewide*" and insert "*county*"

Page 2, line 6, after "*income*" insert "*and is not greater than 80 percent of the statewide median family income*"

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 682, A bill for an act relating to natural resources; reducing fees for camping spaces within a state park and state park motor vehicle permits for physically handicapped persons; amending Minnesota Statutes 1984, section 85.05.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

H. F. No. 695, A bill for an act relating to corporations; allowing nonprofit corporations to establish, maintain, and operate common trust funds; proposing coding for new law in Minnesota Statutes, chapter 317.

Reported the same back with the following amendments:

Page 3, delete lines 28 and 29

With the recommendation that when so amended the bill pass.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

H. F. No. 737, A bill for an act relating to property transfers; regulating transfers to persons under a certain age; enacting the uniform transfers to minors act; proposing coding for new law in Minnesota Statutes, chapter 527; repealing Minnesota Statutes 1984, sections 527.01 to 527.11.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 785, A bill for an act relating to intoxicating liquor; authorizing the issuance of temporary on-sale intoxicating liquor licenses; amending Minnesota Statutes 1984, section 340.11, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, after line 7, insert:

"Section 1. Minnesota Statutes 1984, section 340.031, subdivision 2, is amended to read:

Subd. 2. No manufacturer or wholesaler shall, directly or indirectly, or through a subsidiary or affiliate corporation, or by any officer, director, stockholder, or partner thereof, give, lend, or advance any money, credit, or other thing of value to any retailer or to any person for the benefit or relief of any retailer, nor furnish, give, lend, lease, or sell to any person any furniture, fixtures, fittings, or equipment; nor shall any manufacturer or wholesaler, directly or indirectly, have any interest in, or pay for, any retail licenses, or advance, furnish, lend, or give money for the payment of retail license fees or any expense incident to the obtaining of a license; nor shall any manufacturer or wholesaler become bound in any manner, directly or indirectly, for the repayment of any loan made to, or the fulfillment of any financial obligation of, any retailer; except that manufacturers or wholesalers may:

(a) furnish, lend, or rent outside signs to retailers, provided the cost of such signs, in the aggregate, furnished, lent, or rented by any manufacturer or wholesaler to any retailer shall not exceed $100, exclusive of erection, installation, and repair charges; (b) furnish inside signs, miscellaneous advertising matter, and other items not to exceed, in the aggregate, a cost of

$100 in any calendar year to any one retailer; (c) furnish or maintain for retailers equipment designed and intended to preserve and maintain the sanitary dispensing of non-intoxicating malt liquors, provided the expense incurred thereby does not exceed the sum of $100 per tap per calendar year, no part of which shall be paid in cash to any retailer; (d) lease or lend to the owner of the premises, or to any retailer now or hereafter occupying the premises, any furniture, fixtures, fittings, and equipment actually located on said premises on April 16, 1943; *and (e) give, lend, sell, or lease tap trailers, cold plates, or other dispensing equipment to retailers or to others for the benefit of retailers.*

Any retailer who shall be a party to any violation of this subdivision or who shall receive the benefits thereof shall be equally guilty of a violation of the provisions thereof and shall be subject to the penalty hereinafter provided.

Any person who shall violate the provisions of this subdivision is guilty of a gross misdemeanor, and each violation shall constitute a separate offense."

Page 1, line 24, after "*liquor*" delete "*except*"

Page 1, line 25, delete "*subdivision 21*"

Page 2, after line 3, insert:

"Sec. 3. Minnesota Statutes 1984, section 340.405, is amended to read:

340.405 [BREWERS, WHOLESALERS; NOT TO BE RETAILERS.]

No brewer or wholesaler shall, either directly or indirectly, own or control, or have any financial interest in, any retail business selling intoxicating malt liquor; but this restriction shall not be construed to deny such person the right to use or have his property rented for this purpose in any case where the brewer or wholesaler was a bona fide owner of the premises prior to November 1, 1933. No brewer or wholesaler shall, directly or indirectly, or through a subsidiary or affiliate corporation, or by any officer, director, stockholder, or partner thereof, give, lend, or advance any money, credit, or other thing of value to any retailer or to any person for the benefit or relief of any retailer, nor furnish, give, lend, lease, or sell to any person any furniture, fixtures, fittings, or equipment; nor shall any brewer or wholesaler, directly or indirectly, have any interest in, or pay for, any retail license, or advance, furnish, lend, or give money for the payment of retail license fees or any expense incident to the obtaining of a license; nor shall any brewer or wholesaler become bound in any manner, directly or indirectly, for the repayment

of any loan made to, or the fulfillment of any financial obligation of, any retailer, except that brewers or wholesalers may: (1) furnish, lend, or rent outside signs to retailers, provided the cost of the signs, in the aggregate, furnished, lent or rented by any brewer or wholesaler to any retailer, including signs authorized by section 340.02, shall not exceed $100, exclusive of erection, installation and repair charges; but nothing herein shall be construed as affecting signs owned and located in the state on the effective date hereof by any brewer or wholesaler; (2) furnish inside signs, miscellaneous advertising matter and other items not to exceed, in the aggregate, including similar items authorized by section 340.02, a cost of $100 in any calendar year to any one retailer; (3) furnish or maintain for retailers equipment designed and intended to preserve and maintain the sanitary dispensing of intoxicating malt liquors, provided the expense incurred thereby does not exceed the sum of $100 per tap per calendar year, no part of which shall be paid in cash to any retailer*; and (4) give, lend, sell, or lease tap trailers, cold plates, or other dispensing equipment to retailers or to others for the benefit of retailers.*"

Renumber the sections in sequence.

Amend the title as follows:

Page 1, line 2, after the semicolon insert "allowing wholesalers to provide malt liquor dispensing equipment for the benefit of retailers;"

Page 1, line 4, delete "section" and insert "sections"

Page 1, line 5, before "340.11" insert "340.031, subdivision 2;" and before the period insert "; and 340.405"

With the recommendation that when so amended the bill pass.

The report was adopted.

Blatz from the Committee on Crime and Family Law to which was referred:

H. F. No. 788, A bill for an act relating to crimes; increasing the penalty for an offense committed against a transit provider or operator when violence or a threat of violence is not involved; amending Minnesota Statutes 1984, section 609.855, subdivision 4.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 823, A bill for an act relating to Ramsey county; placing the position of law clerk investigator in the unclassified service; amending Minnesota Statutes 1984, section 383A.29, subdivision 6.

Reported the same back with the following amendments:

Page 3, line 9, after *"defender"* insert *"and law clerks employed by the Ramsey county attorney's office"*

Amend the title as follows:

Page 1, line 3, after "investigator" insert "and law clerks"

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

Carlson, D., from the Committee on Transportation to which was referred:

H. F. No. 827, A bill for an act relating to public safety; appropriating money to purchase mobile communications equipment for state patrol.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 838, A bill for an act relating to consumer protection; requiring motor vehicle manufacturers to supply a temporary replacement vehicle or to reimburse vehicle owners for rental car expenses under certain circumstances; providing an expedited civil remedy; amending Minnesota Statutes 1984, section 325F.665, subdivisions 2, 5, and 6.

Reported the same back with the following amendments:

Page 2, delete lines 19 to 29

Amend the title as follows:

Page 1, line 8, delete ", 5, and 6" and insert "and 5"

With the recommendation that when so amended the bill pass.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 895, A bill for an act relating to towns; providing funds for the preparation of a handbook of town laws; appropriating money.

Reported the same back with the following amendments:

Page 1, line 8, delete everything after "*of*" and insert "*administration*"

Page 1, line 9, delete "*Association of Townships*" and after "*prepare*" insert "*and distribute*"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Carlson, D., from the Committee on Transportation to which was referred:

H. F. No. 917, A bill for an act relating to motor vehicles; providing that certain license plates be issued every six years; amending Minnesota Statutes 1984, section 168.12, subdivisions 1 and 5.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 967, A bill for an act relating to natural resources; authorizing additions to and deletions from certain state parks.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Laws 1980, chapter 489, section 1, is amended by adding a subdivision to read:

[85.012] [Subd. 8.] *Subd. 1a.* [BLUE MOUNDS STATE PARK.]

The following area is deleted from Blue Mounds State Park in Section 13, Township 103 North, Range 45 West: The Northeast Quarter of the Southwest Quarter, excepting the west 165.00 feet thereof; and that part of the Southeast Quarter lying westerly of the westerly right-of-way line of the Chicago, Rock Island and Pacific Railway, excepting the south 265 feet thereof.

Sec. 2. Laws 1980, chapter 489, section 1, subdivision 4, is amended to read:

[85.012] [Subd. 29.] Subd. 4. [ITASCA STATE PARK.]

The following areas are added to Itasca State Park: *(a)* The South Half of the Northeast Quarter of Section 34, Township 144 North, Range 36 West.

(b) The Southeast Quarter of the Southeast Quarter of Section 32; the South Half of the Southwest Quarter, the Southwest Quarter of Southeast Quarter, and the East Half of Southeast Quarter of Section 33; the Southwest Quarter of Section 34; all in Township 144 North, Range 36 West.

(c) Notwithstanding section 5.012, subdivision 1, land that is added to Itasca State Park by paragraph (b), that is tax-forfeited land and under the custody, control, and supervision of the Clearwater county board on the effective date of this act, shall remain under the custody, control, and supervision of the county board until state lands of equal value are transferred to Clearwater county.

Notwithstanding any contrary provision, the department of natural resources is required to maintain the fire department in the Itasca Park complex at its present location.

Sec. 3. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Amend the title as follows:

Page 1, line 3, before the period insert "; amending Laws 1980, chapter 489, section 1, subdivision 4, and by adding a subdivision."

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 1005, A bill for an act relating to water pollution; establishing a program of reimbursement to municipalities that provide or contract for waste water treatment meeting state and federal water quality standards; proposing coding for new law in Minnesota Statutes, chapter 116.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 116.16, subdivision 3, is amended to read:

Subd. 3. [RECEIPTS.] The commissioner of finance and treasurer shall deposit in the fund as received (a) all proceeds of Minnesota water pollution control bonds, except accrued interest and premiums received upon the sale thereof, (b) all other money appropriated by law for purposes stated in subdivision 1, and (c) all money granted to the state for such purposes by the federal government or any agency thereof. All such receipts are annually appropriated for the permanent construction and improvement purposes of the fund, and shall be and remain available for expenditure in accordance with this section and federal law until the purposes for which such appropriations were made have been accomplished or abandoned. *One-half of the receipts under clauses (a) and (b), except revenues required by statute to be credited to a separate account for the abatement of combined sewer overflow, must be expended under section 2, unless the agency determines that the funds will not be needed for reimbursements under section 2.*

Sec. 2. [116.161] [WATER POLLUTION REIMBURSEMENT PROGRAM.]

Subdivision 1. [PURPOSE.] *It is the purpose of this section to establish a method of funding improvements of a capital nature needed for the prevention, control, and abatement of water*

pollution, as an alternative to those methods provided in sections 116.16 and 116.18, in order to: (1) encourage municipalities to take immediate action to reduce pollution of waters of the state by constructing and operating municipal or private waste water treatment systems without waiting for a grant approved by the agency, (2) reduce state expenditures and involvement in the funding of local waste water treatment projects and increase local control, and (3) improve the efficiency of waste water treatment.

Subd. 2. [DEFINITIONS.] *In this section:*

(1) Except as otherwise provided in this section, the terms defined in section 115.01 and 116.16, subdivision 2, have the meanings given them.

(2) "Eligible cost" means those costs defined in section 116.16, subdivision 2, clauses (6) and (7).

Subd. 3. [ESTABLISHMENT OF PROGRAM; ELIGIBLE RECIPIENTS.] *The agency shall by rule establish a program to reimburse municipalities that (1) incur eligible costs for any municipal project; (2) apply for reimbursement; and (3) have not received a state or federal waste water treatment grant before the effective date of this section.*

Subd. 4. [APPLICATION.] *A municipality seeking reimbursement under this section shall submit an application for reimbursement and for a disposal system permit, along with other information as required by the rules of the agency. An applicant under this section may not be required to submit designs, plans, and specifications for the project. An application for reimbursement is eligible for funding regardless of whether construction has been started or completed. Once submitted, an application remains eligible until funding is finally provided.*

Subd. 5. [AGENCY REVIEW.] *The agency shall complete a review of each application within 60 days of receipt of the completed application. The agency shall provide the applicant with comment on the application and supporting documents informing the applicant of technical difficulties with the project. The agency shall issue a disposal system permit to the applicant and shall inform the applicant of all federal and state standards applicable to the proposed waste water discharge. Adverse comment or a failure to comment by the agency does not disqualify an application for reimbursement if the applicant has provided sufficient financial guarantees under subdivision 8 to assure repayment of any state reimbursement funds.*

Subd. 6. [PRIORITY.] *After completing its review, the agency shall give each application for reimbursement a priority ranking in relation to all other pending applications for reim-*

bursement. The ranking must be based 50 percent on a ranking of those points allocated for the receiving water under Minnesota Rules, part 7075.0600, subparts 3 and 4, item A, and 50 percent on a ranking of the most economical reimbursement costs required per capita to bring the waste water outflow into compliance with state and federal standards, as applied by Minnesota Rules, part 7075.0700.

Subd. 7. [REIMBURSEMENT PERIOD; AMOUNT.] *Reimbursements to applicants must be made, over a 20-year period, commencing after one year of project operation, as provided in this subdivision.*

(a) The total amount of reimbursement to each applicant is the sum of:

(1) an amount per capita, calculated for the population served on completion of the project, equal to 20 percent of the average amount per capita, calculated for the population served on completion of the projects, actually expended for eligible costs of municipal projects funded in part by federal and state grants during state fiscal years 1982 to 1984;

(2) ten percent of the average amount per gallon of hydraulic capacity actually expended for eligible costs of municipal projects funded in whole or in part by federal and state grants during state fiscal years 1982 to 1984;

(3) ten percent of the average amount per unit of biological oxygen demand treatment capacity actually expended for eligible costs of municipal projects funded in whole or in part by federal and state grants in state fiscal years 1982 to 1984; and

(4) an amount in the nature of interest calculated at the rate of eight percent on the outstanding balance of the anticipated payments to be received, after the first payment by the municipality, over the remainder of the 20-year reimbursement period.

(b) Reimbursement for each applicant, including an application submitted jointly by more than one person, is limited to four percent of the total amount available for reimbursement in any fiscal year.

(c) The total reimbursement to an applicant may not exceed 125 percent of the eligible cost of the project.

Subd. 8. [CONDITIONS FOR REIMBURSEMENT.] *Reimbursement under this section is on the condition that state and federal water quality standards are met and maintained. A municipality may not receive reimbursement of eligible costs for*

any year in which applicable state and federal water quality standards are violated. A municipality forfeits all reimbursement payments previously made or to be made if federal or state standards are violated in any five of the 20 reimbursement years or any three consecutive reimbursement years. In order to assure that a municipality will comply with applicable federal and state water quality standards during the reimbursement period, each participating municipality shall provide the agency with a suitable guarantee in the form of a bond or letter of credit in at least the amount of any reimbursement payments to be received from the agency.

Subd. 9. [SPECIAL TESTING.] *The agency shall by rule establish a system of special monitoring and testing of projects during the early operation period, to determine whether projects meet or will meet state and federal water quality standards. The agency shall require recipients of reimbursements to conduct regular tests, by contract with outside testing laboratories, during the 20-year reimbursement period, provided that projects funded under this section may not be held to a higher standard of performance than other projects.*

Subd. 10. [STATUTORY APPLICATIONS.] *Sections 115.-03, subdivision 1, clause (f), and 177.41 do not apply to municipal projects reimbursed or for which an application for reimbursement is made under this section."*

Amend the title as follows:

Page 1, line 5, after the semicolon insert "amending Minnesota Statutes 1984, section 116.16, subdivision 3;"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 1017, A resolution memorializing the United States Department of Energy of Minnesota's opposition to the siting of a high-level radioactive waste disposal site in Minnesota pursuant to the Nuclear Waste Policy Act of 1982.

Reported the same back with the following amendments:

Page 1, line 20, delete the second "the"

Page 1, line 21, before "repository" insert "a waste"

Page 2, line 2, after "surface" insert "water"

Page 2, line 9, before "health" insert "economy,"

Page 2, line 11, after "process" insert "and at all times"

Page 2, line 16, after "repository" insert "on the headwaters and downstream of our three major North American watersheds and"

Page 2, line 20, before "Secretary" insert "President of the United States, the President and Secretary of the United States Senate, the Speaker and Chief Clerk of the United States House of Representatives, the"

Page 2, line 21, delete "Engergy" and insert "Energy"

With the recommendation that when so amended the bill pass.

The report was adopted.

McDonald from the Committee on Agriculture to which was referred:

H. F. No. 1072, A bill for an act relating to agriculture; providing for the amount and conditions of surety bonds of certain wholesale producer dealers; amending Minnesota Statutes 1984, section 27.041, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [LEGISLATIVE COMMISSION ON THE AGRICULTURAL ECONOMY.]

Subdivision 1. [POLICY STATEMENT.] *The present crisis in the agricultural economy of the state of Minnesota and the United States requires extraordinary attention from the Minnesota legislature. It is essential to study the immediate and long-term elements of the crisis more intensively and with deliberation greater than that permitted by the ordinary legislative process. Federal legislation is anticipated and a Minnesota legislative authority should be ready to react quickly and with full information to assure that its benefits are quickly and fully adapted to Minnesota law and Minnesota's special conditions to assure the greatest possible advantages to Minnesota producers and processors.*

Subd. 2. [ESTABLISHMENT.] *The legislative commission on the agricultural economy is established to:*

(a) study the effects of state law on agriculture and to suggest improvements;

(b) study the effects of federal law on agriculture and to propose improvements to congress;

(c) study the effect of changes in federal law in 1985 and 1986 and propose means for Minnesota agriculture to make the best possible use of them;

(d) propose a long-term program to promote stable agricultural prosperity in Minnesota; and

(e) propose any measures appropriate to relieve the consequences of the current crisis.

Subd. 3. [MEMBERSHIP AND TERMS.] *The commission shall consist of 12 members. Six members shall be from the senate, including members of the minority caucus, and shall be appointed by the subcommittee on committees of the committee on rules and administration. Six members shall be from the house of representatives, including members of the minority caucus, and shall be appointed by the speaker. The chairs of the senate agriculture and natural resources committee and the house agriculture committee shall be members of the commission. The members shall be appointed for terms beginning June 1, 1985. Vacancies on the commission shall be filled in the same manner as the original appointments.*

Subd. 4. [TERMS AND OFFICERS.] *The commission shall elect a chair and a vice-chair from among its members. In 1985 the chair shall be a member of the house and in 1986 a member of the senate. The vice-chair shall be a house member when the chair is a senate member, and senate member when the chair is a house member.*

Subd. 5. [GOVERNOR'S REPRESENTATIVE.] *The governor shall appoint a person to serve as liaison between the governor and the commission.*

Subd. 6. [ADVISORY COMMITTEE.] *The commission may appoint advisory committees to assist it as needed. The advisory committees shall meet at the discretion of the commission.*

Subd. 7. [ASSISTANCE OF OTHER AGENCIES.] *The commission may request information from any state officer or agency to assist the commission in performing its duties. The officer or agency shall promptly furnish any data requested.*

Subd. 8. [STAFF.] *The commission may employ professional, technical, consulting, and clerical services. The commis-*

sion may use legislative staff to provide legal counsel, research, secretarial, and clerical assistance.

Subd. 9. [EXPENSES AND REIMBURSEMENT.] *The members of the commission and its assistants shall be reimbursed for all expenses actually incurred in the performance of their duties. Expenses of the commission shall be approved by the chair and the expenses paid in the same manner as other state expenses are paid.*

Subd. 10. [REPORT.] *By December 15 of each year, the commission shall report to the legislature on its findings and recommendations, including information related to the funding of education.*

Subd. 11. [EXPIRATION.] *The commission shall end December 31, 1986.*

Subd. 12. [APPROPRIATION.] *$..... is appropriated from the general fund to the commission for the purposes of this section. The appropriation expires December 31, 1986."*

Delete the title and insert:

"A bill for an act establishing the legislative commission on the agricultural economy; providing for its duties and powers; appropriating money."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Governmental Operations.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

H. F. No. 1097, A bill for an act relating to creditor's remedies; providing for an increase in the amount of farm machines and implements exemption; clarifying the garnishment limitation for the sale of farm products; amending Minnesota Statutes 1984, sections 550.37, subdivisions 5, 7, 13, and 14; 571.41, subdivisions 6 and 7; 571.495, subdivision 3; and 571.55, subdivision 1.

Reported the same back with the following amendments:

Page 1, line 23, strike "WAGES" and insert "*EARNINGS*"

Page 2, line 19, strike "wages" and insert "*earnings*"

Page 9, line 16, after "*corporation*" insert a comma

Page 11, line 36, after the second "*corporation*" insert a comma

Page 12, after line 6, insert:

"Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 8 are effective June 1, 1985."

With the recommendation that when so amended the bill pass.

The report was adopted.

Carlson, D., from the Committee on Transportation to which was referred:

H. F. No. 1098, A bill for an act relating to traffic regulations; peace officers; authorizing peace officers to inspect for regulated tires; amending Minnesota Statutes 1984, section 169.725.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

H. F. No. 1112, A bill for an act relating to dispute resolution; establishing guidelines for community dispute resolution programs; proposing coding for new law in Minnesota Statutes, chapter 494.

Reported the same back with the following amendments:

Page 1, line 9, delete "*8*" and insert "*9*"

Page 1, line 11, after "2." insert "[494.045]"

Page 1, line 13, delete "*8*" and insert "*9*"

Page 1, line 18, delete "*5*" and insert "*6*"

Page 2, line 6, delete "*8*" and insert "*9*"

Page 2, line 13, delete "2" and insert "3"

Page 6, line 3, delete "[494.08]" and insert "[494.09]"

Page 6, line 7, delete "8" and insert "9"

Page 8, line 30, delete "[494.09]" and insert "[494.10]"

Page 8, line 33, delete "8" and insert "9"

Page 9, line 20, delete "[494.10]" and insert "[494.11]"

Page 10, line 1, delete "8" and insert "9"

Renumber the sections in sequence

With the recommendation that when so amended the bill pass.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 1116, A bill for an act relating to tax increment financing; transferring duties to the state auditor; imposing financial reporting and accounting requirements; repealing the authority to provide interest reduction programs; amending Minnesota Statutes 1984, sections 273.74, subdivisions 2, 5, and by adding a subdivision; and 298.2211, subdivision 1; repealing Minnesota Statutes 1984, section 462.445, subdivisions 10, 11, 11a, 12, and 13.

Reported the same back with the following amendments:

Page 4, after line 18, insert:

"Sec. 4. Minnesota Statutes 1984, section 273.75, subdivision 4, is amended to read:

Subd. 4. [LIMITATION ON USE OF TAX INCREMENT.] All revenues derived from tax increment shall be used in accordance with the tax increment financing plan. The revenues shall be used solely for the following purposes: (a) to pay the principal of and interest on bonds issued to finance a project; (b) by a rural development financing authority for the purposes stated in section 362A.01, subdivision 2, by a port authority or municipality exercising the powers of a port authority to finance or otherwise pay the cost of redevelopment pursuant to chapter 458, by a housing and redevelopment authority to finance or otherwise pay public redevelopment costs pursuant to chapter 462, by a municipality to finance or otherwise pay the capital and administration costs of a development district pursuant to chapter

472A, by a municipality or redevelopment agency to finance or otherwise pay premiums for insurance or other security guaranteeing the payment when due of principal of and interest on the bonds pursuant to chapters 462C, 474, or both chapters, or to accumulate and maintain a reserve securing the payment when due of the principal of and interest on the bonds pursuant to chapters 462C, 474, or both chapters, which revenues in the reserve shall not exceed, subsequent to the fifth anniversary of the date of issue of the first bond issue secured by the reserve, an amount equal to 20 percent of the aggregate principal amount of the outstanding and nondefeased bonds secured by the reserve. *No revenues derived from tax increment may be used for an interest reduction program operated pursuant to section 462.445, subdivisions 10 to 13 or pursuant to other law granting interest reduction authority and power by reference to those subdivisions.* These revenues shall not be used to circumvent existing levy limit law. No revenues derived from tax increment shall be used for the construction or renovation of a municipally owned building used primarily and regularly for conducting the business of the municipality; this provision shall not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure, a commons area used as a public park or a facility used for social, recreational or conference purposes and not primarily for conducting the business of the municipality."

Page 5, delete lines 23 to 25 and insert:

"Sec. 6. Minnesota Statutes 1984, section 462.445, subdivision 13, is amended to read:

Subd. 13. [INTEREST REDUCTION PROGRAM.] (THE AUTHORITY TO AUTHORIZE PAYMENT OF INTEREST REDUCTION ASSISTANCE PURSUANT TO SUBDIVISIONS 10, 11, AND 12 SHALL EXPIRE ON) *Subdivisions 10, 11, 11a, and 12 are repealed effective* January 1, (1986) *1987. Notwithstanding the preceding sentence,* interest reduction assistance payments authorized prior to January 1, (1986) *1987* may be paid after January 1, (1986) *1987.*"

Page 5, line 33, delete "*Sections 3 and 4 are*" and insert "*Section 4 is*"

Page 5, line 35, after "*party*" insert "*and provided to be paid with tax increment revenues*"

Page 5, line 36, after "*paid*" insert "*with tax increment revenues*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon insert "prohibiting the use of tax increment revenues for interest reduction programs;"

Page 1, line 4, delete "repealing" and insert "extending"

Page 1, line 7, delete the second "and" and insert "273.75, subdivision 4;"

Page 1, line 8, delete "repealing Minnesota Statutes" and insert "and 462.445, subdivision 13."

Page 1, delete lines 9 and 10

With the recommendation that when so amended the bill pass.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 1171, A bill for an act relating to the city of Saint Paul; permitting the city to issue temporary on-sale wine licenses to nonprofit charitable, religious, or veterans organizations.

Reported the same back with the following amendments:

Page 1, line 18, after "*only*" delete "*on*" and insert "*, as described on the approved license application, on the days described in the license, which may be*"

Page 1, after line 18, insert:

"Sec. 2. Minnesota Statutes 1984, section 340.11, subdivision 21, is amended to read:

Subd. 21. [LIABILITY INSURANCE.] Every person licensed to sell at retail intoxicating liquor or nonintoxicating malt liquor at on-sale or off-sale shall, after August 1, 1983, demonstrate proof of financial responsibility with regard to liability imposed by section 340.95, to the authority issuing the license as a condition of the issuance or renewal of his license, provided this subdivision does not apply to licensees who by affidavit establish that they are on-sale nonintoxicating malt liquor licensees with sales of less than $10,000 of nonintoxicating malt liquor for the preceding year, or off-sale nonintoxicating malt liquor licensees with sales of less than $20,000 of nonintoxicating malt liquor for the preceding year, or holders of on-sale wine licenses under subdivision 20 *or holders of temporary wine licenses issued under law,* with sales of less than $10,000 of wine

for the preceding year. The issuing authority must submit to the commissioner the proof of financial responsibility or exemption affidavit submitted by the license applicant. Proof of financial responsibility may be given by filing:

(a) A certificate that there is in effect for the period covered by the license an insurance policy or pool providing the following minimum coverages;

(1) $50,000 because of bodily injury to any one person in any one occurrence, and, subject to the limit for one person, in the amount of $100,000 because of bodily injury to two or more persons in any one occurrence, and in the amount of $10,000 because of injury to or destruction of property of others in any one occurrence.

(2) $50,000 for loss of means of support of any one person in any one occurrence, and, subject to the limit for one person, $100,000 for loss of means of support of two or more persons in any one occurrence; or

(b) A bond of a surety company with minimum coverages as provided in clause (a), or

(c) A certificate of the state treasurer that the licensee has deposited with him $100,000 in cash or securities which may legally be purchased by savings banks or for trust funds having a market value of $100,000.

This subdivision does not prohibit a local governing unit from requiring higher insurance or bond coverages, or a larger deposit of cash or securities than is required hereunder, as a condition of issuance or renewal of a retail intoxicating liquor or nonintoxicating malt liquor on-sale or off-sale license.

The commissioner of commerce shall advise licensees and municipalities subject to the financial responsibility requirements of this subdivision of those persons offering insurance coverage. The commissioner of commerce shall establish a program to assist licensees in obtaining insurance coverage. The program shall include a committee appointed by the commissioner of commerce of a representative group of insurance carriers and producers. The commissioner of commerce shall serve as an ex officio member of the committee. The committee shall review and act upon all properly executed applications requesting liquor liability market assistance. The market assistance program shall be established by the commissioner of commerce by August 1, 1983, and shall continue to function so long as its services are deemed by the commissioner of commerce to be necessary to relieve perceived availability problems in the liquor liability insurance market. If the committee finds that it cannot assist in securing insurance coverage it shall notify the applicant

in writing with a full explanation and recommendation for enhancing its ability to secure insurance. The commissioner of commerce shall, if necessary, establish an assigned risk plan pursuant to subdivision 23."

Page 1, line 20, delete *"This act"* and insert *"Section 1"*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete "the city of Saint Paul" and insert "liquor"

Page 1, line 3, after "city" insert "of St. Paul"

Page 1, line 5, after "organizations" insert "; providing for the applicability of mandatory liability insurance; amending Minnesota Statutes 1984, section 340.11, subdivision 21"

With the recommendation that when so amended the bill pass.

The report was adopted.

Blatz from the Committee on Crime and Family Law to which was referred:

H. F. No. 1191, A bill for an act relating to drivers licenses; providing for access to drivers license photographic negatives; amending Minnesota Statutes 1984, section 171.07, subdivision 1a.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Erickson from the Committee on Education to which was referred:

H. F. No. 1243, A bill for an act relating to the Minnesota historical society; requiring it to develop instructional materials on Minnesota history; appropriating money.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [126.70] [FINDINGS AND PURPOSE.]

The legislature recognizes the need to develop instructional materials for the purpose of teaching and instilling an appreciation of Minnesota state history in the state's schools. The materials must be accurate and balanced in their presentation of the state's past, reflecting a nonsexist, nonracist and multicultural view of the state's society.

Sec. 2. [126.71] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] *The definitions in this section apply to sections 1 to 6.*

Subd. 2. [GRADE LEVEL.] *"Grade level" means the upper elementary and middle school levels.*

Subd. 3. [MATERIALS.] *"Materials" means the content to be taught and the strategy for teaching.*

Subd. 4. [DIRECTOR.] *"Director" means the director of the Minnesota historical society.*

Sec. 3. [126.72] [DEVELOPMENT AND PUBLICATION OF MATERIALS.]

The Minnesota historical society shall develop and publish materials on Minnesota history for students at the appropriate grade level. The materials must include elements of physical geography, natural history, anthropology, literature, art, government, politics, ethnicity, economics, and folklife. The materials must also describe Minnesota's relationship to national and world events.

Sec. 4. [126.73] [ADVISORY TASK FORCE.]

An advisory task force of 15 members appointed by the director shall advise the society on the development of the materials. The task force shall consist of school board members, professional historians, educators, and department of education staff. The task force is subject to section 15.059, subdivision 6.

Sec. 5. [126.74] [EVALUATION TASK FORCE.]

An evaluation task force of 15 classroom teachers appointed by the director shall test and evaluate the materials on pupils in grades five to seven prior to initial distribution of the materials. The task force shall consist of teachers from large and small, urban, suburban, and rural, and public and nonpublic schools. The task force is subject to section 15.059, subdivision 6.

Sec. 6. [126.75] [SALE; RECEIPTS.]

The materials developed under section 3 may be sold at competitive prices to public school districts and nonpublic schools."

Amend the title as follows:

Page 1, line 4, delete "appropriating money" and insert "proposing coding for new law in Minnesota Statutes, chapter 126"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 1253, A bill for an act relating to state lands; conveying land to Olmsted county.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [CONVEYANCE OF A ROAD EASEMENT TO OLMSTED COUNTY.]

Subdivision 1. [COMMISSIONER MUST OFFER EASEMENT.] *Because of increased local economic opportunity and growth and notwithstanding any other law, the commissioner of natural resources shall convey an easement in the land described in subdivision 2 to Olmsted county to be used for a roadway.*

The commissioner must offer the land at the appraised value determined by appraisers according to law, plus costs, by August 1, 1985 and Olmsted county has until March 1, 1986 to accept the offer.

The conveyance shall be made in a form approved by the attorney general. The attorney general may not approve the conveyance unless the design of the roadway incorporates the maximum mitigation efforts as identified by the commissioner in the completed environmental impact statement, except for additional corn growth contract requirements.

Subd. 2. [LAND DESCRIPTION.] *The commissioner of natural resources shall offer an easement in the land described in this subdivision to Olmsted county.*

(a) A parcel of land in the northwest quarter of section 5, township 106 north, range 13 west, Olmsted county Minnesota, described as follows:

Beginning at the northwest corner of the northwest quarter; thence north 88 degrees 46 minutes 17 seconds east (for the purpose of this description the north line of the northwest quarter is assumed to be north 88 degrees 46 minutes 17 seconds east) along the north line of the northwest quarter for a distance of 1313.61 feet; thence south 01 degrees 13 minutes 43 seconds east for a distance of 100.00 feet; thence south 87 degrees 06 minutes 46 seconds west for a distance of 941.55 feet; thence south 86 degrees 31 minutes 53 seconds west for a distance of 233.94 feet; thence south 52 degrees 23 minutes 06 seconds west for a distance of 117.75 feet; thence south 00 degrees 06 minutes 36 seconds west for a distance of 304.96 feet; thence south 01 degrees 51 minutes 26 seconds east for a distance of 180.21 feet; thence south 01 degrees 11 minutes 25 seconds east for a distance of 1870.77 feet more or less to the south line of the northwest quarter; thence westerly along the south line of said quarter to the southwest corner of the northwest quarter for a distance of 46.00 feet; thence north 01 degrees 02 minutes 19 seconds west along the west line of the northwest quarter for a distance of 2561.96 feet to the northwest corner of the northwest quarter and the point of beginning.

(b) A parcel of land consisting of the west 46 feet of the southwest quarter of section 5 lying north of the north right-of-way line of trunk highway No. 14. The parcel is subject to all existing roadway easements.

(c) A parcel of land in the northeast quarter in section 6, township 106 north, range 13 west, Olmsted county Minnesota, described as follows:

Beginning at the northeast corner of the northeast quarter of section 6; thence south 89 degrees 34 minutes 27 seconds west (for the purposes of this description the north line of the northeast quarter is assumed to be south 89 degrees 34 minutes 27 seconds west) along the north line of said quarter a distance of 910.58 feet; thence south 00 degrees 07 minutes 33 seconds east for a distance of 86.23 feet; thence south 85 degrees 58 minutes 28 seconds east for a distance of 621.63 feet; thence south 48 degrees 17 minutes 20 seconds east for a distance of 133.16 feet; thence south 08 degrees 23 minutes 21 seconds east for a distance of 251.13 feet; thence south 02 degrees 01 minutes 48 seconds east for a distance of 200.95 feet; thence south 01 degrees 11 minutes 25 seconds east for a distance of 690.71 feet to the north line of the south 1180 feet of the northeast quarter; thence north 88 degrees 47 minutes 30 seconds east for a distance of 157.13 feet to the east line of the northeast quarter; thence north 01 degrees 02 minutes 19 seconds west along the east line of the northeast quarter for a distance of 1381.96 feet to the northeast corner

of the northeast quarter and the point of beginning. The parcel is subject to all existing roadway easements.

The parcels in paragraphs (a), (b), and (c) containing 14.0 acres more or less.

(d) A parcel of land in the southeast quarter and the south one-half of the northeast quarter of section 31, township 107 north, range 13 west, Olmsted county Minnesota, described as follows:

Beginning at the southeast corner of the southeast quarter; thence north 00 degrees 43 minutes 30 seconds west (for the purpose of this description the east line of the southeast quarter is assumed to be north 00 degrees 43 minutes 30 seconds west) along the east line of said quarter for a distance of 848.56 feet; thence north 31 degrees 33 minutes 48 seconds west for a distance of 394.73 feet; thence northerly 1000.11 feet along a nontangential curve, concave southwesterly, a central angle of 07 degrees 24 minutes 14 seconds, a radius of 7739.44 feet, and the chord of said curve bears north 18 degrees 57 minutes 13 seconds west for a distance of 999.41 feet; thence north 22 degrees 39 minutes 20 seconds west for a distance of 545.41 feet to the north line of the southeast quarter; thence continuing north 22 degrees 39 minutes 20 seconds west for a distance of 1411.85 feet to the north line of the south one-half of the northeast quarter; thence south 89 degrees 35 minutes 55 seconds west along the north line of the south one-half of the northeast quarter for a distance of 216.10 feet; thence south 22 degrees 39 minutes 20 seconds east for a distance of 1412.11 feet to the north line of the southeast quarter; thence continuing south 22 degrees 39 minutes 20 seconds east for a distance of 626.99 feet; thence southerly 1349.73 feet along a tangential curve, concave southwesterly, a central angle of 10 degrees 15 minutes 26 seconds, a radius of 7539.44 feet, and the chord of said curve bears south 17 degrees 31 minutes 37 seconds east for a distance of 1347.93 feet; thence south 06 degrees 05 minutes 53 seconds east, not tangent to curve, for a distance of 539.30 feet; thence south 39 degrees 31 minutes 07 seconds west for a distance of 153.23 feet; thence south 84 degrees 04 minutes 49 seconds west for a distance of 552.74 feet; thence south 00 degrees 07 minutes 33 seconds east for a distance of 63.77 feet to the south line of the southeast quarter; thence north 89 degrees 34 minutes 27 seconds east along the south line of the southeast quarter for a distance of 910.58 feet to the southeast corner of the southeast quarter to the point of beginning.

Less the Chicago and Northwestern Railroad right-of-way in the south one-half of the northeast quarter. The parcel is subject to all existing roadway easements.

This parcel contains 22.21 acres more or less.

(e) A parcel of land in the southwest quarter of the southwest quarter of section 32, township 107 north, range 13 west, Olmsted county Minnesota, described as follows:

Beginning at the southwest corner of the southwest quarter; thence north 00 degrees 43 minutes 30 seconds west (for the purpose of this description the west line of the southwest quarter is assumed to be north 00 degrees 43 minutes 30 seconds west) along the west line of said quarter quarter for a distance of 848.56 feet; thence southeasterly 654.77 feet along a nontangential curve, concave southwesterly, a central angle of 04 degrees 46 minutes 24 seconds, a radius of 7859.44 feet, and the chord of said curve bears south 10 degrees 06 minutes 08 seconds east for a distance of 654.58 feet; thence south 47 degrees 06 minutes 34 seconds east for a distance of 127.00 feet; thence south 86 degrees 49 minutes 24 seconds east for a distance of 174.20 feet; thence north 88 degrees 46 minutes 17 seconds east for a distance of 941.35 feet to the east line of the southwest quarter of the southwest quarter; thence south 00 degrees 38 minutes 36 seconds east for a distance of 100.00 feet along the east line of the southwest quarter of the southwest quarter to the southeast corner of the southwest quarter of the southwest quarter; thence south 88 degrees 46 minutes 17 seconds west along the south line of said quarter quarter for a distance of 1313.61 feet to the southwest corner of the southwest quarter of the southwest quarter and the point of beginning. The parcel is subject to all existing roadway easements.

This parcel contains 4.27 acres more or less.

(f) That part of the southeast quarter and that part of the south one-half of the northeast quarter of section 31, lying south of the south right-of-way line of the Chicago and Northwestern railroad, township 107 north, range 13 west, Olmsted county Minnesota, described as follows:

Commencing at the southwest quarter of the southeast quarter; thence north 00 degrees 43 minutes 24 seconds west (for the purpose of this description the west line of the southeast quarter is assumed to be north 00 degrees 43 minutes 24 seconds west) along the west line of southeast quarter for a distance of 2100.00 feet to the point of beginning; thence north 89 degrees 16 minutes 36 seconds east for a distance of 1911.81 feet; thence north 22 degrees 39 minutes 20 seconds west to the north line of the southeast quarter for a distance of 571.30 feet; thence continuing north 22 degrees 39 minutes 20 seconds west to the south right-of-way line of said railroad for a distance of 64.75 feet; thence south 75 degrees 01 minutes 33 seconds west along the south right-of-way line of said railroad for a distance of 239.27 feet to the north line of the southeast quarter; thence continuing south 75 degrees 01 minutes 33 seconds west along the south right-of-way line of said railroad for a distance of 1488.13 feet to the west line of the southeast quarter; thence south 00 degrees

43 minutes 24 seconds east along the west line of the southeast quarter for a distance of 164.79 feet to the point of beginning. Said tract is subject to all existing roadway easements.

This parcel contains 16.11 acres more or less.

Sec. 2. [APPROPRIATION.]

Money received in return for the transfer of lands under section 1 shall be deposited in the land acquisition account, section 94.165, and is hereby appropriated to the commissioner of natural resources for the purpose of acquiring lands for wildlife management in Olmsted county.

Sec. 3. [EFFECTIVE DATE.]

This act is effective the day after enactment."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Carlson, D., from the Committee on Transportation to which was referred:

H. F. No. 1260, A bill for an act relating to transportation; county state-aid highway fund; repealing the 24-foot restriction in the calculation of money needs; changing the definitions of urban and rural counties; providing for apportionments in calendar years 1986 and 1987; amending Minnesota Statutes 1984, section 162.07, subdivisions 2, 3, and 4; proposing coding for new law in Minnesota Statutes, chapter 162.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 1265, A bill for an act relating to economic development; providing for economic opportunity and arts enterprise zones; amending Minnesota Statutes 1984, sections 273.1312, subdivision 4; 273.1313, subdivision 2; and 273.1314, subdivisions 2, 4, 5, 7, 8, and by adding subdivisions.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 273.1312, subdivision 3, is amended to read:

Subd. 3. [DURATION.] *Except for designations under subdivision 4, clause (c), paragraph (5), which shall be effective for 20 years*, the designation of an area as an enterprise zone shall be effective for seven years after the date of designation.

Sec. 2. Minnesota Statutes 1984, section 273.1312, subdivision 4, is amended to read:

Subd. 4. [ELIGIBILITY REQUIREMENTS.] An area is eligible for designation if the following requirements are met:

(a) The boundary of the zone or each subdivision of the zone is continuous and includes vacant or underutilized lands or buildings.

(b) The area of the zone is less than 400 acres. The total market value of the taxable property contained in the zone at the time of application is less than $100,000 per acre or $300,000 per acre for an area located wholly within a first class city. A zone which is located in a city of the third or fourth class may be divided into two to four separate subdivisions which need not be contiguous with each other. Each subdivision must contain not less than 100 acres. The restrictions provided by this paragraph shall not apply to areas designated pursuant to paragraph (c), clause (2) (OR), (3), *(4), or (5)*.

(c) (1) The proposed zone is located within an economic hardship area, as established by meeting two or more of the following criteria:

(A) the number of residential housing units within the area which are substandard is 15 percent or greater under criteria prescribed by the commissioner using data collected by the bureau of the census or data submitted by the municipality and approved by the commissioner;

(B) the percentage of households within the area that fall below the poverty level, as determined by the United States census bureau, is 20 percent or greater;

(C) (i) the total market value of commercial and industrial property in the area has declined over three of the preceding five years, or (ii) the total market value of all property in the area has declined or it has increased less than 10.5 percent over the preceding three-year period;

(D) for the last full year for which data is available, the per capita income in the area was 90 percent or less of the per capita income for the state, excluding standard metropolitan statistical areas, or for the standard metropolitan statistical area if the area is located in a standard metropolitan statistical area;

(E) (i) the current rate of unemployment in the area is 120 percent of the statewide average unemployment for the last 12-month period for which verifiable figures are available, or (ii) the total number of employment positions has declined by ten percent during the last 18 months; or

(2) The area is so designated under federal legislation providing for federal tax benefits to investors, employers or employees in enterprise zones; or

(3) The area consists of a statutory or home rule charter city with a contiguous border with a city in another state or with a contiguous border with a city in Minnesota which has a contiguous border with a city in another state and the area is determined by the commissioner to be economically or fiscally distressed*; or*

(4) The area is an economic opportunity or arts opportunity enterprise zone.

(A) An economic opportunity zone is an area in which a specific investment is proposed for a project that will create jobs.

(B) An art opportunity zone is either:

(i) housing for artists; or

(ii) meeting room, practice, rehearsal, recording, or studio space for artists; or

(5) The area is in a distressed county. A distressed county is a county which:

(A) Has an annual unemployment rate of ten percent or more for the preceding period from May 1 to April 30; or

(B) Has ten percent or more of its work force involved in agriculture for the preceding period of May 1 to April 30 using the most current data available from the state demographer.

For purposes of this subdivision, an economic hardship area must have a population under the most recent federal decennial census of at least (i) 4,000 if any of the area is located wholly or partly within a standard metropolitan statistical area, or (ii)

2,500 for an area located outside of a standard metropolitan statistical area, or (iii) no minimum in the case of an area located in an Indian reservation; except that, in the case of two or more cities seeking designation of an enterprise zone under a joint exercise of power pursuant to section 471.59, the minimum population required by this provision shall not exceed the sum of the populations of those cities.

Sec. 3. Minnesota Statutes 1984, section 273.1312, subdivision 5, is amended to read:

Subd. 5. [LIMITATION.] *Except as specifically otherwise provided by law,* no area may be designated as an enterprise zone after December 31, 1986. No area may be designated as an enterprise zone which qualifies pursuant to section 273.1312, subdivision 4, paragraph (c), clause (3), after December 31, 1983.

Sec. 4. Minnesota Statutes 1984, section 273.1313, subdivision 2, is amended to read:

Subd. 2. [PROGRAM.] (a) The governing body of any municipality which contains a designated enterprise zone as provided by section 273.1312 shall by resolution establish a program for classification of new property or improvements to existing property as employment property pursuant to the provisions of this section. Applications for classification under the program shall be filed with the municipal clerk or auditor in a form prescribed by the commissioner, with additions as may be prescribed by the municipal governing body. The application shall contain, where appropriate, a legal description of the parcel of land on which the facility is to be situated or improved; a general description of the facility or improvement and its proposed use, the probable time schedule for undertaking any construction or improvement, and information regarding the matters referred to in paragraph (d); the market value and the assessed value of the land and of all other taxable property then situated on it, according to the most recent assessment; and if the property is to be improved or expanded, an estimate of the probable cost of the new construction or improvement and the market value of the new or improved facility (excluding land) when completed.

(b) Upon receipt of an application the municipal clerk or auditor, subject to any prior approval required by the resolution establishing the program, shall furnish a copy to the assessor for the property and to the governing body of each school district and other public body authorized to levy taxes on the property, and shall publish a notice in the official newspaper of the time and place of a hearing to be held by the governing body on the application, not less than 30 days after the notice is published, stating that the applicant, the assessor, representatives of the affected taxing authorities, and any taxpayer of the municipality may be heard or may present their views in writing at or before the hearing. The hearing may be adjourned from time to time,

but the governing body shall take action on the application by resolution within 30 days after the hearing. If disapproved, the reasons shall be set forth in the resolution, and the applicant may appeal to the commissioner within 30 days thereafter, but only on the ground that the determination is arbitrary, in relation to prior determinations as to classification under the program, or based upon a mistake of law. If approved, the resolution shall include determinations as to the matters set forth in paragraph (d), and the clerk or auditor shall transmit it to the commissioner.

(c) Within 60 days after receipt of an approved application or an appeal from the disapproval of an application, the commissioner shall take action on it. The commissioner shall approve each application approved by the governing body if he finds that it complies with the provisions of this section. If he disapproves the application, or finds grounds exist for appeal of a disapproved application, he shall transmit the finding to the governing body and the applicant. When grounds for appeal have been determined to exist, the governing body shall reconsider and take further action on the application within 30 days after receipt of the commissioner's notice and serve written notice of the action upon the applicant. The applicant, within 30 days after receipt of notice of final disapproval by the commissioner or the governing body, may appeal from the disapproval to a court of competent jurisdiction.

(d) In the case of enterprise zones qualifying pursuant to section 273.1312, subdivision 4, paragraph (c), clause (1), an application shall not be approved unless the governing body finds and determines that the construction or improvement of the facility:

(1) Is reasonably likely to create new employment or prevent a loss of employment in the municipality;

(2) Is not likely to have the effect of transferring existing employment from one or more other municipalities within the state;

(3) Is not likely to cause the total market value of employment property within the municipality to exceed five percent of the total market value of all taxable property within the municipality; or if it will, the resulting limitation upon the increase of the assessed value of all taxable property within the municipality, considering the amount of additional municipal services likely to be required for the employment property, is not likely to substantially impede the operation or the financial integrity of the municipality or any other public body levying taxes on property in the municipality; and

(4) Will not result in the reduction of the assessed value of existing property within the municipality owned by the appli-

cant, through abandonment, demolition, or otherwise, without provision for the restoration of the existing property within a reasonable time in a manner sufficient to restore the assessed valuation.

(e) In the case of enterprise zones qualifying pursuant to section 273.1312, subdivision 4, paragraph (c), clause (3), *(4), or (5)*, an application for assessment as employment property under section 273.13, subdivision 9, (OR) for a tax reduction pursuant to section 273.1314, subdivision 9, *or for a tax abatement under subdivision 2a or section 273.1314, subdivision 9,* may not be approved unless the governing body finds and determines that the construction or improvement of the facility is not likely to have the effect of transferring existing employment from one or more other municipalities within the state.

Sec. 5. Minnesota Statutes 1984, section 273.1313, is amended by adding a subdivision to read:

Subd. 2a. [DISTRESSED COUNTIES.] *Employment property in an enterprise zone designated under section 273.1312, subdivision 4, paragraph (c), clause (5), shall be reclassified but shall have the property tax on it abated for 20 years unless the classification is revoked. The municipality's share of the abatement shall qualify as the local contribution required under section 273.1314, subdivision 6.*

Sec. 6. Minnesota Statutes 1984, section 273.1314, is amended by adding a subdivision to read:

Subd. 1a. [DISTRESSED COUNTY.] *The commissioner shall on June 1, every year, designate those counties which are distressed under section 273.1312, subdivision 4, paragraph (c), clause (5). The designation of a county as distressed shall only be effective for the following calendar year. A county may be designated as distressed as often as it so qualifies. Property and businesses in an enterprise zone designated according to section 273.1312, subdivision 4, paragraph (c), clause (5), are eligible for tax abatement upon approval by the commissioner of a joint application of a municipality and a business.*

Sec. 7. Minnesota Statutes 1984, section 273.1314, subdivision 2, is amended to read:

Subd. 2. [SUBMISSION OF APPLICATIONS.] *Except for applications for designation under section 273.1312, subdivision 4, paragraph (c), clause (4) or (5), which may be submitted any time,* on or before August 31 of each year, a municipality seeking designation of an area as an enterprise zone shall submit an application to the commissioner. The commissioner shall establish procedures and forms for the submission of applications for enterprise zone designation.

Sec. 8. **Minnesota Statutes 1984, section 273.1314, subdivision 4, is amended to read:**

Subd. 4. [EVALUATION OF APPLICATIONS.] The commissioner shall review and evaluate the applications submitted pursuant to subdivision 3 and shall determine whether each area is eligible for designation as an enterprise zone. If the department of energy and economic development no longer exists as presently constituted, the commissioner shall consult with the successor to the responsibilities of the planning division of that department in making this determination. In determining whether an area is eligible under section 273.1312, subdivision 4, paragraph (c), if unemployment, employment, income or other necessary data are not available for the area from the federal departments of labor or commerce or the state demographer, the commissioner may rely upon other data submitted by the municipality if he determines it is statistically reliable or accurate. The commissioner, in conjunction with the commissioner of revenue, shall prepare an estimate of the amount of state tax revenue which will be foregone for each application if the area is designated as a zone.

Except for enterprise zones eligible under section 273.1312, subdivision 4, paragraph (c), clause (4) or (5), which are not to be submitted to the commission, on or before October 1 of each year, the commissioner shall submit to the legislative advisory commission a list of the areas eligible for designation as enterprise zones, along with his recommendations for designation and supporting documentation. In making recommendations for designation, the commissioner shall consider and evaluate the applications pursuant to the following criteria:

(a) the pervasiveness of poverty, unemployment, and general distress in the area;

(b) the extent of chronic abandonment, deterioration or reduction in value of commercial, industrial or residential structures in the area and the extent of property tax arrearages in the area;

(c) the prospects for new investment and economic development in the area with the tax reductions proposed in the application relative to the state and local tax revenue which would be foregone;

(d) the competing needs of other areas of the state;

(e) the municipality's proposed use of other state and federal development funds or programs to increase the probability of new investment and development occurring;

(f) the extent to which the projected development in the zone will provide employment to residents of the economic hard-

ship area, and particularly individuals who are unemployed or who are economically disadvantaged as defined in the federal Job Training Partnership Act of 1982, 96 Statutes at Large 1322;

(g) the funds available pursuant to subdivision 8; and

(h) other relevant factors which he specifies in his recommendations.

The commissioner shall submit a separate list of the areas entitled to designation as enterprise zones under section 273.1312, subdivision 4, paragraph (c), clauses (2) and (3), along with his recommendations for the amount of funds to be allocated to each area.

Sec. 9. Minnesota Statutes 1984, section 273.1314, is amended by adding a subdivision to read:

Subd. 4a. [ECONOMIC OPPORTUNITY ZONES.] *When evaluating an application for designation as an economic opportunity zone, the commissioner shall consider the number of new jobs a project will create, the investment in the project, and the number of hardship factors listed in section 273.1312, subdivision 4, paragraph (c)(1), clauses (A) to (E) which are present in the area where the proposed project is located.*

Sec. 10. Minnesota Statutes 1984, section 273.1314, is amended by adding a subdivision to read:

Subd. 4b. [ARTS OPPORTUNITY ZONES.] *When evaluating an application for designation as an arts opportunity zone, the commissioner shall consult with the Minnesota state arts board. The role of the board is advisory only. The commissioner may contract with persons knowledgeable in the arts to administer the arts opportunity zone application process. The art opportunity zone designation shall consist solely of a flexible two year demonstration program for one city with specific sites designated by the commissioner for the receipt of a combination of tax incentives, small grants, and low interest loans primarily for the creation of studio and living space for artists. The commissioner may accept and distribute gifts received for use in the art opportunity zone program.*

Sec. 11. Minnesota Statutes 1984, section 273.1314, is amended by adding a subdivision to read:

Subd. 4c. [DISTRESSED COUNTY ENTERPRISE ZONES.] *When evaluating an application from a business and municipality seeking tax abatements because it is in an enterprise zone eligible under section 273.1312, subdivision 4, paragraph (c), clause (5), the commissioner shall consider the number of new jobs or investments the abatements will help generate. Only applications*

submitted jointly by and for manufacturing businesses which are either new businesses to the state, expanding businesses in the municipality or businesses which moved from another municipality in Minnesota shall be approved by the commissioner. On approval the manufacturing business shall have the sales, income, and property taxes in connection with its business in the enterprise zone abated for 20 years. If an existing business expands or a business moves employees or production to the enterprise zone from other areas of the state, the abatement of taxes shall be only for that proportion of the business in the enterprise zone representing an expansion over that moved from the other area. The commissioner shall approve only those applications in which it can be demonstrated by the applicant that the location of the new business or expansion of the existing business would not occur without the availability of the tax abatements.

Sec. 12. Minnesota Statutes 1984, section 273.1314, subdivision 5, is amended to read:

Subd. 5. [LAC RECOMMENDATIONS.] On or before October 15, the legislative advisory commission shall submit to the commissioner its advisory recommendations regarding the designation of enterprise zones. By October 30 of each year the commissioner shall make the final designation of the areas as enterprise zones, pursuant to section 273.1312, subdivision 2. *Designations made pursuant to section 273.1312, subdivision 4, paragraph (c), clause (4) or (5), may be made at any time of the year.* In making the designation, the commissioner may make modifications in the design of or limitations on the tax reductions contained in the application necessary because of the funding limitations under subdivision 8.

Sec. 13. Minnesota Statutes 1984, section 273.1314, subdivision 7, is amended to read:

Subd. 7. [LIMITATIONS; NUMBER OF DESIGNATIONS.] (a) In each of the years 1983 and 1984, the commissioner shall designate at least two but not more than five areas as enterprise zones. No designations shall be made after December 31, 1984.

(b) No more than one area may be designated as an enterprise zone in any county, except that two areas may be designated in a county containing a city of the first class.

(c) No more than two areas in a congressional district may be designated as an enterprise zone in 1984.

(THIS SUBDIVISION) *Clauses (a) to (c)* shall not apply to enterprise zones designated pursuant to section 273.1312, subdivision 4, paragraph (c), clause (2) (OR), (3), *(4), or (5).*

The commissioner may make designations according to section 273.1312, subdivision 4, paragraph (c), clause (4), until December 31, 1991, and in a number that the commissioner believes is reasonable in relation to available funds.

The commissioner may make designations under section 273.1312, subdivision 4, paragraph (c), clause (5), until June 30, 1989.

Sec. 14. Minnesota Statutes 1984, section 273.1314, subdivision 8, is amended to read:

Subd. 8. [FUNDING LIMITATIONS.] The maximum amount of the tax reductions which may be authorized pursuant to designations of enterprise zones under section 273.1312, *subdivision 4, paragraph (c), clauses (1), (2), and (3)* and this section is limited to $35,600,000. *The maximum amount of tax reductions which may be authorized pursuant to designations of enterprise zones under section 273.1312, subdivision 4, paragraph (c), clause (4), is $25,000,000. A maximum of $2,500,000 of tax reductions may be authorized for each of the fiscal years 1986 and 1987. A maximum of $5,000,000 of tax reductions may be authorized for each of the fiscal years 1988, 1989, 1990, and 1991. The commissioner shall attempt to make arts enterprise zone allocations so that approximately 75 percent of the allocations go to artist housing.* The maximum amount of this total which may be authorized by the commissioner for tax reductions pursuant to subdivision 9 that will reduce tax revenues which otherwise would have been received during fiscal years 1984 and 1985 is limited to $9,000,000. Of the total limitation and the 1984-1985 biennial limitation the commissioner shall allocate to enterprise zones designated under section 273.1312, subdivision 4, paragraph (c), clause (3), an amount equal to $16,610,940 and $5,000,000 respectively. These funds shall be allocated among such zones on a per capita basis except that the maximum allocation to any one city is $6,610,940 and no city's allocation shall exceed $210 on a per capita basis. An amount sufficient to fund the state funded property tax credits, the refundable income tax credits, and the sales tax exemption, as authorized pursuant to this section is appropriated to the commissioner of revenue. Upon designation of an enterprise zone the commissioner shall certify the total amount available for tax reductions in the zone for its duration. The amount certified shall reduce the amount available for tax reductions in other enterprise zones. If subsequent estimates indicate or actual experience shows that the approved tax reductions will result in amounts of tax reductions in excess of the amount certified for the zone, the commissioner shall implement a plan to reduce the available tax reductions in the zone to an amount within the sum certified for the zone. If subsequent estimates indicate or actual experience shows that the approved tax reductions will result in amounts of tax reductions below the amount certified, the difference shall be available for certification in other zones or used in connection with an amended plan of tax reductions for the zone as the commissioner

determines appropriate. If the tax reductions authorized result in reduced revenues for a dedicated fund, the commissioner of finance shall transfer equivalent amounts to the dedicated fund from the general fund as necessary.

There is no maximum for the amount of tax abatements which may be authorized pursuant to designations of enterprise zones under section 273.1312, subdivision 4, paragraph (c), clause (5).

Sec. 15. Minnesota Statutes 1984, section 273.1314, subdivision 9, is amended to read:

Subd. 9. [AUTHORIZED FORMS OF STATE TAX REDUCTIONS.] (a) The following types of tax reductions may be approved by the commissioner for businesses located in an enterprise zone:

(1) An exemption from the general sales tax imposed by chapter 297A for purchases of construction materials or equipment for use in the zone if the purchase was made after the date of application for the zone;

(2) A credit against the income tax of an employer for additional workers employed in the zone, other than workers employed in construction, up to a maximum of $3,000 per employee per year;

(3) An income tax credit for a percentage of the cost of debt financing to construct new or expanded facilities in the zone;

(4) A state paid property tax credit for a portion of the property taxes paid by a new commercial or industrial facility or the additional property taxes paid by an expansion of an existing commercial or industrial facility in the zone.

(b) The municipality shall specify in its application for designation the types of tax reductions it seeks to be made available in the zone and the percentage rates and other appropriate limitations on the reductions.

(c) Upon designation of an enterprise zone and approval by the commissioner of the tax reductions to be made available therein, the commissioner of revenue shall take the steps necessary to implement the tax reductions.

(d) The tax reductions provided by this subdivision shall not apply to any facility described in section 103(b)(6)(O) of the Internal Revenue Code of 1954, as amended through January 15, 1983, or to any regulated public utility.

(e) The commissioner shall approve tax reductions authorized by paragraph (a) within an enterprise zone designated pursuant to section 273.1312, subdivision 4, paragraph (c), clause (3), only after the governing body of a city designated as an enterprise zone has designated an area or areas, each consisting of at least 100 acres, of the city not in excess of 400 acres in which the tax reductions may be provided.

(f) In addition to the tax reductions authorized by paragraph (a), for an enterprise zone designated under section 273.1312, subdivision 4, paragraph (c), clause (3), the following types of tax reductions may be approved:

(1) A credit against income tax for workers employed in the zone and not qualifying for a credit under paragraph (a), clause (2), subject to a maximum of $1,500 per employee per year;

(2) A state paid property tax credit for a portion of the property taxes paid by a commercial or industrial facility located in the zone. Notwithstanding paragraph (d), the credits provided by this paragraph may be provided to the businesses described in section 103(b)(6)(O)(i) of the Internal Revenue Code of 1954, as amended through December 31, 1983.

(g) Each tax reduction provided to a business pursuant to this subdivision shall terminate not longer than five years after the effective date of the tax reduction for the business. Subject to the five year limitation, the tax reductions may be provided after expiration of the zone's designation.

(h) The income tax credits provided pursuant to clauses (a) and (f) may be refundable.

(i) For an enterprise zone designated under section 273.-1312, subdivision 4, paragraph (c), clause (5), the commissioner may approve abatement of all sales and income tax.

The commissioner shall not award any tax reductions under this subdivision or tax abatements under subdivision 4c if the commissioner of energy and economic development determines that the business receiving the tax reductions or abatement will cause undue hardship on existing Minnesota business."

Amend the title as follows:

Page 1, line 5, delete "subdivision 4" and insert "subdivisions 3, 4, and 5"

Page 1, line 5, after "2" insert ", and by adding a subdivision"

Page 1, line 6, after "8," insert "9,"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 1266, A bill for an act relating to Olmsted county; providing for sales, leases, and conveyances; providing certain exceptions to public bidding requirements.

Reported the same back with the following amendments:

Page 1, line 18, after *"purposes"* insert *"or property to be leased to a governmental unit, agency, or instrumentality of the state or the United States for law enforcement purposes"*

With the recommendation that when so amended the bill pass.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 1308, A bill for an act relating to the city of Gaylord; authorizing the issuance of general obligation bonds to finance the acquisition and betterment of municipal buildings.

Reported the same back with the following amendments:

Page 1, line 23, delete *"ten"* and insert *"30"*

With the recommendation that when so amended the bill pass.

The report was adopted.

Carlson, D., from the Committee on Transportation to which was referred:

H. F. No. 1311, A bill for an act relating to the state transportation system; authorizing the issuance and sale of state transportation bonds; authorizing the expenditure of the proceeds for bridge and related purposes; appropriating money; amending Laws 1979, chapter 280, sections 1 and 2, as amended.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 1374, A bill for an act relating to mines and minerals; prescribing fencing of unused mine pits and shafts; providing exceptions to tort liability in regard to certain water access sites related to mining areas; providing for a study and report; providing penalties; amending Minnesota Statutes 1984, sections 3.736, subdivision 3; 180.03, subdivisions 2, 3, and 4; 180.10; and 466.03, by adding a subdivision.

Reported the same back with the following amendments:

Page 3, line 31, delete "*eight*" and strike "years after November 1, 1979" and insert "*two years from the current date*"

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 1375, A bill for an act relating to deposit and investment of public funds; modifying the collateral requirements for public deposits; amending Minnesota Statutes 1984, sections 118.005, subdivision 1; 118.01; 475.66, subdivision 1; and 475.76, subdivision 1.

Reported the same back with the following amendments:

Page 1, lines 11 and 12, reinstate the stricken language and delete the new language

Page 1, line 16, reinstate the stricken language and delete the new language

Page 1, line 16, after the period, insert "*The governing body may authorize the treasurer or chief financial officer to exercise the powers of the governing body in designating a depository of the funds.*"

With the recommendation that when so amended the bill pass.

The report was adopted.

McDonald from the Committee on Agriculture to which was referred:

H. F. No. 1388, A bill for an act relating to agriculture; requiring certain levels of solids-not-fat in fluid milk marketed in Minnesota; encouraging the promotion and increased use of "cream line" milk; amending Minnesota Statutes 1984, sections 17.54, by adding a subdivision; and 32.391, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the title and insert:

"*Whereas,* fluid milk is an essential part of a well-balanced human diet, especially the diet of children, youth, and older persons; and

Whereas, milk contains valuable quantities of calcium, phosphorus, iron, and other necessary nutrients that are easily digested and very economical; and

Whereas, the flavor and nutritional content of milk could be substantially enhanced by the establishment of increased minimum levels of milk solids-not-fat in fluid milk sold for direct human consumption; and

Whereas, increases in the consumption of fluid milk because of improved taste and nutritional value brought about by the addition of milk solids-not-fat will reduce surplus dairy commodities held in government storage, improve the financial condition of family dairy farms, and assure good health for residents who drink more milk; and

Whereas, the legislature has designated milk as the official state drink and it is appropriate for the legislature to take all actions to assure that milk sold and served in the state is as wholesome, tasty, and healthful as possible; and

Whereas, minimum required levels of milk solids-not-fat in milk will protect the public from confusion, fraud, and deception while promoting fair and orderly marketing of an essential food; *Now, Therefore,*

Be It Resolved by the Legislature of the State of Minnesota that the United States Department of Agriculture should include in all milk marketing orders issued or amended after January 1, 1986, a pricing mechanism for whole milk that would properly account for the value of solids-not-fat content.

Be It Further Resolved that national standards for solids-not-fat be established for all fluid milk marketed to the public. Initially, the standard should require no less than 8.8 percent

solids-not-fat with the understanding that in future years the minimum standard would be raised.

Be It Further Resolved that the Secretary of State of Minnesota be instructed to transmit copies of this resolution to the President of the United States, the United States Secretary of Agriculture, the President and the Secretary of the United States Senate, the Speaker and the Chief Clerk of the United States House of Representatives, and to Minnesota's Senators and Representatives in Congress."

Delete the title and insert:

"A resolution memorializing the President, Congress, and the Secretary of Agriculture to require certain minimum levels of solids-not-fat in fluid milk marketed for direct human consumption."

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

Carlson, D., from the Committee on Transportation to which was referred:

H. F. No. 1389, A bill for an act relating to transportation; railroads; prescribing fees for commencement of various proceedings before the transportation regulation board; proposing coding for new law in Minnesota Statutes, chapter 219.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

McDonald from the Committee on Agriculture to which was referred:

H. F. No. 1513, A bill for an act relating to agriculture; requiring the inspection of certain animals to ensure their compliance with Minnesota standards; amending Minnesota Statutes 1984, section 31A.03.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [35.055] [SWINE IDENTIFICATION.]

Subdivision 1. [REQUIREMENT.] *A livestock dealer, market operator, stockyard operator, commission company, buying station, or slaughtering establishment must identify the herd of origin, regardless of country of origin, of sows, boars, and stags as prescribed by the board. If the specific herd of origin cannot be determined, the unidentified sows, boars, and stags and other swine in the same shipment may not be slaughtered for a period of seven days or until laboratory results on 20 percent of the animals indicate they meet United States department of agriculture standards, whichever is earlier.*

Subd. 2. [RULES.] *The board shall adopt rules for the identification of swine under this section for disease control and meat inspection.*

Sec. 2. [RULE ADOPTION.]

The board must adopt rules or emergency rules to implement section 1 by January 1, 1986.

Sec. 3. [EFFECTIVE DATE.]

This act is effective the day after enactment."

Delete the title and insert:

"A bill for an act relating to agriculture; requiring swine herd identification for disease control and meat inspection; proposing coding for new law in Minnesota Statutes, chapter 35."

With the recommendation that when so amended the bill pass.

The report was adopted.

Blatz from the Committee on Crime and Family Law to which was referred:

S. F. No. 33, A bill for an act relating to crimes; providing for penalties upon conviction of certain hit and run violations; enhancing penalties upon conviction of certain hit and run violations; amending Minnesota Statutes 1984, section 169.09, subdivision 14.

Reported the same back with the following amendments:

Pages 1 and 2, delete section 1 and insert:

"Section 1. Minnesota Statutes 1984, section 169.09, subdivision 14, is amended to read:

Subd. 14. [PENALTIES.] (a) The driver of any vehicle who violates subdivision 1 or 6 and who caused the accident is punishable as follows:

(1) If the accident results in the death of any person, the driver is guilty of a felony and may be sentenced to imprisonment for not more than (FIVE) *seven* years, or to payment of a fine of not more than ($10,000) *$14,000*, or both; (OR)

(2) *If the accident results in great bodily harm to any person, as defined in section 609.02, subdivision 8, the driver is guilty of a felony and may be sentenced to imprisonment for not more than five years, or to payment of a fine of not more than $10,000, or both; or*

(3) If the accident results in substantial bodily harm to any person, as defined in section 609.02, subdivision 7a, the driver is guilty of a felony and may be sentenced to imprisonment for not more than three years, or to payment of a fine of not more than $5,000, or both.

(b) The driver of any vehicle who violates subdivision 1 or 6 and who did not cause the accident is punishable as follows:

(1) If the accident results in the death of any person, the driver is guilty of a felony and may be sentenced to imprisonment for not more than (FIVE) *three* years, or to payment of a fine of not more than ($10,000) *$5,000*, or both;

(2) If the accident results in great bodily harm to any person, as defined in section 609.02, subdivision 8, the driver is guilty of a felony and may be sentenced to imprisonment for not more than (THREE YEARS) *one year and one day*, or to payment of a fine of not more than ($5,000) *$3,000*, or both; or

(3) If the accident results in substantial bodily harm to any person, as defined in section 609.02, subdivision 7a, the driver may be sentenced to imprisonment for not more than one year, or to payment of a fine of not more than $3,000, or both.

(c) The driver of any vehicle involved in an accident not resulting in substantial bodily harm or death who violates subdivision 1 or 6 may be sentenced to imprisonment for not more than one year, or to payment of a fine of not more than $3,000, or both.

(d) Any person who violates subdivision 3, clause (b) is guilty of a petty misdemeanor.

(e) Any person who violates *subdivision 2*, subdivision 3, clause (a), or subdivision 4, 5, 7, 8, 10, 11, or 12 is guilty of a misdemeanor.

The attorney in the jurisdiction in which the violation occurred who is responsible for prosecution of misdemeanor violations of this section shall also be responsible for prosecution of gross misdemeanor violations of this section."

With the recommendation that when so amended the bill pass.

The report was adopted.

Blatz from the Committee on Crime and Family Law to which was referred:

S. F. No. 177, A bill for an act relating to crime; allowing the admission of certain out-of-court statements of mentally impaired persons; defining "mentally impaired"; amending Minnesota Statutes 1984, sections 260.156; 595.02, subdivision 3; 609.341, subdivisions 6 and 11; 609.342; 609.343; 609.344; and 609.345.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

S. F. No. 228, A bill for an act relating to game and fish; exempting hunters on licensed private shooting preserves in the northern portion of the state from the requirement of a pheasant stamp; amending Minnesota Statutes 1984, section 97.4843, subdivision 2.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Kvam from the Committee on Financial Institutions and Insurance to which was referred:

S. F. No. 230, A bill for an act relating to commerce; authorizing industrial loan and thrifts to sell certain evidences of indebtedness; establishing different certificate of authorization requirements for corporations that will and will not sell or issue thrift certificates; modifying certain application and examina-

tion duties of the department of commerce; providing simplified requirements for the issuance of more than one certificate of authorization to the same corporation; clarifying the right of industrial loan and thrifts to collect certain additional loan charges; exempting certain mortgage purchasers and assignees from licensing as regulated lenders; prohibiting industrial loan and thrifts from using the words "savings and loan" in their corporate names; authorizing regulated lenders to make loans up to ten percent of capital; modifying the licensing provisions governing regulated lenders; providing for changes in business locations of regulated lenders; increasing the minimum default charge that may be charged; providing for the determination of interest; authorizing certain additional loan charges; and providing alternative loan disclosure requirements; providing penalties; providing that certain violations do not impair obligations of a contract; providing for certain dollar adjustments; amending Minnesota Statutes 1984, sections 48.151; 53.03, subdivisions 1, 2, 2a, 3a, 5, 7, 8, and by adding a subdivision; 53.04, subdivision 3a; 53.05; 56.01; 56.04; 56.07; 56.12; 56.125, subdivision 4; 56.131, subdivisions 1 and 4; 56.19, subdivision 4, and by adding a subdivision; and 550.37, subdivision 4a; repealing Minnesota Statutes 1984, section 53.03, subdivision 4.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 48.151, is amended to read:

48.151 [ADDITIONAL POWERS.]

Any bank, savings bank, or trust company organized under the laws of this state, or any national banking association doing business in this state, shall have the power to advertise for sale and sell for a fee money orders, traveler's checks, cashier's checks, drafts, registered checks, and certified checks and no other person, firm, or corporation, either directly or through agents, shall advertise for sale or shall sell for a fee any evidence of indebtedness on which there appears the words, "money order," "traveler's check," "cashier's check," "draft," "registered check," "certified check," or other words or symbols whether of the same or different character which tend to lead the purchaser to believe that such evidence of indebtedness is other than a personal check, unless such evidence of indebtedness is issued by a person, firm or corporation which is a savings and loan association, *or* telegraph company, or, *in the case of cashier's checks, is issued by an industrial loan and thrift company with deposit liabilities, provided that these instruments are issued in conformity with the Uniform Commercial Code, or is issued by a person, firm, or corporation that* has on file in the office of the secretary of state a surety bond in the principal sum of $5,000

issued by a bonding or insurance company authorized to do business in this state, which surety bond shall run to the state of Minnesota and shall be for the benefit of any creditor for any liability insured on account of the sale or issuance by it or its agent of any such evidence of indebtedness, or has deposited with the secretary of state securities or cash of the value of $5,000; provided, however, that the aggregate liability of the surety to all such creditors shall, in no event, exceed the sum of such bond or deposit. Any person, firm or corporation who shall violate any provision of this section shall be guilty of a misdemeanor.

Sec. 2. Minnesota Statutes 1984, section 53.03, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION, FEE, NOTICE.] Any corporation hereafter organized as an industrial loan and thrift company, shall, after compliance with the requirements set forth in sections 53.01 and 53.02, file a written application with the department of commerce for a certificate of authorization. *A corporation that will not sell or issue thrift certificates for investment as permitted by this chapter need not comply with subdivision 2b.* The application (, IN DUPLICATE,) must be in the form prescribed by the department of commerce. The application must be made in the name of the corporation, executed and acknowledged by (TWO OF ITS OFFICERS) *an officer* designated by the board of directors of the corporation (FOR THAT PURPOSE), requesting a certificate authorizing the corporation to transact business as an industrial loan and thrift company, at the place and in the name stated in the application. At the time of filing the application the applicant shall pay a $1,000 filing fee and a $500 investigation fee. The fees must be turned over by the commissioner to the state treasurer and credited to the general fund. The applicant shall also submit a copy of the bylaws of the corporation, its articles of incorporation and all amendments thereto at that time. If the application is contested, 50 percent of an additional fee equal to the actual costs incurred by the department of commerce in approving or disapproving the application, payable to the state treasurer and credited to the general fund shall be paid by the applicant and 50 percent equally by the intervening parties. A notice of the filing of the application must be published once within 30 days of the receipt of the form prescribed by the department of commerce, at the expense of the applicant, in a newspaper published in the municipality in which the proposed industrial loan and thrift company is to be located, or, if there be none, in a newspaper published at the county seat of the county in which the company is proposed to be located. If the department of commerce receives a written objection to the application from any person within 20 days of the notice having been fully published a contested case hearing must be conducted on the application. (THE DEPARTMENT OF COMMERCE MAY WITHOUT CAUSE ORDER A CONTESTED CASE HEARING ON THE APPLICATION.) Notice of a hearing in connection with this section must be published

once in the form prescribed by the department of commerce, at the expense of the applicant, in the same manner as a notice of application.

Sec. 3. Minnesota Statutes 1984, section 53.03, subdivision 2, is amended to read:

Subd. 2. [DEPARTMENT OF COMMERCE; DUTIES.] Upon receiving an application the department of commerce shall make, or cause to be made, an examination to ascertain whether the assets of such corporation, over and above all its liabilities, have an actual value of not less than the par value of all of its capital represented by shares of common stock, which shall not be less than the amount prescribed by section 53.02. If upon its investigation or hearing provided for in subdivision 1 those facts appear and it further appears that the bylaws and articles of incorporation and amendments thereto are in accordance with law; that the shareholders of the corporation are of good moral character and financial integrity; (THAT THERE IS A REASONABLE PUBLIC DEMAND FOR THAT COMPANY) *that the company reasonably anticipates public demand for the loans it proposes to make* in the location specified in the application, (AND THAT THE PROBABLE VOLUME OF BUSINESS IN THAT LOCATION IS SUFFICIENT TO INSURE AND MAINTAIN THE SOLVENCY OF SUCH COMPANY AND THE SOLVENCY OF ANY THEN EXISTING INDUSTRIAL LOAN AND THRIFT COMPANIES OR BANKS IN THAT LOCALITY, WITHOUT ENDANGERING THE SAFETY OF ANY SUCH COMPANY OR BANK IN THE LOCALITY AS A PLACE FOR INVESTING OR DEPOSITING PUBLIC AND PRIVATE MONEY,) and that the proposed company will be properly and safely managed, the application shall be granted; otherwise it shall be denied.

Sec. 4. Minnesota Statutes 1984, section 53.03, subdivision 2a, is amended to read:

Subd. 2a. [SELECTION, CHANGE OF NAME.] Before filing the (CERTIFICATE) *articles* of incorporation or an amendment to (IT) *them*, the proposed name of the industrial loan and thrift company shall be submitted to the commissioner (, WHO SHALL COMPARE IT WITH THOSE OF OTHER CORPORATIONS OPERATING IN THE STATE). If it is likely (TO BE MISTAKEN FOR ANY OF THEM, OR) to confuse the public as to the character of its business, or is otherwise objectionable, additional names shall be submitted. When a satisfactory name is selected, the commissioner shall give written approval of it and issue an amended certificate of authorization.

Sec. 5. Minnesota Statutes 1984, section 53.03, is amended by adding a subdivision to read:

Subd. 2b. [ADDITIONAL DUTIES; THRIFT CERTIFICATES FOR INVESTMENT.] *If an application includes the right to issue thrift certificates for investment, the department of commerce must, in addition to the duties in subdivision 2, make a determination that there is a reasonable public demand for that company and that the probable volume of business in that location is sufficient to insure the solvency of any then existing industrial loan and thrift companies or banks in that locality, without endangering the safety of the company or bank in the locality as a place for investing or depositing public and private money.*

Sec. 6. Minnesota Statutes 1984, section 53.03, subdivision 3a, is amended to read:

Subd. 3a. If the application be granted without hearing the department of commerce shall, not later than 60 days after the (NOTICE OF) application has been (FULLY PUBLISHED) *accepted,* issue a certificate authorizing the corporation to transact business as an industrial loan and thrift company as provided in this chapter. If the application be denied without hearing the department of commerce shall, not later than 60 days after the (NOTICE OF) application has been (FULLY PUBLISHED) *accepted,* notify the corporation of the denial and the reasons for the denial. The applicant may request within 30 days of receiving the notice of denial, and shall be granted, a contested case hearing on the application which shall then be conducted as if no order of denial had been issued. If the (COMMISSION) *commissioner* approves the application after a hearing the (COMMISSION) *commissioner* shall, not later than 30 days after a hearing, issue a certificate authorizing the corporation to transact business as an industrial loan and thrift company as provided in this chapter. If the application be denied after a hearing the (COMMISSION) *commissioner* shall, not later than 30 days after a hearing, notify the corporation of the denial.

Sec. 7. Minnesota Statutes 1984, section 53.03, subdivision 5, is amended to read:

Subd. 5. [PLACE OF BUSINESS.] Not more than one place of business may be maintained under any certificate of authorization issued subsequent to the enactment of Laws 1943, chapter 67, pursuant to the provisions of this chapter, but the department of commerce may issue more than one certificate of authorization to the same corporation upon compliance with all the provisions of this chapter governing an original issuance of a certificate of authorization. *To the extent that previously filed applicable information remains unchanged, the applicant need not refile this information, unless requested.* The filing fee for a branch application shall be $500 and the investigation fee $250. If a corporation has been issued more than one certificate of authorization, the corporation shall allocate a portion of contributed capital to each office for which a certificate has been is-

sued, in order to comply with the capital requirements of section 53.02 and section 53.05, clause (2), which sections are applicable to each office and the capital allocated thereto in the same manner as if each certificate had been issued to a separate corporation. (EACH ADDITIONAL CERTIFICATE OF AUTHORIZATION ISSUED PURSUANT TO THE PROVISIONS OF THIS SUBDIVISION MUST BE FILED WITH THE SECRETARY OF STATE. A) *An industrial loan and thrift* corporation *with deposit liabilities* may change one or more of its locations upon the written approval of the commissioner of commerce. A fee of $100 must accompany each application to the commissioner for approval to change the location of an established office. *An industrial loan and thrift corporation that does not sell and issue thrift certificates for investment may change one or more locations by giving 30 days' written notice to the department of commerce which shall promptly amend the certificate of authorization accordingly.*

Sec. 8. Minnesota Statutes 1984, section 53.03, subdivision 7, is amended to read:

Subd. 7. [OBJECTION TO APPLICATION.] Upon receiving written objection to the application from any person within 20 days of the notice having been fully published, the department of commerce shall order a contested case hearing to be conducted on the application. (THE DEPARTMENT OF COMMERCE MAY WITHOUT CAUSE ORDER A CONTESTED CASE HEARING TO BE CONDUCTED ON THE APPLICATION.)

Sec. 9. Minnesota Statutes 1984, section 53.03, subdivision 8, is amended to read:

Subd. 8. [INVESTIGATION.] Upon receiving an application, the department of commerce shall make or cause to be made, an investigation of the application to determine that the corporation is in a solvent condition, meets current thrift industry standards of management quality and asset condition, is in compliance with the requirements of this chapter (AND THAT THE APPROVAL OF THE APPLICATION WILL NOT HAVE AN ADVERSE EFFECT UPON THE SOLVENCY OF ANY EXISTING INDUSTRIAL LOAN AND THRIFT COMPANY SELLING AND ISSUING CERTIFICATES FOR INVESTMENT OR BANKS IN THE LOCALITY, OR ENDANGER THE SAFETY OF ANY COMPANY OR BANK IN THE LOCALITY AS A PLACE FOR INVESTING OR DEPOSITING PUBLIC AND PRIVATE MONEY). If upon completion of its investigation and any hearing provided for in subdivision 7, it appears to the department of commerce that the requirements for approval contained in this subdivision have been met, the application shall be approved. In all other cases, the application shall be denied. As a condition of approval, the capital funds of the applicant corporation shall not be less than the total amount

which the department of commerce considers necessary having in mind the potential for the issuance of certificates for investment by the applicant. The procedure in subdivision 3a shall be followed in decisions, notice, and hearing of applications for consent to sell and issue thrift certificates for investment by issuance of an amended certificate of authorization.

Sec. 10. Minnesota Statutes 1984, section 53.04, subdivision 3a, is amended to read:

Subd. 3a. (a) The right to make loans, secured or unsecured, at the rates and on the terms and other conditions permitted licensees under chapter 56. Loans made under the authority of section 56.125 must be in amounts in compliance with section 53.05, clause (7). All other loans made under the authority of chapter 56 must be in amounts in compliance with section 53.05, clause (7), or 56.131, subdivision 1, paragraph (a), whichever is less. The right to extend credit or lend money and to collect and receive charges therefor as provided by chapter 334, or in lieu thereof to charge, collect, and receive interest at the rate of 21.75 percent per annum, *including the right to contract for, charge, and collect all other charges including discount points, fees, late payment charges, and insurance premiums on the loans to the same extent permitted on loans made under the authority of chapter 56.* The provisions of sections 47.20 and 47.21 do not apply to loans made under this subdivision, except as specifically provided in this subdivision. Nothing in this subdivision is deemed to supersede, repeal, or amend any provision of section 53.05. A licensee making a loan under this chapter secured by a lien on real estate shall comply with the requirements of section 47.20, subdivision 8.

(b) Loans made under this subdivision at a rate of interest not in excess of that provided for in paragraph (a) may be secured by real or personal property, or both. If the proceeds of a loan made after August 1, 1987 are used in whole or in part to satisfy the balance owed on a contract for deed, the rate of interest charged on the loan must not exceed the rate provided in section 47.20, subdivision 4a. If the proceeds of a loan secured by a first lien on the borrower's primary residence are used to finance the purchase of the borrower's primary residence, the loan must comply with the provisions of section 47.20.

(c) A loan made under this subdivision that is secured by real estate and that is in a principal amount of $7,500 or more and a maturity of 60 months or more may contain a provision permitting discount points, if the loan does not provide a loan yield in excess of the maximum rate of interest permitted by this subdivision. Loan yield means the annual rate of return obtained by a licensee computed as the annual percentage rate is computed under Federal Regulation Z. If the loan is prepaid in full, the licensee must make a refund to the borrower to the extent that the loan yield will exceed the maximum rate of interest provided by this subdivision when the prepayment is taken into account.

(d) An agency or instrumentality of the United States government or a corporation otherwise created by an act of the United States Congress or a lender approved or certified by the secretary of housing and urban development, or approved or certified by the administrator of veterans affairs, or approved or certified by the administrator of the farmers home administration, or approved or certified by the federal home loan mortgage corporation, or approved or certified by the federal national mortgage association, that engages in the business of purchasing or taking assignments of mortgage loans and undertakes direct collection of payments from or enforcement of rights against borrowers arising from mortgage loans, is not required to obtain a certificate of authorization under this chapter in order to purchase or take assignments of mortgage loans from persons holding a certificate of authorization under this chapter.

Sec. 11. Minnesota Statutes 1984, section 53.05, is amended to read:

53.05 [POWERS, LIMITATION.]

No industrial loan and thrift company may do any of the following:

(1) carry (COMMERCIAL OR) demand banking accounts; *use the word "savings" unless the institution's investment certificates, savings accounts, and savings deposits are insured by the federal deposit insurance corporation and then only if the word is not followed by the words "and loan" in its corporate name;* use the word "bank" or "banking" in its corporate name; operate as a savings bank;

(2) have outstanding at any one time certificates of indebtedness, savings accounts, and savings deposits, exclusive of those held by the company, as security for loans made by it of more than seven times the sum of the contributed capital and appropriated reserves of the company until July 1, 1985, or the date an industrial loan and thrift company obtains a commitment for insurance or guarantee of accounts acceptable to the commissioner as required by section 53.10, whichever is earlier, and thereafter 15 times the sum of contributed capital and appropriated reserves of the company;

(3) accept trusts, except as provided in section 47.75, subdivision 1, or act as guardian, administrator, or judicial trustee in any form;

(4) deposit any of its funds in any banking corporation, unless that corporation has been designated by vote of a majority of directors or of the executive committee present at a meeting duly called, at which a quorum was in attendance;

(5) change any allocation of capital made pursuant to section 53.03 or reduce or withdraw in any way any portion of the contributed capital and appropriated reserves without prior written approval of the commissioner of commerce;

(6) take any instrument in which blanks are left to be filled in after execution; (OR)

(7) lend money in excess of ten percent of its contributed capital and appropriated reserves to a person primarily liable. "Contributed capital and appropriated reserves" means the total of the company's contributed capital and appropriated reserves at all its authorized locations.

If a loan has been made to a person primarily liable and payments have been made on a certificate of indebtedness securing it, the amount of the payments may be added to the limitation contained in this clause for the purpose of determining whether additional loans may be made to that person*; or*

(8) issue cashier's checks pursuant to section 48.151, unless and at all times the aggregate liability to all creditors on these instruments is protected by a special fund in cash or due from banks to be used solely for payment of the cashier's checks.

Sec. 12. Minnesota Statutes 1984, section 56.01, is amended to read:

56.01 [NECESSITY OF LICENSE.]

(a) Except as authorized by this chapter and without first obtaining a license from the commissioner, no person shall engage in the business of making loans of money, credit, goods, or things in action, in (THE) *an* amount or of (THE) *a* value (OF $35,000 OR LESS) *not exceeding that specified in section 56.131, subdivision 1*, and charge, contract for, or receive on the loan a greater rate of interest, discount, or consideration than the lender would be permitted by law to charge if he were not a licensee under this chapter.

(b) An agency or instrumentality of the United States government or a corporation otherwise created by an act of the United States Congress or a lender approved or certified by the secretary of housing and urban development, or approved or certified by the administrator of veterans affairs, or approved or certified by the administrator of the farmers home administration, or approved or certified by the federal home loan mortgage corporation, or approved or certified by the federal national mortgage association, that engages in the business of purchasing or taking assignments of mortgage loans and undertakes direct collection of payments from or enforcement of rights against borrowers arising from mortgage loans, is not required to be

licensed under this chapter in order to purchase or take assignments of mortgage loans from licensees under this chapter.

Sec. 13. Minnesota Statutes 1984, section 56.04, is amended to read:

56.04 [INVESTIGATION; ISSUANCE OF LICENSE; DENIAL; REFUNDS.]

Upon the filing of the application and payment of these fees, the commissioner shall investigate the facts, and if he shall find (1) that the financial responsibility, experience, character, and general fitness of the applicant, and of the members thereof if the applicant be a copartnership or association, and of (THE OFFICERS AND DIRECTORS THEREOF IF THE APPLICANT BE A CORPORATON,) *the person with direct responsibility for the operation and management of the proposed office* are such as to command (THE) confidence (OF THE COMMUNITY) and to warrant belief that the business will be operated honestly, fairly, and efficiently within the purposes of this chapter, and (2) (THAT ALLOWING THE APPLICANT TO ENGAGE IN BUSINESS WILL PROMOTE THE CONVENIENCE AND ADVANTAGE OF THE COMMUNITY IN WHICH THE BUSINESS OF THE APPLICANT IS TO BE CONDUCTED, AND (3)) that the applicant has available for the operation of the business, at the specified location, liquid assets of at least $50,000 (the foregoing facts being conditions precedent to the issuance of a license under this chapter), he shall thereupon issue and deliver a license to the applicant to make loans, in accordance with the provisions of this chapter, at the location specified in the application. If the commissioner shall not so find, he shall not issue a license and he shall notify the applicant of the denial and return to the applicant the sum paid by the applicant as a license fee, retaining the $250 investigation fee to cover the costs of investigating the application. The commissioner shall approve or deny every application for license hereunder within 60 days from the filing thereof with the fees.

If the application is denied, the commissioner shall, within 20 days thereafter, file in his office a written decision and findings with respect thereto containing the evidence and the reasons supporting the denial, and forthwith serve upon the applicant a copy thereof.

There is hereby appropriated to such persons as are entitled to such refund, from the fund or account in the state treasury to which the money was credited, an amount sufficient to make the refund and payment.

(SHOULD SUBSTANTIALLY ALL OF A LICENSEE'S OUTSTANDING LOAN ACCOUNTS SUBJECT TO THIS

CHAPTER BE SOLD, THE PURCHASER OF THE ACCOUNTS, IF OTHERWISE FULLY QUALIFIED, MAY OBTAIN A LICENSE, WITHOUT ESTABLISHING CONVENIENCE AND ADVANTAGE, IN THE SAME MUNICIPALITY UPON SURRENDER OF THE SELLER'S LICENSE TO THE COMMISSIONER.)

Sec. 14. Minnesota Statutes 1984, section 56.07, is amended to read:

56.07 [CONTROL OVER LOCATION.]

Not more than one place of business shall be maintained under the same license, but the commissioner may issue more than one license to the same licensee upon compliance with all the provisions of this chapter governing an original issuance of a license, for each such new license. *To the extent that previously filed applicable information remains substantially unchanged, the applicant need not refile this information, unless requested.*

When a licensee shall wish to change his place of business (TO A STREET ADDRESS IN THE SAME MUNICIPALITY DESIGNATED IN HIS LICENSE), he shall give written notice thereof 30 days in advance to the commissioner, who shall within 30 days of receipt of such notice, issue an amended license approving the change. (NO CHANGE IN THE PLACE OF BUSINESS OF A LICENSEE TO A LOCATION OUTSIDE OF THE ORIGINAL MUNICIPALITY SHALL BE PERMITTED UNDER THE SAME LICENSE.)

A licensed place of business shall be open during regular business hours each weekday, except for legal holidays and for any weekday the commissioner grants approval to the licensee to remain closed. A licensed place of business may be open on Saturday, but shall be closed on Sunday.

Sec. 15. Minnesota Statutes 1984, section 56.12, is amended to read:

56.12 [ADVERTISING; TAKING OF SECURITY; PLACE OF BUSINESS.]

No licensee shall advertise, print, display, publish, distribute, or broadcast, or cause or permit to be advertised, printed, displayed, published, distributed, or broadcast, in any manner any statement or representation with regard to the rates, terms, or conditions for the lending of money, credit, goods, or things in action which is false, misleading, or deceptive. The commissioner may order any licensee to desist from any conduct which he shall find to be a violation of the foregoing provisions.

The commissioner may require that rates of charge, if stated by a licensee, be stated fully and clearly in such manner as he

may deem necessary to prevent misunderstanding thereof by prospective borrowers. (A STATEMENT OF RATES OF CHARGE THAT MEETS THE REQUIREMENTS OF THE FEDERAL TRUTH-IN-LENDING ACT AND REGULATIONS THEREUNDER SHALL BE DEEMED FULL COMPLIANCE WITH THIS SECTION) *In lieu of the disclosure requirements of this section and section 56.14, a licensee may give the disclosures required by the federal Truth-in-Lending Act.*

A licensee may take a lien upon real estate as security for any loan exceeding $2,700 in principal amount made under this chapter. The provisions of sections 47.20 and 47.21 do not apply to loans made under this chapter, except as provided in this section. No loan secured by a first lien on a borrower's primary residence shall be made pursuant to this section if the proceeds of the loan are used to finance the purchase of the borrower's primary residence, unless:

(1) the proceeds of the loan are used to finance the purchase of a manufactured home; or

(2) the proceeds of the loan are used in whole or in part to satisfy the balance owed on a contract for deed. The rate of interest charged on such a loan made after August 1, 1987, shall not exceed the rate provided in section 47.20, subdivision 4a.

If the proceeds of the loan are used to finance the purchase of the borrower's primary residence, the licensee shall consent to the subsequent transfer of the real estate if the existing borrower continues after transfer to be obligated for repayment of the entire remaining indebtedness. The licensee shall release the existing borrower from all obligations under the loan instruments, if the transferee (1) meets the standards of credit worthiness normally used by persons in the business of making loans, including but not limited to the ability of the transferee to make the loan payments and satisfactorily maintain the property used as collateral, and (2) executes an agreement in writing with the licensee whereby the transferee assumes the obligations of the existing borrower under the loan instruments. Any such agreement shall not affect the priority, validity or enforceability of any loan instrument. A licensee may charge a fee not in excess of one-tenth of one percent of the remaining unpaid principal balance in the event the loan is assumed by the transferee and the existing borrower continues after the transfer to be obligated for repayment of the entire assumed indebtedness. A licensee may charge a fee not in excess of one percent of the remaining unpaid principal balance in the event the remaining indebtedness is assumed by the transferee and the existing borrower is released from all obligations under the loan instruments, but in no event shall the fee exceed $150.

A licensee making a loan under this chapter secured by a lien on real estate shall comply with the requirements of section 47.20, subdivision 8.

No licensee shall conduct the business of making loans under this chapter within any office, room, or place of business in which any other business is solicited or engaged in, or in association or conjunction therewith, if the commissioner finds that the character of the other business is such that it would facilitate evasions of this chapter or of the rules and regulations lawfully made hereunder. The commissioner may promulgate rules dealing with such other businesses.

No licensee shall transact the business or make any loan provided for by this chapter under any other name or at any other place of business than that named in the license. No licensee shall take any confession of judgment or any power of attorney. No licensee shall take any note or promise to pay that does not accurately disclose the principal amount of the loan, the time for which it is made, and the agreed rate or amount of charge, nor any instrument in which blanks are left to be filled in after execution. Nothing herein is deemed to prohibit the making of loans by mail.

Sec. 16. Minnesota Statutes 1984, section 56.125, subdivision 4, is amended to read:

Subd. 4. [(ALTERNATIVE) COMPLIANCE.] (COMPLIANCE BY A LICENSEE MAKING OPEN-END LOANS PURSUANT TO THIS SECTION WITH THE OPEN-END CREDIT PROVISIONS OF THE FEDERAL TRUTH-IN-LENDING ACT AND REGULATIONS ISSUED THEREUNDER IS REQUIRED, AND THE DISCLOSURE REQUIREMENTS IN SECTIONS 56.12 AND 56.14 DO NOT APPLY WITH RESPECT TO OPEN-END LOANS MADE PURSUANT TO THIS SECTION. IN ADDITION,) Prior to any licensee taking a lien upon the borrower's homestead, as defined in chapter 510, as security for any open-end loan pursuant to subdivision 2, the borrower shall be provided with a statement in substantially the following form, in bold face type of a minimum size of 12 points, signed and dated by the borrower at the time of the execution of the contract surrendering the homestead exemption, immediately adjacent to a listing of the homestead property: "I understand that some or all of the above real estate is normally protected by law from the claims of creditors, and I voluntarily give up my right to that protection for the above listed property with respect to claims arising out of this contract."

Sec. 17. Minnesota Statutes 1984, section 56.131, subdivision 1, is amended to read:

Subdivision 1. [INTEREST RATES AND CHARGES.] (a) On any loan in (THE) *a* principal amount (OF) *not exceeding* $35,000 or (LESS) *ten percent of a corporate licensee's contributed capital and appropriated reserves as defined in section 53.01, if greater,* a licensee may contract for and receive interest, cal-

culated according to the actuarial method, not exceeding the equivalent of the greater of any of the following:

(1) the total of: (i) 33 percent per year on that part of the unpaid balance of the principal amount not exceeding $350; and (ii) 19 percent per year on that part of the unpaid balance of the principal amount exceeding $350; or

(2) 21.75 percent per year on the unpaid balance of the principal amount.

(b) On any loan where interest has been calculated according to the method provided for in paragraph (a), clause (1), interest must be contracted for and earned as provided in that provision or at the single annual percentage rate computed to the nearest one hundredth of one percent that would earn the same total interest at maturity of the contract as would be earned by the application of the graduated rates provided in paragraph (a), clause (1), when the debt is paid according to the agreed terms and the calculations are made according to the actuarial method.

(c) Loans may be interest-bearing or precomputed.

(d) To compute time on interest-bearing and precomputed loans, including, but not limited to the calculation of interest, a day is considered 1/30 of a month when calculation is made for a fraction of a calendar month. A year is 12 calendar months. A calendar month is that period from a given date in one month to the same numbered date in the following month, and if there is no same numbered date, to the last day of the following month. *When a period of time includes a whole month and a fraction of a month, the fraction of a month is considered to follow the whole month.*

In the alternative, for interest-bearing loans, a licensee may charge interest at the rate of 1/365 of the agreed annual rate for each actual day elapsed.

(e) With respect to interest-bearing loans:

(1) Interest must be computed on unpaid principal balances outstanding from time to time, for the time outstanding. Each payment must be applied first to the accumulated interest and the remainder of the payment applied to the unpaid principal balance; provided however, that if the amount of the payment is insufficient to pay the accumulated interest, the unpaid interest continues to accumulate to be paid from the proceeds of subsequent payments and is not added to the principal balance.

(2) Interest must not be payable in advance or compounded. However, if part or all of the consideration for a new loan con-

tract is the unpaid principal balance of a prior loan, then the principal amount payable under the new loan contract may include any unpaid interest which has accrued. The unpaid principal balance of a precomputed loan is the balance due after refund or credit of unearned interest as provided in paragraph (f), clause (3). The resulting loan contract is deemed a new and separate loan transaction for all purposes.

(f) With respect to precomputed loans:

(1) Loans must be repayable in substantially equal and consecutive monthly installments of principal and interest combined, except that the first installment period may be more or less than one month by not more than 15 days, and the first installment payment amount may be larger than the remaining payments by the amount of interest charged for the extra days and must be reduced by the amount of interest for the number of days less than one month to the first installment payment; and monthly installment payment dates may be omitted to accommodate borrowers with seasonal income.

(2) Payments may be applied to the combined total of principal and precomputed interest until the loan is fully paid. Payments must be applied in the order in which they become due.

(3) When any loan contract is paid in full by cash, renewal or refinancing, or a new loan, one month or more before the final installment due date, a licensee shall refund or credit the borrower with the total of the applicable charges for all fully unexpired installment periods, as originally scheduled or as deferred, which follow the day of prepayment; if the prepayment is made other than on a scheduled payment date, the nearest scheduled installment payment date must be used in the computation; provided further, if the prepayment occurs prior to the first installment due date, the licensee may retain 1/30 of the applicable charge for a first installment period of one month for each day from the date of the loan to the date of prepayment, and shall refund or credit the borrower with the balance of the total interest contracted for. If the maturity of the loan is accelerated for any reason and judgment is entered, the licensee shall credit the borrower with the same refund as if prepayment in full had been made on the date the judgment is entered.

(4) If an installment, other than the final installment, is not paid in full within ten days of its scheduled due date, a licensee may contract for and receive a default charge not exceeding five percent of the amount of the installment, but not less than ($2) *$4*.

A default charge under this subdivision may not be collected on an installment paid in full within ten days of its scheduled due date, or deferred installment due date with respect to deferred

installments, even though a default or deferral charge on an earlier installment has not been paid in full. A default charge may be collected at the time it accrues or at any time thereafter.

(5) If the parties agree in writing, either in the loan contract or in a subsequent agreement, to a deferment of wholly unpaid installments, a licensee may grant a deferment and may collect a deferment charge as provided in this section. A deferment postpones the scheduled due date of the earliest unpaid installment and all subsequent installments as originally scheduled, or as previously deferred, for a period equal to the deferment period. The deferment period is that period during which no installment is scheduled to be paid by reason of the deferment. The deferment charge for a one-month period may not exceed the applicable charge for the installment period immediately following the due date of the last undeferred payment. A proportionate charge may be made for deferment for periods of more or less than one month. A deferment charge is earned pro rata during the deferment period and is fully earned on the last day of the deferment period. Should a loan be prepaid in full during a deferment period, the licensee shall make or credit to the borrower a refund of the unearned deferment charge in addition to any other refund or credit made for prepayment of the loan in full.

(6) If two or more installments are delinquent one full month or more on any due date, and if the contract so provides, the licensee may reduce the unpaid balance by the refund credit which would be required for prepayment in full on the due date of the most recent maturing installment in default. Thereafter, and in lieu of any other default or deferment charges, the single annual percentage rate permitted by this subdivision may be charged on the unpaid balance until fully paid.

(7) Following the final installment as originally scheduled or deferred, the licensee, for any loan contract which has not previously been converted to interest-bearing under paragraph (f), clause (6), may charge interest on any balance remaining unpaid, including unpaid default or deferment charges, at the single annual percentage rate permitted by this subdivision until fully paid.

Sec. 18. Minnesota Statutes 1984, section 56.131, subdivision 2, is amended to read:

Subd. 2. [ADDITIONAL CHARGES.] In addition to the charges provided for by this section and section 56.155, no further or other amount whatsoever, shall be directly or indirectly charged, contracted for, or received for the loan made, except actual out of pocket expenses of the licensee to realize on a security after default, and except for the following additional charges which may be included in the principal amount of the loan:

(a) Lawful fees and taxes paid to any public officer to record, file, or release security;

(b) With respect to a loan secured by an interest in real estate, the following closing costs, if they are bona fide, reasonable in amount, and not for the purpose of circumvention or evasion of this section; provided the costs do not exceed one percent of the principal amount or $250, whichever is greater:

(1) fees or premiums for title examination, abstract of title, title insurance, surveys, or similar purposes;

(2) (AN AMOUNT NOT TO EXCEED $150) *fees*, if not paid to the licensee, an employee of the licensee, or a person related to the licensee, (FOR FEES) for preparation of a mortgage, settlement statement, or other documents, fees for notarizing mortgages and other documents, and appraisal fees;

(c) The premium for insurance in lieu of perfecting and releasing a security interest to the extent that the premium does not exceed the fees described in paragraph (a)*;*

(d) With respect to a loan not secured by an interest in real estate, and for the purpose of promoting the availability of loans in small amounts, a lending fee in an amount not to exceed two percent of the original principal amount of the loan, but not to exceed $50, which may be charged only if the loan is made, for investigating the character and circumstances of the borrower and the preparation of necessary documents. This fee, if not paid in cash at the time of the loan, may be deducted from the proceeds and included in the principal amount of the loan. If a loan for which an investigation charge was made is renewed within 12 months from the date of the loan, then 1/12 of the charge is earned for each month or portion of a month from the date of the loan to the date of renewal, and the balance must be refunded to the borrower. A loan is renewed at the time the loan is paid in full if any part of the payment is made out of the proceeds of another loan from the same or an affiliated lender.

Sec. 19. Minnesota Statutes 1984, section 56.131, subdivision 4, is amended to read:

Subd. 4. [ADJUSTMENT OF DOLLAR AMOUNTS.] (a) The dollar amounts in this section, sections 56.01 and 56.12 shall change periodically, as provided in this section, according to and to the extent of changes in the implicit price deflator for the gross national product, 1972=100, compiled by the United States department of commerce, and hereafter referred to as the index. The index for December, 1980 is the reference base index.

(b) The designated dollar amounts shall change on July 1 of each even-numbered year if the percentage of change, calculated to the nearest whole percentage point, between the index for

December of the preceding year and the reference base index is ten percent or more, but;

(1) the portion of the percentage change in the index in excess of a multiple of ten percent shall be disregarded and the dollar amounts shall change only in multiples of ten percent of the amounts appearing in Laws 1981, Chapter 258 on the date of enactment; and

(2) the dollar amounts shall not change if the amounts required by this section are those currently in effect pursuant to Laws 1981, Chapter 258 as a result of earlier application of this section.

(c) If the index is revised, the percentage of change pursuant to this section shall be calculated on the basis of the revised index. If a revision of the index changes the reference base index, a revised reference base index shall be determined by multiplying the reference base index then applicable by the rebasing factor furnished by the department of commerce. If the index is superseded, the index referred to in this section is the one represented by the department of commerce as reflecting most accurately changes in the purchasing power of the dollar for consumers.

(d) The commissioner shall announce and publish:

(1) on or before April 30 of each year in which dollar amounts are to change, the changes in dollar amounts required by paragraph (b); and

(2) promptly after the changes occur, changes in the index required by paragraph (c) including, if applicable, the numerical equivalent of the reference base index under a revised reference base index and the designation or title of any index superseding the index.

(e) A person does not violate this chapter with respect to a transaction otherwise complying with this chapter if he relies on dollar amounts either determined according to paragraph (b), clause (2) or appearing in the last publication of the commissioner announcing the then current dollar amounts.

(f) The adjustments provided in this section shall not be affected unless explicitly provided otherwise by law.

Sec. 20. Minnesota Statutes 1984, section 56.19, subdivision 4, is amended to read:

Subd. 4. [REMEDIES EXCLUSIVE.] The remedies set forth in this section *and section 48.196* are exclusive (AND, EXCEPT AS OTHERWISE PROVIDED IN THIS CHAPTER,).

A violation (OF ANY PROVISION) of this chapter does not impair rights on a debt.

Sec. 21. Minnesota Statutes 1984, section 56.19, is amended by adding a subdivision to read:

Subd. 2a. [PENALTY FOR INTENTIONAL VIOLATIONS.] *Any lender intentionally violating this chapter, when the violation does not also constitute a violation of any other provision of state or federal law for which there is a remedy, shall be liable to the consumer in an amount not to exceed $100 for each violation.*

Sec. 22. [REPEALER.]

Minnesota Statutes 1984, section 53.03, subdivision 4, is repealed.

Sec. 23. [EFFECTIVE DATE.]

Sections 1 to 22 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to commerce; authorizing industrial loan and thrifts to sell certain evidences of indebtedness; establishing different certificate of authorization requirements for corporations that will and will not sell or issue thrift certificates; modifying certain application and examination duties of the department of commerce; providing simplified requirements for the issuance of more than one certificate of authorization to the same corporation; clarifying the right of industrial loan and thrifts to collect certain additional loan charges; exempting certain mortgage purchasers and assignees from licensing as regulated lenders; prohibiting industrial loan and thrifts from using the words "savings and loan" in their corporate names; authorizing regulated lenders to make loans up to ten percent of capital; modifying the licensing provisions governing regulated lenders; providing for changes in business locations of regulated lenders; increasing the minimum default charge that may be charged; providing for the determination of interest; authorizing certain additional loan charges; and providing alternative loan disclosure requirements; providing penalties; amending Minnesota Statutes 1984, sections 48.151; 53.03, subdivisions 1, 2, 2a, 3a, 5, 7, 8, and by adding a subdivision; 53.04, subdivision 3a; 53.05; 56.01; 56.04; 56.07; 56.12; 56.125, subdivision 4; 56.131, subdivisions 1, 2, and 4; and 56.19, subdivision 4, and by adding a subdivision; repealing Minnesota Statutes 1984, section 53.03, subdivision 4.

With the recommendation that when so amended the bill pass.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

S. F. No. 379, A bill for an act relating to nonprofit corporations; requiring the articles of incorporation to contain a mailing address; amending Minnesota Statutes 1984, sections 317.02, by adding a subdivision; 317.08, subdivision 2; and 317.19, subdivision 2.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Erickson from the Committee on Education to which was referred:

House Resolution No. 20, A house resolution congratulating the Lakers boys basketball team from Glenwood High School for winning the consolation championship at the 1985 Class A Boys State High School Basketball Championship.

Reported the same back with the recommendation that the resolution be adopted.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 134, 135, 163, 580, 695, 737, 785, 788, 823, 838, 967, 1017, 1097, 1098, 1112, 1116, 1171, 1191, 1260, 1266, 1308, 1374, 1375, 1388 and 1513 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 33, 177, 228, 230 and 379 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Carlson, D.; Valento and Kelly introduced:

H. F. No. 1546, A bill for an act relating to hazardous substances; requiring hazardous substance notification report forms to be filed with a fire department by every employer; providing

for duties of fire departments and duties of the commissioner of public safety; providing penalties; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 299F.

The bill was read for the first time and referred to the Committee on Governmental Operations.

Schreiber introduced:

H. F. No. 1547, A bill for an act relating to taxation; property; changing the state school agricultural credit; decreasing the basic maintenance mill rate; repealing the wetlands and native prairie credits; changing the calculation and the maximum amount of homestead credit; changing miscellaneous property classification ratios; abolishing class 3cc and flexible homestead brackets; amending Minnesota Statutes 1984, sections 124.2137, subdivision 1; 124A.02, subdivision 7; 272.02, subdivision 1; 273.115, subdivisions 2 and 3; 273.116, subdivisions 2 and 3; 273.13, subdivisions 4, 5a, 6, 6a, 7, 7b, 7c, 7d, 8a, 9, 14a, 16, 17, 17b, 17c, 17d, 19, 20, and 21; 273.135, subdivision 1; 273.1391, subdivision 1; 273.1392; 273.40; 273.42, subdivision 2; and 290A.03, subdivision 13; proposing coding for new law in Minnesota Statutes, chapter 124A; repealing Minnesota Statutes 1984, sections 273.115, subdivisions 1, 5, 6, and 7; 273.116, subdivisions 1, 5, 6, and 7; 273.1311; and 273.1315.

The bill was read for the first time and referred to the Committee on Taxes.

Boo, Riveness and McLaughlin introduced:

H. F. No. 1548, A bill for an act relating to housing; providing for local and regional review and comment on housing programs; extending interest reduction program; amending Minnesota Statutes 1984, sections 462C.02, by adding subdivisions; 462C.03, subdivision 1, and by adding a subdivision; 462C.04, subdivision 2; 462C.09, subdivisions 2a and 3, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 462C; repealing Minnesota Statutes 1984, sections 462.445, subdivision 13; and 462C.09, subdivision 2.

The bill was read for the first time and referred to the Committee on Financial Institutions and Insurance.

McKasy, Brandl, Norton and Levi introduced:

H. F. No. 1549, A bill for an act relating to economic development; creating a comprehensive economic development strategy commission to review state economic development efforts, to de-

velop a strategy for state investment in economic development, and to report to the governor and the legislature; appropriating money.

The bill was read for the first time and referred to the Committee on Commerce and Economic Development.

Clark, Begich, Neuenschwander and Beard introduced:

H. F. No. 1550, A resolution memorializing the President, Congress, and Secretary of Labor of the United States in support of increased funding for training grants for displaced workers and summer youth employment.

The bill was read for the first time and referred to the Committee on Labor-Management Relations.

Solberg, Neuenschwander and Zaffke introduced:

H. F. No. 1551, A bill for an act relating to the University of Minnesota; providing for the purchase of land for the north central experiment station; appropriating money.

The bill was read for the first time and referred to the Committee on Education.

Dempsey and Schreiber introduced:

H. F. No. 1552, A bill for an act relating to taxation; depositing revenue from the mortgage registration and deed taxes with the county and reducing certain welfare aids to the counties by the amount of revenue deposited; providing for local collection of taconite production taxes; amending Minnesota Statutes 1984, sections 273.136, subdivisions 1, 2, and 4; 287.05, subdivision 1; 287.08; 287.09; 287.12; 287.21, subdivision 2, and by adding a subdivision; 287.23; 287.25; 287.28; 287.29, subdivision 1; 287.33; 287.35; 298.225; 298.24, subdivision 4; 298.27; 298.28, subdivisions 1 and 2; and 298.282, subdivisions 1, 4, and 5; repealing Minnesota Statutes 1984, sections 273.136, subdivision 3; 287.27; 287.29, subdivision 3; and 287.32.

The bill was read for the first time and referred to the Committee on Taxes.

Redalen, McDonald, Frederick, Erickson and Dyke introduced:

H. F. No. 1553, A bill for an act relating to taxation; sales and use; exempting farm machinery; including certain repair parts in the definition of farm machinery; amending Minnesota Statutes 1984, sections 297A.01, subdivision 15; 297A.02, subdivision 2; 297A.14; and 297A.25, subdivision 1.

The bill was read for the first time and referred to the Committee on Taxes.

Skoglund introduced:

H. F. No. 1554, A bill for an act relating to crimes; prohibiting sale, possession or use of electric weapons; exempting law enforcement agencies and peace officers from the possession and use prohibition; prescribing penalties; proposing coding for new law in Minnesota Statutes, chapter 624.

The bill was read for the first time and referred to the Committee on Crime and Family Law.

Valan, Seaberg and Vellenga introduced:

H. F. No. 1555, A bill for an act relating to state government; restructuring the capitol area architectural and planning board; creating the position of state capitol architect; requiring the designation of employees of the department of administration as preservation architect and capitol engineer; creating the state capitol user committee; creating an art works jury within the Minnesota state historical society; appropriating money; amending Minnesota Statutes 1984, sections 15.50, subdivisions 1 and 2, and by adding subdivisions; 16B.24, subdivisions 1 and 2; 16B.-31, subdivision 4; 16B.32; and 138.68; repealing Minnesota Statutes 1984, section 15.50, subdivision 2a.

The bill was read for the first time and referred to the Committee on Governmental Operations.

Gutknecht, Wenzel, Bishop, Osthoff and Erickson introduced:

H. F. No. 1556, A bill for an act relating to education; declaring legislative policy on religious matters in the public elementary and secondary schools; establishing guidelines; proposing coding for new law in Minnesota Statutes, chapter 126.

The bill was read for the first time and referred to the Committee on Education.

Clark, Staten, Greenfield and McLaughlin introduced:

H. F. No. 1557, A bill for an act relating to taxation; property tax refund; changing the payment date for renters; amending Minnesota Statutes 1984, section 290A.07, subdivision 2a.

The bill was read for the first time and referred to the Committee on Taxes.

Knickerbocker, Voss, Halberg, Scheid and Osthoff introduced:

H. F. No. 1558, A bill for an act relating to financial institutions; providing for the extension of certain loan assumptions; amending Minnesota Statutes 1984, section 47.20, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Financial Institutions and Insurance.

Tomlinson introduced:

H. F. No. 1559, A bill for an act relating to local government; changing the administration and disbursement of certain property tax credits; modifying the process for determining mill rates; appropriating money; amending Minnesota Statutes 1984, sections 273.13, subdivisions 6, 7, and 15a; 273.1392; 290A.03, subdivisions 13 and 14; 290A.04, subdivisions 2, 2a, and 2b; proposing coding for new law in Minnesota Statutes, chapter 275; repealing Minnesota Statutes 1984, sections 124.2137; 273.115; 273.116; 273.13, subdivision 14a; 273.1315; and 273.1391.

The bill was read for the first time and referred to the Committee on Taxes.

Carlson, D., introduced:

H. F. No. 1560, A bill for an act relating to natural resources; providing for performance bonds or equivalent security for forestry development projects; amending Minnesota Statutes 1984, section 574.26; proposing coding for new law in Minnesota Statutes, chapter 574.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Waltman introduced:

H. F. No. 1561, A bill for an act relating to taxation; providing for payment of reduced assessment credit to the city of Zumbrota.

The bill was read for the first time and referred to the Committee on Taxes.

Boo and Jaros introduced:

H. F. No. 1562, A bill for an act relating to the city of Duluth; authorizing the collection of unpaid charges for water, gas, sewer, and garbage services and building demolition costs by assessment against the properties served or benefited.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Jaros, Munger and Boo introduced:

H. F. No. 1563, A bill for an act relating to education; appropriating money to plan a residential school of science and mathematics in Duluth.

The bill was read for the first time and referred to the Committee on Education.

Elioff introduced:

H. F. No. 1564, A bill for an act relating to insurance; accident and health; providing coverage for ambulatory mental health services provided by a licensed psychologist; amending Minnesota Statutes 1984, section 62A.152, subdivision 2.

The bill was read for the first time and referred to the Committee on Financial Institutions and Insurance.

Begich and Elioff introduced:

H. F. No. 1565, A bill for an act relating to utilities; establishing a study of the effects of deregulation of certain gas and electric utility functions; appropriating money.

The bill was read for the first time and referred to the Committee on Regulated Industries and Energy.

Onnen, Dyke, Redalen and Dimler introduced:

H. F. No. 1566, A bill for an act relating to taxation; providing for payment of property tax refunds if the taxes are delinquent; amending Minnesota Statutes 1984, section 290A.10.

The bill was read for the first time and referred to the Committee on Taxes.

Dempsey, Dimler, Tomlinson, Redalen and Osthoff introduced:

H. F. No. 1567, A bill for an act relating to local government aid; modifying the distribution formula for cities; amending Minnesota Statutes 1984, sections 477A.011, subdivisions 3, 10, and by adding subdivisions; 477A.013; and 477A.03, by adding a subdivision; repealing Minnesota Statutes 1984, sections 477A.-011, subdivisions 4 and 5; and 477A.0131.

The bill was read for the first time and referred to the Committee on Taxes.

HOUSE ADVISORIES

The following House Advisories were introduced:

Vanasek introduced:

H. A. No. 15, A proposal to determine whether earth sheltered buildings should be designed by a licensed structural engineer.

The advisory was referred to the Committee on Commerce and Economic Development.

Heap, Levi, Frerichs, Sviggum and Bennett introduced:

H. A. No. 16, A proposal to study the effectiveness of Federal/State job placement and job training programs.

The advisory was referred to the Committee on Commerce and Economic Development.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 327, A bill for an act relating to transportation; defining "trees" and "hedges" for purposes of removal from highway right of way; amending Minnesota Statutes 1984, section 160.22, by adding a subdivision.

H. F. No. 621, A bill for an act relating to mental health; revising the language of statutes concerning persons with mental illness and mental retardation and revising the language of statutes concerning state treatment facilities; amending Minnesota Statutes 1984, sections 147.021, subdivision 1; 243.55, subdivision 3; 245.072; 245.52; 245.821, subdivision 1; 245.825, subdivision 1; 246.01; 246.013; 246.014; 246.13; 246.23; 246.234; 246.41; 246.50; 246.511; 246.52; 246.53; 246.54; 246.55; 246.56; 252.025; 252.05; 252.06; 252.07; 252.09; 252.10; 252.21; 252.22; 252.23; 252.24; 252.25; 252.27; 252.275, subdivisions 1 and 7; 252.28; 252.291; 252.30; 252.31; 252.32; 253.015; 253.10; 253.19; 253.20; 253.21; 253.25; 253.26; 256.01, subdivisions 2 and 5; 256.91; 256.93, subdivision 1; 256B.02, subdivisions 2 and 8, and by adding a subdivision; 256B.092; 256B.36; 256B.501; 256E.03, subdivision 2; 256E.06, subdivision 2a; 260.092; 260.36; 284.05; 299F.77; 447.42; 447.45; 501.27; and 517.03; proposing coding for new law in Minnesota Statutes, chapter 252.

H. F. No. 894, A bill for an act relating to utilities; defining independent telephone company; amending Minnesota Statutes 1984, section 237.01, subdivision 3.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 1320.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 1320, A bill for an act relating to health; establishing a system of regional poison information centers; providing for less frequent program reporting; rescinding permission for poison control centers to contract with centers in other states; amending Minnesota Statutes 1984, section 145.93, subdivisions 1, 3, 4, and 6; repealing Minnesota Statutes 1984, section 145.93, subdivision 5.

The bill was read for the first time and referred to the Committee on Health and Human Services.

CONSENT CALENDAR

S. F. No. 679, A bill for an act relating to natural resources; providing for annual timber harvest public informational meetings; amending Minnesota Statutes 1984, section 90.041, subdivision 4.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Burger	Forsythe	Kalis	Minne
Anderson, R.	Carlson, D.	Frederick	Kiffmeyer	Munger
Backlund	Carlson, J.	Frederickson	Kostohryz	Murphy
Battaglia	Carlson, L.	Frerichs	Krueger	Nelson, D.
Beard	Clark	Greenfield	Levi	Neuenschwander
Becklin	Clausnitzer	Gruenes	Lieder	Norton
Begich	Cohen	Gutknecht	Long	O'Connor
Bennett	Dempsey	Halberg	Marsh	Ogren
Bishop	DenOuden	Hartinger	McDonald	Olsen, S.
Blatz	Dimler	Haukoos	McEachern	Olson, E.
Boerboom	Dyke	Heap	McKasy	Omann
Boo	Elioff	Himle	McLaughlin	Onnen
Brandl	Ellingson	Jacobs	McPherson	Osthoff
Brinkman	Erickson	Jaros	Metzen	Otis
Brown	Fjoslien	Jennings, L.	Miller	Ozment

Pappas	Rees	Segal	Thorson	Voss
Pauly	Rest	Sherman	Tjornhom	Waltman
Peterson	Rice	Simoneau	Tomlinson	Welle
Piepho	Riveness	Skoglund	Tompkins	Wenzel
Piper	Rose	Solberg	Tunheim	Wynia
Poppenhagen	Sarna	Sparby	Uphus	Zaffke
Price	Schafer	Stanius	Valan	Spk. Jennings, D.
Quinn	Scheid	Staten	Valento	
Quist	Schoenfeld	Sviggum	Vanasek	
Redalen	Schreiber	Thiede	Vellenga	

The bill was passed and its title agreed to.

H. F. No. 649, A bill for an act relating to St. Louis county; fixing the maximum amount of the county emergency fund; amending Minnesota Statutes 1984, section 383C.016.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Elioff	Krueger	Pappas	Sparby
Anderson, R.	Ellingson	Kvam	Pauly	Stanius
Backlund	Erickson	Levi	Peterson	Staten
Battaglia	Forsythe	Lieder	Piepho	Sviggum
Beard	Frederick	Long	Piper	Thiede
Becklin	Frederickson	Marsh	Poppenhagen	Thorson
Begich	Frerichs	McDonald	Price	Tjornhom
Bennett	Greenfield	McEachern	Quinn	Tomlinson
Blatz	Gruenes	McKasy	Quist	Tompkins
Boerboom	Gutknecht	McLaughlin	Redalen	Tunheim
Boo	Halberg	McPherson	Rees	Uphus
Brandl	Hartinger	Metzen	Rest	Valan
Brinkman	Hartle	Minne	Rice	Valento
Brown	Haukoos	Munger	Riveness	Vanasek
Burger	Heap	Murphy	Rose	Vellenga
Carlson, D.	Himle	Nelson, D.	Sarna	Voss
Carlson, J.	Jacobs	Neuenschwander	Schafer	Waltman
Carlson, L.	Jaros	Norton	Scheid	Welle
Clark	Jennings, L.	O'Connor	Schoenfeld	Wenzel
Clausnitzer	Johnson	Olsen, S.	Schreiber	Wynia
Cohen	Kalis	Omann	Segal	Zaffke
Dempsey	Kiffmeyer	Onnen	Sherman	Spk. Jennings, D.
DenOuden	Knickerbocker	Osthoff	Simoneau	
Dimler	Knuth	Otis	Skoglund	
Dyke	Kostohryz	Ozment	Solberg	

The bill was passed and its title agreed to.

H. F. No. 907, A bill for an act relating to Ramsey county; providing for the creation, organization, powers, and duties of a personnel system; providing penalties; amending Minnesota Statutes 1984, sections 383.405; and 383A.41, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 383A; repealing Minnesota Statutes 1984, sections 383A.28; 383A.29; 383A.30; and 383A.31.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Kvam	Ozment	Skoglund
Anderson, R.	Erickson	Levi	Pappas	Solberg
Backlund	Fjoslien	Lieder	Pauly	Sparby
Battaglia	Forsythe	Long	Peterson	Stanius
Beard	Frederick	Marsh	Piepho	Staten
Becklin	Frederickson	McDonald	Piper	Sviggum
Begich	Frerichs	McEachern	Poppenhagen	Thiede
Bennett	Greenfield	McKasy	Price	Thorson
Bishop	Gruenes	McLaughlin	Quinn	Tjornhom
Blatz	Gutknecht	McPherson	Quist	Tomlinson
Boerboom	Halberg	Metzen	Redalen	Tompkins
Boo	Hartinger	Miller	Rees	Tunheim
Brandl	Hartle	Minne	Rice	Uphus
Brinkman	Haukoos	Munger	Richter	Valan
Brown	Heap	Murphy	Riveness	Valento
Burger	Himle	Nelson, D.	Rose	Vanasek
Carlson, D.	Jacobs	Neuenschwander	Sarna	Vellenga
Carlson, J.	Jaros	Norton	Schafer	Waltman
Carlson, L.	Jennings, L.	O'Connor	Scheid	Welle
Clausnitzer	Johnson	Ogren	Schoenfeld	Wenzel
Cohen	Kahn	Olsen, S.	Schreiber	Wynia
Dempsey	Kalis	Olson, E.	Seaberg	Zaffke
DenOuden	Kiffmeyer	Omann	Segal	Spk. Jennings, D.
Dimler	Knickerbocker	Onnen	Shaver	
Dyke	Kostohryz	Osthoff	Sherman	
Elioff	Krueger	Otis	Simoneau	

Those who voted in the negative were:

Knuth Voss

The bill was passed and its title agreed to.

H. F. No. 1009, A bill for an act relating to retirement; state employees; extending coverage to state employees on leave of absence with an exclusive bargaining agent; amending Minnesota Statutes 1984, section 352.029.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Beard	Blatz	Brinkman	Carlson, J.
Anderson, R.	Becklin	Boerboom	Brown	Carlson, L.
Backlund	Begich	Boo	Burger	Clark
Battaglia	Bennett	Brandl	Carlson, D.	Clausnitzer

Cohen	Jacobs	Miller	Price	Sparby
Dempsey	Jaros	Minne	Quinn	Stanius
DenOuden	Jennings, L.	Munger	Quist	Staten
Dimler	Johnson	Murphy	Redalen	Sviggum
Dyke	Kahn	Nelson, D.	Rees	Thiede
Elioff	Kalis	Neuenschwander	Rest	Thorson
Ellingson	Kiffmeyer	Norton	Rice	Tjornhom
Erickson	Knickerbocker	O'Connor	Richter	Tomlinson
Fjoslien	Knuth	Ogren	Riveness	Tompkins
Forsythe	Kostohryz	Olsen, S.	Rose	Tunheim
Frederick	Krueger	Olson, E.	Sarna	Uphus
Frederickson	Kvam	Omann	Schafer	Valan
Frerichs	Levi	Onnen	Scheid	Valento
Greenfield	Lieder	Osthoff	Schoenfeld	Vanasek
Gruenes	Long	Otis	Schreiber	Vellenga
Gutknecht	Marsh	Ozment	Seaberg	Voss
Halberg	McDonald	Pappas	Segal	Waltman
Hartinger	McEachern	Pauly	Shaver	Welle
Hartle	McKasy	Peterson	Sherman	Wenzel
Haukoos	McLaughlin	Piepho	Simoneau	Wynia
Heap	McPherson	Piper	Skoglund	Zaffke
Himle	Metzen	Poppenhagen	Solberg	Spk. Jennings, D.

The bill was passed and its title agreed to.

H. F. No. 1198 was reported to the House.

There being no objection H. F. No. 1198 was continued on the Consent Calendar for one day.

H. F. No. 1199, A bill for an act relating to the city of New Brighton; providing an exception from the New Brighton police civil service system for the chief and deputy chief of police.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Carlson, L.	Gutknecht	Kvam	O'Connor
Anderson, R.	Clark	Halberg	Levi	Ogren
Backlund	Clausnitzer	Hartle	Lieder	Olsen, S.
Battaglia	Cohen	Haukoos	Long	Olson, E.
Beard	Dempsey	Heap	Marsh	Omann
Becklin	DenOuden	Himle	McDonald	Onnen
Begich	Dimler	Jacobs	McEachern	Otis
Bennett	Dyke	Jaros	McKasy	Ozment
Bishop	Elioff	Jennings, L.	McLaughlin	Pappas
Blatz	Ellingson	Johnson	McPherson	Pauly
Boerboom	Erickson	Kahn	Metzen	Peterson
Boo	Fjoslien	Kalis	Miller	Piepho
Brandl	Forsythe	Kelly	Minne	Piper
Brinkman	Frederick	Kiffmeyer	Munger	Poppenhagen
Brown	Frederickson	Knickerbocker	Murphy	Price
Burger	Frerichs	Knuth	Nelson, D.	Quinn
Carlson, D.	Greenfield	Kostohryz	Neuenschwander	Quist
Carlson, J.	Gruenes	Krueger	Norton	Redalen

Rees	Scheid	Solberg	Tomlinson	Voss
Rest	Schoenfeld	Sparby	Tompkins	Waltman
Rice	Schreiber	Stanius	Tunheim	Welle
Richter	Segal	Staten	Uphus	Wenzel
Riveness	Shaver	Sviggum	Valan	Wynia
Rose	Sherman	Thiede	Valento	Zaffke
Sarna	Simoneau	Thorson	Vanasek	Spk. Jennings, D.
Schafer	Skoglund	Tjornhom	Vellenga	

The bill was passed and its title agreed to.

H. F. No. 1226, A bill for an act relating to local government; permitting land transfers between Ramsey county and the town of White Bear.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Kvam	Pappas	Solberg
Backlund	Fjoslien	Levi	Pauly	Sparby
Battaglia	Forsythe	Lieder	Peterson	Stanius
Beard	Frederick	Long	Piepho	Staten
Becklin	Frederickson	Marsh	Piper	Sviggum
Begich	Frerichs	McDonald	Poppenhagen	Thiede
Bennett	Greenfield	McEachern	Price	Thorson
Bishop	Gruenes	McKasy	Quinn	Tjornhom
Blatz	Gutknecht	McLaughlin	Quist	Tomlinson
Boerboom	Halberg	McPherson	Redalen	Tompkins
Boo	Hartinger	Metzen	Rees	Tunheim
Brandl	Hartle	Miller	Rest	Uphus
Brinkman	Haukoos	Minne	Rice	Valan
Brown	Heap	Munger	Richter	Valento
Burger	Himle	Murphy	Riveness	Vanasek
Carlson, D.	Jacobs	Nelson, D.	Rose	Vellenga
Carlson, J.	Jaros	Neuenschwander	Sarna	Voss
Carlson, L.	Jennings, L.	Norton	Schafer	Waltman
Clark	Johnson	O'Connor	Scheid	Welle
Clausnitzer	Kahn	Ogren	Schoenfeld	Wenzel
Cohen	Kalis	Olsen, S.	Schreiber	Wynia
Dempsey	Kelly	Olson, E.	Seaberg	Zaffke
DenOuden	Kiffmeyer	Omann	Segal	Spk. Jennings, D.
Dimler	Knickerbocker	Onnen	Shaver	
Dyke	Knuth	Osthoff	Sherman	
Elioff	Kostohryz	Otis	Simoneau	
Ellingson	Krueger	Ozment	Skoglund	

The bill was passed and its title agreed to.

H. F. No. 1235, A bill for an act relating to state lands; authorizing conveyance of certain state trail lands no longer needed for trails; amending Laws 1981, chapter 190, section 3.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 121 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Elioff	Krueger	Otis	Sparby
Anderson, R.	Ellingson	Kvam	Ozment	Stanius
Backlund	Erickson	Levi	Pappas	Sviggum
Battaglia	Fjoslien	Lieder	Peterson	Thiede
Beard	Forsythe	Long	Piepho	Thorson
Becklin	Frederick	Marsh	Piper	Tjornhom
Begich	Frederickson	McDonald	Poppenhagen	Tomlinson
Bennett	Frerichs	McEachern	Price	Tompkins
Bishop	Gruenes	McKasy	Quinn	Tunheim
Blatz	Gutknecht	McLaughlin	Quist	Uphus
Boerboom	Halberg	McPherson	Redalen	Valan
Boo	Hartinger	Metzen	Rees	Valento
Brandl	Hartle	Miller	Rest	Vanasek
Brinkman	Haukoos	Minne	Richter	Vellenga
Brown	Heap	Murphy	Riveness	Voss
Burger	Himle	Nelson, D.	Rose	Waltman
Carlson, D.	Jacobs	Neuenschwander	Sarna	Welle
Carlson, J.	Jaros	Norton	Schafer	Wenzel
Carlson, L.	Jennings, L.	O'Connor	Scheid	Wynia
Clausnitzer	Johnson	Ogren	Schoenfeld	Zaffke
Cohen	Kahn	Olsen, S.	Seaberg	Spk. Jennings, D.
Dempsey	Kalis	Olson, E.	Segal	
DenOuden	Kelly	Omann	Shaver	
Dimler	Kiffmeyer	Onnen	Sherman	
Dyke	Knuth	Osthoff	Simoneau	

Those who voted in the negative were:

Clark	Kostohryz	Munger	Skoglund	Staten
Greenfield				

The bill was passed and its title agreed to.

H. F. No. 1236, A bill for an act relating to licensed occupations; requiring a certified signature on final documents prepared by certain licensed professionals; amending Minnesota Statutes 1984, section 326.12, subdivision 3.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Bishop	Carlson, D.	Dimler	Frederickson
Anderson, R.	Blatz	Carlson, J.	Dyke	Frerichs
Backlund	Boerboom	Carlson, L.	Elioff	Gruenes
Battaglia	Boo	Clark	Ellingson	Gutknecht
Beard	Brandl	Clausnitzer	Erickson	Halberg
Becklin	Brinkman	Cohen	Fjoslien	Hartinger
Begich	Brown	Dempsey	Forsythe	Hartle
Bennett	Burger	DenOuden	Frederick	Haukoos

Heap	Marsh	Omann	Rose	Tomlinson
Himle	McDonald	Onnen	Sarna	Tompkins
Jacobs	McEachern	Osthoff	Schafer	Uphus
Jaros	McKasy	Otis	Scheid	Valan
Jennings, L.	McLaughlin	Ozment	Schoenfeld	Valento
Johnson	McPherson	Pappas	Schreiber	Vanasek
Kahn	Metzen	Pauly	Seaberg	Vellenga
Kalis	Miller	Peterson	Segal	Voss
Kelly	Minne	Piper	Shaver	Waltman
Kiffmeyer	Munger	Poppenhagen	Sherman	Welle
Knickerbocker	Murphy	Price	Simoneau	Wenzel
Knuth	Nelson, D.	Quinn	Skoglund	Wynia
Kostohryz	Neuenschwander	Quist	Solberg	Zaffke
Krueger	Norton	Redalen	Stanius	Spk. Jennings, D.
Kvam	O'Connor	Rees	Sviggum	
Levi	Ogren	Rest	Thiede	
Lieder	Olsen, S.	Richter	Thorson	
Long	Olson, E.	Riveness	Tjornhom	

The bill was passed and its title agreed to.

H. F. No. 1273, A bill for an act relating to the city of Edina; providing that survivors' benefits of firemen's service association be paid as provided by general law; repealing Laws 1965, chapter 592, section 4, as amended.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Krueger	Ozment	Skoglund
Anderson, R.	Erickson	Kvam	Pappas	Solberg
Backlund	Fjoslien	Levi	Pauly	Sparby
Battaglia	Forsythe	Lieder	Peterson	Stanius
Beard	Frederick	Long	Piepho	Staten
Becklin	Frederickson	Marsh	Piper	Sviggum
Begich	Frerichs	McDonald	Poppenhagen	Thiede
Bennett	Greenfield	McEachern	Price	Thorson
Bishop	Gruenes	McKasy	Quinn	Tjornhom
Blatz	Gutknecht	McLaughlin	Quist	Tomlinson
Boerboom	Halberg	McPherson	Redalen	Tompkins
Boo	Hartinger	Metzen	Rees	Tunheim
Brandl	Hartle	Miller	Rest	Uphus
Brinkman	Haukoos	Minne	Rice	Valan
Brown	Heap	Munger	Richter	Valento
Burger	Himle	Murphy	Riveness	Vanasek
Carlson, D.	Jacobs	Nelson, D.	Rose	Vellenga
Carlson, J.	Jaros	Neuenschwander	Sarna	Voss
Carlson, L.	Jennings, L.	Norton	Schafer	Waltman
Clark	Johnson	O'Connor	Scheid	Welle
Clausnitzer	Kahn	Ogren	Schoenfeld	Wenzel
Cohen	Kalis	Olsen, S.	Schreiber	Wynia
Dempsey	Kelly	Olson, E.	Seaberg	Spk. Jennings, D.
DenOuden	Kiffmeyer	Omann	Segal	
Dimler	Knickerbocker	Onnen	Shaver	
Dyke	Knuth	Osthoff	Sherman	
Elioff	Kostohryz	Otis	Simoneau	

The bill was passed and its title agreed to.

Tompkins was excused between the hours of 2:25 p.m. and 3:15 p.m.

H. F. No. 1336, A bill for an act relating to retirement; granting the authority to firefighter relief associations in cities of the first class to elect retired members to the associations' board of directors; amending Minnesota Statutes 1984, section 69.26.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Krueger	Ozment	Skoglund
Anderson, R.	Erickson	Kvam	Pappas	Solberg
Backlund	Fjoslien	Levi	Pauly	Sparby
Battaglia	Forsythe	Lieder	Peterson	Stanius
Beard	Frederick	Long	Piepho	Staten
Becklin	Frederickson	Marsh	Piper	Sviggum
Begich	Frerichs	McDonald	Poppenhagen	Thiede
Bennett	Greenfield	McEachern	Price	Thorson
Bishop	Gruenes	McKasy	Quinn	Tjornhom
Blatz	Gutknecht	McLaughlin	Quist	Tomlinson
Boerboom	Halberg	McPherson	Redalen	Tunheim
Boo	Hartinger	Metzen	Rees	Uphus
Brandl	Hartle	Miller	Rest	Valan
Brinkman	Haukoos	Minne	Rice	Valento
Brown	Heap	Munger	Richter	Vanasek
Burger	Himle	Murphy	Riveness	Vellenga
Carlson, D.	Jacobs	Nelson, D.	Rose	Voss
Carlson, J.	Jaros	Neuenschwander	Sarna	Waltman
Carlson, L.	Jennings, L.	Norton	Schafer	Welle
Clark	Johnson	O'Connor	Scheid	Wenzel
Clausnitzer	Kahn	Ogren	Schoenfeld	Wynia
Cohen	Kalis	Olsen, S.	Schreiber	Zaffke
Dempsey	Kelly	Olson, E.	Seaberg	Spk. Jennings, D.
DenOuden	Kiffmeyer	Omann	Segal	
Dimler	Knickerbocker	Onnen	Shaver	
Dyke	Knuth	Osthoff	Sherman	
Elioff	Kostohryz	Otis	Simoneau	

The bill was passed and its title agreed to.

H. F. No. 1337, A bill for an act relating to retirement; providing for the return to work of a police officer, firefighter and the provision of service credit for certain periods of disability; amending Minnesota Statutes 1984, section 423A.15.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Krueger	Otis	Sherman
Anderson, R.	Erickson	Kvam	Ozment	Simoneau
Backlund	Fjoslien	Levi	Pappas	Skoglund
Battaglia	Frederick	Lieder	Pauly	Solberg
Beard	Frederickson	Long	Peterson	Sparby
Becklin	Frerichs	Marsh	Piepho	Stanius
Begich	Greenfield	McDonald	Piper	Staten
Bennett	Gruenes	McEachern	Poppenhagen	Sviggum
Bishop	Gutknecht	McKasy	Price	Thiede
Blatz	Halberg	McLaughlin	Quinn	Thorson
Boerboom	Hartinger	McPherson	Quist	Tjornhom
Boo	Hartle	Metzen	Redalen	Tomlinson
Brandl	Haukoos	Miller	Rees	Tunheim
Brinkman	Heap	Minne	Rest	Uphus
Brown	Himle	Munger	Rice	Valan
Burger	Jacobs	Murphy	Richter	Valento
Carlson, D.	Jaros	Nelson, D.	Riveness	Vanasek
Carlson, J.	Jennings, L.	Neuenschwander	Rose	Vellenga
Carlson, L.	Johnson	Norton	Sarna	Voss
Clark	Kahn	O'Connor	Schafer	Waltman
Clausnitzer	Kalis	Ogren	Scheid	Welle
Cohen	Kelly	Olsen, S.	Schoenfeld	Wenzel
Dempsey	Kiffmeyer	Olson, E.	Schreiber	Wynia
DenOuden	Knickerbocker	Omann	Seaberg	Zaffke
Dimler	Knuth	Onnen	Segal	Spk. Jennings, D.
Elioff	Kostohryz	Osthoff	Shaver	

The bill was passed and its title agreed to.

H. F. No. 1367 was reported to the House.

Carlson, J., moved that H. F. No. 1367 be returned to its author. The motion prevailed.

H. F. No. 1404, A bill for an act relating to retirement; teachers; participation in variable annuity division; amending Minnesota Statutes 1984, section 354.62, subdivision 2; repealing Minnesota Statutes 1984, section 354.621.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Boerboom	Clausnitzer	Forsythe	Heap
Anderson, R.	Boo	Cohen	Frederick	Himle
Backlund	Brandl	Dempsey	Frederickson	Jacobs
Battaglia	Brinkman	DenOuden	Frerichs	Jaros
Beard	Brown	Dimler	Greenfield	Jennings, L.
Becklin	Burger	Dyke	Gruenes	Johnson
Begich	Carlson, D.	Elioff	Halberg	Kahn
Bennett	Carlson, J.	Ellingson	Hartinger	Kalis
Bishop	Carlson, L.	Erickson	Hartle	Kelly
Blatz	Clark	Fjoslien	Haukoos	Kiffmeyer

Knickerbocker	Minne	Pauly	Schafer	Tomlinson
Knuth	Munger	Peterson	Scheid	Tunheim
Kostohryz	Murphy	Piepho	Schoenfeld	Uphus
Krueger	Nelson, D.	Piper	Schreiber	Valan
Kvam	Neuenschwander	Poppenhagen	Seaberg	Valento
Levi	Norton	Price	Segal	Vanasek
Lieder	O'Connor	Quinn	Shaver	Vellenga
Long	Ogren	Quist	Sherman	Voss
Marsh	Olsen, S.	Redalen	Simoneau	Waltman
McDonald	Olson, E.	Rees	Skoglund	Welle
McEachern	Omann	Rest	Sparby	Wenzel
McKasy	Onnen	Rice	Stanius	Wynia
McLaughlin	Osthoff	Richter	Staten	Zaffke
McPherson	Otis	Riveness	Sviggum	Spk. Jennings, D.
Metzen	Ozment	Rose	Thorson	
Miller	Pappas	Sarna	Tjornhom	

The bill was passed and its title agreed to.

CALENDAR

S. F. No. 635 was reported to the House and given its third reading.

UNANIMOUS CONSENT

Vanasek requested unanimous consent to offer an amendment. The request was granted.

Vanasek moved to amend S. F. No. 635, as follows:

Page 3, line 6, before "*A*" insert "*(a)*"

Page 3, line 7, before "*city*" insert "*statutory or home rule charter*"

Page 3, after line 15, insert:

"*(b) Notwithstanding the provisions of paragraph (a), a lesser populated statutory or home rule charter city that has an official sign in an adjacent area of an approach of an interstate highway passing through or near the city as of the effective date of this section may replace that sign with a star city sign upon payment of a fee required under section 3 to the department of transportation.*"

The motion prevailed and the amendment was adopted.

S. F. No. 635, A bill for an act relating to advertising devices; allowing "star city" signs on interstate highways; amending Minnesota Statutes 1984, sections 173.02, subdivisions 2 and 6; and 173.13, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 173.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 124 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Dyke	Knickerbocker	Olson, E.	Segal
Anderson, R.	Elioff	Knuth	Omann	Shaver
Backlund	Ellingson	Kostohryz	Onnen	Sherman
Battaglia	Erickson	Krueger	Osthoff	Simoneau
Beard	Fjoslien	Kvam	Otis	Skoglund
Becklin	Forsythe	Levi	Ozment	Solberg
Begich	Frederick	Lieder	Pauly	Sparby
Bennett	Frederickson	Long	Peterson	Stanius
Bishop	Frerichs	Marsh	Piepho	Staten
Blatz	Greenfield	McDonald	Piper	Sviggum
Boerboom	Gruenes	McEachern	Poppenhagen	Thorson
Boo	Gutknecht	McKasy	Quinn	Tjornhom
Brandl	Halberg	McLaughlin	Quist	Tomlinson
Brinkman	Hartinger	McPherson	Redalen	Uphus
Brown	Hartle	Metzen	Rees	Valan
Burger	Haukoos	Miller	Rest	Valento
Carlson, D.	Heap	Minne	Richter	Vanasek
Carlson, J.	Jacobs	Munger	Riveness	Vellenga
Carlson, L.	Jaros	Murphy	Rose	Voss
Clark	Jennings, L.	Nelson, D.	Sarna	Waltman
Clausnitzer	Johnson	Neuenschwander	Schafer	Welle
Cohen	Kahn	Norton	Scheid	Wenzel
Dempsey	Kalis	O'Connor	Schoenfeld	Wynia
DenOuden	Kelly	Ogren	Schreiber	Spk. Jennings, D.
Dimler	Kiffmeyer	Olsen, S.	Seaberg	

Those who voted in the negative were:

Rice

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

H. F. No. 517, A bill for an act relating to insurance; authorizing the use of funding agreements; prescribing powers of the commissioner; proposing coding for new law in Minnesota Statutes, chapter 61A.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Becklin	Boerboom	Burger	Clausnitzer
Anderson, R.	Begich	Boo	Carlson, D.	Cohen
Backlund	Bennett	Brandl	Carlson, J.	Dempsey
Battaglia	Bishop	Brinkman	Carlson, L.	DenOuden
Beard	Blatz	Brown	Clark	Dimler

Dyke	Johnson	Minne	Quinn	Stanius
Elioff	Kahn	Munger	Quist	Staten
Ellingson	Kalis	Murphy	Redalen	Sviggum
Erickson	Kelly	Nelson, D.	Rees	Thiede
Fjoslien	Kiffmeyer	Neuenschwander	Rest	Thorson
Forsythe	Knickerbocker	Norton	Rice	Tjornhom
Frederick	Knuth	O'Connor	Richter	Tomlinson
Frederickson	Kostohryz	Ogren	Riveness	Uphus
Frerichs	Krueger	Olsen, S.	Rose	Valan
Greenfield	Kvam	Olson, E.	Sarna	Valento
Gruenes	Levi	Omann	Schafer	Vanasek
Gutknecht	Lieder	Onnen	Scheid	Vellenga
Halberg	Long	Osthoff	Schoenfeld	Voss
Hartinger	Marsh	Otis	Schreiber	Waltman
Hartle	McDonald	Ozment	Seaberg	Welle
Haukoos	McEachern	Pappas	Shaver	Wenzel
Heap	McKasy	Pauly	Sherman	Wynia
Himle	McLaughlin	Peterson	Simoneau	Spk. Jennings, D.
Jacobs	McPherson	Piepho	Skoglund	
Jaros	Metzen	Piper	Solberg	
Jennings, L.	Miller	Poppenhagen	Sparby	

The bill was passed and its title agreed to.

Ellingson was excused at 3:25 p.m. Ogren was excused at 4:15 p.m. Lieder was excused at 4:40 p.m.

GENERAL ORDERS

Pursuant to rules of the House, the House resolved itself into the Committee of the Whole with Jennings, D., in the Chair for consideration of bills pending on General Orders of the day. After some time spent therein the Committee arose.

REPORT OF THE COMMITTEE OF THE WHOLE

The Speaker resumed the Chair, whereupon the following recommendations of the Committee were reported to the House:

H. F. Nos. 401, 779 and 145 were recommended to pass.

H. F. Nos. 633 and 9 were recommended for progress.

H. F. No. 102 was recommended for progress retaining its place on General Orders.

H. F. No. 520 was recommended for re-referral to the Committee on Local and Urban Affairs.

S. F. No. 472 which it recommended to pass with the following amendments:

Offered by Dempsey:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 270.076, subdivision 2, is amended to read:

Subd. 2. In case of appeal from the assessment and levy of the tax, the airline company shall currently pay when due (THAT PORTION) *90 percent* of the tax (WHICH IS ADMITTED TO BE DUE) *unless the payment is waived or otherwise adjusted by an order of the court.* If the final determination of the litigation should result in sustaining the assessment and levy or in the finding that the amount paid by the airline company is insufficient, the difference between the amount paid and the amount which should have been paid shall be decreed delinquent taxes subject to interest, as hereinabove provided. If the final determination of the tax court or the supreme court shall result in increasing any assessment above that which was made final by the order of the commissioner from which the appeal is taken, then the taxes on such increased assessment shall be delinquent 30 days after notice of the amount of the increased tax shall have been given to the airline company by the commissioner.

Sec. 2. Minnesota Statutes 1984, section 270.11, subdivision 7, is amended to read:

Subd. 7. [APPEARANCES BEFORE THE COMMISSIONER.] A property owner, other than a public utility (,) *or* mining company (OR THE METROPOLITAN AIRPORT COMMISSION), for which the original assessments are determined by the commissioner of revenue, may not appear before the commissioner for the purposes provided in subdivisions 5 or 6 unless a timely appearance in person, by counsel, or by written communication has been made before the county board of equalization as provided in section 274.13, to appeal the assessment of the property, or that he can establish that he did not receive notice of his market value at least five days before the local board of review meeting.

The commissioner may refuse to hear an appeal that is within the jurisdiction of the small claims division of the tax court as stated in section 271.21, subdivision 2. The property owner shall be notified by the commissioner of the right to appeal to the small claims division whenever an appeal to the commissioner is denied.

Sec. 3. Minnesota Statutes 1984, section 270.12, subdivision 3, is amended to read:

Subd. 3. For taxes levied in (1983) *1985* and thereafter when a taxing jurisdiction lies in two or more counties, if the sales ratio studies prepared by the department of revenue show that the average levels of assessment in the several portions of the taxing jurisdictions in the different counties differ by more than five percent, the board (SHALL) *may* order the apportionment of the levy (,). *When the sales ratio studies prepared*

by the department of revenue show that the average levels of assessment in the several portions of the taxing jurisdictions in the different counties differ by more than ten percent, the board shall order the apportionment of the levy unless (a) the proportion of total adjusted assessed value in one of the counties is less than ten percent of the total adjusted assessed value in the taxing jurisdiction and the average level of assessment in that portion of the taxing jurisdiction is the level which differs by more than five percent from the assessment level in any one of the other portions of the taxing jurisdiction; (b) significant changes have been made in the level of assessment in the taxing jurisdiction which have not been reflected in the sales ratio study, and those changes alter the assessment levels in the portions of the taxing jurisdiction so that the assessment level now differs by five percent or less; or (c) commercial, industrial, mineral, or public utility property predominates in one county within the taxing jurisdiction and another class of property predominates in another county within that same taxing jurisdiction. If one or more of these factors are present, the board may order the apportionment of the levy.

Notwithstanding any other provision, the levy for the metropolitan mosquito control district, metropolitan council, metropolitan transit district, and metropolitan transit area must be apportioned without regard to the percentage difference.

If, pursuant to this subdivision, the board apportions the levy, then that levy apportionment among the portions in the different counties shall be made in the same proportion as the adjusted assessed value as determined by the equalization aid review committee in each portion is to the total adjusted assessed value of the taxing jurisdiction.

For the purposes of this section, the average level of assessment in a taxing jurisdiction or portion thereof shall be the aggregate assessment sales ratio. Assessed values as determined by the equalization aid review committee shall be the values as determined for the year preceding the year in which the levy to be apportioned is levied.

Actions pursuant to this subdivision shall be commenced subsequent to the annual meeting on August 15 of the state board of equalization, but notice of the action shall be given to the affected jurisdiction and the appropriate county auditors by the following November 15.

Apportionment of a levy pursuant to this subdivision shall be considered as a remedy to be taken after equalization pursuant to subdivision 2, and when equalization within the jurisdiction would disturb equalization within other jurisdictions of which the several portions of the jurisdiction in question are a part.

Sec. 4. Minnesota Statutes 1984, section 272.02, subdivision 1, is amended to read:

Subdivision 1. All property described in this section to the extent herein limited shall be exempt from taxation:

(1) All public burying grounds;

(2) All public schoolhouses;

(3) All public hospitals;

(4) All academies, colleges, and universities, and all seminaries of learning;

(5) All churches, church property, and houses of worship;

(6) Institutions of purely public charity except parcels of property containing structures and the structures assessed pursuant to section 273.13, subdivisions 17, 17b, 17c or 17d;

(7) All public property exclusively used for any public purpose;

(8) Except for the taxable personal property enumerated below, all personal property and the property described in section 272.03, subdivision 1, clause (c) shall be exempt.

The following personal property shall be taxable:

(a) personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, *crude oil,* or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures;

(b) railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80;

(c) personal property defined in section 272.03, subdivision 2, clause (3);

(d) leasehold or other personal property interests which are taxed pursuant to section 272.01, subdivision 2; 273.13, subdivision 7b or 7d; or 273.19, subdivision 1; or any other law providing the property is taxable as if the lessee or user were the fee owner;

(e) property classified as class 2a property; and

(f) flight property as defined in section 270.071.

(9) Real and personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used, other than real property used primarily as a solid waste disposal site.

Any taxpayer requesting exemption of all or a portion of any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. The equipment or device shall meet standards, regulations or criteria prescribed by the Minnesota Pollution Control Agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota Pollution Control Agency shall upon request of the commissioner furnish information or advice to the commissioner. If the commissioner determines that property qualifies for exemption, he shall issue an order exempting the property from taxation. The equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota Pollution Control Agency remains in effect.

(10) Wetlands. For purposes of this subdivision, "wetlands" means (1) land described in section 105.37, subdivision 15, or (2) land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes, provided it is preserved in its natural condition and drainage of it would be legal, feasible, and economically practical for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice. "Wetlands" shall include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands. "Wetlands" shall not include woody swamps containing shrubs or trees, wet meadows, meandered water, streams, rivers, and floodplains or river bottoms. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

(11) Native prairie. The commissioner of the department of natural resources shall determine lands in the state which are native prairie and shall notify the county assessor of each county in which the lands are located. Pasture land used for livestock grazing purposes shall not be considered native prairie for the purposes of this clause and section 273.116. Upon receipt of an application for the exemption and credit provided in this clause and section 273.116 for lands for which the assessor has no determination from the commissioner of natural resources, the assessor shall refer the application to the commissioner of natural resources who shall determine within 30 days whether the land is native prairie and notify the county assessor of his decision. Exemption of native prairie pursuant to this clause shall not grant the public any additional or greater right of access to the native prairie or diminish any right of ownership to it.

(12) Property used in a continuous program to provide emergency shelter for victims of domestic abuse, provided the organization that owns and sponsors the shelter is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1982, notwithstanding the fact that the sponsoring organization receives funding under section 8 of the United States Housing Act of 1937, as amended.

(13) If approved by the governing body of the municipality in which the property is located, property not exceeding one acre which is owned and operated by any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders; provided the property is used primarily as a clubhouse, meeting facility or recreational facility by the group or association and the property is not used for residential purposes on either a temporary or permanent basis.

(14) To the extent provided by section 295.44, real and personal property used or to be used primarily for the production of hydroelectric or hydromechanical power on a site owned by the state or a local governmental unit which is developed and operated pursuant to the provisions of section 105.482, subdivisions 1, 8 and 9.

(15) If approved by the governing body of the municipality in which the property is located, and if construction is commenced after June 30, 1983:

(a) a "direct satellite broadcasting facility" operated by a corporation licensed by the federal communications commission to provide direct satellite broadcasting services using direct broadcast satellites operating in the 12-ghz. band;

(b) a "fixed satellite regional or national program service facility" operated by a corporation licensed by the federal communications commission to provide fixed satellite-transmitted regularly scheduled broadcasting services using satellites operating in the 6-ghz. band; and

(c) a facility at which a licensed Minnesota manufacturer produces distilled spirituous liquors, liqueurs, cordials, or liquors designated as specialties regardless of alcoholic content, but not including ethyl alcohol, distilled with a majority of the ingredients grown or produced in Minnesota. An exemption provided by paragraph (15) shall apply for a period not to exceed five years. When the facility no longer qualifies for exemption, it shall be placed on the assessment rolls as provided in subdivision 4. Before approving a tax exemption pursuant to this para-

graph, the governing body of the municipality shall provide an opportunity to the members of the county board of commissioners of the county in which the facility is proposed to be located and the members of the school board of the school district in which the facility is proposed to be located to meet with the governing body. The governing body shall present to the members of those boards its estimate of the fiscal impact of the proposed property tax exemption. The tax exemption shall not be approved by the governing body until the county board of commissioners has presented its written comment on the proposal to the governing body, or 30 days has passed from the date of the transmittal by the governing body to the board of the information on the fiscal impact, whichever occurs first.

The exemptions granted by this subdivision shall be subject to the limits contained in the other subdivisions of this section, section 272.025, or section 273.13, subdivisions 17, 17b, 17c, or 17d.

(16) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used in the generation and distribution of hot water for heating buildings and structures.

Sec. 5. Minnesota Statutes 1984, section 273.123, subdivision 5, is amended to read:

Subd. 5. [COMPUTATION OF CREDITS.] The amounts of any (HOMESTEAD, AGRICULTURAL, OR SIMILAR) credits or tax relief which reduce the gross tax shall be computed upon the reassessed value determined under subdivision 2. *Payment shall be made pursuant to section 273.13, subdivision 15a.* For purposes of the property tax refund, property taxes payable, as defined in section 290A.03, subdivision 13, and net property taxes payable, as defined in section 290A.04, subdivision 2d, shall be computed upon the reassessed value determined under subdivision 2.

Sec. 6. Minnesota Statutes 1984, section 273.13, subdivision 4, is amended to read:

Subd. 4. [CLASS 3.] (a) Tools, implements and machinery of an electric generating, transmission or distribution system or a pipeline system transporting or distributing water, gas, *crude oil,* or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, which are fixtures, all agricultural land, except as provided by classes 1, 3b, 3e, shall constitute class 3 and shall be valued and assessed at 33-1/3 percent of the market value thereof, except as provided in clause (b). All buildings and structures assessed as personal property and situated upon land of the state

of Minnesota or the United States government which is rural in character and devoted or adaptable to rural but not necessarily agricultural use shall be assessed based upon the use made of the building or structure. Except as provided in subdivision 5a, all real property devoted to temporary and seasonal residential occupancy for recreational purposes, and which is not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment, shall be class 3 property and assessed accordingly. For this purpose, property is devoted to commercial use on a specific day if it is used, or offered for use, and a fee is charged for such use. Class 3 shall also include commercial use real property used exclusively for recreational purposes in conjunction with class 3 property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 200 days in the year preceding the year of assessment and is located within two miles of the class 3 property with which it is used.

(b) Agricultural land which is classified as class 3 shall be assessed at 19 percent of its market value. Real property devoted to temporary and seasonal residential occupancy for recreation purposes which is classified as class 3 shall be assessed at 21 percent of its market value.

Sec. 7. Minnesota Statutes 1984, section 273.138, subdivision 5, is amended to read:

Subd. 5. The commissioner of revenue shall calculate the aids pursuant to subdivisions 2 and 3, basing all necessary caculations on the abstracts of assessment of real property for assessment year 1972 transmitted to the commissioner of revenue pursuant to section 270.11 as equalized by the state board of equalization pursuant to sections 270.11 and 270.12, and the 1973 abstracts of tax lists transmitted by the county auditors pursuant to section 275.29. He shall (MAKE PAYMENTS) *pay* directly to the affected taxing authorities (IN TWO EQUAL PARTS ON JULY 15 AND NOVEMBER 15 OF EACH YEAR, COMMENCING IN 1974) *their total payment for the year at the time distributions are made pursuant to section 273.13, subdivision 15a.*

Sec. 8. [273.1393] [COMPUTATION OF NET PROPERTY TAXES.]

Notwithstanding any other provisions to the contrary, "net" property taxes are determined by subtracting the credits in the order listed from the gross tax:

(1) disaster credit as provided in section 273.123;

(2) wetlands credit as provided in section 273.115;

(3) native prairie credit as provided in section 273.116;

(4) powerline credit as provided in section 273.42;

(5) agricultural preserves credit as provided in section 473H.10;

(6) enterprise zone credit as provided in section 273.1314;

(7) state school agricultural credit as provided in section 124.2137;

(8) state paid homestead credit as provided in section 273.-13, subdivisions 6 and 7;

(9) taconite homestead credit as provided in section 273.135;

(10) supplemental homestead credit as provided in section 273.1391.

The combination of all property tax credits must not exceed the gross tax amount.

Sec. 9. Minnesota Statutes 1984, section 273.33, subdivision 1, is amended to read:

Subdivision 1. The personal property of express, stage and transportation companies, and of pipeline companies engaged in the business of transporting natural gas, gasoline, *crude oil,* or other petroleum products except as otherwise provided by law, shall be listed and assessed in the county, town or district where the same is usually kept.

Sec. 10. Minnesota Statutes 1984, section 273.33, subdivision 2, is amended to read:

Subd. 2. The personal property, consisting of the pipeline system of mains, pipes and equipment attached thereto, of pipeline companies and others engaged in the operations or business of transporting natural gas, gasoline, *crude oil,* or other petroleum products by pipelines, shall be listed with and assessed by the commissioner of revenue. This subdivision shall not apply to the assessment of the products transported through the pipelines nor to the lines of local commercial gas companies engaged primarily in the business of distributing gas to consumers at retail nor to pipelines used by the owner thereof to supply natural gas or other petroleum products exclusively for such owner's own consumption and not for resale to others. On or before the fifteenth day of November, the commissioner shall certify to the auditor of each county, the amount of such personal property assessment against each company in each district in which such property is located.

Sec. 11. Minnesota Statutes 1984, section 279.01, subdivision 1, is amended to read:

Subdivision 1. On May 16, of each year, with respect to property actually occupied and used as a homestead by the owner of the property, a penalty of three percent shall accrue and thereafter be charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer, and a penalty of seven percent on nonhomestead property, except that this penalty shall not accrue until June 1 of each year on commercial use real property used for seasonal residential recreational purposes and classified as class 3 or 3a, and on other commercial use real property classified as class 4c, provided that over 60 percent of the gross income earned by the enterprise on the class 4c property is earned during the months of May, June, July, and August. Any property owner of such class 4c property who pays the first half of the tax due on the property after May 15 and before June 1 shall attach an affidavit to his payment attesting to compliance with the income provision of this subdivision. Thereafter, for both homestead and nonhomestead property, on the 16th day of each month, up to and including October 16 following, an additional penalty of one percent for each month shall accrue and be charged on all such unpaid taxes. When the taxes against any tract or lot exceed ($10) *$50*, one-half thereof may be paid prior to May 16 and, if so paid, no penalty shall attach; the remaining one-half shall be paid at any time prior to October 16 following, without penalty; but, if not so paid, then a penalty of four percent shall accrue thereon for homestead property and a penalty of four percent on nonhomestead property. Thereafter, for homestead property, on the 16th day of each month up to and including December 16 following, an additional penalty of two percent for each month shall accrue and be charged on all such unpaid taxes. Thereafter, for nonhomestead property, on the 16th day of each month up to and including December 16 following, an additional penalty of four percent for each month shall accrue and be charged on all such unpaid taxes. If one-half of such taxes shall not be paid prior to May 16, the same may be paid at any time prior to October 16, with accrued penalties to the date of payment added, and thereupon no penalty shall attach to the remaining one-half until October 16 following; provided, also, that the same may be paid in installments as follows: One-fourth prior to March 16; one-fourth prior to May 16; one-fourth prior to August 16; and the remaining one-fourth prior to October 16, subject to the aforesaid penalties. Where the taxes delinquent after October 16 against any tract or parcel exceed ($40) *$100, upon resolution of the county board*, they may be paid in installments of not less than 25 percent thereof, together with all accrued penalties and costs, up to the next tax judgment sale, and after such payment, penalties, interest, and costs shall accrue only on the sum remaining unpaid. Any county treasurer who shall make out and deliver or countersign any receipt for any such taxes without including all of the foregoing penalties therein, shall be liable to the county for the amount of such penalties.

Sec. 12. Minnesota Statutes 1984, section 282.01, subdivision 6, is amended to read:

Subd. 6. [DUTIES OF COMMISSIONER OF REVENUE; ISSUANCE OF CONVEYANCE.] When any sale has been made by the county auditor under sections 282.01 to 282.13, he shall immediately certify to the commissioner of revenue such information relating to such sale, on such forms as the commissioner of revenue may prescribe as will enable the commissioner of revenue to prepare an appropriate deed if the sale is for cash, or keep his necessary records if the sale is on terms; and not later than October 31 of each year the county auditor shall submit to the commissioner of revenue a statement of all instances wherein any payment of principal, interest, or current taxes on lands held under certificate, due or to be paid during the preceding calendar years, are still outstanding at the time such certificate is made. When such statement shows that a purchaser or his assignee is in default, the commissioner of revenue may instruct the county board of the county in which the land is located to cancel said certificate of sale in the manner provided by subdivision 5, provided that upon recommendation of the county board, and where the circumstances are such that the commissioner of revenue after investigation is satisfied that the purchaser has made every effort reasonable to make payment of both the annual instalment and said taxes, and that there has been no wilful neglect on the part of the purchaser in meeting these obligations, then the commissioner of revenue may extend the time for the payment for such period as he may deem warranted, not to exceed one year. On payment in full of the purchase price, appropriate conveyance in fee, in such form as may be prescribed by the attorney general, shall be issued by the commissioner of revenue, which conveyance *must be recorded by the county and* shall have the force and effect of a patent from the state subject to easements and restrictions of record at the date of the tax judgment sale, including, but without limitation, permits for telephone, telegraph, and electric power lines either by underground cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipelines for gas, liquids, or solids in suspension.

Sec. 13. Minnesota Statutes 1984, section 282.014, is amended to read:

282.014 [COMPLETION OF SALE AND CONVEYANCE.]

Upon compliance by the purchaser with the provisions of sections 282.011 to 282.015 and with the terms and conditions of the sale, and upon full payment for the land, plus a $10 fee in addition to the sale price, the sale shall be complete and a conveyance of the land shall be issued to the purchaser as provided by the appropriate statutes according to the status of the land upon forfeiture.

The conveyance must be forwarded to the county recorder who shall record the conveyance before the auditor issues it to the purchaser.

Sec. 14. Minnesota Statutes 1984, section 282.301, is amended to read:

282.301 [RECEIPTS FOR PAYMENTS.]

The purchaser shall receive from the county auditor at the time of repurchase a receipt, in such form as may be prescribed by the attorney general. When the purchase price of a parcel of land shall be paid in full, the following facts shall be certified by the county auditor to the commissioner of revenue of the state of Minnesota: the description of land, the date of sale, the name of the purchaser or his assignee, and the date when the final instalment of the purchase price was paid. Upon payment in full of the purchase price, the purchaser or his assignee shall receive a quitclaim deed from the state, to be executed by the commissioner of revenue. *The deed must be sent to the county recorder for recording before it is forwarded to the purchaser.* Failure to make any payment herein required shall constitute default and upon such default and cancellation in accord with section 282.40, the right, title and interest of the purchaser or his heirs, representatives, or assigns in such parcel shall terminate.

Sec. 15. Minnesota Statutes 1984, section 282.33, subdivision 1, is amended to read:

Subdivision 1. Whenever an unrecorded deed from the state of Minnesota conveying tax-forfeited lands shall have been lost or destroyed, an application, in form approved by the attorney general, for a new deed may be made by the grantee or his successor in interest to the commissioner of revenue. If it appears to the commissioner of revenue that the facts stated in the petition are true, he shall issue a new deed to the original grantee, in form approved by the attorney general, with like effect as the original deed. *The commissioner shall send the new deed to the county recorder, who after recording the deed will forward it to the county auditor.* The application shall be accompanied by a fee of $10, payable to the commissioner of revenue, which shall be deposited with the state treasurer and credited to the general fund.

Sec. 16. Minnesota Statutes 1984, section 282.36, is amended to read:

282.36 [FEES PAYABLE TO REPURCHASER.]

Any person repurchasing land after forfeiture to the state for nonpayment of taxes under the provisions of a repurchase law shall at the time the certificate of repurchase is issued *and re-*

corded by the county auditor or before receiving quit claim deed pursuant thereto, pay to the county treasurer a fee of $3. Fees so collected during any calendar year shall be credited to a special fund and, upon a warrant issued by the county auditor on or before March 1 of the year following, shall be remitted to the state treasurer and credited to the general fund. The commissioner of revenue shall, on or before February 1 in each year, certify to the state treasurer the number of deeds issued during the preceding calendar year to which these fees apply, showing by counties the number of deeds so issued and the total fees due therefor. This section shall not apply to repurchases made under any law enacted prior to January 1, 1945.

Sec. 17. Minnesota Statutes 1984, section 287.25, is amended to read:

287.25 [PAYMENT OF TAX; STAMPS.]

The county board shall determine the method for collection of the tax imposed by section 287.21:

(1) The tax imposed by section 287.21 (SHALL) *may* be paid by the affixing of a documentary stamp or stamps in the amount of the tax to the document or instrument with respect to which the tax is paid, provided that the commissioner of revenue may, in exceptional cases, permit the payment of the tax without the affixing of the documentary stamps and in such cases shall, upon receipt of the tax, endorse his receipt for such tax upon the face of the document or instrument. In such case the commissioner of revenue shall deposit the amount received in payment of the tax with the state treasurer to the credit of the general fund*; or*

(2) The tax imposed by section 287.21 may be paid in the manner prescribed by section 287.08 relating to payment of mortgage registration tax.

Sec. 18. Minnesota Statutes 1984, section 294.22, is amended to read:

294.22 [GROSS EARNINGS TAX; COMPUTATION.]

Every company owning or operating any taconite railroad shall pay annually into the state treasury a sum of money equal to five percent of the gross earnings derived from the operation of such taconite railway within the state. The gross earnings of such a taconite railroad company from the transportation of taconite concentrates from the Mesabi Range to ports on Lake Superior, for all purposes hereof, shall be a sum of money equal to the amount which would be charged under established tariffs of common carriers for the transportation of an equal tonnage of iron ore *or taconite concentrates, whichever is shipped* from

Mesabi Range points to ports at the head of Lake Superior, including the established charges for loading such ore on boats. For all purposes of chapter 298 the amount of the gross earnings as so calculated shall be treated as the cost of transportation of such concentrates *or iron ore* between such points. If such a taconite railroad company transports coal or any other commodity, except taconite concentrates, its gross earnings shall include an amount equal to the established tariffs of common carriers for the transportation of the same quantities of similar commodities for corresponding distances, not, however, including any such charges for any such commodities used or intended to be used in the construction, operation or maintenance of such railroad.

Sec. 19. Minnesota Statutes 1984, section 297.03, subdivision 10, is amended to read:

Subd. 10. [DISTRIBUTION OF FREE SAMPLE PACKAGES.] The commissioner may authorize distribution in Minnesota of free packages of cigarettes without affixing stamps to said packages by the following persons provided that monthly reports and payment of a tax at the same rates prescribed by section 297.02, subdivision 1, shall be made directly to the commissioner under the terms provided for by the commissioner:

(1) Any manufacturer, providing such packages contain not more than (20) *25* cigarettes each;

(2) Any person engaged as a common carrier in the transportation of persons, who purchases packages of cigarettes from a manufacturer for distribution without charge, provided that no such package shall contain more than (20) *25* cigarettes.

All packages distributed pursuant to this section shall be marked "Complimentary—Not For Sale." The commissioner shall promulgate rules providing for the procedures to be complied with by any person distributing free sample packages.

Sec. 20. Minnesota Statutes 1984, section 298.02, subdivision 1, is amended to read:

Subdivision 1. [CREDIT.] For the purpose of increasing employment and the utilization of low-grade, underground, and high labor cost ores any taxpayer on whom a tax is imposed by reason of the provisions of section 298.01, subdivisions 1 and 2, shall be allowed a credit against the occupation tax as computed in that section because of the mining or production of ore from any mine, in an amount calculated as follows:

(a) In the case of underground mines or that tonnage of merchantable ore produced in open pit mines in the year in question which tonnage has resulted from beneficiation at an ore beneficiation plant within the state (BY JIGGING, HEAVY

MEDIA, SPIRAL SEPARATION, CYCLONE PROCESS, ROASTING, DRYING BY ARTIFICIAL HEAT, SINTERING, MAGNETIC SEPARATION, FLOTATION, AGGLOMERATION OR ANY PROCESS REQUIRING FINE GRINDING OR ANY OTHER IRON ORES MINED AFTER DECEMBER 31, 1984), ten percent of that part of the cost of labor employed by the mine or in the beneficiation of all ore mined or produced in the calendar year in excess of 70 cents and not in excess of 90 cents per ton of the merchantable ore produced during the year at that mine, and 15 percent of that part of the cost of such labor in excess of 90 cents per ton; (IN THE CASE OF ANY OTHER TONNAGE PRODUCED AT SAID MINE OR IN THE CASE OF OTHER MINES, TEN PERCENT OF THE AMOUNT BY WHICH THE AVERAGE COST PER TON OF LABOR EMPLOYED AT THE MINE, OR IN THE BENEFICIATION OF THE ORE AT OR NEAR THE MINE, EXCEEDS 80 CENTS, BUT DOES NOT EXCEED $1.05, PLUS 15 PERCENT OF THE AMOUNT BY WHICH THE AVERAGE LABOR COST PER TON EXCEEDS $1.05, MULTIPLIED BY THE NUMBER OF TONS OF ORE PRODUCED AT THE MINE, NOT EXCEEDING 100,000 TONS, BUT THIS 100,000 TONS OR LESS SHALL BE FIRST REDUCED BY ANY TONNAGE DESCRIBED IN THE FIRST PART OF THIS SUBPARAGRAPH;) provided, however, that in no event shall the credit allowed hereunder be in excess of three-fourths of eleven percent, as applied to underground and taconite, semi-taconite or other iron ore operations, and six-tenths of eleven percent as applied to all other operations, of the valuation of the ore used in computing the tax under the provisions of section 298.01. The term "merchantable ore produced" as used herein means ores which as mined or as mined and beneficiated, are ready for shipment as a merchantable product.

(b) The aggregate amount of all credits allowed under this subdivision to all mines shall not exceed six and two-tenths percent of the aggregate amount of occupation taxes imposed under section 298.01, subdivision 1, assessed against all mines in the state for said year prior to the deduction of such credits, provided, that after December 31, 1954, labor credits to underground mines or taconite or semi-taconite operations shall not be subject to such percentage limitation and that, after December 31, 1984, labor credits to other iron ore operations shall not be subject to the percentage limitation and both the occupation taxes of such underground mines or taconite, semi-taconite or other iron ore operations and the labor credits allowed thereto, shall be excluded in calculating such percentage limitations. At the time of his final determination of occupation tax pursuant to section 298.09, subdivision 3, the commissioner shall reduce the credit otherwise allowable to each mine hereunder by such equal percentage as will bring the total within such limitation. If an equal percentage reduction is made in the labor credits of mines pursuant to this subparagraph at the time of certification to the commissioner of revenue as set forth in section 298.10, the same percentage will

be used where changes are made pursuant to section 298.09, subdivision 4, subsequent to June 1. Also if no reduction is made at the time of certification by the commissioner of revenue on or before June 1, pursuant to this subdivision and section 298.10, no reduction will be made subsequent to June 1, due to changes made pursuant to section 298.09, subdivision 4. This subparagraph shall apply to occupation tax calculations in calendar years subsequent to December 31, 1952.

Sec. 21. Minnesota Statutes 1984, section 298.225, is amended to read:

298.225 [APPROPRIATION.]

For distribution of taconite production tax in 1985 and thereafter with respect to production in 1984 and thereafter, the recipients of the taconite production tax as provided in section 298.28, subdivision 1, clauses (1) to (4) and (5)(b), (7), and (8)(a), shall receive distributions equal to the amount distributed to them pursuant to sections 298.225 and 298.28, subdivision 1, with respect to 1983 production if the production for the year prior to the distribution year is no less than 42,000,000 taxable tons. If the production is less than 42,000,000 taxable tons, the amount of the distributions shall be reduced (BY) *proportionately at the rate of* two percent for each 1,000,000 tons, or part of 1,000,000 tons by which the production is less than 42,000,000 tons. There is hereby appropriated to the commissioner of revenue from the taconite environmental protection fund and the corpus of the northeast Minnesota economic protection trust fund in equal proportions the amount needed to make the above payments.

If a taconite producer ceases beneficiation operations permanently and is required by a special law to make bond payments for a school district, the northeast Minnesota economic protection trust fund shall assume the payments of the taconite producer if the producer ceases to make the needed payments. There is hereby appropriated from the corpus of the northeast Minnesota economic protection trust fund to the commissioner of revenue the amounts needed to make these school bond payments.

Sec. 22. Minnesota Statutes 1984, section 473H.10, subdivision 3, is amended to read:

Subd. 3. (a) After the assessor has determined the market value of all land valued according to subdivision 2, he shall compute the assessed value of those properties by applying the appropriate classification percentages. When the county auditor computes the rate of tax pursuant to section 275.08, he shall include the assessed value of land as provided in this clause.

(b) The county auditor shall compute the tax on lands valued according to subdivision 2 and nonresidential buildings by multi-

plying the assessed value times the total rate of tax for all purposes as provided in clause (a).

(c) The county auditor shall then compute the maximum ad valorem property tax on lands valued according to subdivision 2 and nonresidential buildings by multiplying the assessed value times 105 percent of the previous year's statewide average mill rate levied on property located within townships for all purposes.

(d) The tax due and payable by the owner of preserve land valued according to subdivision 2 and nonresidential buildings will be the amount determined in clause (b) or (c), whichever is less. If the gross tax in clause (c) is less than the gross tax in clause (b), the state shall reimburse the taxing jurisdictions for the amount of difference. Residential buildings shall continue to be valued and classified according to the provisions of sections 273.11 and 273.13, as they would be in the absence of this section, and the tax on those buildings shall not be subject to the limitation contained in this clause.

The county auditor shall certify to the commissioner of revenue on or before June 1 the total amount of tax lost to the taxing jurisdictions located within his county as a result of this subdivision. Payments shall be made by the state (ANNUALLY ON OR BEFORE JULY 15) *as provided in section 273.13, subdivision 15a* to each of the affected taxing jurisdictions. There is annually appropriated from the general fund in the state treasury to the commissioner of revenue an amount sufficient to make the reimbursement provided in this subdivision.

Sec. 23. Minnesota Statutes 1984, section 508.47, subdivision 4, is amended to read:

Subd. 4. [SURVEY; REQUISITES; FILING; COPIES.] The registered land survey shall correctly show the legal description of the parcel of unplatted land represented by said registered land survey and the outside measurements of the parcel of unplatted land and of all tracts delineated therein, the direction of all lines of said tracts to be shown by angles or bearings or other relationship to the outside lines of said registered land survey, and the surveyor shall place stakes in the ground at appropriate corners, and all tracts shall be lettered consecutively beginning with the letter "A". None of said tracts or parts thereof may be dedicated to the public by said registered land survey. Except in counties having microfilming capabilities, a reproduction copy of the registered land survey shall be delivered to the county auditor. The registered land survey shall be on paper, mounted on cloth, shall be a black on white drawing, the scale to be not smaller than one inch equals 200 feet, and shall be certified to be a correct representation of said parcel of unplatted land by a registered surveyor. The mounted drawing shall be exactly 17 inches by 14 inches and not less than 2 1/2 inches of the 14 inches shall be blank for binding purposes, and such sur-

vey shall be filed in triplicate with the registrar of titles upon the payment of a fee of $15. Before filing, however, any such survey shall be approved in the manner required for the approval of subdivision plats, which approval shall be endorsed thereon or attached thereto.

At the time of filing, a certificate from the treasurer that current taxes have been paid must be presented before the survey is accepted by the registrar for filing.

In counties having microfilming capabilities, the survey may be prepared on sheets of suitable mylar or on linen tracing cloth by photographic process or on material of equal quality. Notwithstanding any provisions of subdivision 5 to the contrary, no other copies of the survey need be filed.

The registrar shall furnish to any person a copy of said registered land survey, duly certified by him, for a fee of $7.50, which shall be admissible in evidence.

Sec. 24. Minnesota Statutes 1984, section 508.71, subdivision 4, is amended to read:

Subd. 4. [REGISTRATION OF MEMORIALS.] Without order of court or directive of the examiner, the registrar of titles may receive and register as memorials upon any certificate of title to which they pertain, the following instruments: receipt or certificate of county treasurer showing redemption from any tax sale or payment of any tax described in a certificate of title, *a state deed issued to purchaser of tax forfeited land,* a certified copy of a marriage certificate showing the subsequent marriage of any owner shown by a certificate of title to be unmarried, a certified copy of a final decree of divorce or dissolution of a marriage entered in the state of Minnesota, or in any state, territory or possession of the United States, or the District of Columbia to establish the dissolution of a marriage relationship of any party shown on the certificate to be married, and a certified copy of the death certificate of party listed in any certificate of title as being the spouse of the registered owner when accompanied by an affidavit satisfactory to the registrar identifying the decedent with the spouse. In all subsequent dealings with the land covered by the certificates, the registrar shall give full faith to these memorials.

Sec. 25. Minnesota Statutes 1984, section 559.21, is amended by adding a subdivision to read:

Subd. 8. [APPLICATION.] *The provisions of this section relating to payment of mortgage registration tax as a requirement of the cancellation process only apply to those contracts for deed subject to payment of mortgage registration tax at time of recording.*

Sec. 26. [REPEALER.]

(a) Minnesota Statutes 1984, section 297.02, subdivision 2, is repealed.

(b) Minnesota Statutes 1984, section 477A.04, is repealed.

Sec. 27. [EFFECTIVE DATE.]

Sections 1 to 11 and 26, paragraph (b), are effective for taxes levied in 1985 and thereafter, payable in 1986 and thereafter. Sections 12 to 25, and 26, paragraph (a), are effective the day after final enactment."

Delete the title and insert:

"A bill for an act relating to taxation; modifying certain procedures relating to taxpayer appeals; requiring apportionment of levies in specific situations; clarifying the calculation of property tax credits; clarifying the tax treatment of certain pipelines; modifying provisions relating to the payment of property taxes; allowing for sales of sample packs of cigarettes containing 25 cigarettes; providing for the recording of state deeds; modifying the deed stamp tax procedure; clarifying the computation of gross earnings tax for taconite railroads; clarifying labor credit provisions; clarifying process of taconite aid guarantee phase out; requiring payment of current taxes before conveyance of registered land; allowing for memorializing of state deeds on certificates of title; clarifying cancellation of contract for deed provisions; amending Minnesota Statutes 1984, sections 270.076, subdivision 2; 270.11, subdivision 7; 270.12, subdivision 3; 272.-02, subdivision 1; 273.123, subdivision 5; 273.13, subdivision 4; 273.138, subdivision 5; 273.33, subdivisions 1 and 2; 279.01, subdivision 1; 282.01, subdivision 6; 282.014; 282.301; 282.33, subdivision 1; 282.36; 287.25; 294.22; 297.03, subdivision 10; 298.02, subdivision 1; 298.225; 473H.10, subdivision 3; 508.47, subdivision 4; 508.71, subdivision 4; 559.21, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 273; repealing Minnesota Statutes 1984, sections 297.02, subdivision 2; and 477A.04."

Offered by Rees and Tjornhom:

Page 1, line 37, delete *"90"* and insert *"75"*

Offered by Skoglund, Quist, Zaffke, Kahn, Long and Nelson, D.:

Page 17, line 20, after "PACKAGES" insert *"PROHIBITED"*

Page 17, lines 21 to 35, delete the new language and strike the old language

Page 17, line 36, strike everything before the period and insert "*distribution of free sample packages of cigarettes and other tobacco products through any means is prohibited when conducted as part of a trade or business by a manufacturer or distributor of cigarettes and other tobacco products. Each violation of this subdivision is a misdemeanor*"

Page 23, after line 25, insert:

"Sec. 26. [609.6851] [DISTRIBUTION OF FREE SAMPLE PACKAGES PROHIBITED.]

The distribution of free sample packages of cigarettes and other tobacco products through any means is prohibited when conducted by any person as part of a trade or business for purposes of promotion. Each violation of this section is a misdemeanor."

Page 23, line 26, delete "26" and insert "27"

Page 23, line 30, delete "27" and insert "28"

Page 23, line 31, delete "*26*"and insert "*27*"

Page 23, line 33, before "*25*" insert "*18, 20 to*"

Page 23, line 33, delete "*26*" and insert "*27*"

Page 23, line 34, after the period, insert "*Sections 19 and 26 are effective August 1, 1985.*"

Amend the title as follows:

Page 1, delete line 8

Page 1, line 9, delete "containing 25 cigarettes" and insert "prohibiting distribution of free sample packages of cigarettes and other tobacco products"

Page 1, line 18, after "provisions;" insert "imposing a penalty;"

Page 1, line 29, delete "chapter" and insert "chapters"

Page 1, line 29, after "273" insert "and 609"

H. F. No. 755 which it recommended to pass with the following amendments:

Offered by Carlson, D.:

Page 1, after line 23, insert:

"Sec. 2. Minnesota Statutes 1984, section 240.26, is amended by adding a subdivision to read:

Subd. 4. [PROSECUTION BY ATTORNEY GENERAL.] *Notwithstanding section 388.051, subdivision 1, paragraph (c), the attorney general has primary jurisdiction to prosecute felony violations of section 240.25, subdivisions 2, 3, 4, and 7, and felony violations of section 240.25, subdivision 1, when the bet was allegedly accepted on the premises of a licensed racetrack."*

Page 1, line 25, delete *"Section 1 is"* and insert *"Sections 1 and 2 are"*

Renumber the remaining section

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "authorizing the attorney general to prosecute certain felonies;"

Page 1, line 4, delete "section" and insert "sections" and before the period, insert "; and 240.26, by adding a subdivision"

Offered by Osthoff and Carlson, D.:

Page 1, line 17, after *"agents"* insert *"if the agents are administered under the visual supervision of the veterinarian or assistant veterinarian employed by the commission"*

Offered by Carlson, D.; Minne and Osthoff:

Page 1, line 18, before the period insert ", *provided that the test sample does not contain more than five micrograms of the substance or metabolites thereof per milliliter of blood plasma. For purposes of this clause, "test sample" means any bodily substance including blood, urine, saliva, or other substance as directed by the commission, taken from a horse under the supervision of the commission veterinarian and in such manner as prescribed by the commission for the purpose of analysis"*

Offered by Carlson, D.:

Page 1, after line 6, insert:

"Section 1. Minnesota Statutes 1984, section 240.02, is amended by adding a subdivision to read:

Subd. 7. [AUDIT.] *The legislative auditor shall audit or contract for an audit of the books and accounts of the commis-*

sion annually or as often as the legislative auditor's funds and personnel permit. The commission shall pay the total cost of the audit. All collections received for the audits must be deposited in the general fund."

Page 1, line 25, delete *"Section 1 is"* and insert *"Sections 1 and 2 are"*

Renumber the remaining sections

Amend the title as follows:

Page 1, line 2, after the semicolon insert "authorizing the legislative auditor to perform certain audits;"

Page 1, line 4, delete "section" and insert "sections 240.02, by adding a subdivision; and"

Offered by Carlson, D.:

Page 1, line 17, after *"(3)"* insert *"Furosemide or other"*

Offered by Jacobs:

In the Carlson, D., No. 4 amendment, Page 1, line 5, after *"or"* insert *"the commission may"*

H. F. No. 255 which it recommended to pass with the following amendment offered by Brinkman:

Page 1, line 10, before "Every" insert *"Subdivision 1.* [ACTION.]"

Page 2, after line 4, insert:

"Subd. 2. [RECOVERY OF COSTS AND FEES.] *If a person who brings an action under subdivision 1 is not the prevailing party, the court shall award the prevailing party costs, disbursements, reasonable attorney fees, and witness fees."*

On the motion of Levi the report of the Committee of the Whole was adopted.

ROLL CALLS IN COMMITTEE OF THE WHOLE

Pursuant to rule 1.6, the following roll calls were taken in the Committee of the Whole:

Dempsey moved to amend S. F. No. 472, as amended, as follows:

Page 17, lines 18 to 36, delete section 19

Page 23, delete lines 27 and 28

Page 23, line 29, delete "*(b)*"

Page 23, line 31, delete "*26 paragraph (b)*" and insert "*25*"

Page 23, line 33, delete "*25*" and insert "*24*" and delete "*26 paragraph (a)*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, delete line 8

Page 1, line 9, delete everything up to and including the semicolon

Page 1, line 25, delete "297.03, subdivision 10;"

Page 1, line 30, delete "sections 297.02, subdivision 2; and" insert "section"

Skoglund, Quist, Zaffke, Long, Kahn and Nelson, D., moved to amend the Dempsey amendment to S. F. No. 472, as amended, as follows:

Page 1, after line 2, insert:

"Page 17, after line 36, insert:

"Sec. 19. Minnesota Statutes 1984, section 297.03, is amended by adding a subdivision to read:

Subd. 13. [DISTRIBUTION OF FREE SAMPLE PACKAGES PROHIBITED.] *Distribution of free sample packages of cigarettes and other tobacco products through any means is prohibited when conducted as part of a trade or business by a manufacturer or distributor of cigarettes and other tobacco products. Each violation of this subdivision is a misdemeanor*"

Page 23, after line 25, insert:

"Sec. 26. [609.6851] [DISTRIBUTION OF FREE SAMPLE PACKAGES PROHIBITED.]

The distribution of free sample packages of cigarettes and other tobacco products through any means is prohibited when

conducted by any person as part of a trade or business for purposes of promotion. Each violation of this section is a misdemeanor." "

Page 1, line 3, delete "*25*" and insert "*27*"

Page 1, line 4, delete "*24*" and insert "*26*"

Page 1, line 5, delete "*25*" and insert "*27*"

Page 1, line 10, after "semicolon" insert "and insert "prohibiting distribution of free sample packages of cigarettes;" "

Page 1, after line 10, insert:

"Page 1, line 18, after the semicolon insert "imposing penalties;" "

Page 1, after line 11, insert:

"Page 1, line 25, before "298.02;" insert "297.03, by adding a subdivision;"

Page 1, line 29, delete "chapter" and insert "chapters" and after "273" insert "and 609" "

The question was taken on the Skoglund et al., amendment to the Dempsey amendment and the roll was called. There were 70 yeas and 48 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Kvam	Ozment	Simoneau
Battaglia	Fjoslien	Lieder	Pappas	Skoglund
Becklin	Greenfield	Long	Pauly	Sparby
Begich	Gruenes	Marsh	Peterson	Stanius
Boo	Gutknecht	McLaughlin	Piper	Staten
Brandl	Halberg	Minne	Price	Sviggum
Brown	Hartinger	Murphy	Quist	Thorson
Carlson, L.	Hartle	Nelson, D.	Rees	Tomlinson
Clark	Himle	Neuenschwander	Rest	Vellenga
Cohen	Jaros	Norton	Richter	Voss
Dimler	Johnson	Olsen, S.	Riveness	Waltman
Dyke	Kiffmeyer	Olson, E.	Scheid	Welle
Elioff	Knickerbocker	Onnen	Schoenfeld	Wynia
Ellingson	Knuth	Otis	Segal	Zaffke

Those who voted in the negative were:

Backlund	Brinkman	Frederickson	Kostohryz	Metzen
Beard	Burger	Frerichs	Krueger	Miller
Bennett	Carlson, J.	Haukoos	Levi	Munger
Bishop	Clausnitzer	Jacobs	McEachern	O'Connor
Blatz	Dempsey	Jennings, L.	McKasy	Ogren
Boerboom	Frederick	Kalis	McPherson	Omann

Osthoff	Rose	Seaberg	Tunheim	Valento
Piepho	Sarna	Shaver	Uphus	Wenzel
Poppenhagen	Schafer	Thiede	Valan	Spk. Jennings, D.
Rice	Schreiber	Tompkins		

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

Dempsey withdrew his amendment, as amended by the Skoglund et al., amendment, to S. F. No. 472.

Rees and Tjornhom moved to amend S. F. No. 472, the first engrossment, as amended, as follows:

Page 1, line 37, delete "*90*" and insert "*75*"

The question was taken on the Rees and Tjornhom amendment and the roll was called. There were 90 yeas and 13 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dimler	Johnson	Omann	Seaberg
Backlund	Elioff	Kalis	Onnen	Sherman
Battaglia	Erickson	Kiffmeyer	Otis	Simoneau
Becklin	Forsythe	Knickerbocker	Ozment	Skoglund
Begich	Frederick	Kostohryz	Pauly	Sparby
Bennett	Frederickson	Kvam	Peterson	Stanius
Boerboom	Frerichs	Levi	Piepho	Sviggum
Boo	Greenfield	Lieder	Poppenhagen	Thiede
Brinkman	Gruenes	Marsh	Quinn	Tjornhom
Brown	Gutknecht	McDonald	Quist	Uphus
Burger	Halberg	McPherson	Rest	Valan
Carlson, D.	Hartinger	Minne	Rice	Valento
Carlson, J.	Hartle	Munger	Richter	Vanasek
Carlson, L.	Haukoos	Murphy	Riveness	Waltman
Clausnitzer	Heap	Nelson, D.	Rose	Welle
Cohen	Himle	Neuenschwander	Schafer	Wenzel
Dempsey	Jacobs	Olsen, S.	Scheid	Zaffke
DenOuden	Jaros	Olson, E.	Schoenfeld	Spk. Jennings, D.

Those who voted in the negative were:

Brandl	Long	Osthoff	Segal	Vellenga
Kahn	Metzen	Pappas	Solberg	Wynia
Krueger	O'Connor	Piper		

The motion prevailed and the amendment was adopted.

Skoglund, Quist, Zaffke, Kahn, Long and Nelson, D., moved to amend S. F. No. 472, as amended, as follows:

Page 17, line 20, after "PACKAGES" insert "*PROHIBITED*"

Page 17, lines 21 to 35, delete the new language and strike the old language

Page 17, line 36, strike everything before the period and insert "*distribution of free sample packages of cigarettes and other tobacco products through any means is prohibited when conducted as part of a trade or business by a manufacturer or distributor of cigarettes and other tobacco products. Each violation of this subdivision is a misdemeanor*"

Page 23, after line 25, insert:

"Sec. 26. [609.6851] [DISTRIBUTION OF FREE SAMPLE PACKAGES PROHIBITED.]

The distribution of free sample packages of cigarettes and other tobacco products through any means is prohibited when conducted by any person as part of a trade or business for purposes of promotion. Each violation of this section is a misdemeanor."

Page 23, line 26, delete "26" and insert "27"

Page 23, line 30, delete "27" and insert "28"

Page 23, line 31, delete "*26*" and insert "*27*"

Page 23, line 33, before "*25*" insert "*18, 20 to*"

Page 23, line 33, delete "*26*" and insert "*27*"

Page 23, line 34, after the period, insert "*Sections 19 and 26 are effective August 1, 1985.*"

Amend the title as follows:

Page 1, delete line 8

Page 1, line 9, delete "containing 25 cigarettes" and insert "prohibiting distribution of free sample packages of cigarettes and other tobacco products"

Page 1, line 18, after "provisions;" insert "imposing a penalty;"

Page 1, line 29, delete "chapter" and insert "chapters"

Page 1, line 29, after "273" insert "and 609"

The question was taken on the Skoglund et al., amendment and the roll was called. There were 63 yeas and 54 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Elioff	Lieder	Pauly	Sparby
Battaglia	Erickson	Long	Peterson	Stanius
Beard	Fjoslien	McLaughlin	Piper	Staten
Begich	Greenfield	Minne	Price	Sviggum
Bennett	Gruenes	Murphy	Quist	Tjornhom
Brandl	Gutknecht	Nelson, D.	Rees	Tomlinson
Brown	Hartinger	Neuenschwander	Rest	Vanasek
Carlson, D.	Jaros	Norton	Riveness	Vellenga
Carlson, L.	Kahn	Olsen, S.	Scheid	Voss
Clark	Kelly	Olson, E.	Schoenfeld	Welle
Cohen	Kiffmeyer	Onnen	Segal	Wynia
Dimler	Knuth	Otis	Simoneau	
Dyke	Krueger	Pappas	Skoglund	

Those who voted in the negative were:

Anderson, R.	Frerichs	McEachern	Poppenhagen	Thorson
Backlund	Hartle	McKasy	Rice	Tompkins
Becklin	Haukoos	McPherson	Richter	Tunheim
Blatz	Heap	Metzen	Rose	Uphus
Boerboom	Himle	Miller	Sarna	Valan
Brinkman	Jacobs	Munger	Schafer	Valento
Burger	Jennings, L.	O'Connor	Schreiber	Waltman
Carlson, J.	Johnson	Ogren	Seaberg	Wenzel
Dempsey	Kalis	Omann	Shaver	Zaffke
Frederick	Kostohryz	Osthoff	Solberg	Spk. Jennings, D.
Frederickson	Levi	Piepho	Thiede	

The motion prevailed and the amendment was adopted.

Rice moved to amend H. F. No. 755, the first engrossment, as amended, as follows:

Page 1, line 18, after the period insert: "*A rule which allows the use of pulmonary hemostatic agents or nonsteroided anti-inflammatory drugs must require that the class B licensee post or publish on each racing day, in such a manner as to make the information readily available to wagerers at the track, the name of each horse which has been treated with either of these substances within 48 hours of the race in which that horse is entered.*"

The question was taken on the Rice amendment and the roll was called. There were 24 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Clark	Kostohryz	Norton	Simoneau	Vellenga
Cohen	Long	Pappas	Skoglund	Voss
Gutknecht	McLaughlin	Peterson	Staten	Wenzel
Kelly	Minne	Rice	Tomlinson	Wynia
Knuth	Munger	Sarna	Vanasek	

Those who voted in the negative were:

Anderson, G.	Beard	Bennett	Boo	Burger
Backlund	Becklin	Blatz	Brinkman	Carlson, D.
Battaglia	Begich	Boerboom	Brown	Carlson, J.

Carlson, L.	Hartinger	Marsh	Poppenhagen	Thiede
Clausnitzer	Hartle	McDonald	Quist	Thorson
Dempsey	Haukoos	McEachern	Redalen	Tjornhom
Dyke	Heap	McKasy	Rees	Tompkins
Elioff	Himle	McPherson	Richter	Tunheim
Erickson	Jacobs	Metzen	Riveness	Uphus
Fjoslien	Johnson	Olsen, S.	Rose	Valan
Frederick	Kahn	Olson, E.	Schafer	Valento
Frederickson	Kalis	Omann	Schreiber	Waltman
Frerichs	Kiffmeyer	Onnen	Seaberg	Welle
Greenfield	Krueger	Ozment	Sparby	Zaffke
Gruenes	Kvam	Pauly	Stanius	Spk. Jennings, D.
Halberg	Lieder	Piepho	Sviggum	

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

The question was taken on the motion to recommend passage of H. F. No. 755, the first engrossment, as amended, and the roll was called. There were 101 yeas and 20 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Lieder	Peterson	Sparby
Backlund	Frederickson	Marsh	Piepho	Stanius
Beard	Frerichs	McDonald	Poppenhagen	Staten
Becklin	Greenfield	McEachern	Price	Sviggum
Begich	Gruenes	McKasy	Quinn	Thiede
Bennett	Gutknecht	McLaughlin	Quist	Thorson
Bishop	Halberg	McPherson	Redalen	Tjornhom
Blatz	Hartinger	Metzen	Rees	Tompkins
Boerboom	Hartle	Miller	Rest	Tunheim
Boo	Haukoos	Minne	Richter	Uphus
Brinkman	Heap	Murphy	Riveness	Valan
Burger	Himle	Neuenschwander	Rose	Valento
Carlson, D.	Jacobs	Norton	Sarna	Vanasek
Carlson, J.	Johnson	O'Connor	Schafer	Waltman
Carlson, L.	Kahn	Olsen, S.	Scheid	Wenzel
Clausnitzer	Kalis	Olson, E.	Schoenfeld	Zaffke
Dempsey	Kiffmeyer	Omann	Schreiber	Spk. Jennings, D.
Dyke	Knuth	Osthoff	Seaberg	
Elioff	Krueger	Otis	Shaver	
Erickson	Kvam	Ozment	Sherman	
Fjoslien	Levi	Pauly	Simoneau	

Those who voted in the negative were:

Anderson, R.	Cohen	Jaros	Long	Tomlinson
Battaglia	DenOuden	Jennings, L.	Nelson, D.	Voss
Brandl	Dimler	Kelly	Rice	Welle
Clark	Forsythe	Kostohryz	Skoglund	Wynia

The motion prevailed.

Brinkman moved to amend H. F. No. 255, as follows:

Page 1, line 10, before "Every" insert "*Subdivision 1.* [ACTION.]"

Page 2, after line 4, insert:

"*Subd. 2.* [RECOVERY OF COSTS AND FEES.] *If a person who brings an action under subdivision 1 is not the prevailing party, the court shall award the prevailing party costs, disbursements, reasonable attorney fees, and witness fees.*"

The question was taken on the Brinkman amendment and the roll was called. There were 84 yeas and 31 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Fjoslien	Kvam	Piepho	Stanius
Anderson, R.	Frederick	Levi	Piper	Sviggum
Backlund	Frederickson	Marsh	Poppenhagen	Thiede
Battaglia	Frerichs	McDonald	Quist	Thorson
Beard	Gutknecht	McEachern	Redalen	Tjornhom
Blatz	Hartinger	Metzen	Rees	Tompkins
Boo	Hartle	Miller	Rest	Tunheim
Brinkman	Haukoos	Minne	Richter	Uphus
Brown	Himle	Murphy	Riveness	Valan
Burger	Jacobs	Neuenschwander	Sarna	Valento
Carlson, J.	Jaros	O'Connor	Schafer	Voss
Carlson, L.	Jennings, L.	Olson, E.	Schoenfeld	Waltman
Clausnitzer	Johnson	Omann	Shaver	Welle
DenOuden	Kalis	Osthoff	Sherman	Wenzel
Dimler	Kiffmeyer	Ozment	Simoneau	Zaffke
Dyke	Kostohryz	Pappas	Solberg	Spk. Jennings, D.
Elioff	Krueger	Peterson	Sparby	

Those who voted in the negative were:

Becklin	Forsythe	McKasy	Quinn	Tomlinson
Begich	Greenfield	McLaughlin	Rice	Vellenga
Bennett	Gruenes	McPherson	Schreiber	Wynia
Clark	Halberg	Nelson, D.	Seaberg	
Cohen	Kahn	Norton	Segal	
Dempsey	Kelly	Onnen	Skoglund	
Erickson	Long	Otis	Staten	

The motion prevailed and the amendment was adopted.

The question was taken on the motion to recommend passage of H. F. No. 255, as amended, and the roll was called. There were 96 yeas and 28 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Carlson, J.	Gutknecht	Levi	Osthoff
Anderson, R.	Carlson, L.	Hartinger	Marsh	Ozment
Backlund	Clausnitzer	Hartle	McDonald	Pappas
Battaglia	Dempsey	Haukoos	McEachern	Pauly
Beard	DenOuden	Himle	McKasy	Peterson
Becklin	Dimler	Jacobs	McPherson	Piepho
Begich	Dyke	Jennings, L.	Metzen	Poppenhagen
Bennett	Elioff	Johnson	Miller	Quist
Boerboom	Fjoslien	Kalis	Minne	Redalen
Boo	Forsythe	Kiffmeyer	Murphy	Rees
Brinkman	Frederick	Knuth	Neuenschwander	Rest
Brown	Frederickson	Kostohryz	O'Connor	Richter
Burger	Frerichs	Krueger	Olson, E.	Riveness
Carlson, D.	Gruenes	Kvam	Omann	Rose

Sarna	Shaver	Stanius	Tunheim	Waltman
Schafer	Sherman	Sviggum	Uphus	Welle
Scheid	Simoneau	Thiede	Valan	Wenzel
Schoenfeld	Solberg	Thorson	Valento	Zaffke
Schreiber	Sparby	Tompkins	Vanasek	Spk. Jennings, D.
Seaberg				

Those who voted in the negative were:

Bishop	Greenfield	McLaughlin	Quinn	Tomlinson
Blatz	Halberg	Nelson, D.	Rice	Vellenga
Brandl	Jaros	Norton	Segal	Voss
Clark	Kahn	Onnen	Skoglund	Wynia
Cohen	Kelly	Otis	Staten	
Erickson	Long	Piper	Tjornhom	

The motion prevailed.

MOTIONS AND RESOLUTIONS

Jacobs moved that the name of Uphus be added as an author on H. F. No. 342. The motion prevailed.

Halberg moved that the name of Schoenfeld be added as chief author on H. F. No. 568. The motion prevailed.

Olson, E., moved that the name of Fjoslien be added as an author on H. F. No. 967. The motion prevailed.

Krueger moved that the names of Uphus and Anderson, R., be added as authors on H. F. No. 1368. The motion prevailed.

Brandl moved that the names of Clark and Wynia be added as authors on H. F. No. 1517. The motion prevailed.

Jacobs moved that the name of Quinn be added as an author on H. F. No. 1525. The motion prevailed.

Riveness moved that the name of Clark be added as an author on H. F. No. 1541. The motion prevailed.

Fjoslien moved that H. F. No. 840 be recalled from the Committee on Health and Human Services and be re-referred to the Committee on Environment and Natural Resources. The motion prevailed.

Rose moved that H. F. No. 1005 be recalled from the Committee on Appropriations and be re-referred to the Committee on Environment and Natural Resources. The motion prevailed.

Rose moved that H. F. No. 1056 be recalled from the Committee on Transportation and be re-referred to the Committee on Environment and Natural Resources. The motion prevailed.

Dempsey moved that H. F. No. 1296 be recalled from the Committee on Governmental Operations and be re-referred to the Committee on Judiciary. The motion prevailed.

Solberg moved that H. F. No. 1551 be recalled from the Committee on Education and be re-referred to the Committee on Appropriations. The motion prevailed.

Johnson moved that S. F. No. 19 be recalled from the Committee on Transportation and together with H. F. No. 1180, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

Halberg moved that S. F. No. 374 be recalled from the Committee on Judiciary and together with H. F. No. 737, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

Halberg moved that H. F. No. 1382, now on General Orders be placed on the Consent Calendar. The motion prevailed.

House Resolution No. 20 was reported to the House.

HOUSE RESOLUTION NO. 20

A house resolution congratulating the Lakers boys basketball team from Glenwood High School for winning the consolation championship at the 1985 Class A Boys State High School Basketball Championship.

Whereas, high school athletic competition contributes to good citizenship by teaching high school students the principles of cooperation and fair play; and

Whereas, high school sports promote vigorous good health of the participants and lift the spirits of fans; and

Whereas, the Lakers from Glenwood High School participated in the Class A Boys State High School Basketball Tournament as one of just 16 teams from among the 486 teams that originally participated in the tournament; and

Whereas, every member of the Lakers contributed to an impressive effort to win the tournament; and

Whereas, the Lakers won the 1985 Region 3A Championship and the Class A State Consolation Championship; and

Whereas, the Lakers finished the year with an outstanding 26 and 1 win-loss record that is the best Class A record in Minnesota; and

Whereas, Glenwood High School's players and fans have exhibited outstanding sportsmanship, skill, and desire throughout the season; *Now, Therefore,*

Be It Resolved by the House of Representatives of the State of Minnesota that congratulations are extended to the Lakers of Glenwood High School on the accomplishments, talents, and determination of their boys basketball team and to the team's coach, and to the team's fans.

Be It Further Resolved that the Chief Clerk of the House of Representatives is directed to enroll a copy of this resolution, to be authenticated by his signature and that of the Speaker, and that it be presented to the principal of Glenwood High School.

Uphus moved that House Resolution No. 20 be now adopted. The motion prevailed and House Resolution No. 20 was adopted.

McEachern, Kahn and Rice introduced:

House Resolution No. 21, A house resolution congratulating the DeLaSalle boys basketball team upon its 1985 state championship.

The resolution was referred to the Committee on Education.

Carlson, L., and Rest introduced:

House Resolution No. 22, A house resolution congratulating Sgt. Arthur Hogenson of the New Hope Police Department for being selected 1984 Police Officer of the Year.

SUSPENSION OF RULES

Carlson, L., moved that the rules be so far suspended that House Resolution No. 22 be now considered and be placed upon its adoption. The motion prevailed.

HOUSE RESOLUTION NO. 22

A house resolution congratulating Sgt. Arthur Hogenson of the New Hope Police Department for being selected 1984 Police Officer of the Year.

Whereas, Sgt. Arthur Hogenson was appointed to the New Hope Police Department on August 31, 1970; and

Whereas, while serving as a patrol officer he initiated the Community Services Officer Program, the Crime Prevention Program, the Community Relations Program, the Crime Prevention Fund, and the Neighborhood Watch Program; and

Whereas, he assisted in the development of a foreign exchange program by which local and European police officers receive training in each others countries; and

Whereas, he has served as president or chairman of a large number of professional, community, and service organizations; and

Whereas, he helped to develop the Battered Women's Shelter and the Homeward Bound Shelter; and

Whereas, he has been selected by the Minnesota Chiefs of Police Association as the 1984 Police Officer of the Year; *Now, Therefore,*

Be It Resolved by the House of Representatives of the State of Minnesota that it congratulates Sgt. Arthur Hogenson not only for being selected Police Officer of the Year but for the accomplishments represented by that award.

Be It Further Resolved that the Chief Clerk of the House of Representatives is directed to prepare an enrolled copy of this resolution, to be authenticated by his signature and that of the Speaker, and present it to Sgt. Arthur Hogenson.

Carlson, L., moved that House Resolution No. 22 be now adopted. The motion prevailed and House Resolution No. 22 was adopted.

Redalen, Valan, Johnson, Sparby and Kalis introduced:

House Resolution No. 23, A house resolution stating the sense of the House of Representatives that adequate funding for the Soil Conservation Service and the Agricultural Stabilization and Conservation Service should be restored.

The resolution was referred to the Committee on Agriculture.

POINT OF ORDER

Osthoff raised a point of order pursuant to rule 1.7 relating to progressing bills on General Orders. The Speaker ruled the point of order not well taken.

PROTEST AND DISSENT

Pursuant to Article IV, Section 11 of the Minnesota Constitution, we herewith register our formal protest and dissent on behalf of the members of the House of Representatives, our constituents, and the people of Minnesota, all of whom are affected by

the actions which took place in the House Tax Committee on Thursday, April 11, 1985.

H. F. No. 450 was brought up in the Tax Committee in violation of the intent of House Rule 6.3 which states that "the chairman of each committee or subcommittee shall, as far as practicable, give three days' notice of any meeting." The rule further states that the notice *shall include* the agenda for the meeting.

The Chairman of the Tax Committee did willfully ignore the spirit and intent of the Rules of the House by placing on the committee agenda H. F. No. 450 without providing notice to the general public.

We further protest that, in the conduct of the Tax Committee meeting on April 11, 1985, there were several violations of provisions of "Mason's Manual of Legislative Procedure" "whose purpose is to ensure that every deliberative body be governed by rules of procedure in order that the will of a majority of its members may be determined and revealed in an orderly manner." Just as important, "Mason's Manual of Legislative Procedure" exists and is used to protect minorities from unfair treatment on the part of the majority.

Attempts were made in the course of the Tax Committee meeting by the majority to deny several fundamental rights of the members of the minority, including the following:

Section 120 of "Mason's Manual of Legislative Procedure." Equality of members in debate. "The rights and duties of members of a legislative body are derived from and founded upon the absolute equality of the members. Every member has the same right as any other member to present questions for consideration and has the same right to be heard." The Chairman and the majority members of the Tax Committee attempted to deny this basic right of equality to minority members of the committee.

Section 60 of "Mason's Manual of Legislative Procedure." The right to debate. "Before the members of any group can reach informed decisions it is necessary that they understand the subject upon which they are making a decision and the effect of any decisions they are making. To accomplish these purposes, *an opportunity is given for debate* on all questions of business to be decided. As an essential part of this free discussion, *every person must have a right to present his own views for the consideration of other members of the group,* to have the opportunity to persuade them to his way of thinking and to be able to listen to the arguments of others."

The majority attempted to deny this fundamental right of individual members in the Tax Committee on April 11, 1985, from

which breach of the honored and orderly legislative process we most vigorously protest and dissent.

Section 90 of "Mason's Manual of Legislative Procedure." The right to debate questions states that "it is a fundamental right of parliamentary practice given to all deliberative assemblies, that the opportunity to deliberate and, if possible, to convince their fellows in *the right of the minority*, which right they cannot be deprived of by the arbitrary will of the majority."

Section 80 of "Mason's Manual of Legislative Procedure." In talking about the purpose of debate states that "debate is one of the most fundamental characteristics of a legislative body." The majority also attempted to stifle debate, in violation of Section 130 and 132 of "Mason's Manual of Legislative Procedure", which states that "the right of members to debate and make motions cannot be cut off by the presiding officer by bringing a question up for a vote while there are still members wishing to speak."

What went on in the Tax Committee this morning was a travesty of the legislative process. What was the purpose of these actions by the majority? The chief author stated that one objective of her bill was to generate greater public awareness of child abuse. Why were members not informed that H. F. No. 450 was going to be taken up? Why was the public not notified of the hearing so that they could testify on the bill? Even the people most concerned about child abuse were not notified, and were not there to discuss how they felt about the method of funding in H. F. No. 450.

How can we, as members of the House, how can those in the news media, how can the general public have any confidence in committee schedules?

When we tried to represent those people who were not notified and could not be heard, when we tried to have discussion and debate on some of the points in contention, when we tried to better understand the ramifications of the bill, when we tried to offer amendments, the majority attempted to cut us off.

No member of this House can be proud of what took place in the Tax Committee on April 11, 1985.

Robert Vanasek
Fred Norton
Joe Begich
Gordon O. Voss
C. Thomas Osthoff
John Tomlinson
John E. Brandl
B. J. Brinkman
Wesley J. Skoglund
Joel Jacobs
Bob Neuenschwander
Linda Scheid
Lona Minne

ADJOURNMENT

Levi moved that when the House adjourns today it adjourn until 2:00 p.m., Monday, April 15, 1985. The motion prevailed.

Levi moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:00 p.m., Monday, April 15, 1985.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-FOURTH SESSION – 1985

THIRTY-EIGHTH DAY

SAINT PAUL, MINNESOTA, MONDAY, APRIL 15, 1985

The House of Representatives convened at 2:00 p.m. and was called to order by David M. Jennings, Speaker of the House.

Prayer was offered by Reverend Carl Klompien, First Christian Reformed Church, Prinsburg, Minnesota.

The roll was called and the following members were present:

Anderson, R.	Erickson	Kvam	Ozment	Simoneau
Backlund	Fjoslien	Levi	Pappas	Skoglund
Battaglia	Forsythe	Lieder	Pauly	Solberg
Beard	Frederick	Long	Peterson	Sparby
Becklin	Frederickson	Marsh	Piepho	Stanius
Begich	Frerichs	McDonald	Piper	Staten
Bennett	Greenfield	McEachern	Poppenhagen	Sviggum
Bishop	Gruenes	McKasy	Price	Thiede
Blatz	Gutknecht	McLaughlin	Quinn	Thorson
Boerboom	Halberg	McPherson	Quist	Tjornhom
Boo	Hartinger	Metzen	Redalen	Tomlinson
Brandl	Hartle	Miller	Rees	Tompkins
Brinkman	Haukoos	Minne	Rest	Uphus
Brown	Heap	Munger	Rice	Valan
Burger	Himle	Murphy	Richter	Valento
Carlson, D.	Jacobs	Nelson, D.	Riveness	Vanasek
Carlson, J.	Jaros	Nelson, K.	Rodosovich	Voss
Carlson, L.	Jennings, L.	Neuenschwander	Rose	Waltman
Clark	Johnson	Norton	Sarna	Welle
Clausnitzer	Kahn	O'Connor	Schafer	Wenzel
Cohen	Kalis	Ogren	Scheid	Wynia
Dempsey	Kelly	Olsen, S.	Schoenfeld	Zaffke
DenOuden	Kiffmeyer	Olson, E.	Schreiber	Spk. Jennings, D.
Dimler	Knickerbocker	Omann	Seaberg	
Dyke	Knuth	Onnen	Segal	
Elioff	Kostohryz	Osthoff	Shaver	
Ellingson	Krueger	Otis	Sherman	

A quorum was present.

Anderson, G.; Tunheim and Vellenga were excused.

The Chief Clerk proceeded to read the Journal of the preceding day. Skoglund moved that further reading of the Journal be dis-

pensed with and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 737, 788, 1098, 1191, 1260, 967, 1017, 1308, 1375, 1388, 1513, 134, 135, 823, 1097, 1112, 1116, 1266, 1374, 163, 580, 695, 785, 838, 1171, 255 and 755 and S. F. Nos. 1320, 33, 230 and 472 have been placed in the members' files.

S. F. No. 374 and H. F. No. 737, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Backlund moved that the rules be so far suspended that S. F. No. 374 be substituted for H. F. No. 737 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 19 and H. F. No. 1180, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Lieder moved that the rules be so far suspended that S. F. No. 19 be substituted for H. F. No. 1180 and that the House File be indefinitely postponed. The motion prevailed.

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

April 10, 1985

The Honorable David M. Jennings
Speaker of the House
The State of Minnesota

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House Files:

H. F. No. 34, relating to liquor; allowing an exemption from requirement for use of Minnesota grown grapes by farm wineries; amending Minnesota Statutes 1984, section 340.435, by adding a subdivision.

H. F. No. 329, relating to peace officers; requiring a person seeking appointment as a part-time peace officer to provide the board of peace officer standards and training with proof that he or she has complied with appointment requirements; amending Minnesota Statutes 1984, section 626.8463.

H. F. No. 509, relating to statutes; providing free distribution of Minnesota Statutes to library of largest municipality of each county; amending Minnesota Statutes 1984, section 3C.12, subdivision 2.

Sincerely,

RUDY PERPICH
Governor

STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
ST. PAUL 55155

April 10, 1985

The Honorable David M. Jennings
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1985 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	*H.F. No.*	*Session Laws Chapter No.*	*Date Approved 1985*	*Date Filed 1985*
122		11	April 10	April 10
	34	12	April 10	April 10
	329	13	April 10	April 10
	509	14	April 10	April 10

483	15	April 10	April 10
198	16	April 10	April 10

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

REPORTS OF STANDING COMMITTEES

McDonald from the Committee on Agriculture to which was referred:

H. F. No. 208, A bill for an act relating to agriculture; changing requirements for state livestock weighing services; removing the limitation on certain fees; amending Minnesota Statutes 1984, sections 17A.10, subdivision 2; and 17A.11.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Schreiber from the Committee on Taxes to which was referred:

H. F. No. 450, A bill for an act relating to children; replacing the state election campaign fund with a child abuse prevention trust fund; providing for disbursement of funds for child abuse prevention; creating a tax return checkoff to fund the child abuse prevention trust fund; appropriating money; amending Minnesota Statutes 1984, sections 290.06, subdivision 11; and 290.39, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 257 and 290; repealing Minnesota Statutes 1984, sections 10A.30 to 10A.335.

Reported the same back with the following amendments:

Page 1, after line 13, insert:

"Section 1. Minnesota Statutes 1984, section 10A.25, subdivision 10, is amended to read:

Subd. 10. The expenditure limits imposed by this section apply only to candidates who agree to be bound by the limits as a condition of receiving a public subsidy for their campaigns in the form of (:)

((A) AN ALLOCATION OF MONEY FROM THE STATE ELECTIONS CAMPAIGN FUND; OR)

((B)) credits against the tax due of individuals who contribute to that candidate.

Sec. 2. Minnesota Statutes 1984, section 10A.25, is amended by adding a subdivision to read:

Subd. 11. As a condition of receiving a public subsidy for an election campaign in the form of tax credits against the tax due from individuals who contribute to a candidate's principal campaign committee, a candidate shall agree by stating in writing to the board at any time beginning with the registration of the principal campaign committee that his or her expenditures and approved expenditures shall not exceed the expenditure limits as set forth in section 10A.25. The agreement shall remain effective until the dissolution of the principal campaign committee of the candidate or the opening of filing for the next succeeding election for the office held or sought at the time of agreement, whichever occurs first. An agreement signed under this subdivision may not be rescinded. The commissioner of revenue shall not allow any individual or married couple filing jointly to take a credit against any tax due, pursuant to section 290.06, subdivision 11, for any contribution to a candidate for legislative or statewide office who has not signed the agreement provided in this subdivision. Nothing in this subdivision shall be construed to limit the campaign expenditure of any candidate who does not sign an agreement under this subdivision but accepts a contribution for which the contributor claims a credit against tax due. The board shall forward a copy of any agreement signed under this subdivision to the commissioner of revenue. The board shall make available to any candidate signing an agreement a supply of Official Tax Credit Receipt forms which state in bold face type that (a) a contributor who is given a receipt form is eligible to receive a credit against tax due in an amount equal to 50 percent of his or her contribution but not more than $50 for an individual, or not more than $100 for a married couple filing jointly, and (b) that the candidate to whom he or she has contributed has voluntarily agreed to abide by campaign expenditure limits. If a candidate does not sign an agreement under this subdivision the candidate may not issue an Official Tax Credit Receipt form, or any facsimile thereof, to any of his or her contributors. Any candidate who does not voluntarily agree to abide by the expenditure limits imposed in section 10A.25 and who willfully issues Official Tax Credit Receipt forms, or any facsimile thereof, to any contributor is guilty of a misdemeanor."

Page 1, line 16, delete "*2 to 5*" and insert "*4 to 7*"

Page 1, line 18, delete "*3*" and insert "*5*"

Page 1, line 27, after the period, insert "*Child abuse prevention services may include but are not limited to support programs for new parents, parent education programs, early and regular child health and developmental screening programs, life skills training*

for children and young adults, family crisis support services, and public information and education on child abuse prevention."

Page 2, line 1, delete *"2"* and insert *"4"*

Page 2, line 9, delete *"4 and 5"* and insert *"6 and 7"*

Page 2, line 10, delete *"treasurer"* and insert *"board of investment"*

Page 2, line 21, delete *"3"* and insert *"5"*

Page 2, line 24, delete *"4"* and insert *"6"*

Page 2, line 26, delete *"3"* and insert *"5"*

Page 2, line 28, delete *"4"* and insert *"6"*

Page 2, line 34, delete *"2"* and insert *"4"*

Page 3, line 29, delete *"2 to 5"* and insert *"4 to 7"*

Page 5, line 27, delete *"2 to 5"* and insert *"4 to 7"*

Page 6, line 1, delete *"2"* and insert *"4"*

Page 7, lines 2 to 5, reinstate the stricken language

Page 7, line 6, reinstate everything before the stricken "10A.-32,"

Page 7, line 7, after the stricken "3b" insert *"10A.25, subdivision 11"* and reinstate the period

Page 7, line 9, strike "qualifying for"

Page 7, strike line 10

Page 7, line 11, strike everything before the period and insert *"as defined in section 10A.01, subdivision 13"*

Page 7, lines 30 and 34, delete *"5"* and insert *"7"*

Page 7, line 35, delete *"4"* and insert *"6"*

Page 7, line 36, delete *"1 to 5"* and insert *"3 to 7"*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 8, after "sections" insert "10A.25, subdivision 10, and by adding a subdivision;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 529, A bill for an act relating to state and local government; providing procedures for the conduct of meetings by public bodies; amending Minnesota Statutes 1984, sections 62E.10, subdivision 4; 116C.60; 129.121, subdivision 5; 144.413, subdivision 3; 144.581, subdivision 4; and 400.04, subdivision 3; proposing coding for new law as Minnesota Statutes, chapter 471A; repealing Minnesota Statutes 1984, section 471.705.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [471A.01] [POLICY.]

The legislature finds that the proper conduct of government in Minnesota requires a fully informed public that is familiar with the deliberations and decisions of its public bodies, and with the information upon which these deliberations and decisions are based. It is therefore the public policy of the state of Minnesota that the hearings, deliberations, and actions of these public bodies be conducted openly. The provisions of this chapter are to be liberally construed with a view toward carrying out its policy.

Sec. 2. [471A.02] [MEETINGS OF PUBLIC BODIES OPEN TO PUBLIC.]

Except as otherwise provided in sections 1 to 15, every meeting of a public body, including executive sessions, shall be open to the public, and any person is entitled to attend such a meeting.

Sec. 3. [471A.03] [DEFINITIONS.]

Subdivision 1. [PUBLIC BODY.] *As used in sections 1 to 15, "public body" means any agency, authority, board, commission, committee, council, department, or other body of:*

(a) the state;

(b) a county, city, school district, town, or unorganized territory;

(c) any other political subdivision, public corporation, or other entity in the state

that is composed of two or more individual members, and that exercises or is authorized to exercise a legislative, policy-making, quasi-judicial, executive, or advisory function, or otherwise transacts any public business, regardless of how the particular public body was or is established.

Subd. 2. [BODIES INCLUDED.] *The term "public body" includes:*

(a) each committee, subcommittee, board, department, commission, or other component of a public body, or that is established by a public body or by one of its members;

(b) the University of Minnesota.

Subd. 3. [MEETING.] *The term "meeting" means an assembly or gathering together at any time or place, or the simultaneous communication by conference telephone or other electronic means, of a quorum of the members of a public body in order to discuss, consider, receive information concerning, deliberate about, act upon, or in any other manner transact any public business within the actual or apparent authority of the public body. If the total membership of the public body is 14 or more, then only a majority of a quorum of the members shall be necessary to constitute a meeting.*

Subd. 4. [GATHERINGS NOT INCLUDED.] *The term "meeting" does not include any of the following, unless held to evade the spirit and purpose of sections 1 to 15:*

(a) meetings among the professional staff or employees of a public body;

(b) social gatherings, chance encounters, or similar informal assemblies or gatherings together of (or including) the members of a public body;

(c) attendance by the members of a public body at a bona fide national, regional, or state convention, or at an educational program, provided that no meeting of the public body occurs that is distinct from the proceedings of the convention or program. However the term meeting does include programs or retreats attended by members of only one public body;

(d) negotiations, mediation sessions, or hearings between public employers and public employees, when closed pursuant to

the authority granted to the director of the bureau of mediation services in section 179A.14;

(e) gatherings of town board members to perform on-site inspections, where the town has no staff persons or employees capable of performing such inspections, and where the town board is acting essentially in a staff capacity;

(f) discussions involving fewer than a quorum of the members of a public body, except as provided in subdivision 3 of this section.

Sec. 4. [471A.04] [MEETINGS THAT MAY BE CLOSED.]

Subdivision 1. [CLOSED MEETINGS.] *A public body may hold a meeting and exclude the public for the following reasons:*

(a) To consult with its attorney in order to consider:

(i) the commencement, prosecution, possible settlement, or tactics of litigation with respect to a potential or pending judicial action or administrative proceeding in which the public body, or an officer or employee of the public body is a plaintiff, prosecutor, claimant, or occupies a similar status so long as the action is related to their public duties, responsibilities, or employment;

(ii) the defense, settlement, or tactics of litigation with respect to a pending judicial action or administrative proceeding in which the public body, or an officer or employee of the public body is a defendant, respondent, or occupies a similar status so long as the action is related to or arises out of their public office or employment; or

(iii) the specific terms of settlement of a claim or demand against the public body, or an officer or employee of the public body so long as the action is related to their public office or employment, where the claim or demand does not yet involve a pending judicial action or administrative proceeding but where the claim or demand has been made on the public body and where the public body has good reason to believe that the claim or demand will result in a judicial action or administrative proceeding if not settled. Final approval of a settlement proposal shall occur only at an open meeting. The specific terms of the settlement shall be reported by the public body and recorded in its minutes at that meeting, except that where the settlement is to be paid in whole or part pursuant to policies of insurance, and where disclosure of the terms of the settlement could abrogate the insurance coverage, then disclosure shall be at the discretion of the public body. When a meeting is to be closed pursuant to the provisions of this paragraph, the public body shall announce prior to the time the meeting is closed and record in its minutes the names of all actual or prospective parties, claimants, or litigants

known to members of the public body, and the general nature of the claim, action, or proceeding to be discussed, except that when a public body has not commenced an action and is acting under clause (i) of this paragraph, it shall not be required to announce or record the names of prospective parties or litigants. A public body may not close a meeting in reliance on the attorney-client privilege except as provided in this paragraph. For purposes of this paragraph, "pending judicial action or administrative proceeding" means an action or proceeding that has been commenced. For purposes of this paragraph, "claim" or "demand" does not mean a routine bill or charge submitted to or approved by the public body in the normal course of its business.

(b) To consider matters dealing with specific patients (including but not limited to all aspects of admission, treatment, and discharge; all medical records, reports, and summaries; and all charges, accounts, and credit information pertaining to such a patient). This exception shall not be used where the public body can protect patient identities through action by reference as provided in section 8.

(c) To consider information, when federal statute expressly directs that the information be maintained as not public or makes the not public status of the information a condition of federal aid. Final action on any matter considered at a meeting closed pursuant to this paragraph shall be taken only at an open meeting, and the reasons therefor shall be reported at the meeting. This exception shall not be used where the public body can maintain the necessary confidentiality through action by reference as provided in section 8.

(d) To consider matters involving the admission, discipline, or termination of members of the medical staff of a public hospital. However, final action on admission, discipline, or termination shall be taken only at an open meeting, and the reasons therefor shall be reported at the meeting. This exception shall not be used where the public body can protect the identities of members or potential members of the medical staff through action by reference as provided in section 8.

(e) To consider specific complaints or charges of misconduct involving an employee or staff member of the public body, or of a student within the authority of the public body. This exception may be used only when the public body believes that the complaint or charge, if established, would support disciplinary action against the employee, staff member, or student. However, such a meeting must be open to the public if the employee or staff member who is the subject of the complaint or charge requests it, or, in the case of a student, the student or the student's parent or guardian requests it. Any action by a public body imposing discipline shall be taken only at an open meeting; the factual basis therefor shall be reported at the meeting, and recorded in the minutes of the public body. If the public body after consider-

ing the alleged misconduct brings formal charges against the public employee, staff member, or student, then any hearing held on such charges shall be conducted as an open meeting unless otherwise expressly provided by law.

(f) To consider strategy for labor negotiations, including negotiation strategies or developments or discussion and review of labor negotiation proposals, conducted pursuant to chapter 179A. This exception applies only to labor negotiations involving recognized bargaining units for public employees, and does not apply where a person representing or associated with a bargaining unit involved in the negotiations is also present, nor to negotiations with individual employees or potential employees. No final action may be taken at such a meeting.

(g) To investigate, examine, or determine the character and other qualifications of applicants for professional or occupational licenses or certificates or to take disciplinary actions against persons holding such licenses or certificates, (i) while preparing, approving, administering, or grading examinations; or (ii) while meeting with respect to an individual applicant for or holder of such a license or certificate. This exception does not amend, repeal, or supersede any other statute that requires a public hearing or other practice and procedure in a proceeding before a public body.

(h) To consider matters dealing with specific recipients of public welfare. This exception shall not be used where the public body can protect the identities of recipients through action by reference as provided in section 8.

(i) To consider matters relating to a proposed competitive bid to be submitted by the public body to another unit of government. This exception shall not be used where the public body can avoid disclosing the contents of the proposed bid through action by reference as provided in section 8.

(j) To consider matters relating to an enterprise activity conducted by a public hospital, where (a) the enterprise activity is in competition with private businesses or enterprise activities of another public body providing similar goods or services, and (b) disclosure of information pertaining to such matters would in the judgment of the governing body adversely affect the ability of its enterprise activity to compete with such private businesses or other enterprise activities. This paragraph applies only to the governing board of a public hospital, and to components of the governing board.

Subd. 2. [CALLING A CLOSED MEETING.] *A public body may hold a closed meeting only upon a motion made and adopted at an open meeting. The motion shall state the general purpose of the closed meeting and shall include specific refer-*

ence to one of the exceptions allowing a closed meeting described in section 4.

Subd. 3. [MINUTES OF A CLOSED MEETING.] *Notwithstanding other law, the minutes and other records made at a closed meeting may be withheld from public inspection only for so long as public inspection would in the judgment of the public body frustrate the specific purpose of the closed meeting. A written roll shall be made of all members and all other persons present at the closed meeting, which shall be made available to the public immediately following the closed meeting.*

Subd. 4. [CLOSED MEETINGS TO BE TAPE-RECORDED.] *Every closed meeting shall be tape-recorded in its entirety at the expense of the public body, except for those meetings described in subdivision 1, paragraph (a) of this section involving consultations between the public body and its attorney. The recording shall be preserved for at least two years, except as otherwise provided in this section, and recordings shall be disposed of as follows:*

(a) As soon as in the judgment of the public body the reason for holding the closed meeting ceases to exist or is rendered moot, the recording of the meeting shall immediately be made available to the public, except that recordings of meetings described in subdivision 1, paragraph (f) of this section relating to strategy for labor negotiations shall be made available to the public after all labor contracts are signed by the public body for the current budget period. Thirty days after the recording is made public pursuant to this paragraph, it may be destroyed at the discretion of the public body.

(b) Any recording not made public pursuant to paragraph (a) within two years of the date of the closed meeting may be destroyed at the discretion of the public body, unless a court order is obtained that either requires the recording to be made public, or that requires its continued preservation.

(c) If an action is brought claiming that public business not within the scope of the announced purpose for a closed meeting was transacted at the closed meeting, and if the recording of the meeting has not been made public, the court shall review the recording of the meeting in chambers. If the court determines that no violation of this section has occurred, the action shall be dismissed and the recording shall be preserved as provided in this subdivision. If the court determines that there was a violation of this section, the recording may be introduced at trial in its entirety subject to any protective orders as requested by either party and deemed appropriate by the court.

Sec. 5. [471A.05] [NOTICE OF MEETINGS.]

Subdivision 1. If a public body has established a schedule of regular meetings, it shall cause a current copy of that schedule, showing the time and place of its regular meetings, to be kept on file with the secretary, clerk, or similar official of the public body. If a public body changes its schedule of regular meetings, it shall cause the revised schedule to be promptly filed as provided in this subdivision, and shall also provide notice of the revised schedule in accordance with the procedures described in subdivision 2, paragraph (b) of this section.

Subd. 2. [OTHER MEETINGS.] *If a public body holds a meeting at any time or place other than a time or place shown on the schedule filed pursuant to subdivision 1 of this section, then prior to the meeting, it shall give public notice of the time and place of that meeting as provided in this subdivision.*

(a) If a meeting is an adjourned or recessed session of a regular meeting, or of some other meeting notice of which has been given pursuant to this subdivision, and the time and place of the adjourned or recessed session has been set during the regular or other meeting, and recorded in the minutes of that meeting, then no further notice is necessary. A public body shall not adjourn or recess a meeting in order to evade the spirit and purpose of sections 1 to 15.

(b) For any other meeting, except an emergency meeting, the public body shall cause written notice of the date, time, place, and purpose of the meeting to be posted on the principal bulletin board of the public body, or if the public body has no such bulletin board, at the door of its usual meeting room, and to be mailed or delivered to each person who has filed a written request for notice with the clerk or secretary of the public body or with some other person designated by the public body. This notice shall be posted and mailed or delivered at least three days before the time of the meeting. A person filing a request for notice may ask that notice be limited to meetings involving a particular issue, in which case the public body shall not be required to send to that person notice of meetings not involving that issue. As an alternative to mailing or delivering notice to persons who have filed a written request, the public body may publish the notice once, at least three days before the meeting, in the official newspaper of the public body, or if there is none, in a qualified newspaper of general circulation within the area of the public body's authority. Not more than once a year, a public body may require refiling by any person who has previously filed a request for notice pursuant to this paragraph, provided that each time the public body so acts, it must send notice of the refiling requirement to each person who has filed during the last filing period. When a meeting is an adjourned or recessed meeting requiring notice pursuant to paragraph (a), but which is scheduled so as to make notice pursuant to paragraph (b) impossible, then notice shall be given as provided in paragraph (c) for emergency meetings.

(c) For an emergency meeting, the public body shall make good faith efforts to provide notice of the meeting to each newspaper, wire service, radio station, television station, or other news medium that has filed a written request, which includes the newspaper's, wire service's, station's or other news medium's telephone number, for emergency notice with the clerk or secretary of the public body or with some other person designated by the public body. This notice shall be given either by telephone or by the same method used to notify the members of the public body and shall be provided as soon as reasonably possible after notice has been given to the members. An "emergency" meeting is one called because of unexpected and compelling circumstances that in the judgment of the public body requires immediate consideration by the public body. Only business connected with the emergency may be considered at a meeting for which notice is given pursuant to this paragraph.

Sec. 6. [471A.06] [TIME AND PLACE OF MEETINGS.]

Subdivision 1. All meetings of public bodies other than emergency meetings shall be held at times and places convenient to the public that is served by the public body except as otherwise provided by this section. Unless impossible or unreasonably impractical, all meetings shall be held at places located within the boundaries, or within ten miles of the boundaries, of the area of the public body's authority except as follows: (i) meetings may be held at the principal administrative offices of the public body regardless of their location; (ii) meetings may be held in any public building at the county seat of any county or counties in which the public body is located; (iii) a valid joint meeting between two or more public bodies may be held at any location that would be permissible for one of the public bodies participating in the meeting. The time and place requirements of this section, and the notice requirements for an emergency meeting, may be waived by order of the presiding judge or officer in a pending judicial action or administrative proceeding where the public body is a party to the action.

Subd. 2. [ON-SITE INSPECTIONS.] *A public body may conduct physical examinations or inspections of sites away from its normal meeting locations. Where it would be impossible or unreasonably impractical for the public to accompany the members of the public body in such cases, it shall not be necessary for the public body to comply with the requirements of subdivision 1 of this section. However, notice of all such on-site examinations and inspections shall be given as required for other special meetings, unless the examination or inspection occurs promptly following an adjourned or recessed open meeting of the public body at which notice of the proposed examination or inspection has been given, or unless the examination or inspection qualifies as an emergency meeting. Except in the case of an emergency meeting, no action shall be taken by the public body during such examinations or inspections. The public body shall report on any on-site examination or inspection at its next regular meeting.*

Sec. 7. [471A.07] [RECORDING OF VOTES.]

If a public body decides to vote by written ballot, each member of the body so voting shall sign his or her ballot, and the minutes of the public body shall show the vote of each member voting. The ballots shall be available for public inspection immediately following the meeting at which the vote took place and until the minutes of that meeting are approved, at which time the ballots may be destroyed. Votes by any other means shall be conducted so that the vote of each member can readily be determined by persons in attendance. Except for payments of claims and amounts fixed by statute, the vote of each member shall be recorded in the minutes. A public body may not vote by secret ballot.

Sec. 8. [471A.08] [ACTION BY REFERENCE.]

The members of a public body shall make reasonable efforts to see that it is not difficult or impossible for persons attending a meeting of the public body to generally follow what is being deliberated, voted, or acted upon. However, a public body may act by reference to a letter, number, or other designation, device, or method in order to protect from disclosure data which is specifically classified by statute as not public, but only to the extent necessary to protect the data. This section does not prohibit a public body from deliberating, voting, or otherwise taking action by reference to an agenda, if copies of the agenda sufficiently worded to enable the public to generally follow what is being deliberated, voted, or acted upon, are available for public inspection at the meeting.

Sec. 9. [471A.09] [COPY OF WRITTEN OR PRINTED MATERIALS.]

In any meeting that must be open to the public, at least one copy of any written or printed materials relating to the agenda items of the meeting which are prepared or distributed by or at the direction of the public body or its employees and which are:

(a) distributed at the meeting to all members of the public body;

(b) distributed before the meeting to all members; or

(c) available in the meeting room to all members; shall be available and accessible in the meeting room for inspection by the public. The materials shall be available and accessible to the public while the public body considers their subject matter. If a member of the news media is at the meeting, at least one copy of the materials must be designated for media use, and at least one additional copy must be designated for use by other persons. This section does not apply to data classified by statutes as not

public as defined in chapter 13, or to materials relating to the agenda items of a properly closed meeting.

Sec. 10. [471A.10] [ELECTRONIC MEETINGS.]

If a public body holds a meeting by the use of a conference telephone or other electronic method, it shall provide a location and means by which members of the public may listen to the meeting, and where such a meeting includes visual media, means by which members of the public may observe the meeting. Notice of the meeting shall be provided as required by section 5, and it shall specify that location, as well as the electronic method to be used. Nothing in sections 1 to 15 shall be construed to provide separate authority to conduct such electronic meetings.

Sec. 11. [471A.11] [RECORDING AND BROADCASTING OF MEETINGS.]

Any person, and any radio station, television station, or similar medium is entitled to photograph, film, record, reproduce, or broadcast all or any part of a meeting required to be open. A public body may adopt reasonable regulations to govern such activities, consistent with the requirement that such activities are permitted.

Sec. 12. [471A.12] [PUBLIC BODIES TO WHICH THE OPEN MEETING LAW DOES NOT APPLY.]

The provisions of sections 1 to 15 do not apply to:

(a) the state legislature;

(b) the judiciary;

(c) grand and petit juries;

(d) the board of pardons.

Sec. 13. [471A.13] [ENFORCEMENT; PENALTIES.]

Subdivision 1. [ACTIONS.] *Any person may bring an action in a court of competent jurisdiction in the county in which the governing body ordinarily meets, for the purpose of requiring compliance with, or the prevention of violations of sections 1 to 15, or to determine the applicability of any of the provisions of sections 1 to 15 to matters or decisions of a public body. Such a person need not allege or prove special damages different from that suffered by the public at large.*

Subd. 2. [ACTIONS.] *The court shall have jurisdiction to enter injunctions to enjoin threatened violations, the recurrence*

of past violations, or continuing violations of sections 1 to 15. It shall not be a defense to such an action that there is an adequate remedy at law. The court may order such other equitable relief as it deems appropriate in the circumstances except that no action of a public body may be invalidated under this subdivision.

Subd. 3. [CIVIL FINES.] *If the court finds that a violation of sections 1 to 15 has occurred that was deliberate, knowing, or unreasonable in the circumstances, the court shall assess a civil fine against any member of the public body who participated in the violation. The civil fine shall not exceed $100 for the first violation and $200 for each subsequent violation by the same person. This fine shall be a personal liability of the member committing the violation, and it shall not be paid or reimbursed by the public body. No fine shall be assessed pursuant to this subdivision against any person not a member of a public body, nor against any member of a public body for the actions of a person who is not a member of the public body except where the member has directed or participated in the violation.*

Subd. 4. [FORFEITURE OF OFFICE.] *Where the same person is fined for a third time as the result of violations of sections 1 to 15 involving the same public body, that person shall forfeit any further right to serve on the public body or in any other capacity with the public body for a period of time equal to the term of office that the person was then serving. The court shall issue an order declaring the position vacant and notifying the appointing authority or clerk of the public body. As soon as practicable thereafter the appointing authority or the public body shall fill the position as in the case of any other vacancy.*

Subd. 5. [ATTORNEY'S FEES AND COSTS.] *In any action brought under this section, the court may order payment to a prevailing plaintiff of reasonable attorney's fees, costs, and disbursements that are incurred at trial or on appeal if the court concludes that the actions of the public body or its members are or were deliberate, knowing, or unreasonable in the circumstances, to be paid by the public body that is the subject of the action, or of which a person who is the subject of the action is a member. If the court finds that an action is frivolous and without merit, it may order payment to a prevailing defendant of reasonable attorney's fees, costs, and disbursements.*

Sec. 14. [471A.14] [INTERPRETATION AND APPLICATION.]

Subdivision 1. [SUPERSEDES OTHER LAWS.] *The provisions of sections 1 to 15 shall supersede and take precedence over the provisions of all general laws except chapter 13, city charters, and local acts in effect as of August 1, 1985, that are in conflict with the provisions of sections 1 to 15. No law except a law amending chapter 13 that is enacted or takes effect on or after August 1, 1985, may be construed to modify, amend, or*

repeal any provision of sections 1 to 15 unless it expressly so provides. Sections 1 to 15 shall take precedence over all city charters and local acts enacted or taking effect on or after August 1, 1985.

Subd. 2. [RELATION TO DATA PRACTICES ACT.] *Members of a public body, as well as staff persons, employees, agents, and attorneys of a public body appearing in their official capacity with or before a public body, may at their discretion disclose at a public meeting data that is made not public by section 13.43, as amended, if the data disclosed relates to a matter before the public body and so long as the data pertains to a person who occupies or would occupy (1) the chief staff executive position of a public body; or (2) a position that reports directly to the chief staff executive and that involves significant discretion and substantial participation in the development or implementation of policy for the public body. No action shall be maintained nor liability imposed for the disclosure of not public data pursuant to this subdivision. Nothing in this section shall require the disclosure of data that is not public.*

Sec. 15. [471A.15] [CITATION.]

Sections 1 to 15 may be cited as the "Minnesota Open Meeting Law."

Sec. 16. [REPEALER.]

Minnesota Statutes 1984, section 471.705, is repealed.

Sec. 17. [EFFECTIVE DATE.]

Sections 1 to 16 are effective January 1, 1986, except that section 14, subdivision 2, is effective August 1, 1985."

Delete the title and insert:

"A bill for an act relating to state and local government; providing procedures for the conduct of meetings by public bodies; proposing coding for new law as Minnesota Statutes, chapter 471A; repealing Minnesota Statutes 1984, section 471.705."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Kvam from the Committee on Financial Institutions and Insurance to which was referred:

H. F. No. 552, A bill for an act relating to insurance; providing for the regulation of fraternal benefit societies; proposing

coding for new law as Minnesota Statutes, chapter 64B; repealing Minnesota Statutes 1984, sections 64A.01 to 64A.48.

Reported the same back with the following amendments:

Page 4, line 14, delete "*12*" and insert "*21*"

Page 15, line 7, delete "*in any form*" and insert "*on an individual or nongroup basis*"

Page 15, line 33, delete everything after the period

Page 15, delete lines 34 to 36

Page 16, delete line 1

Page 16, delete lines 33 to 36

Page 17, delete lines 1 to 3, and insert:

"*Except as provided in chapter 256B, the money or other benefits, charity, relief, or aid to be paid, provided, or rendered by any society authorized to do business under this chapter shall, neither before nor after being paid, be liable to attachment, garnishment, or other process and shall not be ceased, taken, appropriated, or applied by any legal or equitable process or operation of laws to pay any debt or liability of a certificate holder or of any beneficiary named in the certificate, or of any person who may have any right thereunder.*"

Page 19, line 26, delete "*261.27;*"

Page 22, line 7, delete "*61A.42, 61A.43, and*"

Page 22, delete lines 11 to 15, and insert:

"*Fraternal benefit societies are declared to be charitable institutions, and the property held and used for lodge purposes, and the funds of these societies shall be exempt from taxation under the general tax or revenue laws of this state, except that the real estate of the society shall be taxable.*"

Page 25, lines 29 and 30, delete "[INJUNCTION; LIQUIDATION; RECEIVERSHIP OF DOMESTIC SOCIETY.]" and insert "[DOMESTIC ASSOCIATIONS; EXAMINATION; REHABILITATION; DISSOLUTION.]"

Page 25, delete lines 31 to 36

Page 26, delete lines 1 to 36

Page 27, delete lines 1 to 19, and insert:

"*Subdivision 1.* [VISITATION AND EXAMINATION.] *The commissioner, or any person he may appoint, shall have the power of visitation and examination into the affairs of any domestic society. The commissioner shall conduct an examination at least once in every three years. He may:*

(1) employ assistance for the purposes of examination and he, or any person he may appoint, shall have free access to any books, papers, and documents that relate to the business of the association; and

(2) summon and qualify as witnesses, under oath, and examine its officers, agents, and employees, or other persons, in relation to the affairs, transactions, and condition of the association.

Subd. 2. [CONDITIONS.] *Wherever the commissioner is satisfied that any of the conditions exist as stated in chapter 60B, he may proceed as provided therein.*"

Page 30, line 7, delete "*$5,000*" and insert "*$10,000*"

Page 34, after line 1, insert:

"Sec. 40. Minnesota Statutes 1984, section 61B.02, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] Sections 61B.01 to 61B.16 apply to direct life insurance policies, health insurance policies, annuity contracts, and contracts supplemental to life and health insurance policies or annuity contracts, issued by persons authorized at any time to transact insurance in this state. Sections 61B.01 to 61B.16 do not apply to:

(a) Any policy or contract or part thereof under which the risk is borne by the policyholder;

(b) Any policy or contract or part thereof assumed by an impaired insurer under a contract of reinsurance other than reinsurance for which assumption certificates have been issued;

(c) Any policy or contract issued by an assessment benefit association operating under chapter 63, or a fraternal (BENEFICIARY ASSOCIATION) *benefit society* operating under chapter (64A) *64B*;

(d) Any subscriber contract issued by a nonprofit health service plan corporation operating under chapter 62C; or

(e) Any health insurance policies issued by a person other than a person authorized to write life insurance in this state or

other than a person whose corporate charter would permit the writing of life insurance but who is authorized to write only health insurance in this state.

Sec. 41. [INSTRUCTIONS TO REVISOR.]

The revisor of statutes is directed to change any reference to chapter 64A to chapter 64B in Minnesota Statutes 1986 and any subsequent editions, and to make any necessary cross reference changes consistent with the renumbering."

Page 34, line 2, delete "40" and insert "42"

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "amending Minnesota Statutes 1984, section 61B.02, subdivision 1;"

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

Carlson, D., from the Committee on Transportation to which was referred:

H. F. No. 589, A bill for an act relating to drivers licenses; increasing fee for restoration of certain revoked licenses; dedicating revenue to programs for prevention of alcohol-impaired driving and for education on avoidable health hazards; appropriating money; amending Minnesota Statutes 1984, section 171.29, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 171.29, subdivision 2, is amended to read:

Subd. 2. (ANY) *(a) A* person whose drivers license has been revoked as provided in subdivision 1, except under section 169.121 or 169.123, shall pay a $30 fee before his drivers license is reinstated.

(b) A person whose drivers license has been revoked as provided in subdivision 1 under section 169.121 or 169.123 shall pay a ($100) *$150* fee before his drivers license is reinstated; 75 percent of this fee shall be credited to the trunk highway fund and 25 percent shall be credited to the general fund.

(c) The amount credited to the general fund under paragraph (b) shall be set aside and credited to a separate account to be known as the alcohol safety program account. Funds in this account are annually appropriated as follows:

(1) 50 percent to the commissioner of public safety for distribution as grants to provide for the establishment and operation of programs for the prevention of alcohol-impaired driving. These grants shall be administered in the same manner as and in coordination with highway safety grants made by the state under United States Code, title 23, section 402, and the annual Minnesota highway safety plan pursuant to section 4.075; and

(2) 50 percent to the commissioner of education for grants to school districts for the development of curriculum relating to, and the dissemination of programs for education in elementary and secondary schools on, avoidable health risks, with particular emphasis on risks related to alcohol and young drivers. The state board of education shall adopt rules for the distribution of grants under this clause.

Not more than five percent of the funds appropriated is to be expended for administrative costs of carrying out the purposes of this paragraph. Agencies receiving grants may not use more than five percent for administrative costs.

(d) None of the fees imposed and allocated under this subdivision shall pay for additional infrared breath-testing instruments, as defined in section 169.123, subdivision 2b, after June 30, 1985.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective July 1, 1985."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 593, A bill for an act relating to motor vehicles; regulating motor vehicle auctions; prescribing licensing and bonding requirements for motor vehicle dealers; amending Minnesota Statutes 1984, section 168.27, subdivisions 7, 11, 12, and 24.

Reported the same back with the following amendments:

Pages 1 to 3, delete section 1

Page 3, line 18, delete "*(14)*,"

Page 5, line 3, delete the second "*to*" and insert ", *(13), and*"

Page 5, line 5, delete "*No*" and insert "*A*"

Page 5, line 6, before the period insert "*within 30 days following the suspension or revocation pursuant to clause (12), (13), or (15), if a hearing is requested by the licensee*"

Page 5, after line 27, insert:

"Sec. 4. Minnesota Statutes 1984, section 168A.02, subdivision 2, is amended to read:

Subd. 2. The department shall not register or renew the registration of a vehicle for which a certificate of title is required, (EXCEPT IN THE NAME OF A DEALER,) unless a certificate of title has been issued to the owner or an application therefor has been delivered to and approved by the department."

Renumber the sections in sequence

Delete the title and insert:

"A bill for an act relating to motor vehicles; prohibiting issuance of a motor vehicle dealer license to a person convicted of certain crimes; authorizing immediate revocation or suspension of motor vehicle dealer licenses upon conviction; removing an exception allowing a motor vehicle dealer to register a vehicle without a certificate of title; amending Minnesota Statutes 1984, sections 168.27, subdivisions 11, 12, and 24; and 168A.02, subdivision 2."

With the recommendation that when so amended the bill pass.

The report was adopted.

Carlson, D., from the Committee on Transportation to which was referred:

H. F. No. 630, A bill for an act relating to transportation; motor carriers; establishing a gross vehicle weight limitation for state trunk highways; requiring a local plan to upgrade market arteries; providing that 12 citizens may challenge a seasonal weight restriction imposed by the commissioner; amending Minnesota Statutes 1984, sections 169.81, subdivision 2; 169.825, subdivision 10; 169.86, subdivisions 1a, 2, and by add-

ing a subdivision; and 169.87, subdivision 1, and by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 168.013, subdivision 1e, is amended to read:

Subd. 1e. [TRUCKS; TRACTORS; COMBINATIONS; EXCEPTIONS.] On trucks and tractors except those in this chapter defined as farm trucks, and urban trucks, and on truck-tractor and semitrailer combinations except those defined as farm combinations and urban combinations and on commercial zone vehicles, the tax based on total gross weight shall be graduated according to the Minnesota base rate schedule prescribed in this subdivision, but in no event less than $120.

Minnesota Base Rate Schedule

Scheduled taxes include five percent surtax provided for in subdivision 14

	TOTAL GROSS WEIGHT IN POUNDS	TAX
A	0 - 1,500	$ 15
B	1,501 - 3,000	20
C	3,001 - 4,500	25
D	4,501 - 6,000	35
E	6,001 - 9,000	45
F	9,001 - 12,000	70
G	12,001 - 15,000	105
H	15,001 - 18,000	145
I	18,001 - 21,000	190
J	21,001 - 26,000	270
K	26,001 - 33,000	360
L	33,001 - 39,000	470

M	39,001 - 45,000	590	
N	45,001 - 51,000	710	
O	51,001 - 57,000	860	
P	57,001 - 63,000	1010	
Q	63,001 - 69,000	1180	
R	69,001 - 73,280	1320	
S	73,281 - 78,000	(1520)	*1595*
T	78,001 - 81,000	(1620)	*1760*

For each vehicle with a gross weight in excess of 81,000 pounds an additional tax of ($50) *$110* is imposed for each ton or fraction thereof in excess of 81,000 pounds, subject to subdivision 12.

Truck-tractors except those herein defined as farm and urban truck-tractors and commercial zone vehicles shall be taxed in accord with the foregoing gross weight tax schedule on the basis of the combined gross weight of the truck-tractor and any semitrailer or semitrailers which the applicant proposes to combine with the truck-tractor. In addition, to the gross weight tax imposed on the truck-tractor, each semitrailer shall be taxed a fee of $10 for a one-year period or $50 for a five-year period whichever the applicant elects.

Commercial zone trucks include only trucks, truck-tractors, and semitrailer combinations which are:

(1) used by an authorized local cartage carrier operating under a permit issued under section 221.296 and whose gross transportation revenue consists of at least 60 percent obtained solely from local cartage carriage, and are operated solely within an area composed of two contiguous cities of the first class and municipalities contiguous thereto as defined by section 221.011, subdivision 17; or,

(2) operated by an interstate carrier registered under section 221.61 or 221.62, or by an authorized local cartage carrier or other carrier receiving operating authority under chapter 221, and operated solely within a zone exempt from regulation by the interstate commerce commission pursuant to United States Code, title 49, section 10526(b).

The license plates issued for commercial zone vehicles shall be plainly marked. A person operating a commercial zone vehicle outside the zone or area in which its operation is authorized is

guilty of a misdemeanor and, in addition to the penalty therefor, shall have the registration of the vehicle as a commercial zone vehicle revoked by the registrar and shall be required to reregister the vehicle at 100 percent of the full annual tax prescribed in the Minnesota base rate schedule, and no part of this tax shall be refunded during the balance of the registration year.

On commercial zone trucks the tax shall be based on the total gross weight of the vehicle and during the first eight years of vehicle life shall be 75 percent of the Minnesota base rate schedule. During the ninth and succeeding years of vehicle life the tax shall be 50 percent of the Minnesota base rate schedule, except as otherwise provided in this subdivision. On commercial zone trucks, during the ninth and succeeding years of vehicle life, the tax shall be:

(a) for the 1982 registration year, 35 percent of the tax imposed in the Minnesota base rate schedule;

(b) for the 1983 registration year, 40 percent of the tax imposed in the Minnesota base rate schedule;

(c) for the 1984 registration year, 45 percent of the tax imposed in the Minnesota base rate schedule;

(d) for the 1985 registration year, and each succeeding year, 50 percent of the tax imposed in the Minnesota base rate schedule.

On trucks, truck-tractors and semitrailer combinations, except those defined as farm trucks and farm combinations, and except for those urban trucks and combinations and commercial zone vehicles specifically provided for in this subdivision, the tax for the first eight years of vehicle life shall be 100 percent of the tax imposed in the Minnesota base rate schedule, and during the ninth and succeeding years of vehicle life, the tax shall be 75 percent of the Minnesota base rate prescribed by this subdivision, except as otherwise provided in this subdivision.

On trucks, truck-tractors and semitrailer combinations, except those defined as farm trucks and farm combinations, and except for those urban trucks and combinations and commercial zone vehicles specifically provided for in this subdivision, during each of the first eight years of vehicle life the tax shall be:

(a) for the registration year 1982, 83 percent of the tax imposed in the Minnesota base rate schedule;

(b) for the registration year 1983, 89 percent of the tax imposed in the Minnesota base rate schedule;

(c) for the registration year 1984, 95 percent of the tax imposed in the Minnesota base rate schedule;

(d) for the registration year 1985, and each succeeding year, 100 percent of the tax imposed in the Minnesota base rate schedule.

Sec. 2. Minnesota Statutes 1984, section 169.81, subdivision 2, is amended to read:

Subd. 2. [LENGTH OF VEHICLES.] (a) No single unit motor vehicle, except truck cranes which may not exceed 45 feet, unladen or with load may exceed a length of 40 feet extreme overall dimensions inclusive of front and rear bumpers, except that the governing body of a city is authorized by permit to provide for the maximum length of a motor vehicle, or combination of motor vehicles, or the number of vehicles that may be fastened together, and which may be operated upon the streets or highways of a city; provided, that the permit may not prescribe a length less than that permitted by state law. A motor vehicle operated in compliance with the permit on the streets or highways of the city is not in violation of this chapter.

(b) No single semitrailer, *unladen or with load,* may have an overall length, exclusive of non-cargo-carrying accessory equipment, including refrigeration units or air compressors, necessary for safe and efficient operation mounted or located on the end of the semitrailer adjacent to the truck or truck-tractor, in excess of 48 feet, except as provided in paragraph (d). No single trailer, *unladen or with load,* may have an overall length inclusive of tow bar assembly and exclusive of rear protective bumpers which do not increase the overall length by more than six inches, in excess of 45 feet. For determining compliance with the provisions of this subdivision, the length of the semitrailer or trailer must be determined separately from the overall length of the combination of vehicles.

(c) No semitrailer or trailer used in a three-vehicle combination, *unladen or with load,* may have an overall length, exclusive of non-cargo-carrying accessory equipment, including refrigeration units or air compressors, necessary for safe and efficient operation mounted or located on the end of the semitrailer or trailer adjacent to the truck or truck-tractor, and further exclusive of the tow bar assembly, in excess of 28-1/2 feet. The commissioner may not grant a permit authorizing the movement, in a three-vehicle combination, of a semitrailer or trailer that exceeds 28-1/2 feet, *whether unladen or with load,* except that the commissioner may renew a permit that was granted before April 16, 1984 for the movement of a semitrailer or trailer that exceeds the length limitation in this paragraph.

(d) The commissioner may issue an annual permit for a semitrailer in excess of 48 feet in length, if the distance from the kingpin to the centerline of the rear axle group of the semitrailer does not exceed 41 feet and if a combination of vehicles, which includes a semitrailer in excess of 48 feet for which a

permit has been issued under this paragraph, does not exceed an overall length of 65 feet, *unladen or with load.* The annual fee for a permit issued under this paragraph is $36.

Sec. 3. Minnesota Statutes 1984, section 169.825, is amended by adding a subdivision to read:

Subd. 3a. [TANDEM AXLES.] *"Tandem axles" means two consecutive axles whose centers are spaced more than 40 inches and not more than 96 inches apart.*

Sec. 4. Minnesota Statutes 1984, section 169.825, subdivision 8, is amended to read:

Subd. 8. [PNEUMATIC-TIRED VEHICLES.] No vehicle or combination of vehicles equipped with pneumatic tires shall be operated upon the highways of this state:

(a) Where the gross weight on any wheel exceeds 9,000 pounds, except that on designated *local* routes *and state trunk highways* the gross weight on any single wheel shall not exceed 10,000 pounds;

(b) Where the gross weight on any single axle exceeds 18,000 pounds, except that on designated *local* routes *and state trunk highways* the gross weight on any single axle shall not exceed 20,000 pounds;

(c) Where the maximum wheel load exceeds 600 pounds per inch of tire width or the manufacturer's recommended load, whichever is less;

(d) Where the gross weight on any axle of a tridem exceeds 15,000 pounds, except that for vehicles to which an additional axle has been added prior to June 1, 1981, the maximum gross weight on any axle of a tridem may be up to 16,000 pounds provided the gross weight of the tridem combination does not exceed 37,000 pounds where the first and third axles of the tridem are spaced seven feet apart; 38,500 pounds where the first and third axles of the tridem are spaced eight feet apart; and 39,900 pounds where the first and third axles of the tridem are spaced nine feet apart.

(e) Where the gross weight on any group of axles exceeds the weights permitted under this section with any or all of the interior axles disregarded and their gross weights subtracted from the gross weight of all axles of the group under consideration.

Sec. 5. Minnesota Statutes 1984, section 169.825, subdivision 10, is amended to read:

Subd. 10. [GROSS WEIGHT SCHEDULE.] (a) No vehicle or combination of vehicles equipped with pneumatic tires shall be operated upon the highways of this state where the total gross weight on any group of two or more consecutive axles of any vehicle or combination of vehicles exceeds that given in the following table for the distance between the centers of the first and last axles of any group of two or more consecutive axles under consideration; the distance between axles being measured longitudinally to the nearest even foot, and when the measurement is a fraction of exactly one-half foot the next largest whole number in feet shall be used, except that when the distance between axles is more than three feet four inches and less than three feet six inches the distance of four feet shall be used:

	Maximum gross weight in pounds on a group of		
Distances in feet between centers of foremost and rearmost axles of a group	2 consecutive axles of a 2-axle vehicle or of any vehicle or combination of vehicles having a total of 2 or more axles	3 consecutive axles of a 3-axle vehicle or of any vehicle or combination of vehicles having a total of 3 or more axles	4 consecutive axles of a 4-axle vehicle or any combination of vehicles having a total of 4 or more axles
4	34,000		
5	34,000		
	((35,000))		
6	34,000		
	((36,000))		
7	34,000	41,500	
	((37,000))		
8	34,000	42,000	
	((38,000))		
9	35,000	43,000	
	(39,000)		
10	36,000	43,500	49,000

	(40,000)		
11	36,000	44,500	49,500
12		45,000	50,000
13		46,000	51,000
14		46,500	51,500
15		47,500	52,000
16		48,000	53,000
17		49,000	53,500
18		49,500	54,000
19		50,500	55,000
20		51,000	55,500
21		52,000	56,000
22		52,500	57,000
23		53,500	57,500
24		54,000	58,000
25		(55,000)	59,000
26		(55,500)	59,500
27		(56,500)	60,000
28		(57,000)	61,000
29		(58,000)	61,500
30		(58,500)	62,000
31		(59,500)	63,000
32		(60,000)	63,500
33			64,000
34			65,000

35	65,500
36	66,000
37	67,000
38	67,500
39	68,000
40	69,000
41	69,500
42	70,000
43	71,000
44	71,500
45	72,000
46	72,500
47	(73,500)
48	(74,000)
49	(74,500)
50	(75,500)
51	(76,000)

	Maximum gross weight in pounds on a group of		
Distances in feet between centers of foremost and rearmost axles of a group	5 consecutive axles of a 5-axle vehicle or any combination of vehicles having a total of 5 or more axles	6 consecutive axles of a combination of vehicles having a total of 6 or more axles	7 consecutive axles of a combination of vehicles having a total of 7 or more axles
14	57,000		
15	57,500		

16	58,000		
17	59,000		
18	59,500		
19	60,000		
20	60,500	66,000	72,000
21	61,500	67,000	72,500
22	62,000	67,500	73,000
23	62,500	68,000	73,500
24	63,000	68,500	74,000
25	64,000	69,000	75,000
26	64,500	70,000	75,500
27	65,000	70,500	76,000
28	65,500	71,000	76,500
29	66,500	71,500	77,000
30	67,000	72,000	77,500
31	67,500	73,000	78,500
32	68,000	73,500	79,000
33	69,000	74,000	79,500
34	69,500	74,500	80,000
35	70,000	75,000	
36	70,500	76,000	
37	71,500	76,500	
38	72,000	77,000	
39	72,500	77,500	
40	73,000	78,000	

41	(74,000)	*(74,000)*	79,000
42	(74,500)	*(74,500)*	79,500
43	(75,000)	*(75,000)*	80,000
44	(75,500)	*(75,500)*	
45	(76,500)	*(76,500)*	
46	(77,000)	*(77,000)*	
47	(77,500)	*(77,500)*	
48	(78,000)	*(78,000)*	
49	(79,000)	*(79,000)*	
50	(79,500)	*(79,500)*	
51	(80,000)	*(80,000)*	

The gross weights shown in parentheses in this clause are permitted only on *state trunk highways and* routes designated under section 169.832, subdivision 11.

(b) Notwithstanding any lesser weight in pounds shown in this table but subject to the restrictions on gross vehicle weights in clause (c), two consecutive sets of tandem axles may carry a gross load of 34,000 pounds each and a combined gross load of 68,000 pounds provided the overall distance between the first and last axles of the consecutive sets of tandem axles is 36 feet or more.

(c) Notwithstanding the provisions of section 169.85, the gross vehicle weight of all axles of a vehicle or combination of vehicles shall not exceed (THE FOLLOWING):

(1) 80,000 pounds for *any vehicle or combination of vehicles on all state trunk highways as defined in section 160.02, subdivision 2, and for all* routes designated under section 169.832, subdivision 11; and

(2) 73,280 pounds for any vehicle or combination of vehicles with five axles or less on all routes, *other than state trunk highways and routes that are* not designated under section 169.832, subdivision 11; and

(3) 80,000 pounds for any vehicle or combination of vehicles with six or more axles on all routes, *other than state trunk high-*

ways and routes that are not designated under section 169.832, subdivision 11 (;).

(d) The maximum weights specified in this subdivision for five consecutive axles shall not apply to a combination of vehicles that includes a three axle semi-trailer first registered before August 1, 1981. All other weight limitations in this section are applicable (;).

(e) The maximum weights specified in this subdivision for five consecutive axles shall not apply to a four axle ready mix concrete truck which was equipped with a fifth axle prior to June 1, 1981. The maximum gross weight on four or fewer consecutive axles of vehicles excepted by this clause shall not exceed any maximum weight specified for four or fewer consecutive axles in this subdivision.

Sec. 6. Minnesota Statutes 1984, section 169.825, subdivision 11, is amended to read:

Subd. 11. [GROSS WEIGHT SEASONAL INCREASES.] (a) The limitations provided in this section are increased:

(1) by ten percent from January 1 to March 7 each winter, statewide;

(2) by ten percent from December 1 through December 31 each winter in the zone bounded as follows: beginning at Pigeon River in the northeast corner of Minnesota; thence in a southwesterly direction along the north shore of Lake Superior along Trunk Highway No. 61 to the junction with Trunk Highway No. 210; thence westerly along Trunk Highway No. 210 to the junction with Trunk Highway No. 10; thence northwesterly along Trunk Highway No. 10 (TO THE JUNCTION WITH TRUNK HIGHWAY NO. 59; THENCE NORTHERLY ALONG TRUNK HIGHWAY NO. 59 TO THE JUNCTION WITH TRUNK HIGHWAY NO. 2; THENCE WESTERLY ALONG TRUNK HIGHWAY NO. 2 TO THE JUNCTION WITH TRUNK HIGHWAY NO. 32; THENCE NORTHERLY ALONG TRUNK HIGHWAY NO. 32 TO THE JUNCTION WITH TRUNK HIGHWAY NO. 11; THENCE NORTHEAST ALONG TRUNK HIGHWAY NO. 11 TO THE EAST LINE OF RANGE 43W) *to the Minnesota-North Dakota Border; thence northerly along the Border* to the Minnesota-Canadian Border; thence easterly along said Border to Lake Superior*; and*

(3) by ten percent from October 1 through November 30 each year for the movement of sugar beets and potatoes from the field of harvest to the point of first unloading.

(b) The duration of a ten percent increase in load limits is subject to limitation by order of the commissioner, subject to implementation of springtime load restrictions, or March 7.

(c) When the ten percent increase is in effect, a permit is required for a motor vehicle, trailer, or semitrailer combination that has a gross weight in excess of 80,000 pounds, an axle group weight in excess of that prescribed in subdivision 10, or a single axle weight in excess of 20,000 pounds and which travels on interstate routes.

(d) In cases where gross weights in an amount less than that set forth in this section are fixed, limited, or restricted on a highway or bridge by or under another section of this chapter, the lesser gross weight as fixed, limited, or restricted may not be exceeded and must control instead of the gross weights set forth in this section.

(e) Notwithstanding any other provision of this subdivision, no vehicle may exceed a total gross vehicle weight of 80,000 pounds on *local and county* routes which have not been designated by the commissioner under section 169.832, subdivision 11.

Sec. 7. Minnesota Statutes 1984, section 169.833, is amended to read:

169.833 [(ADDITION OF TRUNK HIGHWAYS TO) DESIGNATED ROUTE SYSTEM; *PRIORITY LIST.*]

Subdivision 1. [IDENTIFICATION OF PROJECTS.] The commissioner shall develop a priority list of trunk highway (ROUTES TO BE ADDED TO THE SYSTEM OF ROUTES DESIGNATED UNDER SECTION 169.832) *improvements to eliminate or reduce prohibitions and restrictions placed on trunk highways under section 169.87.* The commissioner shall consult with representatives of the trucking, shipping, and agricultural industries and local authorities in developing the list. (A ROUTE SHALL BE ADDED TO THE DESIGNATED ROUTE SYSTEM AFTER COMPLETION OF ROAD IMPROVEMENTS THAT PROVIDE ROAD STRENGTH ADEQUATE TO CARRY THE PERMISSIBLE WEIGHTS UNDER SECTION 169.825 OR WHEN THE COMMISSIONER OTHERWISE DETERMINES THAT DESIGNATION OF A ROUTE IS REASONABLE) *In developing the list the commissioner shall give highest priority to improvements which will eliminate prohibitions or restrictions which interrupt year-round full service on market arteries.*

Subd. 2. [FUNDING (OF ADDITIONS TO THE SYSTEM).] On July 1 of each year the commissioner of finance shall certify to the commissioner the estimated (INCREASE IN) revenue to the trunk highway fund resulting from (THE INCREASE IN THE) gasoline and special fuel excise (TAX) *taxes* under section 296.02 *which are in excess of 13 cents per gallon.* The commissioner shall expend (15) *20* percent of the (INCREASE IN REVENUE TO THE TRUNK HIGHWAY FUND RESULTING FROM THE INCREASE IN THE GASOLINE AND SPECIAL FUEL EXCISE TAX UNDER SECTION 296.02 AND 15 PER-

CENT OF FUTURE INCREASES IN GASOLINE AND SPECIAL FUEL EXCISE TAX REVENUES TO THE TRUNK HIGHWAY FUND) *amount so certified* for the (PURPOSES) *purpose* of *highway improvements under* subdivision 1. In the event that actual expenditures during any fiscal year are less or greater than (15) *20* percent when compared to actual revenue the commissioner shall adjust his expenditures for the purpose of subdivision 1 for the following years in order to achieve compliance with this subdivision.

Sec. 8. Minnesota Statutes 1984, section 169.86, subdivision 1a, is amended to read:

Subd. 1a. [SEASONAL PERMITS FOR CERTAIN HAULERS.] The commissioner of transportation (, UPON APPLICATION IN WRITING THEREFOR,) may issue special permits annually to any hauler authorizing the hauler to move vehicles or combinations of vehicles with weights exceeding by not more than ten percent the weight limitations contained in section 169.825, *but not exceeding 88,000 pounds gross vehicle weight,* on interstate highways during the times and within the zones specified in section 169.825.

Sec. 9. Minnesota Statutes 1984, section 169.86, is amended by adding a subdivision to read:

Subd. 1b. [SPECIAL PERMITS.] *The commissioner of transportation may issue a permit authorizing a hauler during the times and under the conditions specified by the commissioner to move a vehicle or combination of vehicles with a gross vehicle weight not exceeding 88,000 pounds on state trunk highways, if the vehicle or combination of vehicles has six or more axles, all wheels are equipped with brakes, and either (1) the vehicle has ten tires of equal load-bearing capacity per tridem, or (2) the maximum wheel load does not exceed 500 pounds per inch of tire width, but in no event exceeding the manufacturer's recommended load for the tire used. The maximum gross weight on a group of consecutive axles shall not exceed the limits set in section 169.825, subdivision 10, for any combination of five or fewer axles. The seasonal increases allowed under section 169.825, subdivision 11, do not apply to vehicles operating under a permit issued under this subdivision. The commissioner shall not issue permits under this subdivision if their issuance will result in a loss of federal highway funding to the state.*

Before the permit is issued, the applicant must present to the commissioner an inspection report issued by the department of public safety for each vehicle or combination of vehicles. The inspection report must certify that at the time of inspection each loaded vehicle properly distributed the weight as prescribed in section 169.825. The inspection report must also certify that at the time of inspection each vehicle complied with federal bureau of motor carrier safety standards. At the time of inspection,

each vehicle or combination of vehicles must be loaded to the requested permitted weight. The commissioner shall issue at no charge a temporary permit to authorize transportation to and from the point of inspection.

Each vehicle certified for compliance must display an identifying sticker as prescribed by the commissioner. The inspection report will expire 12 months after the date of inspection. The permit and a copy of the inspection report must be carried with each vehicle or combination of vehicles operating under a permit issued under this subdivision and must be displayed on request of any officer empowered to enforce this section.

The applicant must pay to the commissioner a permit fee of $200 and an inspection fee of $50 for each vehicle or combination of vehicles that will be operated under the permit. The permit and inspection fees shall be deposited in the state treasury and credited to the trunk highway fund.

Sec. 10. Minnesota Statutes 1984, section 169.86, subdivision 2, is amended to read:

Subd. 2. [REQUIRED INFORMATION.] The application for (ANY SUCH) *a* permit shall specifically describe *in writing* the vehicle or vehicles and loads to be moved and the particular highways (FOR WHICH PERMIT TO SO USE IS REQUESTED,) and (THE) period of time for which (SUCH) *a* permit is requested.

Sec. 11. Minnesota Statutes 1984, section 169.87, subdivision 1, is amended to read:

Subdivision 1. [(OPTIONAL POWER) *SEASONAL LOAD RESTRICTION.*] Local authorities, with respect to highways under their jurisdiction, may prohibit the operation of vehicles upon any such highway or impose restrictions as to the weight of vehicles to be operated upon any such highway, whenever any such highway, by reason of deterioration, rain, snow, or other climatic conditions, will be seriously damaged or destroyed unless the use of vehicles thereon is prohibited or the permissible weights thereof reduced.

The local authority enacting any such prohibition or restriction shall erect or cause to be erected and maintained signs plainly indicating the prohibition or restriction at each end of that portion of any highway affected thereby, and the prohibition or restriction shall not be effective unless and until such signs are erected and maintained.

Municipalities, with respect to highways under their jurisdiction, may also, by ordinance, prohibit the operation of trucks or other commercial vehicles, or may impose limitations as to the

weight thereof, on designated highways, which prohibitions and limitations shall be designated by appropriate signs placed on such highways.

The commissioner shall likewise have authority, as hereinabove granted to local authorities, to determine and to impose prohibitions or restrictions as to the weight of vehicles operated upon any highway under the jurisdiction of the commissioner, and, *except as provided in this subdivision,* such restrictions shall be effective when signs giving notice thereof are erected upon the highway or portion of any highway affected by such action.

(WHEN A LOCAL AUTHORITY PETITIONS THE COMMISSIONER TO ESTABLISH A TRUCK ROUTE FOR TRAVEL INTO, THROUGH, OR OUT OF THE TERRITORY UNDER ITS JURISDICTION, THE COMMISSIONER SHALL INVESTIGATE THE MATTER. IF THE COMMISSIONER DETERMINES FROM HIS INVESTIGATION THAT THE OPERATION OF TRUCKS INTO, THROUGH, OR OUT OF THE TERRITORY INVOLVES UNUSUAL HAZARDS BECAUSE OF ANY OR ALL OF THE FOLLOWING FACTORS: LOAD CARRIED, TYPE OF TRUCK USED, OR TOPOGRAPHIC OR WEATHER CONDITIONS, THE COMMISSIONER MAY MAKE HIS ORDER DESIGNATING CERTAIN HIGHWAYS UNDER HIS JURISDICTION AS TRUCK ROUTES INTO, THROUGH, OR OUT OF SUCH TERRITORY. WHEN THESE HIGHWAYS HAVE BEEN MARKED AS TRUCK ROUTES PURSUANT TO THE ORDER, TRUCKS TRAVELING INTO, THROUGH, OR OUT OF THE TERRITORY SHALL COMPLY WITH THE ORDER.) *The commissioner shall propose the prohibitions and restrictions and publish them in the qualified legal newspaper of each affected county by November 1 of each year. The commissioner shall, within ten days of the publication, notify the county auditor of each affected county, by mail, of the proposed prohibitions and restrictions. The commissioner may impose restrictions that are not proposed by November 1 only in cases of unanticipated road damage so severe as to warrant immediate emergency action. Emergency road restrictions are not subject to the hearing requirement.*

A proposed prohibition or restriction may not be posted and does not become effective unless the commissioner holds a public hearing if a hearing is requested by the county board of one or more counties in which the proposed prohibition or restriction is effective. Notice of the hearing must be published in the qualified legal newspaper of the county. The commissioner or his designee shall hold a public hearing in the affected county and shall determine whether the adverse economic impact of the prohibition or restriction on the affected communities is so severe that the prohibition or restriction must be modified or suspended. If more than one county board requests a hearing on a single proposed prohibition or restriction the commissioner may hold one consolidated hearing on the proposal.

A county board may request a hearing only if it determines that the proposed prohibition or restriction would adversely affect one or more communities in the county by denying it all access to unrestricted routes.

Sec. 12. Minnesota Statutes 1984, section 169.87, is amended by adding a subdivision to read:

Subd. 1a. [TRUCK ROUTES.] *When a local authority petitions the commissioner to establish a truck route for travel into, through, or out of the territory under its jurisdiction, the commissioner shall investigate the matter. The commissioner may designate by order certain highways under the commissioner's jurisdiction as truck routes into, through, or out of a territory if the commissioner determines from investigation that the operation of trucks into, through, or out of the territory involves unusual hazards because of any or all of the following factors: load carried, type of truck used, or topographic or weather conditions. When these highways have been marked as truck routes pursuant to the order, trucks traveling into, through, or out of the territory shall comply with the order.*

Sec. 13. Minnesota Statutes 1984, section 297B.09, subdivision 2, is amended to read:

Subd. 2. [HIGHWAY USER TAX DISTRIBUTION FUND AND TRANSIT ASSISTANCE FUND SHARE.] The proceeds collected under this chapter must be deposited in the highway user tax distribution fund and the transit assistance fund for apportionment in the following manner:

(a) None of the proceeds collected before July 1, 1984, may be credited to either fund.

(b) 18.75 percent of the proceeds collected after June 30, 1984, and before July 1, (1987) *1986,* must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 6.25 percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(c) 37.5 percent of the proceeds collected after June 30, (1987) *1986,* and before July 1, (1989) *1988,* must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 12.5 percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(d) 56.25 percent of the proceeds collected after June 30, (1989) *1988,* and before July 1, (1991) *1990,* must be credited to

the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 18.75 percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(e) 75 percent of the proceeds collected after June 30, (1991) *1990,* must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 25 percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

Sec. 14. [MARKET ARTERIES REPORTS; TEN-YEAR PLAN.]

Subdivision 1. [IDENTIFICATION.] *Each district office of the department of transportation shall submit to the commissioner, by December 31, 1985, a report identifying those trunk highways in each district which are market arteries. Each district office must hold at least one public hearing on market arteries as part of the preparation of the report.*

To be classified as a market artery a trunk highway must provide an essential connection between farm and market or between point of manufacture or production and market, or connect these locations with other transportation modes.

Subd. 2. [PLAN; LEGISLATIVE REPORT.] *The commissioner of transportation shall, on the basis of the district reports, develop a plan which identifies market arteries and provides for their upgrading over a ten-year period, taking into consideration shippers' needs, community views, road conditions, and the plans of the districts. The plan must, for each identified market artery, describe its current market functions, its current level of service provided, the amount, if any, needed to upgrade it to year-round full-service status, and a schedule for that improvement given differing levels of available funding.*

The initial draft of the plan must be completed by June 30, 1986. On that date and at least once every six months thereafter the commissioner shall report to the chairs of the committees on transportation for the senate and the house of representatives on the status of the plan and its implementation. The plan is not subject to the provisions of the administrative procedure act.

Sec. 15. [EFFECTIVE DATE.]

Section 13 is effective July 1, 1985."

Delete the title and insert:

"A bill for an act relating to transportation; motor carriers; increasing certain vehicle gross weight registration taxes; prescribing length and weight restrictions; revising gross weight vehicle zone; providing for ten percent overweight movement of potatoes and sugar beets; allocating funds to certain highway improvements; prescribing requirements for special permits for certain overweight vehicles; providing that counties may challenge seasonal weight restrictions imposed by commissioner; accelerating distribution of motor vehicle excise tax revenue; requiring plan to upgrade market arteries and a report to the legislature; prescribing a fee; amending Minnesota Statutes 1984, sections 168.013, subdivision 1e; 169.81, subdivision 2; 169.825, subdivisions 8, 10, 11, and by adding a subdivision; 169.833; 169.86, subdivisions 1a, 2, and by adding a subdivision; 169.87, subdivision 1, and by adding a subdivision; and 297B.09, subdivision 2."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 655, A bill for an act relating to health; specifying nursing home correction order or noncompliance violations and penalties; amending Minnesota Statutes 1984, sections 144A.01, subdivision 7, and by adding a subdivision; 144A.04, subdivision 4; 144A.08, subdivision 3; 144A.10, subdivision 4, and by adding subdivisions; and 144A.11, subdivisions 2 and 3a.

Reported the same back with the following amendments:

Page 2, line 14, after *"misdemeanor"* insert *"punishable by a term of imprisonment of more than 90 days"*

Page 2, after line 20, insert:

"Sec. 4. Minnesota Statutes 1984, section 144A.04, subdivision 6, is amended to read:

Subd. 6. A nursing home may not employ as a managerial employee or as its licensed administrator any person who was a managerial employee or the licensed administrator of another facility during any period of time in the previous two year period:

(a) During which time of employment that other nursing home incurred the following number of uncorrected violations

which were in the jurisdiction and control of the managerial employee or the administrator:

(1) two or more uncorrected violations *or one or more repeated violations* which created an imminent risk to direct resident care or safety; or

(2) (FIVE) *four* or more uncorrected violations *or two or more repeated violations* of any nature for which the fines are in the (TWO) *four* highest daily fine categories prescribed in rule; or

(b) who was convicted of a felony *or gross misdemeanor punishable by a term of imprisonment of more than 90 days* that relates to operation of the nursing home or directly affects resident safety or care, during that period."

Page 3, line 21, after "*days*" insert "*of notification*"

Page 3, line 24, delete "[CORRECTION ORDERS.]" and insert "[SUSPENSION OF ADMISSIONS.]"

Page 3, line 25, after "*a*" delete "*correction order*" and insert "*penalty assessment or if the nursing home has a repeated violation*"

Page 3, line 25, after "*of*" insert "*that portion of*"

Page 3, line 26, before the comma insert ", *subpart 2, establishing minimum nursing personnel requirements*"

Page 3, line 28, after the period insert "*A nursing home shall notify the commissioner of health in writing when the violation is corrected. The facility shall be reinspected within three working days after the receipt of the notification.*"

Page 3, after line 30, insert:

"*Subd. 10.* [REPORTING TO A MEDICAL EXAMINER OR CORONER.] *Whenever a duly authorized representative of the commissioner of health has reasonable cause to believe that a resident has died as a direct or indirect result of abuse or neglect, he shall report that information to the appropriate medical examiner or coroner and police department or county sheriff. The medical examiner or coroner shall complete an investigation as soon as feasible and report the findings to the police department or county sheriff and to the commissioner of health.*"

Page 3, delete lines 31 to 36

Page 4, delete line 1

Page 4, line 5, after "*days*" insert "*of notification*"

Page 4, line 22, after "*misdemeanor*" insert "*punishable by a term of imprisonment of more than 90 days*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete "subdivision 4" and insert "subdivisions 4 and 6"

With the recommendation that when so amended the bill pass.

The report was adopted.

Carlson, D., from the Committee on Transportation to which was referred:

H. F. No. 723, A bill for an act relating to transportation; authorizing designation of minimum-maintenance roads by resolution of local road authorities; exempting road authorities from liability for damages arising from reduced maintenance standards on minimum-maintenance roads; providing penalties; amending Minnesota Statutes 1984, sections 160.01, subdivision 1; 160.02, subdivisions 7 and 9; 160.04; 160.07; 160.09; 160.10, subdivisions 1, 2, and 8; 160.11, subdivision 2; 160.13; 160.16, by adding a subdivision; 160.17; 160.18, subdivision 3; 160.20; 160.201, subdivision 1; 160.21; 160.215; 160.22, subdivision 1; 160.23; 160.24; 160.25, subdivisions 1 and 3; 160.26; 160.27; 160.29, subdivision 1; 160.292, subdivisions 5 and 9; 161.16, subdivisions 1, 4, and 5; 161.18; 161.19; 161.202, subdivision 1; 161.24; 161.25; 162.02, subdivisions 6, 7, and 10; 162.08, subdivisions 3 and 4; 162.081, subdivision 4; 162.09, subdivisions 8 and 9; 163.02; 163.03; 163.035; 163.04, subdivisions 1 and 2; 163.11; 163.111; 163.13, subdivision 1; 163.14; 163.16; 164.02; 164.03, subdivisions 1, 2, and 4; 164.04; 164.041; 164.05, subdivisions 1 and 2; 164.06; 164.07; 164.08, subdivision 2; 164.09, subdivision 1; 164.11; 164.12; 164.13, subdivision 1; 164.14; 164.15; 164.151; and 164.155; proposing coding for new law in Minnesota Statutes, chapter 160.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 160.02, subdivision 7, is amended to read:

Subd. 7. [ROAD OR HIGHWAY.] "Road" or "highway" includes, unless otherwise specified, the several kinds of high-

ways as defined in this section, *including roads designated as minimum maintenance roads,* and also cartways, together with all bridges or other structures thereon which form a part of the same.

Sec. 2. [160.092] [MINIMUM-MAINTENANCE ROADS.]

Subdivision 1. [DESIGNATION BY RESOLUTION.] *Despite other law or rule to the contrary, a road authority, other than the commissioner, may by resolution designate a highway, street, or road under its jurisdiction other than a county state-aid highway or municipal state-aid street, as a minimum-maintenance road if it determines that it is used only occasionally or intermittently for passenger and commercial vehicular travel. A minimum-maintenance road may be maintained at a level less than the minimum-maintenance standards required for state-aid highways, roads, and streets, but must meet only that level required to service the occasional or intermittent traffic. The resolution must identify the beginning and end points of the road, street, or highway being designated. After adopting the resolution the road authority must post signs at entry points to and at regular intervals along a minimum-maintenance road notifying and warning the motoring public that the designated segment is a minimum-maintenance road and that the public travels on the road at its own risk.*

Subd. 2. [COUNTIES; NOTICE.] *Before adopting a resolution under subdivision 1, a county board of commissioners must publish a notice of intent to adopt such an ordinance, in a newspaper of general circulation in the county, at least one week before the resolution is adopted. No such resolution may be adopted by a county board of commissioners without at least one public hearing being held on the ordinance.*

Subd. 3. [TOWNS; AUTHORIZATION.] *A town board may not adopt a resolution under subdivision 1 unless it has been given general authorization to adopt a resolution designating minimum-maintenance roads, at the most recent annual town meeting, or at a special meeting held subsequent to the most recent annual town meeting.*

Subd. 4. [SIGNS.] *Designation of a minimum-maintenance road is effective on the erection of the signs required under this section. Signs posted under subdivision 1 must conform to the commissioner's manual of uniform traffic devices. Signs so posted are prima facie evidence that adequate notice of a minimum-maintenance has been given to the motoring public. Designation of a minimum-maintenance road is effective on the erection of the sign.*

Subd. 5. [SHARED JURISDICTION.] *When a designated minimum-maintenance road is on or partly on a county or town line, the designation applies only to that part of the road or high-*

way which is under the jurisdiction of the road authority adopting the designating resolution, who shall notify the road authority of the adjoining jurisdiction of its action.

Subd. 6. [LIABILITY.] *The road authority having jurisdiction over a road on which a minimum-maintenance designation is effective, and the officers and employees of the road authority, are exempt from liability for any claim by any person arising from travel on the minimum-maintenance road and related to its maintenance or condition. Nothing in this section excepts a road authority from its duty to maintain bridges under chapter 165 or other applicable law.*

Sec. 3. Minnesota Statutes 1984, section 169.06, subdivision 1, is amended to read:

Subdivision 1. [UNIFORM SYSTEM.] The commissioner shall adopt a manual and specifications for a uniform system of traffic-control devices consistent with the provisions of this chapter for use upon highways within this state. Such uniform system shall correlate with and so far as possible conform to the system then current as approved by the American Association of State Highway Officials. *The manual and specifications must include the design and wording of minimum-maintenance road signs.* The adoption of the manual and specifications by the commissioner as herein provided is specifically exempted from the provisions and requirements of sections 14.02, 14.04 to 14.36, 14.38, 14.44 to 14.45, and 14.57 to 14.62 and acts amendatory thereto."

Amend the title as follows:

Page 1, line 6, delete "providing penalties;"

Page 1, line 7, delete "160.01,"

Page 1, delete lines 8 to 27 and insert "160.02, subdivision 7; and 169.06, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 160."

With the recommendation that when so amended the bill pass.

The report was adopted.

Carlson, D., from the Committee on Transportation to which was referred:

H. F. No. 789, A bill for an act relating to transportation; railroads; requiring occupied caboose car; requiring caboose car to be equipped with shortwave radio; imposing a penalty;

amending Minnesota Statutes 1984, section 219.56; proposing coding for new law in Minnesota Statutes, chapter 219.

Reported the same back with the following amendments:

Page 1, line 20, delete "*1,000*" and insert "*1,500*"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Regulated Industries and Energy.

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 818, A bill for an act relating to health; expanding the purposes of health care review organizations; amending Minnesota Statutes 1984, section 145.61, subdivision 5.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 145.61, subdivision 5, is amended to read:

Subd. 5. "Review organization" means a committee whose membership is limited to professionals and administrative staff, except where otherwise provided for by state or federal law, and which is established by a hospital, by a clinic, by one or more state or local associations of professionals, by an organization of professionals from a particular area or medical institution, by a health maintenance organization as defined in Minnesota Statutes, Chapter 62D, by a nonprofit health service plan corporation as defined in Minnesota Statutes, Chapter 62C or by a professional standards review organization established pursuant to 42 U.S.C., Section 1320c-1 et seq. to gather and review information relating to the care and treatment of patients for the purposes of:

(a) Evaluating and improving the quality of health care rendered in the area or medical institution;

(b) Reducing morbidity or mortality;

(c) Obtaining and disseminating statistics and information relative to the treatment and prevention of diseases, illness and injuries;

(d) Developing and publishing guidelines showing the norms of health care in the area or medical institution;

(e) Developing and publishing guidelines designed to keep within reasonable bounds the cost of health care;

(f) Reviewing the quality or cost of health care services provided to enrollees of health maintenance organizations;

(g) Acting as a professional standards review organization pursuant to 42 U.S.C., Section 1320c-1 et seq.;

(h) Determining whether a professional shall be granted staff privileges in a medical institution or whether a professional's staff privileges should be limited, suspended or revoked; (OR)

(i) Reviewing, ruling on, or advising on controversies, disputes or questions between:

(1) health insurance carriers or health maintenance organizations and their insureds or enrollees;

(2) professional licensing boards acting under their powers including disciplinary, license revocation or suspension procedures and health providers licensed by them when the matter is referred to a review committee by the professional licensing board;

(3) professionals and their patients concerning diagnosis, treatment or care, or the charges or fees therefor;

(4) professionals and health insurance carriers or health maintenance organizations concerning a charge or fee for health care services provided to an insured or enrollee; (OR)

(5) professionals or their patients and the federal, state, or local government, or agencies thereof; *or*

(j) Providing underwriting assistance in connection with professional liability insurance coverage applied for or obtained by dentists, or providing assistance to underwriters in evaluating claims against dentists."

With the recommendation that when so amended the bill pass.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 886, A resolution memorializing the governments of the United States and Sweden that the State of Minnesota adopts the County of Kronoberg as a sister state.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Carlson, D., from the Committee on Transportation to which was referred:

H. F. No. 1015, A bill for an act relating to recreational vehicles; regulating three-wheel off-road vehicles; amending Minnesota Statutes 1984, sections 84.922, subdivisions 5 and 8, and by adding subdivisions; 84.927, subdivision 2; 84.928; 85.-018; 100.273, subdivision 9; and 296.16, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 84.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 84.92, is amended to read:

84.92 [DEFINITIONS.]

Subdivision 1. [SCOPE.] The definitions in this section apply to *sections 84.92 to 84.929 and* Laws 1984, chapter 647, (SECTIONS 1 TO) *section* 9.

Subd. 1a. [AGRICULTURAL ZONE.] *"Agricultural zone" means the areas in Minnesota lying south and west of a line starting at the Minnesota-North Dakota border and formed by rights-of-way of trunk highway no. 10, thence easterly along trunk highway no. 10 to trunk highway no. 23, thence easterly along trunk highway no. 23 to trunk highway no. 95, thence easterly along trunk highway no. 95 to its termination at the Minnesota-Wisconsin border.*

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of natural resources.

Subd. 3. [DEALER.] "Dealer" means a person engaged in the business of selling (THREE-WHEEL OFF-ROAD) *all-terrain* vehicles at wholesale or retail.

Subd. 4. [MANUFACTURER.] "Manufacturer" means a person engaged in the business of manufacturing (THREE-WHEEL OFF-ROAD) *all-terrain* vehicles.

Subd. 5. [OWNER.] "Owner" means a person, other than a person with a security interest, having a property interest in or title to (A THREE-WHEEL OFF-ROAD) *an all-terrain* vehicle and entitled to the use and possession of the vehicle.

Subd. 6. [PERSON.] "Person" means an individual or an organization as defined in section 336.1-201, paragraph (30).

Subd. 7. [REGISTER.] "Register" means the act of assigning a registration number to (A THREE-WHEEL OFF-ROAD) *an all-terrain* vehicle.

Subd. 8. [ALL-TERRAIN VEHICLE.] "(THREE-WHEEL OFF-ROAD) *All-terrain* vehicle" or "vehicle" means a motorized flotation-tired vehicle of not less than three low pressure tires, but not more than six tires, that is limited in engine displacement of less than 800 cubic centimeters and total dry weight less than 600 pounds.

Sec. 2. Minnesota Statutes 1984, section 84.922, subdivision 1, is amended to read:

Subdivision 1. [GENERAL REQUIREMENTS.] Unless exempted in subdivision 8, after January 1, 1985, a person may not operate (A THREE-WHEEL OFF-ROAD) *an all-terrain* vehicle within the state unless the vehicle has been registered. After January 1, 1985, a person may not sell a vehicle without furnishing the buyer a bill of sale on a form prescribed by the commissioner.

Sec. 3. Minnesota Statutes 1984, section 84.922, subdivision 3, is amended to read:

Subd. 3. [REGISTRATION CARD.] The commissioner shall provide to the registrant a registration card that includes the registration number, the date of registration, the make and serial number of the vehicle, the owner's name and address, and additional information the commissioner may require. Information concerning each registration shall be retained by the commissioner. Upon a satisfactory showing that the registration card has been lost or destroyed the commissioner shall issue a replacement registration card upon payment of a fee of $4. The fees collected from replacement registration cards shall be deposited in the (THREE-WHEEL OFF-ROAD) *all-terrain* vehicle account.

Sec. 4. Minnesota Statutes 1984, section 84.922, subdivision 5, is amended to read:

Subd. 5. [FEES FOR REGISTRATION.] *(a)* The fee for registration of each vehicle under this section (SHALL BE $15 FOR THREE CALENDAR YEARS. THE COMMISSIONER OR COMMISSIONER OF PUBLIC SAFETY SHALL CHARGE AN ADDITIONAL $3 PER REGISTRATION GRANTED), *other than those registered by a dealer or manufacturer under paragraph (b) or (c), is $18 for three years and $4 for a duplicate or transfer.*

(b) The total registration fee for all-terrain vehicles owned by a dealer and operated for demonstration or testing purposes is $50 per year. Dealer registrations are not transferable.

(c) The total registration fee for all-terrain vehicles owned by a manufacturer and operated for research, testing, experimentation, or demonstration purposes is $150 per year. Manufacturer registrations are not transferable.

(d) The fees collected under this subdivision (SHALL) *must* be credited to the (THREE-WHEEL OFF-ROAD) *all-terrain* vehicle account.

Sec. 5. Minnesota Statutes 1984, section 84.922, subdivision 6, is amended to read:

Subd. 6. [RENEWAL.] Every owner of (A THREE-WHEEL) *an all-terrain* vehicle must renew registration in a manner prescribed by the commissioner upon payment of the registration fees in subdivision 5.

Sec. 6. Minnesota Statutes 1984, section 84.922, subdivision 7, is amended to read:

Subd. 7. [VEHICLES OWNED BY STATE OR POLITICAL SUBDIVISION.] A registration number must be issued without the payment of a fee for (THREE-WHEEL) *all-terrain* vehicles owned by the state or a political subdivision upon application.

Sec. 7. Minnesota Statutes 1984, section 84.922, subdivision 8, is amended to read:

Subd. 8. [EXEMPTIONS.] A registration is not required for the following:

(1) vehicles being used for work *exclusively* on agricultural lands;

(2) vehicles owned and used by the United States, another state, or a political subdivision;

(3) vehicles covered by a valid license of another state or (COUNTY) *country* that have not been within this state for more than 30 consecutive days; *and*

(4) vehicles used exclusively in organized track racing events; and

(5) vehicles being used on private land with the permission of the landowner.

Sec. 8. Minnesota Statutes 1984, section 84.922, is amended by adding a subdivision to read:

Subd. 9. [LICENSING BY POLITICAL SUBDIVISIONS.] *No political subdivision of this state shall require licensing or registration of all-terrain vehicles covered by sections 84.92 to 84.929.*

Sec. 9. Minnesota Statutes 1984, section 84.922, is amended by adding a subdivision to read:

Subd. 10. [REGISTRATION BY MINORS PROHIBITED.] *No person under the age of 18 may register an all-terrain vehicle.*

Sec. 10. [84.924] [RULEMAKING; ACCIDENT REPORT.]

Subdivision 1. [COMMISSIONER OF NATURAL RESOURCES.] *With a view of achieving maximum use of all-terrain vehicles consistent with protection of the environment, the commissioner of natural resources shall adopt rules under chapter 14 relating to:*

(1) registration of all-terrain vehicles and display of registration numbers;

(2) use of all-terrain vehicles insofar as game and fish resources are affected;

(3) use of all-terrain vehicles on public lands and waters under the jurisdiction of the commissioner of natural resources;

(4) uniform signs to be used by the state, counties, and cities necessary or desirable to control, direct, or regulate the operation and use of all-terrain vehicles; and

(5) specifications relating to all-terrain vehicle mufflers.

Subd. 2. [COMMISSIONER OF PUBLIC SAFETY.] *The commissioner of public safety may adopt rules under chapter 14 regulating the use of all-terrain vehicles on streets and highways.*

Subd. 3. [ACCIDENT REPORT; REQUIREMENT AND FORM.] *The operator of an all-terrain vehicle involved in an accident resulting in injury requiring medical attention or hospitalization to or death of a person or total damage to an extent of $100 or more shall promptly forward a written report of the accident to the commissioner of natural resources on a form prescribed by the commissioner.*

Sec. 11. Minnesota Statutes 1984, section 84.925, is amended to read:

84.925 [EDUCATION AND TRAINING PROGRAM.]

Subdivision 1. [PROGRAM ESTABLISHED.] The commissioner shall establish a comprehensive (THREE-WHEEL OFF-ROAD) *all-terrain* vehicle environmental and safety education and training program, including the preparation and dissemination of vehicle information and safety advice to the public, the training of (THREE-WHEEL OFF-ROAD) *all-terrain* vehicle operators, and the issuance of (THREE-WHEEL OFF-ROAD) *all-terrain* vehicle safety certificates to vehicle operators over the age of 12 years who successfully complete the (THREE-WHEEL OFF-ROAD) *all-terrain* vehicle environmental and safety education and training course. For the purpose of administering the program and to defray a portion of the expenses of training and certifying vehicle operators, the commissioner shall collect a fee of not to exceed $5 from each person who receives the training and shall deposit the fee in the (THREE-WHEEL OFF-ROAD) *all-terrain* vehicle account. The commissioner shall cooperate with private organizations and associations, private and public corporations, and local governmental units in furtherance of the program established under this section. The commissioner shall consult with the commissioner of public safety in regard to training program subject matter and performance testing that leads to the certification of vehicle operators.

Subd. 2. [YOUTHFUL OPERATORS.] (a) A person under the age of 14 years may not operate (A THREE-WHEEL OFF-ROAD) *an all-terrain* vehicle on any public land or water under the jurisdiction of the commissioner unless accompanied by an adult on the vehicle or on an accompanying (THREE-WHEEL OFF-ROAD) *all-terrain* vehicle or on a device towed by the same or an accompanying (THREE-WHEEL OFF-ROAD) *all-terrain* vehicle. However, a person 12 years of age or older may operate (A THREE-WHEEL OFF-ROAD) *an all-terrain* vehicle on public lands and waters under the jurisdiction of

the commissioner if he has in his immediate possession a valid (THREE-WHEEL OFF-ROAD) *all-terrain* vehicle safety certificate issued by the commissioner.

(b) It is unlawful for the owner of (A THREE-WHEEL OFF-ROAD) *an all-terrain* vehicle to allow the vehicle to be operated contrary to the provisions of this section.

Sec. 12. [84.9254] [SIGNAL FROM OFFICER TO STOP.]

It is unlawful for an all-terrain vehicle operator, after having received a visual or audible signal from a law enforcement officer to come to a stop, to (1) operate an all-terrain vehicle in willful or wanton disregard of the signal to stop, (2) interfere with or endanger the law enforcement officer or any other person or vehicle, or (3) increase speed or attempt to flee or elude the officer.

Sec. 13. [84.9256] [YOUTHFUL OPERATORS; PROHIBITIONS.]

Subdivision 1. [PROHIBITIONS ON YOUTHFUL OPERATORS.] *(a) Despite section 84.928 to the contrary, a person under 12 years of age shall not make a direct crossing of a trunk, county state-aid, or county highway as the operator of an all-terrain vehicle, or operate the vehicle upon a street or highway within a municipality.*

(b) A person 12 years of age but less than 14 years may make a direct crossing of a trunk, county state-aid, or county highway only if that person possesses a valid all-terrain vehicle safety certificate and is accompanied by a person over 18 years of age. A person under the age of 14 years shall not operate an all-terrain vehicle on public land or water under the jurisdiction of the commissioner unless accompanied by one of the following listed persons on the same vehicle, if designed for more than one person, or an accompanying all-terrain vehicle: the person's parent, legal guardian, or other person 18 years of age or older.

However, a person 12 years of age or older may operate an all-terrain vehicle on public lands and waters under the jurisdiction of the commissioner if that person possesses a valid all-terrain vehicle safety certificate issued by the commissioner.

(c) A person 14 years of age or older, but less than 16 years of age, may make a direct crossing of a trunk, county state-aid, or county highway only if that person possesses a valid all-terrain vehicle safety certificate issued by the commissioner or a valid motor vehicle operator's license.

Subd. 2. [HELMET REQUIRED.] *A person less than 14 years of age shall not operate an all-terrain vehicle on public land*

unless wearing a safety helmet approved by the commissioner of public safety.

Subd. 3. [PROHIBITIONS ON OWNER.] *It is unlawful for the owner of an all-terrain vehicle to permit it to be operated contrary to this section.*

Subd. 4. [SUSPENSION.] *When the judge of a juvenile court, or its duly authorized agent, determines that a person, while less than 18 years of age, has violated sections 84.92 to 84.-929, or other state or local law or ordinance regulating the operation of an all-terrain vehicle, the judge or duly authorized agent shall immediately report the determination to the commissioner and (1) may recommend the suspension of the person's all-terrain vehicle safety certificate, or (2) may recommend to the commissioner of public safety, the suspension of the person's driver's license. The commissioner may suspend the certificate without a hearing.*

Sec. 14. Minnesota Statutes 1984, section 84.927, is amended to read:

84.927 [REGISTRATION FEES; UNREFUNDED GASOLINE TAX; ALLOCATION.]

Subdivision 1. [REGISTRATION REVENUE.] Fees from the registration of (THREE-WHEEL OFF-ROAD) *all-terrain* vehicles and the unrefunded gasoline tax attributable to vehicle use under section 296.16 shall be deposited in the state treasury and credited to the (THREE-WHEEL OFF-ROAD) *all-terrain* vehicle account.

Subd. 2. [PURPOSES.] Subject to appropriation by the legislature, money in the (THREE-WHEEL OFF-ROAD) *all-terrain* vehicle account may only be spent for (THE FOLLOWING PURPOSES):

(1) the education and training program under section 84.-925;

(2) administration and implementation of *sections 84.92 to 84.929 and* Laws 1984, chapter 647, sections (1 TO) *9 and* 10; (AND)

(3) acquisition, *maintenance,* and development of vehicle *trails and* use areas;

(4) grant-in-aid programs to counties and municipalities to construct and maintain all-terrain vehicle trails and use areas; and

(5) grants-in-aid to local safety programs.

The distribution of funds made available through grant-in-aid programs must be guided by the statewide comprehensive outdoor recreation plan.

Sec. 15. Minnesota Statutes 1984, section 84.928, is amended to read:

84.928 [OPERATION (ON STREETS AND HIGHWAYS) *REQUIREMENTS; LOCAL REGULATION.*]

Subdivision 1. [OPERATION ON STREETS AND HIGHWAYS.] (EXCEPT AS PROVIDED IN CHAPTER 168 OR IN THIS SECTION, A THREE-WHEEL OFF-ROAD VEHICLE MAY NOT BE DRIVEN OR OPERATED ON A HIGHWAY) *(a) A person shall not operate an all-terrain vehicle upon the roadway, shoulder, or inside bank or slope of a trunk, county state-aid, or county highway in this state and, in the case of a divided trunk or county highway, on the right-of-way between the opposing lanes of traffic, except as provided in sections 84.92 to 84.929. A person shall not operate an all-terrain vehicle within the right-of-way of a trunk, county state-aid, or county highway from April 1 to August 1 in the agricultural zone unless the vehicle is being used exclusively as transportation to and from work on agricultural lands. A person shall not operate an all-terrain vehicle within the right-of-way of a trunk, county state-aid, or county highway between the hours of one-half hour after sunset to one-half hour before sunrise, except on the right-hand side of the right-of-way and in the same direction as the highway traffic on the nearest lane of the adjacent roadway. A person shall not operate an all-terrain vehicle at any time within the right-of-way of an interstate highway or freeway within this state.*

(A) *(b) An all-terrain* vehicle may make a direct crossing of a street or highway provided:

(1) the crossing is made at an angle of approximately 90 degrees to the direction of the highway and at a place where no obstruction prevents a quick and safe crossing;

(2) the vehicle is brought to a complete stop before crossing the shoulder or main traveled way of the highway;

(3) the driver yields the right of way to all oncoming traffic that constitutes an immediate hazard;

(4) in crossing a divided highway, the crossing is made only at an intersection of the highway with another public street or highway; and

(5) if the crossing is made between the hours of one-half hour after sunset to one-half hour before sunrise or in conditions of reduced visibility, only if both front and rear lights are on.

(c) An all-terrain vehicle may be operated upon a bridge, other than a bridge that is part of the main traveled lanes of an interstate highway, when required for the purpose of avoiding obstructions to travel when no other method of avoidance is possible; provided the all-terrain vehicle is operated in the extreme right-hand lane, the entrance to the roadway is made within 100 feet of the bridge, and the crossing is made without undue delay.

(d) A person shall not operate an all-terrain vehicle upon a public street or highway unless the vehicle is equipped with at least one headlight and one taillight, each of minimum candlepower as prescribed by rules of the commissioner, with reflector material of a minimum area of 16 square inches mounted on each side forward of the handlebars, and with brakes conforming to standards prescribed by rule of the commissioner, and all of which are subject to the approval of the commissioner of public safety.

(e) An all-terrain vehicle may be operated upon a public street or highway other than as provided by paragraph (b) in an emergency during the period of time when and at locations where the condition of the roadway renders travel by automobile impractical.

(f) Chapter 169 applies to the operation of all-terrain vehicles upon streets and highways, except for those provisions relating to required equipment and except those provisions which by their nature have no application.

(g) A sled, trailer, or other device being towed by an all-terrain vehicle must be equipped with reflective materials as required by rule of the commissioner.

Subd. 2. [OPERATION GENERALLY.] *It is unlawful for a person to drive or operate an all-terrain vehicle:*

(1) at a rate of speed greater than reasonable or proper under the surrounding circumstances;

(2) in a careless, reckless, or negligent manner so as to endanger or to cause injury or damage to the person or property of another;

(3) without headlight and taillight lighted at all times;

(4) without a functioning stoplight; or

(5) in a tree nursery or planting in a manner which damages or destroys growing stock.

Subd. 3. [OPERATING UNDER INFLUENCE OF ALCOHOL OR CONTROLLED SUBSTANCE.] *A person may*

not operate or be in control of an all-terrain vehicle while under the influence of alcohol, as provided in section 169.121, subdivision 1, or a controlled substance defined in section 152.01, subdivision 4. A person violating this subdivision is guilty of a crime and is punishable in accordance with the provisions of section 169.121, subdivisions 3 and 4.

Subd. 4. [OPERATION PROHIBITED ON AIRPORTS.] *It is unlawful for a person to drive or operate an all-terrain vehicle on an airport defined in section 360.013, subdivision 5.*

Subd. 5. [ORGANIZED CONTESTS, USE OF HIGHWAYS AND PUBLIC LANDS AND WATERS.] *Nothing in this section or chapter 169 prohibits the use of all-terrain vehicles within the right of way of a state trunk or county state-aid highway or upon public lands or waters under the jurisdiction of the commissioner of natural resources, in an organized contest, subject to the consent of the official or board having jurisdiction over the highway or public lands or waters.*

In permitting the contest, the official or board having jurisdiction may prescribe restrictions or conditions as they may deem advisable.

Subd. 6. [REGULATIONS BY POLITICAL SUBDIVISIONS.] *Despite any provision in this section to the contrary, a county board, by resolution, may permit the operation of all-terrain vehicles upon the roadway, shoulder, or inside bank or slope of a county highway or county state-aid highway if the roadway is in the agricultural zone or if safe operation in the ditch or outside bank or slope of the highway is impossible, in which case the county board shall provide appropriate notice.*

A county or city, or a town acting by its town board, may regulate the operation of all-terrain vehicles on public lands, waters, and property under its jurisdiction and on streets and highways within its boundaries, by resolution or ordinance of the governing body and by giving appropriate notice, provided the regulations are consistent with sections 84.92 to 84.929 and rules adopted under section 10. However, the local governmental unit may not adopt an ordinance which (1) imposes a fee for the use of public land or water under the jurisdiction of either the department of natural resources or other agency of the state, or for the use of an access to it owned by the state or a county or city, or (2) requires an all-terrain vehicle operator to possess a motor vehicle driver's license while operating an all-terrain vehicle.

Subd. 7. [LIABILITY TO ROAD AUTHORITY.] *When a road or highway right-of-way is used as provided by sections 84.92 to 84.928, 85.018, 100.273, subdivision 9, and 296.16, the road authority having jurisdiction and the officers and em-*

ployees of the road authority are exempt from liability for any claim by any person arising from that use.

Sec. 16. Minnesota Statutes 1984, section 85.018, is amended to read:

85.018 [TRAIL USE; VEHICLES REGULATED, *RESTRICTED.*]

Subdivision 1. [DEFINITIONS.] For the purposes of this section (,)*:*

(a) "Trail" means a recreational trail, which is funded in whole or in part by state grants-in-aid to a local unit of government.

(b) "Commissioner" means the commissioner of the state agency from which the grants-in-aid are received.

Subd. 2. [AUTHORITY OF LOCAL GOVERNMENT.] *(a)* A local government unit that receives state grants-in-aid for any trail, *with the concurrence of the commissioner, and the landowner or land lessee,* may:

((A)) *(1)* designate the trail for use by snowmobiles or for nonmotorized use from December 1 to April 1 of any year; and

((B)) *(2)* issue any permit required under subdivisions 3 to 5.

(b) A local government unit that receives state grants-in-aid under section 84.927, subdivision 2, for any trail, with the concurrence of the commissioner, and landowner or land lessee, may:

(1) designate the trail specifically for use at various times of the year by all-terrain vehicles, for nonmotorized use such as ski touring, snowshoeing, and hiking, and for multiple use, but not for motorized and nonmotorized use at the same time; and

(2) issue any permit required under subdivisions 3 to 5.

(c) A local unit of government that receives state grants-in-aid for any trail, with the concurrence of the commissioner and landowner or land lessee, may designate certain trails for joint use by snowmobiles and all-terrain vehicles.

Subd. 3. [MOTORIZED USE; PERMITS, *RESTRICTIONS.*] (MOTORIZED USE OF TRAILS SHALL BE ALLOWED ONLY BY PERMIT BETWEEN APRIL 2 AND NOVEMBER 30 OF ANY YEAR) *Permits may be issued for motorized vehicles, other than those designated, to use a trail designated*

for use by snowmobiles or all-terrain vehicles. Notice of the permit must be conspicuously posted, at the expense of the permit holder, at no less than one-half mile intervals along the trail, for the duration of the permit. Permits shall require that permit holders return the trail and any associated facility to their original condition if any damage is done by the permittee. Limited permits for special events such as races may be issued and shall require the removal of any trail markers, banners and other material used in connection with the special event.

Subd. 4. [NONMOTORIZED *USE* TRAILS (; WINTER).] (FROM DECEMBER 1 TO APRIL 1 OF ANY YEAR) No motorized vehicle shall be operated on a trail designated for nonmotorized use (SUCH AS SKI TOURING OR SNOWSHOE USE).

Subd. 5. [SNOWMOBILE *AND ALL-TERRAIN VEHICLE* TRAILS *RESTRICTED.*] *(a)* From December 1 to April 1 in any year no use of a motorized vehicle other than a snowmobile, unless authorized by permit, lease or easement, shall be permitted on a trail designated for use by snowmobiles.

(b) From December 1 to April 1 in any year no use of a motorized vehicle other than an all-terrain vehicle, unless authorized by permit, shall be permitted on a trail designated for use by all-terrain vehicles.

Subd. 6. [EXCEPTIONS.] The following motor vehicles are exempt from the provisions of subdivisions 3 to 5:

(a) military, fire, emergency or law enforcement vehicles used for official or emergency purposes;

(b) vehicles registered to the county, state or federal government;

(c) vehicles authorized by permit, lease or contract;

(d) vehicles owned by private persons engaged in the upkeep and maintenance of the trail systems under the direction of the local unit of government that manages the trail; and

(e) vehicles registered to or operated with the permission of a land owner on whose lands the trail system has been constructed, but only with respect to operation on the land of that owner.

Subd. 7. [STREETS AND HIGHWAYS.] This section does not apply to any portion of a trail located on any street or highway as defined in section 169.01.

Subd. 8. [ENFORCEMENT.] The provisions of this section may be enforced by officers of the department of natural resources as provided in section 97.50.

Sec. 17. Minnesota Statutes 1984, section 100.273, subdivision 9, is amended to read:

Subd. 9. Violation of any provision of this section is a misdemeanor. Upon a person's conviction for violating any provision of this section, any license issued to him pursuant to chapter 98, or any registration pursuant to section 84.82 *or 84.922*, under which he was exercising or attempting to exercise a privilege while violating this section shall immediately become null and void.

Sec. 18. Minnesota Statutes 1984, section 296.16, subdivision 1, is amended to read:

Subdivision 1. [INTENT.] All gasoline received in this state and all gasoline produced in or brought into this state except aviation gasoline and marine gasoline shall be determined to be intended for use in motor vehicles in this state.

Approximately three-fourths of one percent of all gasoline received in this state and three-fourths of one percent of all gasoline produced or brought into this state, except gasoline used for aviation purposes, is being used as fuel for the operation of motor boats on the waters of this state and of the total revenue derived from the imposition of the gasoline fuel tax for uses other than in motor boats, three-fourths of one percent of such revenues is the amount of tax on fuel used in motor boats operated on the waters of this state.

Approximately three-fourths of one percent of all gasoline received in and produced or brought into this state, except gasoline used for aviation purposes, is being used as fuel for the operation of snowmobiles in this state, and of the total revenue derived from the imposition of the gasoline fuel tax for uses other than in snowmobiles, three-fourths of one percent of such revenues is the amount of tax on fuel used in snowmobiles operated in this state.

Approximately 0.15 of one percent of all gasoline received in or produced or brought into this state, except gasoline used for aviation purposes, is being used for the operation of all-terrain vehicles, also known as three-wheel off-road vehicles, in this state, and of the total revenue derived from the imposition of the gasoline fuel tax, 0.15 of one percent of such revenues is the amount of tax on fuel used in all-terrain vehicles operated in this state.

Sec. 19. [APPROPRIATION.]

$..... is appropriated from the all-terrain vehicle account to the commissioner of natural resources for the biennium ending June 30, 1987, to administer sections 1 to 18.

Sec. 20. [EFFECTIVE DATE.]

This act is effective July 1, 1985."

Delete the title and insert:

"A bill for an act relating to recreational vehicles; regulating all-terrain vehicles; providing penalties; appropriating money; amending Minnesota Statutes 1984, sections 84.92; 84.922, subdivisions 1, 3, 5, 6, 7, 8, and by adding subdivisions; 84.925; 84.927; 84.928; 85.018; 100.273, subdivision 9; and 296.16, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 84."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 1074, A bill for an act relating to state departments and agencies; establishing an enterprise fund for the Minnesota zoo board; amending Minnesota Statutes 1984, sections 85A.01, subdivisions 1 and 2; 85A.02, subdivisions 3, 4, 5, 12, 16, and by adding subdivisions; 85A.04, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 85A; repealing Minnesota Statutes 1984, section 85A.03.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [85A.001] [PURPOSE.]

It is the intent of the legislature to foster a partnership between the private sector and the state for the purpose of operating a zoological garden. The legislature seeks to enable the Minnesota zoological garden to operate independently, efficiently, and economically and to become more active in soliciting non-state contributions.

Sec. 2. Minnesota Statutes 1984, section 85A.01, subdivision 1, is amended to read:

Subdivision 1. The Minnesota zoological garden is hereby established under the supervision and control of the state zoological board which is hereby created. The board shall consist of (11) *17* members (APPOINTED BY THE GOVERNOR) *comprised of public and private sector individuals having a background or interest in zoological societies or zoo management or an ability to generate community interest in the Minnesota zoological garden. Members shall be appointed by the board from a list supplied by board members serving on a nominating committee. Members shall serve terms of four years. Compensation of members shall be as provided in section 15.0575. In making their appointments, the board shall consider the ability of members to garner support for the Minnesota zoological garden.* In consultation with the Dakota county board the (GOVERNOR) *board* shall appoint as (A TWELFTH MEMBER) *one of the 17 members* of the zoo board a resident of Dakota county (WHO SHALL NOT VOTE AND) who may be a member of the county board.

No member of the board may be an employee of or have a direct or immediate family financial interest in a business that provides goods or services to the zoo. No member of the board may be an employee of the zoo.

Sec. 3. Minnesota Statutes 1984, section 85A.01, subdivision 2, is amended to read:

Subd. 2. The board shall annually elect a chairman from among its *private sector* members and such other officers as it may deem necessary for the performance of its duties. (IT SHALL APPOINT A DIRECTOR TO SERVE AT ITS PLEASURE WHO IS IN THE UNCLASSIFIED SERVICE OF THE STATE AND WHO SHALL BE CHOSEN SOLELY ON THE BASIS OF HIS TRAINING, EXPERIENCE AND OTHER QUALIFICATIONS APPROPRIATE TO THE FIELD OF ZOO MANAGEMENT. THE DIRECTOR SHALL ACT AS EXECUTIVE SECRETARY AND APPOINT ADMINISTRATIVE OFFICERS AND EMPLOYEES OF THE BOARD WITH THE APPROVAL OF THE BOARD. WITH THE APPROVAL OF THE BOARD, HE SHALL EXERCISE THE POWERS AND DUTIES SET FORTH IN SECTION 85A.03.)

Sec. 4. Minnesota Statutes 1984, section 85A.02, subdivision 3, is amended to read:

Subd. 3. The board may conduct research studies and programs, collect and analyze data and prepare reports, maps, charts and other information relating to the zoological garden or any wild or domestic animals or may contract for any of such services without complying with the requirements of chapter (16) *16B*.

Sec. 5. Minnesota Statutes 1984, section 85A.02, subdivision 4, is amended to read:

Subd. 4. The board may appoint an advisory committee consisting of persons who are members of zoological societies or who have shown a background or interest in such societies or zoo management *or an ability to generate community support for the Minnesota zoological garden.*

Sec. 6. Minnesota Statutes 1984, section 85A.02, subdivision 5, is amended to read:

Subd. 5. The board may accept and use gifts, grants or contributions from any *nonstate* source (OR APPROPRIATIONS MADE BY THE LEGISLATURE FOR THE PURPOSE OF THE ESTABLISHMENT AND OPERATION OF THE ZOOLOGICAL GARDEN OR FOR THE ESTABLISHMENT, IMPROVEMENT OR OPERATION OF FACILITIES RELATED THERETO AND NECESSARY THEREFOR AT THE SITES OF OTHER ZOOLOGICAL GARDENS OWNED BY GOVERNMENTAL SUBDIVISIONS OF THE STATE OF MINNESOTA). *Unless otherwise restricted by the terms of a gift or bequest, the board may sell, exchange, or otherwise dispose of, and invest or reinvest the money, securities, or other property given or bequeathed to it from nonstate sources. The principal of these funds, the income from them, and all other revenues received by it from any nonstate source must be placed in the depositories the board determines and is subject to expenditure for the board's purposes. Any additional operating expenses incurred by virtue of capital development projects must be paid for with funds other than state appropriations.*

Sec. 7. Minnesota Statutes 1984, section 85A.02, is amended by adding a subdivision to read:

Subd. 5a. [EMPLOYEES.] *(a) The board shall appoint an administrator who shall serve as the executive secretary and principal administrative officer of the board and, subject to its approval, the administrator shall operate the Minnesota zoological garden and enforce all regulations and policy decisions of the board in regard thereto. The administrator shall be chosen solely on the basis of his or her training, experience, and other qualifications appropriate to the field of zoo management. The administrator shall perform such duties as may be directed by the board and shall serve in the unclassified service at the pleasure of the board. The board, with the participation of the private sector, shall appoint a development director in the unclassified service to establish mechanisms to foster community participation in and community support for the Minnesota zoological garden.*

The board may employ other necessary professional, technical, and clerical personnel.

(b) The board may contract with individuals to perform professional services and may contract for the purchases of necessary species exhibits, supplies, services, and equipment.

Sec. 8. Minnesota Statutes 1984, section 85A.02, is amended by adding a subdivision to read:

Subd. 5b. [EXEMPTIONS.] *Except as it determines, and except as provided in sections 13 and 14, the board is not subject to the provisions of chapters 15, 15A, 16A, and 16B concerning budgeting, payroll, and the purchase of goods or services. The board is not subject to the provisions of chapter 14 concerning administrative procedures except sections 14.38, subdivision 7, and 14.39 to 14.43 relating to the legal status of rules and the legislative review of rules. This section will become effective July 1, 1987, unless the legislature indicates otherwise.*

Sec. 9. Minnesota Statutes 1984, section 85A.02, is amended by adding a subdivision to read:

Subd. 5c. [RECOMMENDATIONS.] *The newly constituted board, with the participation of the state planning agency, the departments of administration, finance, and employee relations and the Minnesota zoological garden shall develop recommendations for implementation of section 85A.02, subdivision 5b to present to the legislature. All participants shall review and evaluate governance options that would best foster an effective public/private partnership to oversee zoo operations. The recommendations must also include an evaluation of the most appropriate status for zoo employees under any proposed governance structure, and shall recommend a transition process to achieve that status. The participants shall establish an advisory committee to help achieve these ends.*

Sec. 10. Minnesota Statutes 1984, section 85A.02, is amended by adding a subdivision to read:

Subd. 5d. [FINANCIAL REPORT.] *The board shall employ a certified public accountant to audit and examine its financial records each year. The board shall submit to the legislative auditor a report of the accountant's examination or audit. The legislative auditor shall review the report and accept it or make additional examinations if these would be in the public interest. The working papers of the certified public accountant relating to the board must be made available to the legislative auditor on request.*

Sec. 11. Minnesota Statutes 1984, section 85A.02, subdivision 7, is amended to read:

Subd. 7. The board may enact rules governing the efficient protection of the Minnesota zoological garden and the related fa-

cilities and the conduct of persons entering therein. *Notwithstanding section 8,* rules shall become effective in the manner provided by law for the promulgation of rules by state departments and agencies. The violation of a rule promulgated by the board under this section is a petty misdemeanor. The board may specify that violation of a designated rule shall be sufficient cause for ejection from the grounds of the zoological garden.

Sec. 12. Minnesota Statutes 1984, section 85A.02, subdivision 12, is amended to read:

Subd. 12. The board shall report to the legislature by (JANUARY 1) *September 15* of each year on the activities of the board and the operation of the zoological garden. *The report must summarize the activities of the board and the Minnesota zoological garden over the preceding fiscal year ended June 30. The report must evaluate the most effective governance structure for the board and the Minnesota zoological garden and state whether the existing structure results in effective administration of the zoo and whether statutory changes are necessary. The report must be submitted together with the financial report required by section 85A.02, subdivision 5d.*

Sec. 13. Minnesota Statutes 1984, section 85A.02, subdivision 16, is amended to read:

Subd. 16. The board may acquire by lease-purchase or installment purchase contract, transportation systems, facilities and equipment that it determines will substantially enhance the public's opportunity to view, study or derive information concerning the animals to be located in the zoological garden, and will increase attendance at the garden. The contracts may provide for: (1) the payment of moneys over a twelve year period, or over a longer period not exceeding 25 years if approved by the (COMMISSIONER OF ADMINISTRATION) *board*; (2) the payment of money from any funds of the board not pledged or appropriated for another purpose; (3) indemnification of the lessor or seller for damage to property or injury to persons due primarily to the actions of the board or its employees; (4) the transfer of title to the property to the board upon execution of the contract or upon payment of specified amounts; (5) the reservation to the lessor or seller of a security interest in the property; and (6) any other terms that the board determines to be commercially reasonable. Property so acquired by the board, and its purchase or use by the board, or by any non-profit corporation having a concession from the board requiring its purchase, shall not be subject to taxation by the state or its political subdivisions. Each contract shall be subject to the provisions of chapter (16) *16B,* relating to competitive bidding, provided that the board is not required to readvertise for competitive proposals for any transportation system, facilities and equipment heretofore selected from competitive proposals taken pursuant to section (85A.03, SUBDIVISIONS 4 AND 4A) *14. Nothing in this act shall be con-*

strued as a modification of the state policy that the monorail transportation system at the Minnesota zoological garden is not a state obligation.

Sec. 14. Minnesota Statutes 1984, section 85A.02, is amended by adding a subdivision to read:

Subd. 17. [ADDITIONAL POWERS.] *The board may:*

(1) establish a schedule of charges for admission to or the use of the Minnesota zoological garden or any related facilities; and

(2) provide for the purchase, reproduction, and sale of gifts, souvenirs, publications, informational materials, food and beverages, and grant concessions for the sale of these items. In other areas of concessions the board may determine that it is not feasible and not in the public interest to award a contract for the operation of the concession to the highest responsible bidder.

In purchasing materials and commodities and granting concessions, a contract for purchases or concessions must be made either upon sealed bids or by direct negotiation, by obtaining two or more quotations for the service when possible. At least 30 days before awarding a directly negotiated contract, the board shall, by written published notice, request quotations for the service or materials for resale to be provided. All quotations obtained shall be kept on file for a period of at least one year after receipt. If a contract is made upon sealed bids, the procedure for advertising and awarding bids shall conform to the provisions of chapter 16B, notwithstanding section 7. The board is encouraged to utilize state procurement mechanisms where feasible.

Sec. 15. Minnesota Statutes 1984, section 85A.04, subdivision 3, is amended to read:

Subd. 3. [(ZOO CONCESSION ACCOUNT) *SPECIAL REVENUE FUND.*] A (CONCESSION ACCOUNT) *special revenue fund* is established for the Minnesota zoological garden. Concessions are the sale of all goods and services (OTHER THAN) *and may include* admissions, parking, food concessions, and equipment rentals. All concession receipts *generated by the zoo, except gifts,* shall be deposited in the state treasury (AND), credited to the (ACCOUNT) *special revenue fund,* and are appropriated for the purposes of (CONCESSION OPERATIONS. CONCESSION EXPENSES, INCLUDING INVENTORY, PERSONNEL COSTS, SPACE RENTAL, AND OVERHEAD, SHALL BE PAID FROM THE ACCOUNT. FOR THE YEARS ENDING JUNE 30, 1982, AND JUNE 30, 1983, THE NET

INCOME FROM CONCESSION OPERATIONS REPORTED ON THE INCOME STATEMENT IN THE MINNESOTA ZOOLOGICAL GARDEN ANNUAL FINANCIAL REPORT SHALL BE TRANSFERRED TO THE GENERAL FUND) *zoo operating expenses.* For the year (ENDING JUNE 30, 1984) *beginning July 1, 1985,* and each year thereafter, the net income *from the special revenue fund* shall be retained by the zoological garden. (THE AMOUNT RETAINED IS APPROPRIATED FOR CAPITAL IMPROVEMENTS AT THE ZOOLOGICAL GARDEN. THE BOARD SHALL INCLUDE A REPORT ON THE CAPITAL IMPROVEMENTS IN THE REPORT REQUIRED BY SECTION 85A.02, SUBDIVISION 12.)

Sec. 16. [TRANSITIONS.]

Subdivision 1. [NEW BOARD.] *Notwithstanding section 2, the 17 initial members of the newly constituted board shall be appointed by a task force selected by the director of the state planning agency from a list of 30 persons supplied by the current board of the Minnesota zoological garden. These 17 members shall select the Dakota county representative. Nine of the initial board members appointed by the task force shall serve for two-year terms and eight for four-year terms.*

Subd. 2. [TERMINATION OF TERMS.] *Notwithstanding any law to the contrary the terms of all members of the state zoological society board on the effective date of this section terminate when the board members appointed under subdivision 1 take office.*

Sec. 17. [SUMMER YOUTH PROGRAM.]

The zoological board may employ students to work exclusively between June 1 and September 30 of each year. All federal and state minimum wage laws apply, but these workers are not considered employees of the state of Minnesota within the meaning of section 43A.02, subdivision 21, nor are they public employees under chapter 179A. This employment is not to exceed 40 hours per week per individual nor 12 weeks in duration. This section is repealed September 30, 1986.

Sec. 18. [APPROPRIATION.]

$..... is appropriated from the general fund to the Minnesota zoo board to operate the Minnesota zoological garden.

Sec. 19. [INSTRUCTION TO REVISOR.]

In Minnesota Statutes, the revisor of statutes is directed to change the words "state zoological board" to "Minnesota zoological board."

Sec. 20. [REPEALER.]

Minnesota Statutes 1984, sections 85A.01, subdivision 1a, 85A.-03, and 85A.04, subdivision 1, are repealed."

Amend the title as follows:

Page 1, line 2, after the semicolon insert "appointing a new"

Page 1, line 3, delete "establishing an enterprise fund for the"

Page 1, line 4, before "amending" insert "establishing a gift account and a special revenue fund; directing a study of the governance structure;"

Page 1, line 6, after "5," insert "7,"

Page 1, line 9, delete "section" and insert "sections 85A.01, subdivision 1a;"

Page 1, line 9, after "85A.03" insert "; and 85A.04, subdivision 1"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 1076, A bill for an act relating to commerce; modifying the definition of credit card to include other types of instruments; prescribing criminal penalties for financial transaction card fraud; amending Minnesota Statutes 1984, sections 325G.02, subdivisions 2 and 4; 325G.03; 325G.04; 325G.041; 325G.05; 609.52, subdivisions 1 and 2; and 609.625, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 609.

Reported the same back with the following amendments:

Page 10, line 14, delete "*in addition specifically*"

Page 10, line 19, delete "*the*" and insert "*a*"

Page 10, line 20, delete "*thereof*"

Page 10, line 23, delete "*Whoever*" and insert "*A person who*"

Page 10, line 24, delete "*, and may be*" and insert a colon

Page 10, delete line 25

Page 10, line 27, delete "*he or she is without the consent of*" and after "*cardholder*" insert "*has not given consent*"

Page 10, lines 28, 31, and 36, delete "*or*"

Page 10, line 29, delete "*that he or she knows*" and insert "*knowing it*"

Page 11, line 1, delete "*therefore*"

Page 11, line 4, delete "*two*" and insert "*one*"

Page 11, line 5, delete "*two*" and insert "*one*" and delete "*which he or she knows*" and insert "*knowing the cards*"

Page 11, lines 7 and 20, delete "*or*"

Page 11, line 9, delete "*upon presentation of a*"

Page 11, delete line 10

Page 11, line 11, delete "*employee of the person*"

Page 11, line 14, delete "*which he*"

Page 11, line 15, delete "*or she knows is*" and insert "*knowing it to be*" and before "*that*" insert "*knowing*" and after "*that*" insert "*it*"

Page 11, line 16, delete "*whom he or she knows to be*"

Page 11, line 18, delete "*he or she*" and insert "*the person*"

Page 11, line 22, delete "*, knowingly makes or causes to be made a false statement*" and insert "*:*

(i) knowingly gives a false name or occupation; or

(ii) knowingly and substantially overvalues assets or substantially undervalues indebtedness for the purpose of influencing the issuer to issue a financial transaction card; or

(7) with intent to defraud, falsely notifies the issuer or any other person of a theft, loss,"

Page 11, delete lines 23 to 30

Page 11, delete lines 32 to 35 and insert:

"*Subd. 3.* [SENTENCE.] *A person who commits financial transaction card fraud may be sentenced as follows:*

(1) for a violation of subdivision 2, clause (1), (2), or (5), in the manner provided in section 609.52, subdivision 3;

(2) for a violation of subdivision 2, clause (3) or (4), to imprisonment for not more than 3 years or to payment of a fine of not more than $5,000, or both; or

(3) for a violation of subdivision 2, clause (6) or (7),

(i) if no property, other than a financial transaction card, has been obtained by the defendant by means of the false statement or false report, to imprisonment for not more than 90 days or to payment of a fine of not more than $300, or both; or

(ii) if property, other than a financial transaction card, is so obtained, in the manner provided in section 609.52, subdivision 3."

With the recommendation that when so amended the bill pass.

The report was adopted.

Carlson, D., from the Committee on Transportation to which was referred:

H. F. No. 1113, A bill for an act relating to state lands; authorizing conveyance by commissioner of transportation of certain state lands for historical preservation purposes; amending Minnesota Statutes 1984, section 161.44, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [CONVEYANCE FOR HISTORICAL PURPOSES.]

(a) Notwithstanding any other law to the contrary, the commissioner may convey land, as provided in Minnesota Statutes, section 161.44, described in paragraph (b), including any improvements on the lands, owned in fee by the state for trunk highway purposes, but no longer needed, to the Minnesota historical society for historical purposes. The conveyance may be without financial consideration. The lands conveyed must become a part of the state's historic sites program under Minnesota Statutes, chapter 138.

(b) The lands which may be conveyed are specifically related to and abut the properties of the James J. Hill House, described in Minnesota Statutes, section 138.58, subdivision 22, and the Grand Mound, described in Minnesota Statutes, section 138.53, subdivision 38."

Amend the title as follows:

Page 1, line 4, delete "; amending" and insert a period

Page 1, delete lines 5 and 6

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

Carlson, D., from the Committee on Transportation to which was referred:

H. F. No. 1128, A bill for an act relating to public safety; motor vehicles; clarifying penalties for failure to provide security for basic reparation benefits; defining terms; requiring certification procedure to obtain tax-exempt passenger vehicle license plates for unmarked vehicle of law enforcement agency; reducing 2,000-pound weight limitation to three-fourths ton for motor vehicles in certain situations; exempting certain returned motor vehicle registration documents from filing fee; prescribing dissemination of traffic accident information to news media; regulating format of certain license plates; increasing weight of vehicles which may be operated with class "C" driver's license; prescribing filing period for clerk of district court to forward drivers license applications and fees to department of public safety; requiring revocation of driver's license upon conviction of crime of fleeing from peace officer; expanding definition of misdemeanor for purpose of driver's license revocation; authorizing prima facie evidentiary status for certified department driver records; authorizing commissioner of public safety to promulgate school bus driver qualification rules; authorizing access to certain private vehicle tax information under certain conditions; prescribing fees; amending Minnesota Statutes 1984, sections 65B.67, subdivision 4; 168.011, subdivisions 4, 28, and 29; 168.012, subdivision 1; 168.021, subdivision 1; 168.27, subdivision 11; 168.33, subdivision 7; 169.09, subdivision 13; 169.79; 171.02, subdivision 2; 171.06, subdivision 4; 171.17; 171.21; 171.321, subdivision 2; and 297B.12.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 65B.67, subdivision 4, is amended to read:

Subd. 4. [PENALTY.] Any operator of a motor vehicle or motorcycle who is convicted (OF A MISDEMEANOR) under the terms of this section, *is guilty of a misdemeanor, and* shall be sentenced as provided in section 609.03, clause (3), and shall have his driver's license revoked for not more than 12 months. If the operator is also an owner of the motor vehicle or motorcycle, the registration of the motor vehicle or motorcycle shall also be revoked for not more than 12 months. Before reinstatement of a driver's license or registration, the operator shall file with the commissioner of public safety the written certificate of an insurance carrier authorized to do business in this state stating that security has been provided by the operator as required by section 65B.48. The commissioner shall include a notice of the penalties contained in this section on all forms for registration of motor vehicles or motorcycles required to maintain a plan of reparation security.

Sec. 2. Minnesota Statutes 1984, section 168.011, subdivision 4, is amended to read:

Subd. 4. [MOTOR VEHICLE.] "Motor vehicle" means any self-propelled vehicle not operated exclusively upon railroad tracks and any vehicle propelled or drawn by a self-propelled vehicle and includes vehicles known as trackless trolleys which are propelled by electric power obtained from overhead trolley wires but not operated upon rails, except snowmobiles and manufactured homes. *Motor vehicle does not include a three-wheel off-road vehicle as defined in section 84.92, subdivision 8.*

Sec. 3. Minnesota Statutes 1984, section 168.011, subdivision 28, is amended to read:

Subd. 28. [VAN.] "Van" means any vehicle of box-like design with no barrier or separation between the operator's area and the remainder of the passenger-carrying or cargo-carrying area, and with a manufacturer's *nominal* rated *carrying* capacity of (2,000 POUNDS) *three-fourths ton* or less *and commonly known as a van.*

Sec. 4. Minnesota Statutes 1984, section 168.011, subdivision 29, is amended to read:

Subd. 29. [PICKUP TRUCKS.] "Pickup truck" means any truck with a manufacturer's *nominal* rated *carrying* capacity of (2,000 POUNDS) *three-fourths ton* or less *and commonly known as a pickup truck.*

Sec. 5. Minnesota Statutes 1984, section 168.012, subdivision 1, is amended to read:

Subdivision 1. Vehicles owned and used solely in the transaction of official business by representatives of foreign powers, by the federal government, the state, or any political subdivision thereof, or vehicles owned and used exclusively by educational institutions and used solely in the transportation of pupils to and from such institutions, shall be exempt from the provision of this chapter requiring payment of tax or registration fees, *except as provided in section 6.*

Vehicles owned by the federal government, municipal fire apparatus, police patrols and ambulances, the general appearance of which is unmistakable, shall not be required to register or display number plates.

Unmarked vehicles used in general police work, arson investigations, and passenger vehicles, station wagons, and buses owned or operated by the department of corrections shall be registered and shall display passenger vehicle classification license number plates which shall be furnished by the registrar at cost. *Original and renewal applications for these passenger vehicle license plates authorized for use in general police work and for use by the department of corrections must be accompanied by a certification signed by the appropriate chief of police if issued to a police vehicle, the appropriate sheriff if issued to a sheriff's vehicle, the commissioner of corrections if issued to a department of corrections vehicle, or the appropriate officer in charge if issued to a vehicle of any other law enforcement agency. The certification must be on a form prescribed by the commissioner and state that the vehicle will be used exclusively for a purpose authorized by this section.*

All other motor vehicles shall be registered and display tax exempt number plates which shall be furnished by the registrar at cost, *except as provided in section 6.*

All vehicles required to display tax exempt number plates shall have the name of the state department or public subdivision on the vehicle plainly printed on both sides thereof in letters not less than 2-1/2 inches high, one inch wide and of a three-eighths inch stroke; except that each state hospital and institution for the mentally ill and mentally retarded may have one vehicle without the required printing on the sides of the vehicle. Such printing shall be in a color giving a marked contrast with that of the part of the vehicle on which it is placed and shall be done with a good quality of paint that will endure throughout the term of the registration. The printing must be on a part of the vehicle itself and not on a removable plate or placard of any kind and shall be kept clean and visible at all times; except that a removable plate or placard may be utilized on vehicles leased or loaned to a political subdivision. The owner of any such vehicle desiring to come under the foregoing exemption provisions shall first notify the chief of the state patrol who shall provide suitable seals and cause the same to be affixed to any such vehicle.

Sec. 6. Minnesota Statutes 1984, section 168.012, is amended by adding a subdivision to read:

Subd. 1c. (a) The annual fee for trailer license plates issued to a tax-exempt vehicle under this section is $5 for each plate.

(b) The annual fee for license plates issued to all other tax-exempt vehicles is a $5 administrative handling fee and $10 for two plates per vehicle.

(c) On and after March 1, 1986, the registration period for a tax-exempt vehicle is biennial and new plates will be issued for the life of the vehicle. Fees are due on March 1 biennially and payable the preceding January 1, with validating stickers issued at time of payment. If the tax-exempt vehicle is newly registered for less than the two-year period, the fee must be apportioned by six-month increments, but in no event may the fee be less than $5 per vehicle.

Sec. 7. Minnesota Statutes 1984, section 168.012, is amended by adding a subdivision to read:

Subd. 11. Semitrailers as defined in section 168.011, subdivision 14, shall not be taxed as a motor vehicle using the public streets and highways and shall display a number plate for identification purposes only.

Sec. 8. Minnesota Statutes 1984, section 168.013, subdivision 1c, is amended to read:

Subd. 1c. [FARM TRUCKS.] (1) On farm trucks having a gross weight of not more than 57,000 pounds, the tax shall be based on total gross weight and shall be 45 percent of the Minnesota base rate prescribed by subdivision 1e during each of the first eight years of vehicle life, but in no event less than $35, and during the ninth and succeeding years of vehicle life the tax shall be 27 percent of the Minnesota base rate prescribed by subdivision 1e, but in no event less than $21, except as otherwise provided in this subdivision. On farm trucks having a gross weight of not more than 57,000 pounds during each of the first eight years of vehicle life, the tax shall be (:)

((A) FOR THE REGISTRATION YEAR 1982, 34 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE;)

((B) FOR THE REGISTRATION YEAR 1983, 38 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE;)

((C) FOR THE REGISTRATION YEAR 1984, 42 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE;)

((D) FOR THE REGISTRATION YEAR 1985, AND EACH SUCCEEDING YEAR,) 45 percent of the tax imposed in the Minnesota base rate schedule.

On farm trucks having a gross weight of not more than 57,000 pounds during the ninth and succeeding years of vehicle life, the tax shall be (:)

((A) FOR THE 1982 REGISTRATION YEAR, 20 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE;)

((B) FOR THE 1983 REGISTRATION YEAR, 22 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE;)

((C) FOR THE 1984 REGISTRATION YEAR, 24 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE;)

((D) FOR THE 1985 REGISTRATION YEAR, AND EACH SUCCEEDING YEAR,) 27 percent of the Minnesota base rate schedule.

(2) On farm trucks having a gross weight of more than 57,000 pounds, the tax shall be 60 percent of the Minnesota base rate during the first eight years of vehicle life and 36 percent of the Minnesota base rate during the ninth and succeeding years, except as otherwise provided in this subdivision. On farm trucks having a gross weight of more than 57,000 pounds during the first eight years of vehicle life, the tax shall be (:)

((A) FOR THE REGISTRATION YEAR 1982, 38 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE;)

((B) FOR THE REGISTRATION YEAR 1983, 45 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE;)

((C) FOR THE REGISTRATION YEAR 1984, 53 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE;)

((D) FOR THE REGISTRATION YEAR 1985, AND EACH SUCCEEDING YEAR,) 60 percent of the tax imposed in the Minnesota base rate schedule.

On farm trucks having a gross weight of more than 57,000 pounds, during the ninth and succeeeding years of vehicle life, the tax shall be (:)

((A) FOR THE 1982 REGISTRATION YEAR, 23 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE;)

((B) FOR THE 1983 REGISTRATION YEAR, 27 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE;)

((C) FOR THE 1984 REGISTRATION YEAR, 31 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE;)

((D) FOR THE 1985 REGISTRATION YEAR, AND EACH SUCCEEDING YEAR,) 36 percent of the tax imposed in the Minnesota base rate schedule.

In addition to the gross weight tax imposed on a truck-tractor or truck used as a truck-tractor, each semitrailer shall be taxed a fee of $10 for a one year period or $50 for a five year period whichever the applicant elects.

Sec. 9. Minnesota Statutes 1984, section 168.013, subdivision 1e, is amended to read:

Subd. 1e. [TRUCKS; TRACTORS; COMBINATIONS; EXCEPTIONS.] On trucks and tractors except those in this chapter defined as farm trucks, (AND URBAN TRUCKS, AND) on truck-tractor and semitrailer combinations except those defined as farm combinations (AND URBAN COMBINATIONS), and on commercial zone vehicles, the tax based on total gross weight shall be graduated according to the Minnesota base rate schedule prescribed in this subdivision, but in no event less than $120.

Minnesota Base Rate Schedule

Scheduled taxes include five percent surtax provided for in subdivision 14

	TOTAL GROSS WEIGHT IN POUNDS	TAX
A	0 - 1,500	$ 15
B	1,501 - 3,000	20
C	3,001 - 4,500	25
D	4,501 - 6,000	35

E	6,001 - 9,000	45	
F	9,001 - 12,000	70	
G	12,001 - 15,000	105	
H	15,001 - 18,000	145	
I	18,001 - 21,000	190	
J	21,001 - 26,000	270	
K	26,001 - 33,000	360	
L	33,001 - 39,000	(470)	*475*
M	39,001 - 45,000	(590)	*595*
N	45,001 - 51,000	(710)	*715*
O	51,001 - 57,000	(860)	*865*
P	57,001 - 63,000	(1010)	*1015*
Q	63,001 - 69,000	(1180)	*1185*
R	69,001 - 73,280	(1320)	*1325*
S	73,281 - 78,000	(1520)	*1525*
T	78,001 - 81,000	(1620)	*1625*

For each vehicle with a gross weight in excess of 81,000 pounds an additional tax of $50 is imposed for each ton or fraction thereof in excess of 81,000 pounds, subject to subdivision 12.

Truck-tractors except those herein defined as farm (AND URBAN TRUCK-TRACTORS) and commercial zone vehicles shall be taxed in accord with the foregoing gross weight tax schedule on the basis of the combined gross weight of the truck-tractor and any semitrailer or semitrailers which the applicant proposes to combine with the truck-tractor. (IN ADDITION, TO THE GROSS WEIGHT TAX IMPOSED ON THE TRUCK-TRACTOR, EACH SEMITRAILER SHALL BE TAXED A FEE OF $10 FOR A ONE YEAR PERIOD OR $50 FOR A FIVE YEAR PERIOD WHICHEVER THE APPLICANT ELECTS.)

Commercial zone trucks include only trucks, truck-tractors, and semitrailer combinations which are:

(1) used by an authorized local cartage carrier operating under a permit issued under section 221.296 and whose gross transportation revenue consists of at least 60 percent obtained solely from local cartage carriage, and are operated solely within an area composed of two contiguous cities of the first class and municipalities contiguous thereto as defined by section 221.011, subdivision 17; or,

(2) operated by an interstate carrier registered under section 221.61 or 221.62, or by an authorized local cartage carrier or other carrier receiving operating authority under chapter 221, and operated solely within a zone exempt from regulation by the interstate commerce commission pursuant to United States Code, title 49, section 10526(b).

The license plates issued for commercial zone vehicles shall be plainly marked. A person operating a commercial zone vehicle outside the zone or area in which its operation is authorized is guilty of a misdemeanor and, in addition to the penalty therefor, shall have the registration of the vehicle as a commercial zone vehicle revoked by the registrar and shall be required to reregister the vehicle at 100 percent of the full annual tax prescribed in the Minnesota base rate schedule, and no part of this tax shall be refunded during the balance of the registration year.

On commercial zone trucks the tax shall be based on the total gross weight of the vehicle and during the first eight years of vehicle life shall be 75 percent of the Minnesota base rate schedule. During the ninth and succeeding years of vehicle life the tax shall be 50 percent of the Minnesota base rate schedule, except as otherwise provided in this subdivision. On commercial zone trucks, during the ninth and succeeding years of vehicle life, the tax shall be (:)

((A) FOR THE 1982 REGISTRATION YEAR, 35 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE;)

((B) FOR THE 1983 REGISTRATION YEAR, 40 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE;)

((C) FOR THE 1984 REGISTRATION YEAR, 45 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE;)

((D) FOR THE 1985 REGISTRATION YEAR, AND EACH SUCCEEDING YEAR,) 50 percent of the tax imposed in the Minnesota base rate schedule.

On trucks, truck-tractors and semitrailer combinations, except those defined as farm trucks and farm combinations, and except

for those urban trucks and combinations and commercial zone vehicles specifically provided for in this subdivision, the tax for the first eight years of vehicle life shall be 100 percent of the tax imposed in the Minnesota base rate schedule, and during the ninth and succeeding years of vehicle life, the tax shall be 75 percent of the Minnesota base rate prescribed by this subdivision, except as otherwise provided in this subdivision.

On trucks, truck-tractors and semitrailer combinations, except those defined as farm trucks and farm combinations, and except for those (URBAN TRUCKS AND COMBINATIONS AND) commercial zone vehicles specifically provided for in this subdivision, during each of the first eight years of vehicle life the tax shall be (:)

((A) FOR THE REGISTRATION YEAR 1982, 83 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE;)

((B) FOR THE REGISTRATION YEAR 1983, 89 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE;)

((C) FOR THE REGISTRATION YEAR 1984, 95 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE;)

((D) FOR THE REGISTRATION YEAR 1985, AND EACH SUCCEEDING YEAR,) 100 percent of the tax imposed in the Minnesota base rate schedule.

Sec. 10. Minnesota Statutes 1984, section 168.013, subdivision 1g, is amended to read:

Subd. 1g. [RECREATIONAL VEHICLES.] Self-propelled recreational vehicles shall be separately licensed and taxed annually on the basis of total gross weight and the tax shall be graduated according to the Minnesota base rate schedule prescribed in subdivision 1e, but in no event less than $20, except as otherwise provided in this subdivision.

For all self-propelled recreational vehicles, the tax for the ninth and succeeding years of vehicle life shall be (:)

((A) FOR THE 1982 REGISTRATION YEAR, 64 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE;)

((B) FOR THE 1983 REGISTRATION YEAR, 68 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE;)

((C) FOR THE 1984 REGISTRATION YEAR, 72 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE;)

((D) FOR THE 1985 REGISTRATION YEAR AND EACH SUCCEEDING YEAR,) 75 percent of the tax imposed in the Minnesota base rate schedule.

Towed recreational vehicles shall be separately licensed and taxed annually on the basis of total gross weight at 30 percent of the Minnesota base rate prescribed in subdivision 1e but in no event less than $5.

Notwithstanding any law to the contrary, all trailers and semitrailers taxed pursuant to this section shall be exempt from any wheelage tax now or hereafter imposed by any political subdivision or political subdivisions.

Sec. 11. Minnesota Statutes 1984, section 168.013, subdivision 16, is amended to read:

Subd. 16. [REPAIR AND SERVICING PERMIT.] Upon the written application of the owner of a motor vehicle registered and taxed as a commercial zone truck, (AN URBAN TRUCK,) a truck tractor, a semitrailer, or any combination thereof in accordance with this section, the registrar may grant permission in writing to such owner to operate such vehicle to and from a repair shop or service station outside of its licensed zone of operation for the limited purpose of repair or servicing. The application and any permit issued under this subdivision shall state the location of the repair or servicing facility, together with such other information and subject to such conditions as the registrar may specify. Any motor vehicle operated under such a permit shall carry no load.

Sec. 12. Minnesota Statutes 1984, section 168.021, subdivision 1, is amended to read:

Subdivision 1. [SPECIAL PLATES; APPLICATION FOR ISSUANCE.] When a motor vehicle registered under section 168.017, (OR A SELF-PROPELLED MOTOR VEHICLE WITH A MANUFACTURER'S RATED CAPACITY OF 2,000 POUNDS OR LESS,) or a self-propelled recreational vehicle, is owned or primarily operated by a physically handicapped person, the owner may apply for and secure from the registrar of motor vehicles two license number plates with attached emblems, one plate to be attached to the front, and one to the rear of the vehicle. Application for issuance of these plates must be made at the time of renewal or first application for registration.

Sec. 13. Minnesota Statutes 1984, section 168.09, is amended by adding a subdivision to read:

Subd. 5. On semitrailers as defined in section 168.011, subdivision 14, a number plate must be assigned to the registered owner as identification for the vehicle and correlate with the certificate of title documentation on file with the department. This number plate shall not display a year designator. The registration card must indicate the number plate for the number plate to be valid.

Sec. 14. Minnesota Statutes 1984, section 168.27, subdivision 11, is amended to read:

Subd. 11. [LICENSES.] Upon the filing of an application for a license and the proper fee, the registrar is authorized, unless the application on its face appears to be invalid, to grant a 90 day temporary license and during said 90 day period shall investigate the fitness of the applicant, inspect the site and make such other investigation as is necessary to insure compliance with the licensing law. The registrar may extend the temporary license 30 days. At the end of the period of investigation the license shall either be granted or denied. If the application is approved, the registrar shall license the applicant as a motor vehicle dealer for the remainder of the calendar year, and issue a certificate of license therefor as the registrar may provide upon which shall be placed a distinguishing number of identification of such dealer. Each initial application for a license shall be accompanied by a fee of $50 in addition to the annual fee. The annual fee shall be ($76) *$100*. All initial fees and annual fees which shall be paid into the state treasury and credited to the general fund. If the initial application is received by the registrar after July 1 of any year, the first annual fee shall be reduced by one-half.

Sec. 15. Minnesota Statutes 1984, section 168.29, is amended to read:

168.29 [DUPLICATE PLATES.]

In the event of the defacement, loss or destruction of any number plates, the registrar, upon receiving and filing a sworn statement of the vehicle owner, setting forth the circumstances of the defacement, loss, destruction or theft of the number plates, together with any defaced plates and the payment of the fee of $5 shall issue a new set of plates (, PROVIDED THAT IF THE $5 FEE EXCEEDS THE ANNUAL TAX, THE FEE SHALL BE THE SAME AS THE ANNUAL TAX. DUPLICATE PLATES FOR TAX EXEMPT VEHICLES LICENSED UNDER SECTION 168.012, SUBDIVISION 1, ARE FURNISHED BY THE REGISTRAR AT COST). The registrar shall then note on his records the issue of such new number plates and shall proceed in such manner as he may deem advisable to cancel and call in the original plates so as to insure against their use on another motor vehicle. Duplicate registration certificates plainly marked as duplicates may be issued in like cases upon the payment of $1 fee.

Sec. 16. Minnesota Statutes 1984, section 168.31, subdivision 4, is amended to read:

Subd. 4. [INSTALLMENTS.] If the tax for a vehicle assessed under section 168.013 or 168.187 amounts to more than $400, the owner may pay such tax by installments. The owner shall tender with his application for registration one-third of the annual tax due or $400, whichever is greater, plus any penalties or arrears, *plus a fee of $10. Instead of this fee, the applicant may furnish a bond, bank letter of credit, or certificate of deposit approved by the registrar of motor vehicles, for the total of the tax still due. The amount of the bond, letter of credit, or certificate of deposit may include any penalties which are assessed. The bond, letter of credit, or certificate of deposit shall be for the benefit of the state for monetary loss caused by failure of the vehicle owner to pay delinquent license fees and penalties.* The remainder of the tax due shall be paid in two equal installments; the due date of the first installment shall be the first day of the fifth month of the registration period for which the tax is assessed and the second installment shall be due on the first day of the ninth month of the registration period for which the tax is assessed. (THE REGISTRAR SHALL ISSUE NO REGISTRATION CERTIFICATE UNTIL THE FULL AMOUNT OF THE TAX HAS BEEN PAID. IN LIEU OF SUCH REGISTRATION CERTIFICATE, THE REGISTRAR SHALL ISSUE TO THE OWNER A RECEIPT FOR INSTALLMENTS PAID, WHICH RECEIPT SHALL BE DISPLAYED UPON THE WINDSHIELD OF THE VEHICLE AS EVIDENCE THAT UNDER THE PROVISIONS OF THIS SECTION THE VEHICLE MAY BE OPERATED ON THE STREETS AND HIGHWAYS OF THIS STATE.) *When the applicant elects to pay the administrative fee, the registrar shall issue to the applicant validation stickers for the installment paid. When the applicant elects to furnish a bond, bank letter, or letter of deposit, the registrar shall issue validation stickers for the registration year.* If an owner of a vehicle fails to pay an installment on or before the due date thereof, the vehicle shall not use the public streets or highways in this state until the installment or installments of the tax remaining due on such vehicle shall have been paid in full for the licensed year together with a penalty at the rate of $1 per day for the remainder of the month in which the balance of the tax becomes due and $4 a month for each succeeding month or fraction thereof during which the balance of the tax remains unpaid. Upon the payment of the balance of the tax and the penalties, the registrar shall issue a registration certificate to the owner of the vehicle in the manner provided by law. The registrar shall deny installment payment privileges provided in this subdivision in the subsequent year to any owner on any or all vehicles of such owner who during the current year fails to pay any installment due within one month after the due date.

Sec. 17. Minnesota Statutes 1984, section 168.33, subdivision 7, is amended to read:

Subd. 7. [FEES.] In addition to all other statutory fees and taxes, a filing fee *of $3.25* is imposed on every application (. THE FILING FEE SHALL BE $2.50 EFFECTIVE AUGUST 1, 1981, AND 3.25 EFFECTIVE JANUARY 1, 1983)*; except that a filing fee may not be charged for a document returned for a refund or for a correction of an error made by the department or a deputy registrar.* The filing fee shall be shown as a separate item on all registration renewal notices sent out by the department of public safety.

Sec. 18. Minnesota Statutes 1984, section 169.79, is amended to read:

169.79 [VEHICLE REGISTRATION.]

No person shall operate, drive or park a motor vehicle on any highway unless the vehicle is registered in accordance with the laws of this state and has the number plates for the current year only, as assigned to it by the commissioner of public safety, conspicuously displayed thereon in a manner that the view of any plate is not obstructed. *If the vehicle is a semitrailer, the number plate displayed must be assigned to the registered owner and correlate to the certificate of title documentation on file with the department and shall not display a year indicator.* If the vehicle is a motorcycle, motor scooter, motorized bicycle, motorcycle sidecar, trailer, semitrailer, or vehicle displaying a dealer plate, one plate shall be displayed on the rear thereof; if the vehicle is a truck-tractor, road-tractor or farm truck, as defined in section 168.011, subdivision 17, but excluding from that definition semitrailers and trailers, one plate shall be displayed on the front thereof; if it is any other kind of motor vehicle, one plate shall be displayed on the front and one on the rear thereof. All plates shall be securely fastened so as to prevent them from swinging. The person driving the motor vehicle shall keep the plate legible and unobstructed and free from grease, dust, or other blurring material so that the lettering shall be plainly visible at all times. *License plates issued to vehicles registered under section 168.017 must display the month of expiration in the lower left corner as viewed facing the plate and the year of expiration in the lower right corner as viewed facing the plate.*

Sec. 19. Minnesota Statutes 1984, section 171.02, subdivision 2, is amended to read:

Subd. 2. [VOLUNTEER FIREFIGHTERS; TRUCKS AND EMERGENCY EQUIPMENT; MIDMOUNT AERIAL LADDER TRUCK.] Drivers' licenses shall be classified according to the types of vehicles which may be driven by the holder of each type or class of license. The commissioner may, as appropriate, subdivide the classes listed in this subdivision and issue licenses classified accordingly. No class of license shall be valid to operate a motorcycle or school bus unless so endorsed. There shall be three general classes of licenses as follows:

(a) Class C; valid for all farm trucks as defined in section 168.011, subdivision 17, operated by the owner or an immediate member of his family or an employee not primarily employed for the purpose of operating the farm truck or employed for the purpose of operating the farm truck during harvest for the first, continuous transportation of agricultural products from the place of production or on farm storage site to any other location within 50 miles of the place of the production or on farm storage site, fire trucks and emergency fire equipment, regardless of the number of axles, and whether or not in excess of (24,000) *26,000* pounds GVW, driven or operated by volunteer firefighters while on duty, and all single unit two-axle vehicles not in excess of (24,000) *26,000* pounds GVW including vehicles with a temporary auxiliary axle as defined in section 169.67, subdivision 4. Holder may also tow trailers under 10,000 pounds GVW including house trailers. Buses as defined under this chapter may not be driven by a holder of a class C license. A person employed as a tillerman by a fire department may drive the rear portion of a midmount aerial ladder truck with a class C license.

(b) Class B; valid for all vehicles in class C and all other single unit vehicles including buses.

(c) Class A; valid for any vehicle or combination thereof.

Sec. 20. Minnesota Statutes 1984, section 171.06, subdivision 4, is amended to read:

Subd. 4. [APPLICATION, FILING.] Any applicant for an instruction permit, a driver's license, restricted license, or duplicate license may file an application with a clerk of the district court or at a state office. The clerk or state office shall receive and accept the application. To cover all expenses involved in receiving, accepting, or forwarding to the department applications and fees, the clerk of the district court may retain a county fee of $1 for each application for a Minnesota identification card, instruction permit, duplicate license, driver license, or restricted license. The amount allowed to be retained by the clerk of the district court shall be paid into the county treasury and credited to the general revenue fund of the county. The clerk of court shall forward all applications and fees, less the amount herein allowed to be retained for expense, to the department within (TEN DAYS OF THE RECEIPT BY HIM) *72 hours of the final day of any established reporting period.* The clerks of the district courts may appoint agents to assist in accepting applications, but the clerks shall require every agent to forward to the clerk by whom he is appointed all applications accepted and fees collected by him, except that an agent may retain one-half of the $1 county fee to cover his expenses involved in receiving, accepting or forwarding the applications and fees. The clerks of court shall be responsible for the acts of agents appointed by them and for the forwarding to the department of all applications accepted and those fees collected by agents and by themselves as are required to be forwarded to the department.

Sec. 21. Minnesota Statutes 1984, section 171.17, is amended to read:

171.17 [REVOCATION.]

The department shall forthwith revoke the license of any driver upon receiving a record of such driver's conviction of any of the following offenses:

(1) Manslaughter or criminal (NEGLIGENCE) *vehicular operation* resulting from the (OPERATING) *operation* of a motor vehicle;

(2) Any violation of section 169.121 *or 609.487*;

(3) Any felony in the commission of which a motor vehicle was used;

(4) Failure to stop and disclose identity and render aid, as required under the laws of this state, in the event of a motor vehicle accident resulting in the death or personal injury of another;

(5) Perjury or the making of a false affidavit or statement to the department under any law relating to the ownership or operation of a motor vehicle;

(6) Except as this section otherwise provides, conviction, plea of guilty, or forfeiture of bail not vacated, upon three charges of violating, within a period of 12 months any of the provisions of chapter 169, or of the rules, regulations, or municipal ordinances enacted in conformance therewith (FOR) which (THE ACCUSED MAY BE PUNISHED UPON CONVICTION BY IMPRISONMENT) *are certified by a court or defined in chapter 169 as a misdemeanor. For the purpose of driver license revocation under this section, a violation classified in chapter 169 as a petty misdemeanor, when preceded by two or more petty misdemeanor convictions within the immediately preceding 12-month period, is a misdemeanor*;

(7) Conviction of an offense in another state which, if committed in this state, would be grounds for the revocation of the driver's license.

When any judge of a juvenile court, or any of its duly authorized agents, shall determine, formally or informally, that any person under the age of 18 years has committed any offense defined in this section, such judge, or duly authorized agent, shall immediately report such determination to the department, and the commissioner shall immediately revoke the license of that person.

Upon revoking the license of any person, as hereinbefore in this chapter authorized, the department shall immediately notify the licensee, in writing, by depositing in the United States post-office a notice addressed to the licensee at his last known address, with postage prepaid thereon.

Sec. 22. Minnesota Statutes 1984, section 171.20, is amended by adding a subdivision to read:

Subd. 4. [REINSTATEMENT FEE.] *A person whose drivers license has been suspended under section 171.18 or 171.-182 must pay a $20 fee before the license is reinstated, except that a suspension may be rescinded without fee for good cause.*

Sec. 23. Minnesota Statutes 1984, section 171.21, is amended to read:

171.21 [(COPIES OF) *DEPARTMENT* RECORDS AS EVIDENCE.]

An official department record certified by the commissioner shall be received in any court in Minnesota as prima facie evidence of the driving record of the subject of the record. Copies of any of the files or records of the department certified by the commissioner as being true copies shall be received in evidence in any court in this state with the same force and effect as the originals.

Sec. 24. Minnesota Statutes 1984, section 171.321, subdivision 2, is amended to read:

Subd. 2. The (STATE BOARD OF EDUCATION AND THE) commissioner, *in consultation with the commissioner of education,* shall (JOINTLY) prescribe rules governing the qualifications of individuals to drive school buses.

Sec. 25. Minnesota Statutes 1984, section 297B.12, is amended to read:

297B.12 [(CONFIDENTIAL) *PRIVATE* NATURE OF INFORMATION.]

It shall be unlawful for the motor vehicle registrar, deputy registrars or any other public official or employee to divulge or otherwise make known in any manner any particulars disclosed in any purchaser's certificate or any information concerning affairs of any person making such certificate acquired from his records, officers or employees except in connection with (THE PROCEEDING INVOLVING TAXES DUE UNDER LAWS 1971, CHAPTER 853) *state or federal tax proceedings or upon request of the person named on the certificate.* Nothing herein contained should be construed to prohibit the publishing of statistics so classified as not to disclose the identity of particular purchasers' certificates and the contents thereof. Any person

violating the provisions of this section shall be guilty of a gross misdemeanor.

Sec. 26. Laws 1982, chapter 639, section 10, is amended to read:

Sec. 10. PUBLIC SAFETY. . . . . (100,000) *200,000*

To the commissioner of public safety to establish and equip a decentralized animated audio-visual traffic accident reconstruction system. (THIS MONEY SHALL BE USED IN CONJUNCTION WITH FEDERAL GRANTS OR PRIVATE CONTRIBUTIONS.) This appropriation is from the trunk highway fund.

Sec. 27. [TRANSFERRING RESPONSIBILITIES; AUTHORITY.]

(a) The responsibilities, as defined in Minnesota Statutes, section 15.039, subdivision 1, held by the Minnesota department of transportation, relating to enforcement of motor carrier and hazardous material transportation regulations, rules, and laws, are transferred to the state patrol division of the department of public safety pursuant to Minnesota Statutes, section 15.039.

(b) The 19 employees of the enforcement section, office of motor carrier safety and compliance, department of transportation are transferred to the department of public safety pursuant to section 15.039, subdivision 7.

The commissioner of finance, pursuant to Minnesota Statutes, section 15.039, subdivision 6, shall allocate proportionately the unexpended balance of any appropriation for the transfer or agency that is represented by the transferred responsibilities and employees to the transferee agency.

Sec. 28. [INVESTIGATIONS; HEARINGS; REORGANIZATION ORDERS.]

The commissioner of administration shall exercise the powers and procedures authorized by Minnesota Statutes, sections 16B.36, 16B.37, and other applicable laws to effect the purposes of section 26 without undue delay.

Sec. 29. [REPORT TO THE LEGISLATURE.]

Pursuant to Minnesota Statutes, section 16B.37, the commissioner of administration, no later than January 15, 1986, shall submit to the legislature a bill making all statutory changes required by reorganization orders necessary to effect the purposes of sections 26 and 27 and issued by the commissioner during 1985, or otherwise required to effect the purposes of this act.

Sec. 30. [REPEALER.]

Minnesota Statutes 1984, section 168.013, subdivision 1i; and 168.105, subdivision 4, are repealed.

Sec. 31. [EFFECTIVE DATE.]

Sections 27 to 29 are effective July 1, 1985."

Delete the title and insert:

"A bill for an act relating to public safety; motor vehicles; clarifying penalties for failure to provide security for basic reparation benefits; defining terms; requiring certification procedure to obtain tax-exempt passenger vehicle license plates for unmarked vehicle of law enforcement agency; reducing 2,000-pound weight limitation to three-fourths ton for motor vehicles in certain situations; exempting certain returned motor vehicle registration documents from filing fee; regulating format of certain license plates; increasing weight of vehicles which may be operated with class "C" driver's license; prescribing filing period for clerk of district court to forward drivers license applications and fees to department of public safety; requiring revocation of driver's license upon conviction of crime of fleeing from peace officer; expanding definition of misdemeanor for purpose of driver's license revocation; authorizing prima facie evidentiary status for certified department driver records; authorizing commissioner of public safety to promulgate school bus driver qualification rules; authorizing access to certain private vehicle tax information under certain conditions; transferring certain motor carrier enforcement responsibilities and personnel between agencies; prescribing fees; providing for a traffic accident reconstruction system; appropriating money; amending Minnesota Statutes 1984, sections 65B.67, subdivision 4; 168.011, subdivisions 4, 28, and 29; 168.012, subdivision 1, and by adding subdivisions; 168.013, subdivisions 1c, 1e, 1g, and 16; 168.021, subdivision 1; 168.09, by adding a subdivision; 168.27, subdivision 11; 168.29; 168.31, subdivision 4; 168.33, subdivision 7; 169.79; 171.02, subdivision 2; 171.06, subdivision 4; 171.17; 171.20, by adding a subdivision; 171.21; 171.321, subdivision 2; 297B.12; and Laws 1982, chapter 639, section 10; repealing Minnesota Statutes 1984, sections 168.013, subdivision 1i; and 168.105, subdivision 4."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Governmental Operations.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 1189, A bill for an act relating to metropolitan government; metropolitan transit; establishing requirements relating to membership on the regional transit board; funding the local transit subsidy program; providing for the distribution of local transit assistance funds in the metropolitan area by the regional transit board; extending unclassified coverage to certain employees; giving the transit board condemnation authority; expanding the transit commission to five members and providing per diem compensation for its chair; making various changes in contract transit programs; authorizing issuance of bonds by the board; giving the board authority over regular route fares; appropriating money; amending Minnesota Statutes 1984, sections 15.0591, subdivision 2; 174.32, subdivisions 1 and 2; 352D.02, subdivision 1; 473.373, subdivision 4; 473.375, subdivision 4; 473.384, subdivision 6; 473.386, subdivision 2; 473.39, by adding a subdivision; 473.404, subdivisions 2, 3, and 7; and 473.408, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 15.0591, subdivision 2, is amended to read:

Subd. 2. [BODIES AFFECTED.] A member meeting the qualifications in subdivision 1 shall be appointed to the following boards, commissions, advisory councils, task forces, or committees:

(1) advisory council on battered women;

(2) advisory task force on the use of state facilities;

(3) alcohol and other drug abuse advisory council;

(4) board for community colleges;

(5) board of examiners for nursing home administrators;

(6) board on aging;

(7) cable communications board;

(8) chiropractic examiners board;

(9) consumer advisory council on vocational rehabilitation;

(10) council for the handicapped;

(11) council on affairs of Spanish-speaking people;

(12) council on black Minnesotans;

(13) dentistry board;

(14) department of economic security advisory council;

(15) higher education coordinating board;

(16) housing finance agency;

(17) Indian advisory council on chemical dependency;

(18) medical examiners board;

(19) medical policy directional task force on mental health;

(20) (METROPOLITAN TRANSIT COMMISSION OR ITS SUCCESSOR) *regional transit board*;

(21) Minnesota emergency employment development task force;

(22) Minnesota office of volunteer services advisory committee;

(23) Minnesota state arts board;

(24) mortuary sciences advisory council;

(25) nursing board;

(26) optometry board;

(27) pharmacy board;

(28) physical therapists council;

(29) podiatry board;

(30) psychology board;

(31) veterans advisory committee.

Sec. 2. Minnesota Statutes 1984, section 174.32, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT; PURPOSE.] A transit assistance program is established to provide transit assistance within the state (. THE COMMISSIONER SHALL PROVIDE FINANCIAL ASSISTANCE) from the fund created in subdivision 2 to eligible recipients for transit service activities as provided in this section.

Sec. 3. Minnesota Statutes 1984, section 174.32, subdivision 2, is amended to read:

Subd. 2. [TRANSIT ASSISTANCE FUND; DISTRIBUTION.] A transit assistance fund is created for the purpose of receiving money distributed under section 297B.09. (THE COMMISSIONER SHALL DISTRIBUTE 80) *Eighty* percent of the

receipts of the fund *must be placed into a metropolitan account for distribution* to recipients located in the metropolitan area and 20 percent *into a separate account for distribution* to recipients located outside of the metropolitan area. *The regional transit board created by section 473.373 is responsible for distributing assistance from the metropolitan account, and the commissioner is responsible for distributing assistance from the other account.*

Sec. 4. Minnesota Statutes 1984, section 174.32, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE RECIPIENTS.] A legislatively established public transit commission; a public authority organized and existing under chapter 398A; a county or statutory or home rule charter city operating, intending to operate, or providing financial assistance to a transit service; a rail authority; or a private operator of public transit is eligible for assistance under the program. *The National Railroad Passenger Corporation, known as Amtrak, and any trolley system outside the metropolitan area are not eligible for assistance under the program.*

Sec. 5. Minnesota Statutes 1984, section 352D.02, subdivision 1, is amended to read:

Subdivision 1. [COVERAGE.] The following employees, if they are in the unclassified service of the state and are eligible for coverage under the Minnesota state retirement system, shall participate in the unclassified program unless an employee gives notice to the executive director of the state retirement system within one year following the commencement of employment in the unclassified service that the employee desires coverage under the regular employee plan. For the purposes of this chapter, an employee who does not file notice with the executive director shall be deemed to have exercised the option to participate in the unclassified plan.

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

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

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

(4) Any person employed in a position established pursuant to section 43A.08, subdivision 1, clause (c), or subdivision 1a or in a position authorized under a statute creating or establishing a department or agency of the state, which is at the deputy or assistant head of department or agency or director level,

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

(6) The executive director, associate executive director, and not to exceed nine positions of the higher education coordinating board in the unclassified service, as designated by the higher education coordinating board; provided that upon initial designation of all positions provided for in this clause, no further designations or redesignations shall be made without approval of the board of directors of the Minnesota state retirement system,

(7) The clerk of the appellate courts appointed pursuant to Article VI, Section 2, of the Constitution of the state of Minnesota,

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

(9) Any employee whose principal employment is at the state ceremonial house,

(10) Employees of the Minnesota educational computing corporation, and

(11) Any employee of the world trade center board.

Sec. 6. Minnesota Statutes 1984, section 473.373, subdivision 4, is amended to read:

Subd. 4. [TERMS.] The initial terms of members and the chair *appointed under Laws 1984, chapter 654, article 3, section 116,* commence on the first day after July 1, 1984, that the chair and at least seven other members have been appointed and quali-

fied *and expire on the first day that the chair and eight members appointed under section 473.141 and this section are appointed and qualified. By July 1, 1985, the appointing authorities shall appoint a chair and eight members from the districts defined in section 473.141.* The *initial* terms of members and the chair *appointed in 1985* are as follows: members representing commission districts (, B, E, F, J, K, L, AND N,) *A, B, C, and D* and the chair of the board, for terms ending the first Monday in January of the year ending in the numeral "7"; members representing commission districts (A, C, D, G, H, I, AND M,) *E, F, G, and H* for terms ending the first Monday in January of the year ending in the numeral "9." *Thereafter the term of each member and the chair is four years, subject to the provisions on apportionment, successor qualification, removal, and vacancy of section 473.141, subdivisions 4a, 5, and 6.*

Sec. 7. Minnesota Statutes 1984, section 473.375, subdivision 4, is amended to read:

Subd. 4. [PROPERTY.] The board may acquire by purchase, lease, gift, or grant property and interests in property necessary for the accomplishment of its purposes and may sell or otherwise dispose of property which it no longer requires. The board may not rent or lease any premises from a recipient of financial assistance from the board. *Except for the rental or lease of its office space, the board may not acquire or hold any permanent or temporary right, title, or interest in or to real property, including easements or development rights.*

Sec. 8. Minnesota Statutes 1984, section 473.375, is amended by adding a subdivision to read:

Subd. 17. [AUDIT.] *The board must be audited at least once each year. The board may elect to be audited by a certified public accountant or by the state auditor. If the board chooses the state auditor, the state auditor shall audit, either directly or by subcontract, the board's financial accounts and affairs at least once each year. The information in the audit must be contained in the annual report and distributed in accordance with section 473.445, subdivision 3. The board shall pay the total cost of the audit, including the salaries paid to the examiners while actually engaged in making the examination. The state auditor may bill monthly or at the completion of the audit. All collections received for the state audits must be deposited in the revolving fund of the state auditor.*

Sec. 9. Minnesota Statutes 1984, section 473.38, subdivision 2, is amended to read:

Subd. 2. [FINANCIAL PLAN; COUNCIL APPROVAL.] Along with its annual budget, each year the board shall prepare a financial plan for the succeeding three calendar years, *in half-*

year segments. The financial plan must be consistent with the board's implementation plan and must contain the elements specified in section 473.377, subdivision 2, clauses (a), (e), (f), and (g). The financial plan prepared in even-numbered years must contain a proposed request for state financial assistance for the succeeding biennium. The board shall submit the financial plan to the council for review and approval or disapproval. The council may approve or disapprove in whole or in part. The council may disapprove only for inconsistency with the policy plan of the council.

Sec. 10. Minnesota Statutes 1984, section 473.384, subdivision 6, is amended to read:

Subd. 6. [FINANCIAL ASSISTANCE FOR CERTAIN PROVIDERS.] The board shall provide financial assistance to recipients who were receiving assistance by contract with the commissioner of transportation under Minnesota Statutes 1982, section 174.24, subdivision 3 on the effective date of this section so that the percentage of total operating cost, as defined by the board, paid by the recipient from all local sources of revenue, including operating revenue, does not exceed the percentage for *the recipient's classification as determined by the commissioner* of transportation under his final contract with the recipient. The board may include funds received under section 473.446, subdivision 1a, as a local source of revenue. The remainder of the total operating cost will be paid by the board less all assistance received by the recipient for that purpose from any federal source.

If a recipient informs the board in writing prior to the distribution of financial assistance for any year that paying its designated percentage of total operating cost from local sources will cause undue hardship, the board may adjust the percentage as it deems equitable. If for any year the funds available to the board are insufficient to allow the board to pay its share of total operating cost for those recipients, the board shall reduce its share in each classification to the extent necessary.

Sec. 11. Minnesota Statutes 1984, section 473.386, subdivision 2, is amended to read:

Subd. 2. [FINANCING; IMPLEMENTATION; MANAGEMENT AND ADVISORY GROUPS.] The board shall contract for services necessary for the project's operation. All transportation service provided through the project must be provided under a contract between the board and the provider which specifies the service to be provided and the rates for providing it. The board shall establish (A COMMITTEE TO SET) management policies for the project. (THE MANAGEMENT POLICY COMMITTEE MUST INCLUDE THE CHAIRMAN OF THE BOARD OR HIS DESIGNEE, REPRESENTATIVES OF PER-

SONS CONTRACTING TO PROVIDE SERVICES FOR THE PROJECT, REPRESENTATIVES OF USERS OF THE SERVICE, AND REPRESENTATIVES OF APPROPRIATE AGENCIES. THE MEETINGS OF THE MANAGEMENT POLICY COMMITTEE ARE PUBLIC AND MINUTES OF ALL MEETINGS MUST BE TAKEN, PRESERVED, AND MADE AVAILABLE FOR PUBLIC INSPECTION.) The board shall establish an advisory (TASK FORCE) *committee* of individuals representing the elderly, handicapped, and other users of service provided by the project, *representatives of persons contracting to provide services for the project, and representatives of appropriate agencies* to advise the *board on* management (POLICY COMMITTEE) *policies for the project.*

Sec. 12. Minnesota Statutes 1984, section 473.388, is amended to read:

473.388 [REPLACEMENT SERVICE PROGRAM.]

Subdivision 1. [PROGRAM ESTABLISHED.] A replacement service program is established to continue the metropolitan transit service demonstration program established in Minnesota Statutes 1982, section 174.265, as provided in this section.

Subd. 1a. [DEFINITIONS.] *For purposes of this section "available local transit funds" means 90 percent of the tax revenues which would accrue to the board from the tax it levies under section 473.446 in the applicant city or town or combination thereof.*

Subd. 2. [REPLACEMENT SERVICE; ELIGIBILITY.] The transit board may provide assistance *by contract* under the program to a statutory or home rule charter city or town or combination thereof, that:

(a) is located in the metropolitan transit taxing district;

(b) is not served by the transit commission or is served only with transit commission bus routes which begin or end within the applying city or town or combination thereof; and

(c) has fewer than four scheduled runs of metropolitan transit commission bus service during off-peak hours defined in section 473.408, subdivision 1.

Eligible cities or towns or combinations thereof may apply on behalf of a transit operator with whom they propose to contract for service.

The board may not provide assistance under this section to a statutory or home rule charter city or town unless the city or town was receiving assistance under Minnesota Statutes 1982,

section 174.265 or had submitted an application or a letter of intent to apply for assistance under that section by July 1, 1984.

Subd. 3. [APPLICATION FOR ASSISTANCE.] An application for assistance under this section must:

(a) describe the existing service provided to the applicant by the transit commission, including the estimated number of passengers carried and the routes, schedules, and fares;

(b) describe the transit service proposed for funding under the (DEMONSTRATION) *replacement service* program, including the anticipated number of passengers and the routes, schedules, and fares; and

(c) indicate the total amount of available local transit funds, the portion of the available local transit funds proposed to be used to subsidize replacement services, and the amount of assistance requested for the replacement services.

Subd. 4. [FINANCIAL ASSISTANCE.] The board may (GRANT) *agree to provide* the requested financial assistance if it determines that the proposed service*: (1)* is consistent with the approved implementation plan (AND), *(2)* is intended to replace the service to the applying city or town or combination thereof by the transit commission, and (THAT THE PROPOSED SERVICE) *(3)* will meet the needs of the applicant at least as efficiently and effectively as the existing service.

The amount of assistance which the board may provide under this section may not exceed the sum of:

(a) the portion of the available local transit funds which the applicant proposes to use to subsidize the proposed service; and

(b) *from state funds made available to the board,* an amount of financial assistance bearing an identical proportional relationship to the amount under clause (a) as the total amount of *state-funded* financial assistance to the transit commission bears to the total amount of *assistance to the transit commission from* taxes collected by the board under section 473.446. (THE BOARD SHALL PAY THE AMOUNT TO BE PROVIDED TO THE RECIPIENT FROM THE ASSISTANCE THE BOARD WOULD OTHERWISE PAY TO THE TRANSIT COMMISSION.)

(FOR PURPOSES OF THIS SECTION "AVAILABLE LOCAL TRANSIT FUNDS" MEANS 90 PERCENT OF THE TAX REVENUES WHICH WOULD ACCRUE TO THE BOARD FROM THE TAX IT LEVIES UNDER SECTION 473.446 IN THE APPLICANT CITY OR TOWN OR COMBINATION THEREOF.)

Subd. 5. [OTHER ASSISTANCE.] A city or town receiving assistance under this section may also receive assistance from the board under section 473.384. In applying for assistance under that section an applicant must describe the portion of the available local transit funds which (ARE) *is* not obligated to subsidize replacement service and which the applicant proposes to use to subsidize additional service. An applicant which has exhausted its available local transit funds may use any other local subsidy funds to complete the required local share.

Subd. 5a. [OPTION TO INCREASE AVAILABLE LOCAL FUNDS; STATE MATCH.] *For the purpose of increasing the amount of available local transit funds, a city or town that is applying for assistance under this section or under this section and section 473.384 may elect to be excluded from any tax reduction otherwise required by section 473.446, subdivision 1. The election may be made, following approval of the application by the board, for taxes payable in 1986 and for each year thereafter that the city or town has a contract with the board for assistance under the program. The county auditor may not reduce the tax as required under section 473.446, subdivision 1, in each year that a city or town notifies the auditor that it has elected to be excluded from the reduction and has entered into a contract with the board to use the additional available local transit funds as the local share required for transit assistance under this section or section 473.384.*

Subd. 6. [ASSUMPTION OF PROGRAM.] The board shall certify to the commissioner of transportation when it has adopted an approved interim implementation plan and is ready to assume responsibility for the metropolitan transit service demonstration program administered by the commissioner under Minnesota Statutes 1982, section 174.265. On receipt of the certification (BY), the commissioner (HE) shall make no further contracts under that program and shall assign all contracts then in effect under that program to the board, and the contracts at that time become obligations of the board.

Sec. 13. [473.389] [TRANSIT DEMONSTRATION PROJECTS.]

Subdivision 1. [REQUEST FOR PROPOSALS.] *In order to encourage local and private initiative in transit projects under sections 473.384, 473.386, and 473.388, the board shall request proposals for projects designed to demonstrate methods of improving the efficiency and effectiveness of public transit service for specific service areas or markets within the metropolitan area. The board shall issue the requests by publication in newspapers of general circulation in the area and by mail to operators of transit in the area, to organizations representing users of transit, and to each metropolitan county, statutory and home rule charter city, and town in the area. The notice must include a general description of the transit policies of the council and the*

board; the availability of planning data from the council, the board, and the transit commission; and the financial and other assistance the board is able to provide under this section and sections 473.382 to 473.388.

Subd. 2. [CONTENT OF PROPOSALS.] *A proposal must contain at least the following information:*

(a) a method and schedule for evaluating and reporting on the success of the demonstration project, specific standards and criteria for judging whether the project is successful, and a specific date for terminating the project if it proves unsuccessful;

(b) a description of the financial and other resources that the proposer is able to commit to the demonstration project over a specified period of time and the financial or other constraints that hinder the development and implementation of the project;

(c) a request for a specific amount of financial or other assistance from the board over a specified period of time.

Subd. 3. [LOCAL REVIEW AND PARTICIPATION.] *On each proposal received, the board shall request review and comment from each city, town, and county in a proposed geographic service area that is not a participant in submitting the proposal. The board may request the city, town, or county to commit financial or other resources to the demonstration project.*

Subd. 4. [TIME FOR PROPOSALS.] *The board shall issue the first round of requests for proposals under this section by July 1, 1985. Proposals must be returned to the board for consideration in the first round by January 1, 1985. The board shall evaluate and act to approve or disapprove proposals submitted in the first round by April 1, 1986.*

Sec. 14. Minnesota Statutes 1984, section 473.39, is amended to read:

473.39 [BORROWING MONEY.]

Subdivision 1. [GENERAL AUTHORITY.] The (TRANSIT BOARD) *council*, if (AUTHORIZED) *requested* by vote of at least two-thirds of all (ITS) *of the* members *of the transit board*, may borrow money on terms, and in the manner (IT) *the council* deems proper *to provide funds for expenditure by the board to implement its approved capital development program. The council may not unreasonably withhold the issuance of obligations for a capital development program that has been approved by the council.* The (BOARD) *council* may not issue obligations pursuant to this subdivision in excess of the amount specifically authorized by law. A loan made under this section

and interest thereon shall by payable from collections of any funds of the board not otherwise appropriated by law and not otherwise pledged by resolution of the board. The loans may be evidenced by certificates of indebtedness, bonds, or other obligations, to which the board *and council* may pledge money received upon collection of the tax authorized by section 473.446 or received as proceeds of bonds issued under this section or any other revenue of the board. The loans may also be secured by a security interest in property acquired in whole or in part from their proceeds. The obligations are not a charge, lien, or encumbrance upon and may not be enforced against any property of the board *or council* except tax collections and bond proceeds specifically pledged (BY THE BOARD) and security interests granted by (IT) *by the board and council.* In the enforcement or collection of the obligations, exercise of the taxing power of the board *or council* may not be required unless the board (HAS) *and council have* specifically pledged tax levies or tax collections authorized by section 473.446 to the payment of the obligations. The obligations are not a debt of the state or any municipality or political subdivision within the meaning of any debt limitation or requirement pertaining to those entities. Neither the state, nor any municipality or political subdivision except the *council and* board, nor any member or officer or employee of (IT) *the board or council,* is liable on the obligations.

Subd. 1a. [AMOUNT.] *The council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding $7,000,000 for expenditure as prescribed in the capital development program of the board required by section 473.377, subdivision 2, clause (a).*

Subd. 2. [LEGAL INVESTMENTS.] Certificates of indebtedness, bonds, or other obligations issued by the (BOARD) *council* to which tax levies have been pledged pursuant to section 473.446, are proper for investment of any funds by a bank, savings bank, savings and loan association, credit union, trust company, insurance company, or public or municipal corporation, and may be pledged by any bank, savings bank, savings and loan association, credit union, or trust company as security for the deposit of public money.

Subd. 3. [TEMPORARY BORROWING.] After the board has adopted a budget, the (BOARD) *council* may borrow money in amounts (IT DEEMS NECESSARY) *the board requests,* which may be used or expended by the board for any purpose, including but not limited to current expenses, capital expenditures, and the discharge of any obligation or indebtedness of the board. The indebtedness must be represented by a note or notes which may be issued from time to time in any denomination and sold at public or private sale pursuant to a resolution authorizing their issuance. The resolution must set forth the form and manner of execution of the notes and must contain other terms and conditions the board (DEEMS) *and council deem* necessary

or desirable to provide security for the holders of the notes. The note or notes are payable from committed or appropriated money from taxes, grants or loans of the state or federal government made to the board, or other revenues of the board, and the money may be pledged to the payment of the notes. To the extent the notes are not paid from the grant or loan money pledged for the payment thereof, the principal and interest of the notes must be paid from any taxes, income, and revenue received or accrued during the fiscal year in which the note or notes were issued, or other money of the board lawfully available therefor.

Sec. 15. [473.398] [RAIL TRANSIT.]

Subdivision 1. [RESTRICTION.] *The metropolitan council, the regional transit board, and the metropolitan transit commission may not, separately or in combination, expend or obligate any money from any source for study, planning, design, engineering, acquisition, construction, or any other purpose relating to facilities for transporting passengers by cars operating on fixed rails, except as provided in subdivisions 2 and 3. No political subdivision in the metropolitan area, either by itself or by arrangement with another person, may commence or continue to plan, design, engineer, acquire, or construct such facilities without first submitting the proposed undertaking to the regional transit board for review and approval or disapproval. If the board approves a proposal submitted by a political subdivision under this section, no public funds may be spent or obligated until the proposal is submitted to the ballot of voters in the political subdivision making the proposal, except as otherwise provided in subdivisions 2 and 3.*

Subd. 2. [SERVICE CHARGE; STATE MATCH.] *Any city having a circulation service area under section 473.408, subdivision 4, may establish a transit service improvement board. The improvement board must be appointed by the governing body of the city and must consist of no more than six members, two members representing the city and four members representing owners of property within the service area. The improvement board shall elect a chair and other officers it deems necessary. An improvement board may act singly or by joint agreement under section 471.59 with any local government unit and with an improvement board established within any other city. An improvement board may elect to have imposed a service charge within the service area up to an annual rate of $. . . . per square foot of building space on all property classified under section 273.13, subdivision 9, for the purpose of preparing and implementing a transit service improvement plan for the service area and related design and engineering studies. The plan may include replacement service, new service within or to the service area, or circulator service, using buses, vans, cars operating on fixed rails, or other means. The transit service improvement plan must be submitted to the regional transit board before imple-*

mentation for review and approval or disapproval. An improvement board electing to have imposed a service charge under this subdivision must have the approval of the regional transit board and must notify the county auditor by September 1 of the election for the next succeeding calendar year. The county auditor shall assess the service charge against property within the boundaries of the district, as approved by the regional transit board. The service charge must be listed on the property tax statement. Collection, enforcement, and penalties are as provided for taxes on the property. The proceeds of the charge must be paid to the regional transit board, as provided for property taxes collected under section 473.446, for transfer to the improvement board. From state funds made available to the regional transit board, the regional board shall pay to the improvement board an amount equal to the local funding made available as a result of the election under this subdivision.

Subd. 3. [RAIL TRANSIT PLANS.] *Any plan prepared under subdivision 2 for fixed rail transit facilities must provide for 50 percent funding of the acquisition and operation of the facilities by a service charge in the service area.*

Sec. 16. Minnesota Statutes 1984, section 473.404, subdivision 7, is amended to read:

Subd. 7. [COMPENSATION.] Each member, *including the chair*, must be compensated as provided *for commission members* in section 473.141, subdivision 7.

Sec. 17. Minnesota Statutes 1984, section 473.405, subdivision 12, is amended to read:

Subd. 12. [MANAGEMENT CONTRACTS.] Notwithstanding any of the other provisions of sections 473.401 to 473.451, the commission may, in lieu of directly operating any public transit system or any part thereof, enter into contracts for management services. The contracts may provide for compensation, incentive fees, the employment of personnel, the services provided, and other terms and conditions that the commission deems proper.

The commission may not permit a contract manager to supervise or manage internal audit activities. Internal audit activity must be supervised and managed directly by the commission. The commission shall advertise for bids and select contracts for management services through competitive bidding. The term of the contract may not be longer than two years. The contract must include clear operating objectives, stating the service policies and goals of the commission in terms of the movement of various passenger groups, and performance criteria, by means of which success in achieving the operating objectives can be measured. (EMPLOYEES OF A CONTRACT MANAGER MAY SERVE ONLY IN THE OPERATIONS DIVISION.) The com-

mission shall consider and determine the feasibility and desirability of having all its transit management services provided internally by employees of the commission.

The employees of any public transit system operated pursuant to the provisions of this subdivision for the purpose of resolving any dispute arising under any existing or new collective bargaining agreement relating to the terms or conditions of their employment, may either engage in a concerted refusal to work or to invoke the processes of final and binding arbitration as provided by chapter 572, subject to any applicable provisions of the agreement not inconsistent with law.

Sec. 18. Minnesota Statutes 1984, section 473.408, is amended by adding a subdivision to read:

Subd. 2a. [BOARD AUTHORITY.] *The board is responsible for establishing and enforcing uniform fare policies for transit in the metropolitan area. The policies must be stated in the board's three-year transit service implementation and financing plan. The policies must be consistent with the requirements of this section and the council's transportation policy plan. The policies in the board's approved plan replace and supersede all legislative restrictions and mandates with respect to fares except those stated in this section. The commission and other operators shall charge fares in accordance with the policies prescribed in the approved implementation plan of the transit board. The commission and other operators shall submit their fare schedules to the board for approval.*

Sec. 19. Minnesota Statutes 1984, section 473.408, subdivision 4, is amended to read:

Subd. 4. [(DOWNTOWN) CIRCULATION FARES.] The commission and other operators may charge (NOT LESS THAN TEN CENTS) *a reduced fare* for service on any route providing circulation service in a downtown area or community activity center. The commission and other operators shall not contribute more than 50 percent of the operating deficit of any such route that is confined to a downtown area or community activity center. *The boundaries of service districts eligible for reduced fares under this subdivision must be approved by the board.*

Sec. 20. Minnesota Statutes 1984, section 473.435, subdivision 2, is amended to read:

Subd. 2. [AUDIT.] *The commission must be audited at least once each year. The commission may elect to be audited by a certified public accountant or by the state auditor. If the commission chooses the state auditor,* the (TRANSIT COMMISSION SHALL EMPLOY A CERTIFIED PUBLIC ACCOUNTANT OR FIRM TO) *state auditor shall* make an

(ANNUAL) audit, *either directly or by subcontract,* of the commission's financial accounts and affairs (FOR THE LAST FISCAL YEAR ON OR BEFORE NOVEMBER 30 OF EACH YEAR, AND) *at least once each year.* Copies of the *auditor's* report (THEREOF) shall be filed and kept open to public inspection in the offices of the secretary of the commission, the board, and the secretary of state. The information in the audit shall be contained in the annual report and distributed in accordance with section 473.445. *The commission shall pay the total cost of the audit, including the salaries paid to the examiners while actually engaged in making the examination. The state auditor may bill monthly or at the completion of the audit. All collections received for the state audits must be deposited in the revolving fund of the state auditor.*

Sec. 21. Minnesota Statutes 1984, section 473.446, subdivision 1, is amended to read:

473.446 [TRANSIT TAX LEVIES.]

Subdivision 1. [TAXATION WITHIN TRANSIT TAXING DISTRICT.] For the purposes of sections 473.401 to 473.451 and the metropolitan transit system, except as otherwise provided in this subdivision the regional transit board shall levy each year upon all taxable property within the metropolitan transit taxing district, defined in subdivision 2, a transit tax consisting of:

(a) An amount up to two mills times the assessed value of all such property, based upon the level of transit service provided for the property, the proceeds of which shall be used for payment of the expenses of operating transit and paratransit service;

(b) An additional amount, if any, as the commission determines to be necessary to provide for the full and timely payment of its certificates of indebtedness and other obligations outstanding on July 1, 1977, to which property taxes under this section have been pledged; and

(c) An additional amount necessary to provide full and timely payment of certificates of indebtedness, bonds, or other obligations issued or to be issued (PURSUANT TO SECTION) *under sections* 473.436 *and 473.39* for purposes of acquisition and betterment of property and other improvements of a capital nature and to which the commission *or board* has specifically pledged tax levies under this clause.

The county auditor shall reduce the tax levied pursuant to this subdivision on all property within *statutory and home rule charter* cities (OR) *and* towns that receive full peak service and limited off-peak service by an amount equal to the tax levy that would be produced by applying a rate of 0.5 mills on the prop-

erty. The county auditor shall reduce the tax levied pursuant to this subdivision on all property within *statutory and home rule charter* cities (OR) *and* towns that receive limited peak service by an amount equal to the tax levy that would be produced by applying a rate of 0.75 mills on the property. The amounts so computed by the county auditor shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner shall review the certifications to determine their accuracy. He may make changes in the certification as he may deem necessary or return a certification to the county auditor for corrections. The commissioner shall pay to the regional transit board the amounts certified by the county auditors on the dates provided in section 273.13, subdivision 15a, clause (3). There is annually appropriated from the general fund in the state treasury to the department of revenue the amounts necessary to make these payments in fiscal year 1987 and thereafter.

For the purposes of this subdivision, "full peak and limited off-peak service" means peak period *regular route* service, plus weekday midday *regular route* service (WITH A FREQUENCY OF MORE) *at intervals longer* than 60 minutes on the route with the greatest frequency; and "limited peak period service" means peak period *regular route* service only.

Sec. 22. Minnesota Statutes 1984, section 473.446, subdivision 1a, is amended to read:

Subd. 1a. [TAXATION WITHIN TRANSIT AREA.] For the purposes of sections 473.401 to 473.451, and the metropolitan transit system, the (METROPOLITAN TRANSIT COMMISSION) *regional transit board* shall levy upon all taxable property within the metropolitan transit area but outside of the metropolitan transit taxing district, defined in subdivision 2, a transit tax, which shall be equal to ten percent of the sum of the levies provided in subdivision 1, clauses (a) to (c). The proceeds of this tax shall be used only for paratransit services or ride sharing programs designed to serve persons located within the transit area but outside of the transit taxing district.

Sec. 23. Minnesota Statutes 1984, section 473.446, subdivision 2a, is amended to read:

Subd. 2a. [PROTECTION OF RIGHTS OF HOLDERS OF OUTSTANDING INDEBTEDNESS.] The provisions of subdivisions 1 and 2 or any other law changing the boundaries of the metropolitan transit taxing district or reducing the levy otherwise required to be levied within the district shall not be deemed to impair the rights of holders of outstanding indebtedness (OF THE COMMISSION) to require the (CERTIFICATION TO THE TRANSIT BOARD) *levy* of property taxes, if necessary to provide for any deficiency in accordance with the conditions of

such indebtedness, on all property within the limits of the metropolitan transit taxing district as such limits were in effect at the date of issuance of such indebtedness.

Sec. 24. Minnesota Statutes 1984, section 473.446, subdivision 3, is amended to read:

Subd. 3. [CERTIFICATION AND COLLECTION.] On or before October 10 in each year the (COMMISSION) *regional transit board* shall certify the total amount of the tax levied pursuant to subdivision 1 to the auditor of each metropolitan county. Each county auditor shall then assess and extend upon the tax rolls in his county that proportion of the tax which the assessed value of taxable property in his county bears to the assessed value of all taxable property in the metropolitan area. Each county treasurer shall collect and make settlement of such taxes with the treasurer of the (COMMISSION) *board.* The levy of transit taxes pursuant to this section shall not affect the amount or rate of taxes which may be levied by any county or municipality or by the (COMMISSION) *board* for other purposes authorized by law and shall be in addition to any other property tax authorized by law.

Sec. 25. [REVENUE STUDY FOR MAJOR TRANSIT ACTIVITY CENTERS.]

A major transit activity center task force shall be created consisting of nine members, including three members of the house of representatives from both political parties appointed by the speaker, three members of the senate from both political parties appointed by the majority leader, one member from the Minneapolis downtown business community appointed by the mayor of Minneapolis, one member from the St. Paul business community appointed by the mayor of St. Paul, and one member from a business in a high activity center receiving substantial transit service appointed by the chair of the regional transit board.

In order to pay for the high level of transit service to and within the downtowns the task force shall study alternative ways of providing additional revenue for existing and future increases in transit service from service districts within the major transit activity areas, particularly the downtowns. The task force shall review alternative financing arrangements including the use of special assessments, service fees, and property taxes to produce additional revenue both to pay for existing high levels of service and new services, the effects of various rates for assessments, fees, and taxes, and possible boundaries for these districts. A list of the advantages and disadvantages of such a policy shall be included in the study.

The task force shall report to the legislature by January 15, 1986. The task force shall make use of available staff in the

legislature, from regional operations, and other contributed assistance.

Sec. 26. [FARES.]

The regional transit board shall prepare, as part of the implementation plan required by section 473.377, a statement of the policies that will govern the imposition of user charges for various types of transit service and the policies that will govern decisions by the board to increase or change fares. Following review by the council under section 473.377, the board shall submit the plan to the 1987 session of the legislature, along with its three-year financial plan. The three-year financial plan must contain schedules of user charges and changes in user charges required to implement the plan. During the period beginning January 1, 1985, and ending January 1, 1988, total revenue from fares for all regular route service must produce annually not less than 35 percent of total operating costs for that service. During this period, whenever the board's current financial plan shows, for any calendar year, that total revenue from fares for all regular route service is expected to be less than 35 percent of total operating cost for that service, the board shall amend its fare policies to require a change in fares that will bring fare revenue for that year into conformance with this section.

Sec. 27. [APPROPRIATIONS.]

Public Transportation Assistance .....

Summary by Fund

General	$.....	$.....
Transit Assistance	$.....	$.....

This appropriation is made to the commissioner of transportation.

Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Nonmetropolitan Transit Assistance; $..... $.....

Summary by Fund

General	$.....	$.....
Transit Assistance	$.....	$.....

(b) Metropolitan Transit

Assistance $..... $.....

Summary by Fund

General	$.....	$.....
Transit Assistance	$.....	$.....

(c) Metropolitan Transit

Administration $..... $.....

Summary by Fund

General	$.....	$.....

The appropriations in clauses (b) and (c) are for transfer to the regional transit board; provided that, notwithstanding the provisions of Laws 1984, chapter 654, article 3, sections 63, 66, 67, 68, 69, 70, 71, 72, 153, subdivision 1, and 154, the commissioner may use as much as may be needed to enter into and administer contracts after June 30, 1985, under sections 174.23, 174.24, 174.-265, and 174.31 for financial assistance during calendar year 1986 to providers of transit in the metropolitan area, until such time as the regional transit board has certified its readiness to assume existing contracts of the commissioner under sections 473.384, 473.386, and 473.388.

The unobligated portions of the transit assistance fund made available by the appropriation in Laws 1984, chapter 654, article 3, section 1, clause (i) do not cancel on June 30, 1985. The metropolitan portion is available for transfer to the regional transit board for expenditure by the board during the period ending June 30, 1987, as provided in section 174.32 and this section. The nonmetropolitan portion is available for transit assistance in nonmetropolitan areas during the period ending June 30, 1987.

Of the funds appropriated in clause (b), $..... is available in the second year of the biennium for assistance by contract to transit demonstration projects under section 13.

Of the funds appropriated in clause (b), $..... is available for expenditure under section 15, subdivision 2.

The funds appropriated or made available in this section to the regional transit board are for expenditure by the board as prescribed in the schedules required by section 473.377, subdivision 2, clauses (e), (f), and (g), to be contained in the board's approved three-year interim transit service implementation and financing plan.

The chair of the regional transit board shall submit to the chairs of the house appropriations and local and urban affairs committees and the senate transportation and finance committees, for their review and comment, any changes in the schedules in the board's three-year interim transit service implementation and financing plan, if the changes alter the distribution or use prescribed by the schedules of the funds appropriated or made available in this section. The changes must be submitted for review at least 30 days before adoption by the board. Comments are advisory only.

Sec. 28. [REPEALER.]

Minnesota Statutes 1984, sections 473.373, subdivisions 2 and 7; 473.384, subdivision 7; 473.408, subdivisions 3, 3a, 3b, and 5; 473.436; 473.438; and 473.446, subdivision 6, are repealed.

Sec. 29. [APPLICATION.]

Sections 6 to 26 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 30. [EFFECTIVE DATE.]

Sections 1 to 29 are effective July 1, 1985."

Delete the title and insert:

"A bill for an act relating to transit; metropolitan government; amending various provisions relating to the membership, administration, and funding of the regional transit board and the metropolitan transit commission, funding for local transit subsidy programs, and the distribution of transit assistance funds; making various changes in contract transit programs; authorizing issuance of bonds; appropriating money; amending Minne-

sota Statutes 1984, sections 15.0591, subdivision 2; 174.32, subdivisions 1, 2, and 3; 352D.02, subdivision 1; 473.373, subdivision 4; 473.375, subdivision 4, and by adding a subdivision; 473.38, subdivision 2; 473.384, subdivision 6; 473.386, subdivision 2; 473.388; 473.39; 473.404, subdivision 7; 473.405, subdivision 12; 473.408, subdivision 4, and by adding a subdivision; 473.435, subdivision 2; 473.446, subdivisions 1, 1a, 2a, and 3; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1984, sections 473.373, subdivisions 2 and 7; 473.384, subdivision 7; 473.408, subdivisions 3, 3a, 3b, and 5; 473.436; 473.438; and 473.446, subdivision 6."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 1258, A bill for an act relating to human services; changing county social service allocations; amending Minnesota Statutes 1984, sections 256E.06, subdivisions 2, 2a, 3, 5, 6, and by adding subdivisions; and 256E.09, subdivision 1; repealing Minnesota Statutes 1984, sections 256E.06, subdivision 7; and 256E.08.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 256D.22, is amended to read:

256D.22 [REIMBURSEMENT OF COUNTIES BY STATE RELATING TO (PUBLIC ASSISTANCE) *ADMINISTRATIVE COSTS.*]

Subdivision 1. For the fiscal year beginning July 1, 1985, to the extent of appropriations available therefor, the (DEPARTMENT) *commissioner* of human services shall reimburse counties up to 50 percent of all salary expenses, approved by the commissioner, incurred and paid by the counties, for which no payment or reimbursement is made by the United States or any subdivision thereof, in administering, and salary administrative costs in providing services in connection with, all public assistance programs. (NO AID UNDER THIS SECTION SHALL BE PAID FOR SALARY COSTS OF (A) SINGLE COUNTY WELFARE DIRECTORS; OR (B) FISCAL SUPPORT PERSONNEL TO THE EXTENT INVOLVED IN THE PROCESSING OF PUBLIC ASSISTANCE CLAIMS AND PAYMENTS,

OR THEIR SUPPORTING CLERICAL STAFF; OR (C) PERSONS WHO ARE NOT REGULARLY ASSIGNED EMPLOYEES OF LOCAL AGENCIES. CLAIMS FOR REIMBURSEMENT FOR EXPENDITURES MADE BY THE COUNTY SHALL BE PRESENTED TO THE DEPARTMENT BY THE RESPECTIVE COUNTIES AT LEAST FOUR TIMES PER YEAR IN SUCH MANNER AS THE COMMISSIONER SHALL PRESCRIBE. FOR THE PURPOSES OF THIS SECTION, THE TERM "SALARY" SHALL INCLUDE REGULAR COMPENSATION NOT IN EXCESS OF THAT PAID SIMILARLY SITUATED STATE EMPLOYEES, THE EMPLOYER'S COST OF HEALTH BENEFITS AND CONTRIBUTIONS TO THE APPROPRIATE RETIREMENT SYSTEM, BUT SHALL NOT INCLUDE TRAVEL OR OTHER REIMBURSABLE EXPENSES. THE COMMISSIONER SHALL, PURSUANT TO THE ADMINISTRATIVE PROCEDURES ACT, PRIOR TO MAKING ANY PAYMENTS, PROMULGATE RULES TO IMPLEMENT THIS SECTION.)

Subd. 2. For all fiscal years beginning on or after July 1, 1986, the commissioner of human services shall reimburse counties up to 50 percent of all salary expenses, approved by the commissioner, incurred and paid by the counties, for which no payment or reimbursement is made by the United States or any subdivision thereof, in administering, and salary administrative costs in providing services in connection with, all public assistance programs. Reimbursement must not exceed 40 percent of the available appropriation and must be distributed according to the ratio of the eligible administrative expenses for a county to the eligible expenses incurred by all counties. The remaining appropriation must be distributed to counties eligible according to the following four categories. Appropriations in these four categories will be distributed according to the ratio of eligible administrative expenses for the county to the eligible expenses incurred by all counties eligible for each category:

(1) one-fourth to counties which, for the previous four quarters, have submitted the aid to families with dependent children summary of abstract and statistical report, the quarterly expense and revenue report, and the report of assistance for refugees, within the deadlines identified by the commissioner;

(2) one-fourth to counties which for the previous 12 months have placed no mentally retarded children in state hospital facilities for a period in excess of one year;

(3) one-fourth to counties that have filed applications for supplemental security income on behalf of each client who has received general assistance payments from the county for a period in excess of the previous 24 months; and

(4) one-fourth to counties with a ratio of total child support collections to total child support administrative costs that is equal to or greater than the statewide average of total collections to total costs for the previous fiscal year or whose ratio has increased from their previous fiscal year by ten percent.

Subd. 3. Aid must not be paid under this section for salary costs of persons who are not regularly assigned employees of local agencies. Claims for expenditures must be presented to the commissioner by the respective counties at least four times each year in the manner prescribed by the commissioner. For purposes of this section, "salary" means regular compensation not in excess of that paid similarly situated state employees and the employer's cost of health benefits and contributions to the appropriate retirement system, but does not include travel or other reimbursable expenses.

Sec. 2. Minnesota Statutes 1984, section 256E.05, subdivision 3, is amended to read:

Subd. 3. [ADDITIONAL DUTIES.] The commissioner shall also:

(a) Provide necessary forms and instructions to the counties for plan format and information;

(b) Identify and then amend or repeal the portions of all applicable department rules which mandate counties to provide specific community social services or programs, unless state or federal law requires the commissioner to mandate a service or program. The commissioner shall be exempt from the rulemaking provisions of chapter 14 in amending or repealing rules pursuant to this clause. However, when the commissioner proposes to amend or repeal any rule under the authority granted by this clause, notice shall be provided by publication in the state register. When the commissioner proposes to amend a rule, the notice shall include that portion of the existing rule necessary to provide adequate notice of the nature of the proposed change. When the commissioner proposes to repeal an entire rule, he need only publish that fact, giving the exact citation to the rule to be repealed. In all cases, the notice shall contain a statement indicating that interested persons may submit comment on the proposed repeal or amendment for a period of 30 days after publication of the notice. The commissioner shall take no final action until after the close of the comment period. The commissioner's actions shall not be effective until five days after the commissioner publishes notice of adoption in the state register. If the final action is the same as the action originally proposed, publication may be made by notice in the state register that the amendment and repeals have been adopted as proposed, and by citing the prior publication. If the final action differs from the action as previously proposed in the state register, the text

which differs from the original proposal shall be included in the notice of adoption together with a citation to the prior state register publication. The commissioner shall provide to all county boards separate notice of all final actions which become effective under this clause, advising the boards with respect to services or programs which have now become optional, to be provided at county discretion;

(c) Provide to the chairman of each county board, in addition to notice required pursuant to sections 14.05 to 14.36, timely advance notice and a written summary of the fiscal impact of any proposed new rule or changes in existing rule which will have the effect of increasing county costs for community social services;

(d) Provide training, *technical assistance,* and other support services to county boards to assist in needs assessment, planning, implementing, and monitoring social services programs in the counties;

(e) *In cooperation with an advisory committee consisting of representatives of counties, professional groups, and advocacy organizations, develop standards for planning, monitoring, and evaluating social services provided by county boards;*

(f) Design and implement a method of monitoring and evaluating (THE) social services (DELIVERED WITHIN THE STATE, AND ASSURE), *including site visits that utilize quality control audits to ensure county* compliance with applicable standards, guidelines, and the county and state social services plans;

((F)) *(g)* Annually publish a report on community social services which shall reflect the contents of the individual county reports. The report shall be submitted to the governor and the legislature with an evaluation of community social services and recommendations for changes needed to fully implement state social service policies; and

((G)) *(h)* Request waivers from federal programs as necessary to implement sections 256E.01 to 256E.12.

Sec. 3. Minnesota Statutes 1984, section 256E.06, subdivision 2, is amended to read:

Subd. 2. [MAXIMUM FUNDING; ALLOCATION.] No county shall receive more than 130 percent of the amount received in the immediately preceding year as specified in this subdivision. If the amount allocated to any county pursuant to subdivision 1 is greater than this amount, the excess shall be reallocated to all counties in direct proportion to their initial allocations.

If the amount allocated to any county under subdivision 1 and the preceding paragraph is less than the minimum funding level of that county, its allocation must be raised to its minimum share through an equal percentage reduction applied to all other county allocations. If the state appropriation is insufficient to fund all counties at the minimum level, each county's allocation must be reduced proportionately.

Sec. 4. Minnesota Statutes 1984, section 256E.06, subdivision 2a, is amended to read:

Subd. 2a. [(STATE TRANSFER OF FUNDS) *MINIMUM FUNDING LEVEL; STATE AIDS.*] Notwithstanding (SUBDIVISIONS 1 AND 2, FOR THE PURPOSE OF FUNDING TRAINING AND HABILITATION SERVICES PROVIDED TO RESIDENTS OF INTERMEDIATE CARE FACILITIES FOR MENTALLY RETARDED PERSONS AS REQUIRED UNDER FEDERAL REGULATION, THE COMMISSIONER IS AUTHORIZED TO TRANSFER ON A QUARTERLY BASIS TO THE MEDICAL ASSISTANCE STATE ACCOUNT FROM EACH COUNTY'S COMMUNITY SOCIAL SERVICES ACT ALLOCATION AN AMOUNT EQUAL TO THE STATE SHARE OF MEDICAL ASSISTANCE REIMBURSEMENT FOR SUCH SERVICES PROVIDED TO CLIENTS FOR WHOM THE COUNTY IS FINANCIALLY RESPONSIBLE. UPON FEDERAL APPROVAL AND STATE IMPLEMENTATION OF THE STATE MEDICAL ASSISTANCE PLAN, COUNTY BOARDS WILL NOT BE RESPONSIBLE FOR THE FUNDING OF TRAINING AND HABILITATION SERVICES AS A SOCIAL SERVICE TO RESIDENTS OF INTERMEDIATE CARE FACILITIES FOR THE MENTALLY RETARDED. COUNTY BOARD RESPONSIBILITY FOR TRAINING AND HABILITATION SERVICES SHALL BE ASSUMED UNDER SECTION 256B.20. COUNTY BOARDS CONTINUE TO BE RESPONSIBLE FOR FUNDING DEVELOPMENTAL ACHIEVEMENT CENTER SERVICES NOT COVERED UNDER THE MEDICAL ASSISTANCE PROGRAM ESTABLISHED BY UNITED STATES CODE, TITLE 42, SECTIONS 1396 TO 1396P, AS AMENDED THROUGH DECEMBER 31, 1982, AND SHALL DEVELOP CONTRACTUAL AGREEMENTS FOR THESE SERVICES UNDER THE AUTHORITY OF THIS CHAPTER) *subdivision 1, the minimum state aids for each county for community social services shall be:*

(1) for the last six months of calendar year 1985, not less than 50 percent of the state money received for calendar year 1984;

(2) for calendar year 1986, not less than 100 percent of the state money received for calendar year 1985; and

(3) for the first six months of calendar year 1987, not less than 50 percent of the state money received for calendar year 1986.

Sec. 5. Minnesota Statutes 1984, section 256E.06, is amended by adding a subdivision to read:

Subd. 2b. [TRANSFER FOR DAY TRAINING AND HABILITATION.] *For purposes of calculating community social service payments after July 1, 1985, "state money received" means the total community social service aids minus the amount of community social service dollars transferred to medical assistance to pay the state share of medical assistance for eligible recipients receiving day training and habilitation services.*

Sec. 6. Minnesota Statutes 1984, section 256E.06, subdivision 3, is amended to read:

Subd. 3. [PAYMENTS TO COUNTIES.] The commissioner of human services shall make payments for community social services to each county in four installments per year. The commissioner of human services may certify the payments for the first three months of a calendar year based on estimates of the unduplicated number of persons receiving AFDC, general assistance and medical assistance for the prior year. The following three payments shall be adjusted to reflect the actual unduplicated number of persons who received AFDC, general assistance and medical assistance as required by subdivision 1. The commissioner shall ensure that the pertinent payment of the allotment for that quarter is made to each county (ON THE FIRST WORKING DAY AFTER THE END OF EACH QUARTER OF THE CALENDAR YEAR, EXCEPT FOR THE LAST QUARTER OF THE CALENDAR YEAR. THE COMMISSIONER SHALL ENSURE THAT EACH COUNTY RECEIVES ITS PAYMENT OF THE ALLOTMENT FOR THAT QUARTER) no later than the last working day of (THAT) *each* quarter. This scheduling of payments does not require compliance with subdivision 10.

Sec. 7. Minnesota Statutes 1984, section 256E.06, subdivision 5, is amended to read:

Subd. 5. [COMMUNITY SOCIAL SERVICE LEVY.] In each calendar year, for taxes payable the following year, a county board shall levy upon all taxable property in the county a tax for community social services (AT LEAST EQUAL TO THE AMOUNT DETERMINED IN SUBDIVISIONS 1 AND 2). Money for community social services provided to a county by a municipal levy may, for the purposes of this section, be counted as partial fulfillment of the local levy requirement. All money available to counties pursuant to this section may be used by counties to match federal money.

Sec. 8. Minnesota Statutes 1984, section 256E.06, subdivision 6, is amended to read:

Subd. 6. [FAILURE TO SPEND.] (A COUNTY WHICH HAS NOT SPENT THE AIDS GRANTED UNDER SUBDIVI-

SION 1 FOR COMMUNITY SOCIAL SERVICES WITHIN TWO YEARS OF RECEIVING THOSE AIDS SHALL RECEIVE A REDUCTION IN AID CALCULATED PURSUANT TO SUBDIVISION 1. THIS REDUCTION SHALL BE MADE IN THE CALENDAR YEAR WHICH BEGINS NO MORE THAN 30 MONTHS AFTER THE UNDERSPENDING HAS OCCURRED AND SHALL BE EQUAL TO ONE-HALF THE AMOUNT OF AIDS WHICH WERE NOT SPENT) *Each county shall spend for community social services an amount of local funds at least equal to aids granted under subdivisions 1 and 2. For this purpose, local funds means the community social services levy, fees paid for community social services, and non-public third-party reimbursement for community social services. A county which has not spent local funds at least equal to the aids granted under subdivisions 1 and 2 for community social service expenditures during the calendar year of the allocation, shall receive a reduction in the aids granted under subdivisions 1 and 2 in the following calendar year. The difference between the total payments made for the calendar year and the reduced aid must be deducted from the payments made in the next calendar year. The reduced aid granted under subdivisions 1 and 2 must be calculated as follows:*

(a) Divide the amount of local funds spent by the amount of local funds required to be spent.

(b) Multiply the ratio arrived times the aid calculated under subdivisions 1 and 2.

Any aid not available to a county due to underspending or inappropriate expenditures shall be reallocated to all other counties according to subdivision 1 and subject to the provisions in subdivision 2.

Sec. 9. Minnesota Statutes 1984, section 256E.06, is amended by adding a subdivision to read:

Subd. 12. [AUDITS.] *If an audit results in a change in a county's social services revenues or expenditures and the change affects the amount of state aids allowed under this section, the commissioner shall adjust the aids granted under subdivisions 1 and 2 in the calendar year following the audit, to reflect amounts inappropriately paid in a prior year.*

Sec. 10. Minnesota Statutes 1984, section 256E.08, subdivision 1, is amended to read:

Subdivision 1. [RESPONSIBILITIES.] The county board of each county shall be responsible for administration, planning and funding of community social services. Each county board shall singly or in combination with other county boards as provided in section 256E.09 prepare a social services plan and shall update the plan biennially. Upon final approval of the plan by the county board or boards, the plan shall be submitted to the

commissioner. The county board shall distribute money available pursuant to sections 256E.06 and 256E.07 for community social services.

The authority and responsibilities of county boards for social services for groups of persons identified in section 256E.03, subdivision 2, shall include contracting for or directly providing:

(1) *information about the symptoms and characteristics of specific problems of the identified groups in order to increase understanding and acceptance by the general public, to help alleviate fears of seeking help, and to enable access to appropriate assistance;*

(2) an assessment of the needs of each person applying for (SERVICES) *assistance* which estimates the nature and extent of the problem to be addressed and identifies the means available to meet the person's needs (FOR SERVICES). *These diagnostic and evaluation activities shall evaluate the functioning of each person with regard to an illness or disability, screen for placement, and determine what services are needed*;

((2)) *(3)* protection (FOR SAFETY, HEALTH OR WELL BEING BY PROVIDING SERVICES DIRECTED AT THE GOAL OF ATTAINING THE HIGHEST LEVEL OF INDEPENDENT FUNCTIONING APPROPRIATE TO THE INDIVIDUAL PREFERABLY WITHOUT REMOVING THOSE PERSONS FROM THEIR HOMES) *aimed at alleviating urgent needs of each person by the determination of urgent need, shielding persons in hazardous conditions when individuals are unable to care for themselves, and provision of urgently needed assistance*;

((3)) *(4) supportive and rehabilitative activities which assist each person to function at the highest possible level of independence appropriate to the individual preferably without removing those persons from their homes; these activities include both increasing the client level of functioning and maintaining current levels of functioning;*

(5) a means of facilitating access of physically handicapped or impaired persons to (SERVICES) *activities* appropriate to their needs*; and*

(6) administrative activities which coordinate and facilitate the effective use of formal and informal helping systems in order to best address client needs and goals. This includes assisting the client in making informed decisions about opportunities and services, assuring timely access to needed assistance, providing opportunities and encouragement for self-help activities, and coordinating all services to meet the client's needs and goals. County case management shall be responsible for determining appropriate care and activities.

If after appropriate notice a county does not fulfill its responsibilities or is not in compliance with the applicable department rule, the commissioner shall certify a reduction of up to 20 percent of the county's annual community social services act funding, or an equivalent amount from state administrative aids, and the state shall provide the responsibilities in this subdivision. When a county is so notified, it may appeal according to the provisions in section 256E.06, subdivision 10.

Sec. 11. Minnesota Statutes 1984, section 256E.09, subdivision 1, is amended to read:

Subdivision 1. [PLAN PROPOSAL.] (COMMENCING IN 1980, AND EVERY TWO YEARS THEREAFTER, THE COUNTY BOARD SHALL PUBLISH AND MAKE AVAILABLE UPON REQUEST TO ALL RESIDENTS OF THE COUNTY A PROPOSED BIENNIAL COMMUNITY SOCIAL SERVICES PLAN) *In 1986, the county board shall publish a one-year update to its 1985-1986 biennial plan, for calendar year 1987, and make it available upon request to all residents of the county. Beginning in 1987, and every two years after that, the county board shall publish and make available upon request to all residents of the county a proposed biennial community social services plan for the next two calendar years.*

Sec. 12. Minnesota Statutes 1984, section 256E.09, subdivision 2, is amended to read:

Subd. 2. [CITIZEN PARTICIPATION.] The county board shall provide opportunities for participation by citizens in the county (, INCLUDING REPRESENTATIVES OF USERS OF SERVICES,) in the development of the biennial plan and in the allocation of money for community social services. At least 60 days prior to publication of the proposed plan the county board shall publish the methods proposed to achieve citizen participation in the planning process. *The county board shall include in the biennial plan a summary of the information, comments, and other material submitted by providers of social services and by those user groups identified in section 256E.03, subdivision 2.*

Sec. 13. Minnesota Statutes 1984, section 256E.09, subdivision 3, is amended to read:

Subd. 3. [PLAN CONTENT.] The biennial community social services plan published by the county shall include:

(a) A statement of the goals of community social service programs in the county;

(b) Methods used pursuant to subdivision 2 to encourage participation of citizens and providers in the development of the plan and the allocation of money;

(c) Methods used to identify persons in need of service and the social problems to be addressed by the community social service programs, including efforts the county proposes to make in providing for early intervention, prevention and education aimed at minimizing or eliminating the need for services for groups of persons identified in section 256E.03, subdivision 2;

(d) A statement describing how the county will fulfill its responsibilities identified in section 256E.08, subdivision 1 to the groups of persons described in section 256E.03, subdivision 2, and a description of each community social service proposed and identification of the agency or person proposed to provide the service. The plan shall specify how the county proposes to make the following services available for persons identified by the county as in need of services: daytime developmental achievement services, subacute detoxification services, residential services and nonresidential social support services as appropriate for the groups identified in section 256E.03, subdivision 2;

(e) *A description of the services that will be made available to persons whose income is at or below 60 percent of the state median income, including recipients of public assistance;*

(f) The amount of money proposed to be allocated to each service;

((F)) *(g)* An inventory of public and private resources including associations of volunteers which are available to the county for social services;

((G)) *(h)* Evidence that serious consideration was given to the purchase of services from private and public agencies *and the criteria used to determine whether services would be purchased*; (AND)

((H)) *(i)* Methods whereby community social service programs will be monitored and evaluated by the county*; and*

(j) The information from providers and users of social services required to be included under subdivision 2.

Sec. 14. Minnesota Statutes 1984, section 382.18, is amended to read:

382.18 [OFFICIALS NOT TO BE INTERESTED IN CONTRACTS.]

No county official, or deputy or clerk or employee of such official; and no commissioner for tax-forfeited lands or his assistants, shall be directly or indirectly interested in any contract, work, labor, or business to which the county is a party or in which it is or may be interested or in the furnishing of any

article to, or the purchase or sale of any property, real or personal, by, the county, or of which the consideration, price, or expense is payable from the county treasury. *It is not a violation of this section for a county employee to contract with the county to provide family foster care or family day care services for the county.* Any violation of the provisions of this section shall be a gross misdemeanor.

Sec. 15. [REPEALER.]

Minnesota Statutes 1984, section 256E.06, subdivision 7, is repealed.

Sec. 16. [EFFECTIVE DATE.]

Section 14 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to human services; revising methods for determining state payments to counties for administrative costs of public assistance programs; revising the community social services act; requiring the commissioner to develop standards; establishing minimum funding levels; authorizing certain persons to provide foster or family care services; amending Minnesota Statutes 1984, sections 256D.22; 256E.05, subdivision 3; 256E.06, subdivisions 2, 2a, 3, 5, 6, and by adding subdivisions; 256E.08, subdivision 1; 256E.09, subdivisions 1, 2, and 3; and 382.18; repealing Minnesota Statutes 1984, section 256E.06, subdivision 7."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 1274, A bill for an act relating to economic development; creating a council on biotechnology; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 116J.

Reported the same back with the following amendments:

Pages 1 and 2, delete section 1

Page 2, line 5, delete "*15*" and insert "*17*"

Page 2, line 6, delete "*governor*" and insert "*commissioner of energy and economic development*"

Page 2, line 15, delete "*nonvoting*" and insert "*voting*"

Renumber sections accordingly

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Governmental Operations.

The report was adopted.

Carlson, D., from the Committee on Transportation to which was referred:

H. F. No. 1417, A bill for an act relating to the city of Harmony; allocating money from state-aid funds to replace bridge.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [APPROPRIATION.]

Despite Minnesota Statutes, section 174.50 or other law or rule to the contrary, the commissioner of transportation shall allocate money on a 90 percent matching basis with the township of Harmony from the Minnesota state transportation fund for the purpose of replacing or reconstructing the bridge designated by the department of transportation as number L-4749 and located on the border of Iowa and Minnesota in the township of Harmony. The allocation must be disbursed by July 1, 1986, and following approval by the town board of Harmony under section 2.

This section does not prevent the commissioner from seeking matching funds or reimbursement from the state of Iowa and the commissioner may invoke the services and counsel of the attorney general on behalf of the state of Minnesota for such purpose.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective after its approval by a majority of the town board of the township of Harmony, the day after compliance with Minnesota Statutes, section 645.021."

Amend the title as follows:

Page 1, line 2, delete "city" and insert "township"

Page 1, line 3, delete "state-aid" and insert "transportation"

With the recommendation that when so amended the bill pass.

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 1437, A bill for an act relating to human services; refining the vulnerable adults reporting act; clarifying definitions and records provisions; amending Minnesota Statutes 1984, section 626.557, subdivisions 2, 5, 8, 9, 10, 11, 12, 15, 17, and 19, and by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 626.557, subdivision 2, is amended to read:

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

(a) "Facility" means a hospital or other entity required to be licensed pursuant to sections 144.50 to 144.58; a nursing home required to be licensed to serve adults pursuant to section 144A.02; an agency, day care facility, or residential facility required to be licensed to serve adults pursuant to sections 245.781 to 245.812; (A MENTAL HEALTH PROGRAM RECEIVING FUNDS PURSUANT TO SECTION 245.61;) or a home health agency certified for participation in Titles XVIII or XIX of the Social Security Act, United States Code, title 42, sections 1395 et seq.

(b) "Vulnerable adult" means any person 18 years of age or older:

(1) who is a resident or inpatient of a facility;

(2) who receives services at or from a facility required to be licensed to serve adults pursuant to sections 245.781 to 245.812, except a person receiving outpatient services for treatment of chemical dependency or mental illness;

(3) who receives services from a home health agency certified for participation under Titles XVIII or XIX of the Social Security Act, United States Code, title 42, sections 1395 et seq and 1396 et seq; or

(4) who, regardless of residence or type of service received, is unable or unlikely to report abuse or neglect without assistance because of impairment of mental or physical function or emotional status.

(c) "Caretaker" means an individual or facility who has responsibility for the care of a vulnerable adult as a result of *a* family relationship, or who has assumed responsibility for all or a portion of the care of a vulnerable adult voluntarily, (OR) by contract, or *by* agreement.

(d) "Abuse" means:

(1) any act which constitutes a violation under sections 609.221 to *609.223, 609.23 to* 609.235, 609.322, 609.342, 609.343, 609.344, or 609.345; (OR)

(2) (THE INTENTIONAL AND NONTHERAPEUTIC INFLICTION OF PHYSICAL PAIN OR INJURY, OR ANY PERSISTENT COURSE OF CONDUCT INTENDED TO PRODUCE MENTAL OR EMOTIONAL DISTRESS) *nontherapeutic conduct which produces or could reasonably be expected to produce pain or injury and is not accidental, or any repeated nontherapeutic conduct which produces or could reasonably be expected to produce mental or emotional distress;*

(3) any sexual contact between a facility staff person and a resident or client of that facility; or

(4) the illegal use of a vulnerable adult's person or property for another person's profit or advantage, or the breach of a fiduciary relationship through the use of a person or a person's property for any purpose not in the proper and lawful execution of a trust, including but not limited to situations where a person obtains money, property, or services from a vulnerable adult through the use of undue influence, harassment, duress, deception, or fraud.

(e) "Neglect" means:

(1) failure by a caretaker to supply (THE) *a* vulnerable adult with necessary food, clothing, shelter, health care or supervision; (OR)

(2) the absence or likelihood of absence of necessary food, clothing, shelter, health care, or supervision for a vulnerable adult*; or*

(3) the absence or likelihood of absence of necessary financial management to protect a vulnerable adult against abuse as defined in paragraph (d), clause (4). Nothing herein shall be construed to require any health care facility to provide any financial management for a vulnerable adult except as otherwise provided by law.

(f) "Report" means any report received by (THE) *a* local welfare agency, police department, county sheriff, or licensing agency pursuant to this section.

(g) "Licensing agency" means:

(1) the commissioner of health, for facilities as defined in clause (a) which are required to be licensed or certified by the department of health;

(2) the commissioner of human services, for facilities required by sections 245.781 to 245.813 to be licensed;

(3) any licensing board which regulates persons pursuant to section 214.01, subdivision 2; and

(4) any agency responsible for credentialing human services occupations.

Sec. 2. Minnesota Statutes 1984, section 626.557, subdivision 5, is amended to read:

Subd. 5. [IMMUNITY FROM LIABILITY.] (A) *Any* person, including a person voluntarily making (REPORTS) *a report* and a person required to make (REPORTS) *a report* under subdivision 3, (PARTICIPATING) *who participates* in good faith in making *or investigating* a report *or enforcing the law* pursuant to this section shall have immunity from any civil liability that otherwise might result from making *or investigating* the report *or enforcing the law.*

Sec. 3. Minnesota Statutes 1984, section 626.557, subdivision 9, is amended to read:

Subd. 9. [MANDATORY REPORTING TO A MEDICAL EXAMINER OR CORONER.] (WHEN) A person required to report under the provisions of subdivision 3 *who* has reasonable cause to believe that a vulnerable adult has died as a direct or indirect result of abuse or neglect (, HE) shall report that information to the appropriate medical examiner or coroner in addition to the local welfare agency, police department, or county sheriff or appropriate licensing agency or agencies. The medical examiner or coroner shall complete an investigation as soon as feasible and report the findings to the police department or county sheriff (AND), the local welfare agency, *and, if applicable, each licensing agency.*

Sec. 4. Minnesota Statutes 1984, section 626.557, subdivision 10, is amended to read:

Subd. 10. [DUTIES OF LOCAL WELFARE AGENCY UPON A RECEIPT OF A REPORT.] (a) The local welfare agency shall immediately investigate and offer emergency and continuing protective social services for purposes of preventing further abuse or neglect and for safeguarding and enhancing the welfare of the abused or neglected vulnerable adult. Local welfare agencies may enter facilities and inspect and copy records as part of investigations. In cases of suspected sexual abuse, the local welfare agency shall immediately arrange for and make available to the victim appropriate medical examination and treatment. The investigation shall not be limited to the written records of the facility, but shall include every other available source of information. When necessary in order to protect the vulnerable adult from further harm, the local welfare agency shall seek authority to remove the vulnerable adult from the situation in which the neglect or abuse occurred. The local welfare agency shall also investigate to determine whether the conditions which resulted in the reported abuse or neglect place other vulnerable adults in jeopardy of being abused or neglected and offer protective social services that are called for by its determination. In performing any of these duties, the local welfare agency shall maintain appropriate records.

(b) If the report indicates, or if the local welfare agency finds that the suspected abuse or neglect occurred at a facility, or while the vulnerable adult was or should have been under the care of or receiving services from a facility, or that the suspected abuse or neglect involved a person licensed by a licensing agency to provide care or services, the local welfare agency shall immediately notify (THE) *each* appropriate licensing agency (OR AGENCIES), and provide (THE) *each* licensing agency with a copy of the report and of its investigative findings.

(c) When necessary in order to protect a vulnerable adult from serious harm, the local agency shall immediately intervene on behalf of that adult to help the family, victim, or other interested person by seeking any of the following:

(1) a restraining order or a court order for removal of the perpetrator from the residence of the vulnerable adult pursuant to section 518B.01;

(2) the appointment of a guardian or conservator pursuant to sections 525.539 to 525.6198, or guardianship or conservatorship pursuant to chapter 252A;

(3) replacement of an abusive or neglectful guardian or conservator and appointment of a suitable person as guardian or conservator, pursuant to sections 525.539 to 525.6198; or

(4) a referral to the prosecuting attorney for possible criminal prosecution of the perpetrator under chapter 609.

The expenses of legal intervention must be paid by the county in the case of indigent persons, under section 525.703 and chapter 563.

In proceedings under sections 525.539 to 525.6198, if a suitable relative or other person is not available to petition for guardianship or conservatorship, a county employee shall present the petition with representation by the county attorney. The county shall contract with or arrange for a suitable person or nonprofit organization to provide ongoing guardianship services. If the county presents evidence to the probate court that it has made a diligent effort and no other suitable person can be found, a county employee may serve as guardian or conservator. The county shall not retaliate against the employee for any action taken on behalf of the ward or conservatee even if the action is adverse to the county's interest. Any person retaliated against in violation of this subdivision shall have a cause of action against the county and shall be entitled to reasonable attorney fees and costs of the action if the action is upheld by the court.

Sec. 5. Minnesota Statutes 1984, section 626.557, is amended by adding a subdivision to read:

Subd. 11a. [DUTIES OF PROSECUTING AUTHORITIES.] *Upon receipt of a report from a social service or licensing agency, the prosecuting authority shall immediately investigate, prosecute when warranted, and transmit its findings and disposition to the referring agency."*

Amend the title as follows:

Page 1, line 5, delete "8," and delete "11, 12,"

Page 1, line 6, delete "15, 17, and 19,"

With the recommendation that when so amended the bill pass.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

H. F. No. 1443, A bill for an act relating to notaries; providing procedures for various notarial acts; enacting the uniform law on notarial acts; proposing coding for new law in Minnesota Statutes, chapter 358; repealing Minnesota Statutes 1984, sections 358.32 to 358.40.

Reported the same back with the following amendments:

Page 1, after line 8, insert:

"Section 1. Minnesota Statutes 1984, section 358.15, is amended to read:

358.15 [(BY WHOM TAKEN IN THIS STATE) *EX OFFICIO NOTARY PUBLIC.*]

The following (NAMED) officers (SHALL) have (POWER TO TAKE AND CERTIFY ACKNOWLEDGMENTS) *the powers of a notary public* within the state:

(1) every member of the legislature, while still a resident in the district from which (HE WAS) elected; but (HE SHALL RECEIVE) no fee or compensation *may be received* for (SO DOING) *exercising these powers.* The form of (HIS) *the* official signature in (SUCH) *these* cases (SHALL BE) *is*: "A.B., Representative (or Senator), ... District, Minnesota, *ex officio notary public.* My term expires January 1, 19....;"

(2) (THE JUDGES AND CLERKS AND DEPUTY CLERKS OF ALL COURTS, RESIDING WITHIN THE STATE, INCLUDING THOSE OF THE CIRCUIT AND DISTRICT COURTS OF THE UNITED STATES, AND RESIDENT UNITED STATES COMMISSIONERS;)

((3) NOTARIES PUBLIC AND) the clerks or recorders of towns, and cities; and

((4)) *(3)* court commissioners, county recorders, and county auditors, and their several deputies, and county commissioners, all within their respective counties."

Page 1, line 10, delete "*1 to 9*" and insert "*2 to 10*"

Page 3, line 15, delete "*5*" and insert "*6*"

Page 6, line 1, delete "*8*" and insert "*9*"

Page 6, line 12, delete "*2*" and insert "*3*"

Page 6, line 16, delete "*7*" and insert "*8*"

Page 8, line 13, delete "*1 to 9*" and insert "*2 to 10*"

Page 8, line 16, delete "*1 to 9*" and insert "*2 to 10*"

Renumber the remaining sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "amending Minnesota Statutes 1984, section 358.15;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Fjoslien from the Committee on General Legislation and Veterans Affairs to which was referred:

H. F. No. 1516, A bill for an act relating to veterans; clarifying certain veteran benefit definitions to include veterans who have served in the Granada campaign or with the peacekeeping forces in the Lebanon campaign; amending Minnesota Statutes 1984, sections 136C.13, subdivision 3; 198.01; and 462A.05, subdivision 19.

Reported the same back with the following amendments:

Page 1, line 26, delete "*the date United*" and insert "*April 1, 1984, and was awarded a campaign ribbon for service during at least one of those campaigns,*"

Page 2, line 1, delete the new language

Page 2, line 4, after "under" insert "*honorable*" and strike "other"

Page 2, line 5, strike "than dishonorable"

Page 3, line 9, delete "*the date United States forces left Lebanon*" and insert "*April 1, 1984*"

Page 3, line 36, delete "*the date United*" and insert "*April 1, 1984, and was awarded a campaign ribbon for service during at least one of those campaigns*"

Page 4, line 1, delete the new language

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

S. F. No. 46, A bill for an act relating to commerce; changing a cross reference relating to undistributed property after dissolution of a cooperative; amending Minnesota Statutes 1984, section 308.14, subdivision 3b.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

S. F. No. 143, A bill for an act relating to real property; changing effective dates for provisions relating to validation of foreclosure sales; amending Minnesota Statutes 1984, section 582.27.

Reported the same back with the following amendments:

Page 2, delete lines 7 and 8

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

S. F. No. 319, A bill for an act relating to the state board of investment; clarifying powers and duties; amending Minnesota Statutes 1984, sections 11A.14, subdivision 5; 11A.17, subdivision 13; and 11A.24, subdivisions 2, 3, and 4.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Kvam from the Committee on Financial Institutions and Insurance to which was referred:

S. F. No. 375, A bill for an act relating to insurance; authorizing domestic companies to purchase or sell certain futures con-

tracts; amending Minnesota Statutes 1984, section 61A.28, subdivision 2.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Fjoslien from the Committee on General Legislation and Veterans Affairs to which was referred:

House Concurrent Resolution No. 8, A house concurrent resolution designating the "Red Ribbon" to commemorate Minnesota citizens who are still missing in action or are being held against their will in Asian countries.

Reported the same back with the recommendation that the resolution be adopted and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 208, 450, 552, 593, 655, 723, 818, 886, 1076, 1113, 1417, 1437 and 1443 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 374, 19, 46, 143, 319 and 375 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Knickerbocker and Gutknecht introduced:

H. F. No. 1568, A bill for an act relating to elections; making certain changes in the ethics in government act; changing the time when certain campaign bills must be rendered; amending Minnesota Statutes 1984, sections 10A.02, subdivision 11, and by adding a subdivision; 10A.04, subdivision 4a; 10A.18; 10A.20, subdivisions 3, 5, and 12; 10A.24; 10A.27, subdivision 1; and 210A.24; proposing coding for new law in Minnesota Statutes,

chapter 10A; repealing Minnesota Statutes 1984, sections 10A.02, subdivision 11a; and 10A.25, subdivision 7.

The bill was read for the first time and referred to the Committee on General Legislation and Veterans Affairs.

Onnen, by request, introduced:

H. F. No. 1569, A bill for an act relating to public employment labor relations; prohibiting public employee bargaining units of less than five people; amending Minnesota Statutes 1984, section 179A.09, subdivision 2.

The bill was read for the first time and referred to the Committee on Governmental Operations.

Dempsey introduced:

H. F. No. 1570, A bill for an act relating to agriculture; creating an exception to the corporate farming law; amending Minnesota Statutes 1984, section 500.24, subdivision 3.

The bill was read for the first time and referred to the Committee on Agriculture.

Gruenes and Piepho introduced:

H. F. No. 1571, A bill for an act relating to housing and redevelopment authorities; extending the authority to provide interest reduction programs through 1987; amending Minnesota Statutes 1984, section 462.445, subdivision 13.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Tomlinson introduced:

H. F. No. 1572, A bill for an act relating to cemeteries; providing for the maintenance of certain cemeteries containing the remains of pioneers and Minnesotans who died through the year 1875; amending Minnesota Statutes 1984, section 306.243, subdivision 1.

The bill was read for the first time and referred to the Committee on General Legislation and Veterans Affairs.

Redalen; Brinkman; Carlson, D.; Thorson and Neuenschwander introduced:

H. F. No. 1573, A bill for an act relating to taxation; income; allowing a credit for electric heat storage furnaces; extending the residential energy credit; amending Minnesota Statutes 1984, section 290.06, subdivision 14.

The bill was read for the first time and referred to the Committee on Taxes.

Vanasek, Rest, Lieder, Sviggum and Bishop introduced:

H. F. No. 1574, A bill for an act relating to taxation; sales and use; permitting a deduction for the costs of collection and remittance; amending Minnesota Statutes 1984, section 297A.26, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Taxes.

Dempsey, Quist, Schafer, Uphus and Valan introduced:

H. F. No. 1575, A bill for an act relating to taxation; sales and use; exempting farm machinery; including certain repair parts in the definition of farm machinery; amending Minnesota Statutes 1984, sections 297A.01, subdivision 15; 297A.02, subdivision 2; 297A.14; and 297A.25, subdivision 1.

The bill was read for the first time and referred to the Committee on Taxes.

Minne, by request, introduced:

H. F. No. 1576, A bill for an act relating to the city of Hibbing; permitting a special levy to cover the costs of road paving.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Dempsey, Tomlinson, Himle, Scheid and Marsh introduced:

H. F. No. 1577, A bill for an act relating to taxation; property; changing the administration and disbursement of certain property tax credits; modifying the process for determining mill rates; changing property classes and classification ratios; changing computation of property tax refunds; appropriating money; amending Minnesota Statutes 1984, sections 47.58, subdivisions 2 and 3; 124.2138, subdivision 2; 272.115, subdivision 4; 273.13, subdivisions 2, 4, 5a, 6, 6a, 7, 7b, 7c, 7d, 8a, 9, 15a, 16, 19, and 21; 273.135, subdivisions 1 and 2; 273.1392; 273.42, subdivision 2; 274.19, subdivision 6; 276.04; 290A.03, subdivisions 13 and 14; 290A.04, subdivisions 2 and 3; 290A.09; 375.192, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 275; repealing Minnesota Statutes 1984, sections 124.2137; 273.-115; 273.116; 273.13, subdivisions 14a, 17, 17b, 17c, 17d, and 20; 273.1311; 273.1315; 273.135, subdivision 5; 273.1391; 290A.03, subdivisions 9 and 10; and 290A.04, subdivisions 2a, 2b, 2e, 2f, and 2g.

The bill was read for the first time and referred to the Committee on Taxes.

Bishop, Halberg and Vanasek introduced:

H. F. No. 1578, A bill for an act relating to courts; clarifying the jurisdiction of the court of appeals to issue writs; amending Minnesota Statutes 1984, section 480A.06, subdivision 6.

The bill was read for the first time and referred to the Committee on Judiciary.

Battaglia, Elioff and Begich introduced:

H. F. No. 1579, A bill for an act relating to appropriations; appropriating money for construction of a dam on Nett Lake in St. Louis county.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Munger, Boo, Jaros and Murphy introduced:

H. F. No. 1580, A bill for an act relating to the city of Duluth; modifying lien rights in connection with the collection of installment payments on municipal home energy loans; amending Laws 1981, chapter 223, section 4, subdivisions 2 and 3.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Rose; Olsen, S.; Haukoos; Schreiber and Boerboom introduced:

H. F. No. 1581, A bill for an act relating to education; establishing a scholarship for excellence program; appropriating money; proposing coding for new law in Minnesota Statutes, chapters 136A and 290.

The bill was read for the first time and referred to the Committee on Taxes.

Boerboom; Dimler; Carlson, D., and Frerichs introduced:

H. F. No. 1582, A bill for an act relating to motor vehicles; repealing a motor vehicle registration and transfer fee; repealing Minnesota Statutes 1984, section 115A.908.

The bill was read for the first time and referred to the Committee on Transportation.

Boerboom introduced:

H. F. No. 1583, A bill for an act relating to soil and water conservation; appropriating money for floodplain management.

The bill was read for the first time and referred to the Committee on Enviroment and Natural Resources.

Shaver, Osthoff, Fjoslien, Scheid and Backlund introduced:

H. F. No. 1584, A bill for an act relating to elections; changing certain filing provisions; providing for training of election judges and election officials; requiring publication of certain election guides; excepting certain election judges from receiving compensation; changing certain canvassing procedures; providing for certain recounts; defining terms; changing certain deadlines; changing certain procedures relating to voting machines; appropriating money; amending Minnesota Statutes 1984, sections 204B.09, subdivision 1; 204B.25, subdivision 1; 204B.27, subdivision 5, and by adding a subdivision; 204B.31; 204C.32, subdivision 1; 204C.33, subdivision 1; 204C.35, by adding a subdivision; 206.56, by adding a subdivision; 206.58, subdivision 2, and by adding a subdivision; 206.82, by adding a subdivision; and 206.83.

The bill was read for the first time and referred to the Committee on General Legislation and Veterans Affairs.

Segal and Pappas introduced:

H. F. No. 1585, A bill for an act relating to education; providing a state aid incentive for class size reductions in kindergarten through grade 12; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 124.

The bill was read for the first time and referred to the Committee on Education.

Kelly, Clausnitzer, Greenfield, Staten and Seaberg introduced:

H. F. No. 1586, A bill for an act relating to crimes; requiring the county attorneys council to develop recommended plea negotiation guidelines; requiring prosecutors to file written reasons supporting plea agreements with the court following the acceptance of a negotiated guilty plea; prohibiting sentence negotiations; proposing coding for new law in Minnesota Statutes, chapters 388 and 630.

The bill was read for the first time and referred to the Committee on Crime and Family Law.

Hartle and Heap introduced:

H. F. No. 1587, A bill for an act relating to public safety; creating a division of elevator inspection in the department of labor and industry; providing for duties, powers, and fees; providing for annual, statewide, certified inspections of elevators by qualified inspectors; allowing municipalities with qualified elevator inspection programs to be exempt from state inspection; establishing a study of elevator safety inspections; requiring a report to the legislature; prescribing a penalty; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 183.

The bill was read for the first time and referred to the Committee on Labor-Management Relations.

Himle, Schreiber and Scheid introduced:

H. F. No. 1588, A bill for an act relating to taxation; income; excluding small foreign sales corporations from the combined report; amending Minnesota Statutes 1984, section 290.34, subdivision 2.

The bill was read for the first time and referred to the Committee on Taxes.

Dempsey introduced:

H. F. No. 1589, A bill for an act relating to collection and dissemination of data; classifying government data as confidential, private, nonpublic, protected nonpublic, and public; clarifying issues relating to classifications of data, access to data, and classifications of inactive investigative data; refining provisions of the data practices act; amending Minnesota Statutes 1984, sections 13.03, subdivision 3, and by adding a subdivision; 13.32, subdivision 1; 13.37, subdivision 2; 13.39, by adding a subdivision; 13.46, subdivisions 3 and 10; 13.65, subdivision 1; 13.71; 13.72, by adding subdivisions; 13.82, by adding subdivisions; 13.84, subdivisions 1 and 6; proposing coding for new law in Minnesota Statutes, chapter 13; repealing Minnesota Statutes 1984, sections 13.73 and 13.81.

The bill was read for the first time and referred to the Committee on Judiciary.

Gruenes introduced:

H. F. No. 1590, A bill for an act relating to human services; clarifying case management services for the mentally retarded; amending Minnesota Statutes 1984, section 256B.092, subdivision 7, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 256B.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Onnen introduced:

H. F. No. 1591, A bill for an act relating to human services: requiring licensure of facilities for children and handicapped persons in need of treatment; providing for licensure of certain facilities by the department of human services; allowing licensing of day care units for five or more nonresidents; amending Minnesota Statutes 1984, sections 245.782, subdivision 2; and 245.791; proposing coding for new law in Minnesota Statutes, chapter 245.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Boo introduced:

H. F. No. 1592, A bill for an act relating to human services; raising the standards of assistance for families in the general assistance program; limiting monthly payments for facilities with negotiated rates; granting rulemaking authority; appropriating money; amending Minnesota Statutes 1984, section 256D.01, subdivisions 1a and 1b.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Schreiber introduced:

H. F. No. 1593, A bill for an act relating to local government aid; modifying the distribution formula for cities; amending Minnesota Statutes 1984, sections 477A.011, subdivision 3, and by adding subdivisions; and 477A.013; repealing Minnesota Statutes 1984, sections 477A.011, subdivision 10; and 477A.0131.

The bill was read for the first time and referred to the Committee on Taxes.

Carlson, J., introduced:

H. F. No. 1594, A bill for an act relating to human services; changing provisions of the aid to families with dependent children program; redefining human services assistance terms; clarifying assistance provisions; excluding certain property and income for assistance purposes; establishing a procedure for collection of overpayments; excluding certain women from work registration; changing medical assistance length of eligibility; allowing a $50 disregard for child support; clarifies assistance application and issuance procedures; clarifying the county of responsibility; amending Minnesota Statutes 1984, sections 256.12, subdivision 20; 256.73, subdivisions 2, 3a, and 6; 256.736, subdivisions 3 and 4; 256.74, subdivisions 1, 1a, and 2; 256.76, subdivision 1; 256.78; 256.79; and 256.871, subdivision 3.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Frerichs and Heap introduced:

H. F. No. 1595, A bill for an act relating to economic development; providing for the creation of economic growth areas; providing tax incentives; proposing coding for new law as Minnesota Statutes, chapter 116N.

The bill was read for the first time and referred to the Committee on Taxes.

HOUSE ADVISORIES

The following House Advisories were introduced:

Otis, Price and Erickson introduced:

H. A. No. 17, A proposal to study pupil to teacher ratios.

The advisory was referred to the Committee on Education.

Kvam; Brandl; Olsen, S.; Brinkman and Levi introduced:

H. A. No. 18, A proposal for study of the appropriate work for the legislature in even-numbered years.

The advisory was referred to the Committee on Rules and Legislative Administration.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 422, A bill for an act relating to the city of West Saint Paul; changing the municipal election day and extending the terms of certain elected officials.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 70 and 597.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 468, 675, 676 and 798.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 82, 152, 485 and 568.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 126, 281, 563 and 566.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 609, 783, 1073 and 1183.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 441, 557, 827 and 1088.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 302, 647, 750 and 916.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 682 and 930.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 623 and 709.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 693 and 882.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 127, 330 and 728.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 1307 and 1334.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 186, 285, 521 and 1117.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 219, 359 and 805.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 381.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 437.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 70, A bill for an act relating to real property; local and metropolitan government; transportation; providing for acquisition and relocation assistance in cases of hardship to owners of homestead property located in a proposed state highway corridor; amending Minnesota Statutes 1984, section 473.167, subdivision 3, and by adding a subdivision.

The bill was read for the first time.

Dimler moved that S. F. No. 70 and H. F. No. 145, now on the Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 597, A bill for an act relating to the city of North Mankato; permitting the establishment of a port authority; authorizing the port authority to exercise the powers of a municipal housing and redevelopment authority.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

S. F. No. 468, A bill for an act relating to education; requiring an educational cooperative service unit to conduct a meeting annually to discuss issues of mutual concern and to facilitate coordination and cooperation; amending Minnesota Statutes 1984, section 123.58, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Education.

S. F. No. 675, A bill for an act relating to highways; allowing road authorities to designate minimum-maintenance roads; exempting road authorities from liability for damages arising from travel on minimum-maintenance roads; amending Minnesota Statutes 1984, sections 160.02, subdivision 7; and 169.06, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 160.

The bill was read for the first time and referred to the Committee on Transportation.

S. F. No. 676, A bill for an act relating to towns; authorizing the conduct of town business at places located outside the town; amending Minnesota Statutes 1984, sections 365.51 and 365.52; proposing coding for new law in Minnesota Statutes, chapter 365.

The bill was read for the first time.

Uphus moved that S. F. No. 676 and H. F. No. 677, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 798, A bill for an act relating to labor; independent school district No. 709; removing educational assistants from civil service; amending Laws 1967, chapter 252, section 2, as amended.

The bill was read for the first time.

Jaros moved that S. F. No. 798 and H. F. No. 918, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 82, A bill for an act relating to real property; requiring that condominium floor plans be approved by county surveyor before recording; amending Minnesota Statutes 1984, section 389.09.

The bill was read for the first time.

Beard moved that S. F. No. 82 and H. F. No. 285, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 152, A bill for an act relating to insurance; accident and health; providing for the extraterritorial application of mandated maternity benefits for unmarried women; amending Minnesota Statutes 1984, section 62A.041.

The bill was read for the first time and referred to the Committee on Financial Institutions and Insurance.

S. F. No. 485, A bill for an act relating to commerce; franchises; providing for the assignment, transfer, or sale of a franchise under certain circumstances; providing certain equitable relief; amending Minnesota Statutes 1984, section 80C.14, subdivision 2.

The bill was read for the first time and referred to the Committee on Commerce and Economic Development.

S. F. No. 568, A bill for an act relating to education; directing the commissioner of education to form an advisory committee on nonpublic schools; amending Minnesota Statutes 1984, section 123.935, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Appropriations.

S. F. No. 126, A bill for an act relating to education; requiring post-secondary governing boards to develop procedures to facilitate the transfer of credit between institutions; proposing coding for new law in Minnesota Statutes, chapters 135A and 136.

The bill was read for the first time and referred to the Committee on Education.

S. F. No. 281, A bill for an act relating to criminal justice; clarifying the procedure for making certain claims against the state; providing limitations on the payment of claims; placing restrictions on places where work in restitution or community service may be performed; amending Minnesota Statutes 1984, sections 3.739, subdivisions 2 and 2a; and 609.135, subdivision 1.

The bill was read for the first time.

Ogren moved that S. F. No. 281 and H. F. No. 514, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 563, A bill for an act relating to education; requiring the state board of vocational technical education to adopt policies about minimum class size and placement ratios; exempting certain monetary distributions from certain contract procedures; amending Minnesota Statutes 1984, sections 123.33, subdivision 14; 125.031; 136C.04, subdivisions 9 and 12; 136C.042, subdivision 1; 136C.26, subdivision 1; 136C.28, subdivision 1; and 136C.31; repealing Minnesota Statutes 1984, sections 125.055; and 136C.27, subdivision 1.

The bill was read for the first time.

Heap moved that S. F. No. 563 and H. F. No. 476, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 566, A bill for an act relating to civil procedure; providing for the treatment of certain foreign judgments; enacting the Uniform Foreign Country Money-Judgments Recognition Act; proposing coding for new law in Minnesota Statutes, chapter 548.

The bill was read for the first time.

Rees moved that S. F. No. 566 and H. F. No. 891, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 609, A bill for an act relating to human rights; prohibiting the waiver of legal rights or remedies in certain human rights cases; establishing standards for waiver rescission; amending Minnesota Statutes 1984, section 363.031.

The bill was read for the first time.

Halberg moved that S. F. No. 609 and H. F. No. 543, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 783, A bill for an act relating to natural resources; authorizing additions to and deletions from certain state parks; amending Laws 1980, chapter 489, section 1, subdivision 4, and by adding a subdivision.

The bill was read for the first time.

Olson, E., moved that S. F. No. 783 and H. F. No. 967, now on the Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1073, A bill for an act relating to taxation; providing for installment payments of deferred special assessments plus interest upon sale of green acres property; amending Minnesota Statutes 1984, section 273.111, subdivision 11.

The bill was read for the first time and referred to the Committee on Taxes.

S. F. No. 1183, A bill for an act relating to intoxicating liquor; providing for issuance of licenses within Indian country; allowing the sales between collectors of discontinued brands of beer in cans; authorizing the issuance of on-sale licenses in certain

theaters in Minneapolis; amending Minnesota Statutes 1984, section 340.11, subdivision 15, and by adding a subdivision.

The bill was read for the first time and referred to the Committee on Commerce and Economic Development.

S. F. No. 441, A bill for an act relating to the national guard; changing minimum pay for certain enlisted persons; amending Minnesota Statutes 1984, section 192.51, subdivision 2.

The bill was read for the first time and referred to the Committee on Appropriations.

S. F. No. 557, A bill for an act relating to insurance; removing the limits on credits offered on workers' compensation insurance premiums; amending Minnesota Statutes 1984, section 79.55, by adding a subdivision.

The bill was read for the first time.

Poppenhagen moved that S. F. No. 557 and H. F. No. 545, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 827, A bill for an act relating to marriage dissolution; requiring child support or maintenance obligors to file address or residence changes; amending Minnesota Statutes 1984, section 518.55, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Crime and Family Law.

S. F. No. 1088, A bill for an act relating to the revenue recapture act; including the University of Minnesota in the definition of claimant agency; amending Minnesota Statutes 1984, sections 270A.02; and 270A.03, subdivision 2.

The bill was read for the first time.

Greenfield moved that S. F. No. 1088 and H. F. No. 1057, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 302, A bill for an act relating to commerce; providing for deposits of public funds in thrift institutions; amending Minnesota Statutes 1984, section 118.005.

The bill was read for the first time and referred to the Committee on Financial Institutions and Insurance.

S. F. No. 647, A bill for an act relating to education; Minnesota Educational Computing Corporation; removing some limits on its powers; providing for compliance with certain bidding laws for management computing services; amending Minnesota Statutes 1984, sections 119.04, subdivision 2; 119.05, subdivision 2; and 119.07.

The bill was read for the first time.

Erickson moved that S. F. No. 647 and H. F. No. 619, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 750, A bill for an act relating to veterans; authorizing the American Veterans to use space in the veterans service building; amending Minnesota Statutes 1984, section 197.58.

The bill was read for the first time and referred to the Committee on General Legislation and Veterans Affairs.

S. F. No. 916, A bill for an act relating to human services; authorizing the commissioner to establish a state advisory planning council; requiring counties to contract with nonprofit organizations; changing set aside project amounts; amending Minnesota Statutes 1984, sections 245.70, subdivision 1; 245.71; 245.711, subdivision 2; and 245.713, subdivision 2.

The bill was read for the first time and referred to the Committee on Appropriations.

S. F. No. 682, A bill for an act relating to human services; eliminating exclusions to licensing of child care programs; establishing qualifications for licensers; amending Minnesota Statutes 1984, sections 245.791; and 245.804, subdivision 1.

The bill was read for the first time and referred to the Committee on Health and Human Services.

S. F. No. 930, A bill for an act relating to public safety; motor vehicles; clarifying penalties for failure to provide security for basic reparation benefits; defining terms; requiring certification procedure to obtain tax-exempt passenger vehicle license plates for unmarked vehicle of law enforcement agency; reducing 2,000-pound weight limitation to three-fourths ton for motor vehicles in certain situations; exempting certain returned motor vehicle registration documents from filing fee; prescribing dissemination of traffic accident information to news media; regulating format of certain license plates; increasing weight of vehicles which may be operated with class "C" driver's license; prescribing filing period for clerk of district court to forward drivers license applications and fees to department of public

safety; authorizing commissioner of public safety to promulgate school bus driver qualification rules; authorizing access to certain private vehicle tax information under certain conditions; prescribing fees; amending Minnesota Statutes 1984, sections 65B.67, subdivision 4; 168.011, subdivisions 4, 28, and 29; 168.-012, subdivision 1; 168.021, subdivision 1; 168.27, subdivision 11; 168.33, subdivision 7; 169.09, subdivision 13; 169.79; 171.02, subdivision 2; 171.06, subdivision 4; 171.17; 171.321, subdivision 2; and 297B.12.

The bill was read for the first time and referred to the Committee on Governmental Operations.

S. F. No. 623, A bill for an act relating to marriage dissolution; clarifying factors to consider in awarding maintenance; amending Minnesota Statutes 1984, sections 518.552; and 518.64, subdivision 2.

The bill was read for the first time and referred to the Committee on Judiciary.

S. F. No. 709, A bill for an act relating to courts; raising the jurisdictional limit on claims heard in conciliation court; amending Minnesota Statutes 1984, sections 487.30, subdivision 1; 488A.12, subdivision 3; 488A.14, subdivision 6; 488A.29, subdivision 3; and 488A.31, subdivision 6.

The bill was read for the first time.

McKasy moved that S. F. No. 709 and H. F. No. 1075, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 693, A bill for an act relating to crimes; providing for forfeitures of communications devices and proceeds derived from commission of designated offenses; amending Minnesota Statutes 1984, sections 152.19, subdivision 5; and 609.531.

The bill was read for the first time.

Bishop moved that S. F. No. 693 and H. F. No. 636, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 882, A bill for an act relating to commerce; clarifying submission of applications for directors and officers liability insurance; providing for the withdrawal of certain registration statements; broadening the securities transaction exemptions for isolated sales and limited offerings; repealing the securities transaction for preorganization offerings; simplifying an exemption from franchise registration; providing for disclosure of representation by real estate brokers and salespersons; expand-

ing those officers who may verify corporate broker licenses; altering re-examination requirements for brokers and salespersons who fail to renew their licenses; altering the unclaimed property reporting deadline for life insurance companies; raising the aggregation amount for holders reporting unclaimed property; specifying dates for notifying and advertising owners of abandoned property; and providing for the notification of all lienholders by a unit owners association in an assessment lien foreclosure; amending Minnesota Statutes 1984, sections 60A.08, by adding a subdivision; 80A.10, by adding a subdivision; 80A.-13, subdivision 1; 80A.15, subdivision 2; 80C.03; 82.19, subdivision 3, and by adding a subdivision; 82.20, subdivision 4; 82.21, subdivision 1; 82.22, subdivision 10; 82.24, subdivision 4; 345.41; 345.42, subdivisions 1 and 3; and 515A.3-115; proposing coding for new law in Minnesota Statutes, chapter 82.

The bill was read for the first time and referred to the Committee on Commerce and Economic Development.

S. F. No. 127, A bill for an act relating to game and fish; authorizing big game licenses for nonresident students at resident fees; amending Minnesota Statutes 1984, section 98.45, subdivision 7.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

S. F. No. 330, A bill for an act relating to public safety; permitting churches to display christmas trees with decorative lights; amending Minnesota Statutes 1984, section 299F.011, by adding a subdivision.

The bill was read for the first time and referred to the Committee on General Legislation and Veterans Affairs.

S. F. No. 728, A resolution memorializing the 100th anniversary of the birth of Harry S. Truman, the 33rd President of the United States.

The bill was read for the first time and referred to the Committee on Rules and Legislative Administration.

S. F. No. 1307, A bill for an act relating to cemeteries; providing for the maintenance of certain cemeteries containing the remains of pioneers and Minnesotans who died through the year 1875; amending Minnesota Statutes 1984, section 306.243, subdivision 1.

The bill was read for the first time and referred to the Committee on General Legislation and Veterans Affairs.

S. F. No. 1334, A bill for an act relating to utilities; regulating certain intrastate gas pipelines; amending Minnesota Statutes 1984, section 216B.02, subdivision 4.

The bill was read for the first time and referred to the Committee on Regulated Industries and Energy.

S. F. No. 186, A bill for an act relating to administrative rules; requiring the director of the pollution control agency to give notice of application for a water pollution discharge permit; amending Minnesota Statutes 1984, section 115.03, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

S. F. No. 285, A bill for an act relating to farm loans; eliminating the limitation on the gross receipts of farms eligible for economic development loans; amending Minnesota Statutes 1984, section 116M.03, subdivision 4.

The bill was read for the first time and referred to the Committee on Agriculture.

S. F. No. 521, A bill for an act relating to corrections; authorizing the commissioner of corrections to prescribe the conditions under which persons on work release may retain and expend their earnings; providing for inmate contribution to funds for programs to aid victims of crime; clarifying the provisions relating to the use of force by correctional officers in preventing escape; providing preference to county employees displaced when counties change over and request probation services for county courts from the state; removing obsolete language; amending Minnesota Statutes 1984, sections 241.26, subdivisions 1 and 5; 243.23, subdivision 3; 243.52; 260.311, subdivisions 1 and 5; 401.01, subdivision 1; 401.02, subdivisions 1 and 4; and 401.11.

The bill was read for the first time.

Sherman moved that S. F. No. 521 and H. F. No. 484, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1117, A resolution memorializing the President and Congress of the United States to amend the Social Security Act to reverse overly-restrictive administrative interpretation of that act.

The bill was read for the first time and referred to the Committee on Health and Human Services.

S. F. No. 219, A bill for an act relating to transportation; restricting mowing of highway rights-of-way outside of cities; amending Minnesota Statutes 1984, section 160.02, by adding a

subdivision; proposing coding for new law in Minnesota Statutes, chapter 160.

The bill was read for the first time.

Peterson moved that S. F. No. 219 and H. F. No. 409, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 359, A bill for an act relating to intoxicating liquor; increasing the maximum license fee for off-sale intoxicating liquor licenses; amending Minnesota Statutes 1984, section 340.11, subdivision 14.

The bill was read for the first time and referred to the Committee on Commerce and Economic Development.

S. F. No. 805, A bill for an act relating to human services; regulating long-term sheltered workshop; changing the effective date for long-term sheltered workshop evaluation criteria rules; amending Minnesota Statutes 1984, sections 129A.07, subdivision 1; and 129A.08, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 129A.

The bill was read for the first time and referred to the Committee on Health and Human Services.

S. F. No. 381, A bill for an act relating to health; specifying nursing home correction order or noncompliance violations and penalties; amending Minnesota Statutes 1984, sections 144A.01, subdivision 7, and by adding a subdivision; 144A.04, subdivisions 4 and 6; 144A.08, subdivision 3; 144A.10, subdivision 4, and by adding subdivisions; and 144A.11, subdivisions 2 and 3a.

The bill was read for the first time.

Greenfield moved that S. F. No. 381 and H. F. No. 655, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 437, A bill for an act relating to insurance; providing for the regulation of fraternal benefit societies; amending Minnesota Statutes 1984, section 61B.02, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 64B; repealing Minnesota Statutes 1984, sections 64A.01 to 64A.48.

The bill was read for the first time.

Halberg moved that S. F. No. 437 and H. F. No. 552, now on Technical Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

CONSENT CALENDAR

H. F. No. 1198, A bill for an act relating to local government; authorizing the creation of a youth coordinating board in the city of Minneapolis.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 123 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Ellingson	Krueger	Osthoff	Segal
Backlund	Erickson	Kvam	Otis	Sherman
Battaglia	Fjoslien	Levi	Ozment	Simoneau
Becklin	Forsythe	Lieder	Pappas	Skoglund
Begich	Frederick	Long	Pauly	Solberg
Bennett	Frederickson	Marsh	Peterson	Sparby
Bishop	Frerichs	McDonald	Piepho	Stanius
Blatz	Greenfield	McEachern	Piper	Staten
Boerboom	Gutknecht	McLaughlin	Poppenhagen	Sviggum
Boo	Halberg	McPherson	Price	Thiede
Brandl	Hartinger	Metzen	Quinn	Thorson
Brinkman	Hartle	Miller	Quist	Tjornhom
Brown	Haukoos	Minne	Redalen	Tompkins
Burger	Heap	Munger	Rees	Valan
Carlson, D.	Himle	Murphy	Rest	Valento
Carlson, J.	Jacobs	Nelson, D.	Rice	Vanasek
Carlson, L.	Jaros	Nelson, K.	Richter	Voss
Clark	Jennings, L.	Neuenschwander	Riveness	Waltman
Clausnitzer	Johnson	Norton	Rodosovich	Welle
Cohen	Kalis	O'Connor	Rose	Wenzel
Dempsey	Kelly	Ogren	Sarna	Wynia
DenOuden	Kiffmeyer	Olsen, S.	Schafer	Zaffke
Dimler	Knickerbocker	Olson, E.	Scheid	Spk. Jennings, D.
Dyke	Knuth	Omann	Schoenfeld	
Elioff	Kostohryz	Onnen	Seaberg	

The bill was passed and its title agreed to.

H. F. No. 1382 was reported to the House.

Cohen moved to amend H. F. No. 1382, the first engrossment, as follows:

Amend the title as follows:

Page 1, line 2, delete "in"

Page 1, line 3, delete everything before the semicolon

The motion prevailed and the amendment was adopted.

H. F. No. 1382, A bill for an act relating to courts; providing for transcript fees; amending Minnesota Statutes 1984, section 486.06.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, R.	Erickson	Krueger	Ozment	Simoneau
Backlund	Fjoslien	Kvam	Pappas	Skoglund
Battaglia	Forsythe	Levi	Pauly	Solberg
Beard	Frederick	Lieder	Peterson	Sparby
Becklin	Frederickson	Long	Piepho	Stanius
Begich	Frerichs	Marsh	Piper	Staten
Bennett	Greenfield	McDonald	Poppenhagen	Sviggum
Bishop	Gruenes	McEachern	Price	Thiede
Blatz	Gutknecht	McLaughlin	Quinn	Thorson
Boerboom	Halberg	McPherson	Quist	Tjornhom
Boo	Hartinger	Metzen	Redalen	Tomlinson
Brandl	Hartle	Miller	Rees	Uphus
Brinkman	Haukoos	Minne	Rest	Valan
Brown	Heap	Munger	Rice	Valento
Burger	Himle	Murphy	Richter	Vanasek
Carlson, D.	Jacobs	Nelson, D.	Riveness	Voss
Carlson, J.	Jaros	Nelson, K.	Rodosovich	Waltman
Carlson, L.	Jennings, L.	Neuenschwander	Rose	Welle
Clark	Johnson	Norton	Sarna	Wenzel
Clausnitzer	Kahn	O'Connor	Schafer	Wynia
Cohen	Kalis	Ogren	Scheid	Zaffke
Dempsey	Kelly	Olsen, S.	Schoenfeld	Spk. Jennings, D.
DenOuden	Kiffmeyer	Olson, E.	Schreiber	
Dimler	Knickerbocker	Omann	Seaberg	
Dyke	Knuth	Onnen	Segal	
Elioff	Kostohryz	Otis	Sherman	

Those who voted in the negative were:

Ellingson

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

H. F. No. 163, A resolution memorializing the President and Congress to design the 1985 farm bill to preserve the family farm system.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Brown	Fjoslien	Himle	Kvam
Backlund	Burger	Forsythe	Jacobs	Levi
Battaglia	Carlson, D.	Frederick	Jaros	Lieder
Beard	Carlson, L.	Frederickson	Jennings, L.	Long
Becklin	Clark	Frerichs	Johnson	Marsh
Begich	Clausnitzer	Greenfield	Kahn	McDonald
Bennett	Cohen	Gruenes	Kalis	McEachern
Bishop	Dempsey	Gutknecht	Kelly	McKasy
Blatz	DenOuden	Halberg	Kiffmeyer	McLaughlin
Boerboom	Dyke	Hartinger	Knickerbocker	McPherson
Boo	Elioff	Hartle	Knuth	Metzen
Brandl	Ellingson	Haukoos	Kostohryz	Miller
Brinkman	Erickson	Heap	Krueger	Minne

Munger	Osthoff	Redalen	Segal	Tompkins
Murphy	Otis	Rees	Sherman	Uphus
Nelson, D.	Ozment	Rest	Simoneau	Valan
Nelson, K.	Pappas	Rice	Skoglund	Valento
Neuenschwander	Pauly	Richter	Solberg	Vanasek
Norton	Peterson	Rodosovich	Sparby	Voss
O'Connor	Piepho	Rose	Stanius	Waltman
Ogren	Piper	Sarna	Staten	Welle
Olsen, S.	Poppenhagen	Schafer	Sviggum	Wenzel
Olson, E.	Price	Scheid	Thorson	Wynia
Omann	Quinn	Schreiber	Tjornhom	Zaffke
Onnen	Quist	Seaberg	Tomlinson	Spk. Jennings, D.

The bill was passed and its title agreed to.

H. F. No. 580, A bill for an act relating to economic development; providing for the election of certain community development corporation directors; amending Minnesota Statutes 1984, section 116M.04, subdivision 6.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Erickson	Krueger	Osthoff	Segal
Backlund	Fjoslien	Kvam	Otis	Sherman
Battaglia	Forsythe	Levi	Ozment	Simoneau
Beard	Frederick	Lieder	Pappas	Solberg
Becklin	Frederickson	Long	Pauly	Sparby
Begich	Frerichs	Marsh	Peterson	Stanius
Bennett	Greenfield	McDonald	Piepho	Staten
Bishop	Gruenes	McEachern	Piper	Sviggum
Blatz	Gutknecht	McKasy	Poppenhagen	Thiede
Boerboom	Halberg	McLaughlin	Price	Thorson
Boo	Hartinger	McPherson	Quinn	Tjornhom
Brandl	Hartle	Metzen	Quist	Tomlinson
Brinkman	Haukoos	Miller	Redalen	Tompkins
Brown	Heap	Minne	Rees	Uphus
Burger	Himle	Munger	Rest	Valan
Carlson, D.	Jacobs	Murphy	Rice	Valento
Carlson, J.	Jaros	Nelson, D.	Richter	Vanasek
Carlson, L.	Jennings, L.	Nelson, K.	Riveness	Voss
Clark	Johnson	Neuenschwander	Rodosovich	Waltman
Clausnitzer	Kahn	Norton	Rose	Welle
Cohen	Kalis	O'Connor	Sarna	Wenzel
Dempsey	Kelly	Ogren	Schafer	Wynia
Dimler	Kiffmeyer	Olsen, S.	Scheid	Zaffke
Dyke	Knickerbocker	Olson, E.	Schoenfeld	Spk. Jennings, D.
Elioff	Knuth	Omann	Schreiber	
Ellingson	Kostohryz	Onnen	Seaberg	

The bill was passed and its title agreed to.

H. F. No. 823 was reported to the House.

There being no objection, H. F. No. 823 was continued on the Consent Calendar for one day.

H. F. No. 1374 was reported to the House.

Begich moved that H. F. No. 1374 be continued on the Consent Calendar for one day. The motion prevailed.

H. F. No. 1388, A resolution memorializing the President, Congress, and the Secretary of Agriculture to require certain minimum levels of solids-not-fat in fluid milk marketed for direct human consumption.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 124 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, R.	Fjoslien	Krueger	Osthoff	Segal
Backlund	Forsythe	Kvam	Otis	Sherman
Battaglia	Frederick	Levi	Ozment	Simoneau
Beard	Frederickson	Lieder	Pappas	Skoglund
Becklin	Frerichs	Long	Pauly	Solberg
Begich	Greenfield	Marsh	Peterson	Sparby
Bennett	Gruenes	McDonald	Piepho	Stanius
Bishop	Gutknecht	McKasy	Piper	Staten
Blatz	Halberg	McLaughlin	Poppenhagen	Sviggum
Boerboom	Hartinger	McPherson	Price	Thiede
Boo	Hartle	Metzen	Quinn	Thorson
Brinkman	Haukoos	Miller	Quist	Tjornhom
Burger	Heap	Minne	Redalen	Tomlinson
Carlson, D.	Himle	Munger	Rees	Uphus
Carlson, L.	Jacobs	Murphy	Rest	Valan
Clark	Jaros	Nelson, D.	Rice	Valento
Clausnitzer	Jennings, L.	Nelson, K.	Richter	Vanasek
Cohen	Johnson	Neuenschwander	Riveness	Voss
Dempsey	Kahn	Norton	Rodosovich	Waltman
DenOuden	Kalis	O'Connor	Rose	Welle
Dimler	Kelly	Ogren	Schafer	Wenzel
Dyke	Kiffmeyer	Olsen, S.	Scheid	Wynia
Elioff	Knickerbocker	Olson, E.	Schoenfeld	Zaffke
Ellingson	Knuth	Omann	Schreiber	Spk. Jennings, D.
Erickson	Kostohryz	Onnen	Seaberg	

Those who voted in the negative were:

Tompkins

The bill was passed and its title agreed to.

S. F. No. 177, A bill for an act relating to crime; allowing the admission of certain out-of-court statements of mentally impaired persons; defining "mentally impaired"; amending Minne-

sota Statutes 1984, sections 260.156; 595.02, subdivision 3; 609.-341, subdivisions 6 and 11; 609.342; 609.343; 609.344; and 609.345.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Ellingson	Kostohryz	Onnen	Segal
Backlund	Erickson	Krueger	Osthoff	Sherman
Battaglia	Fjoslien	Kvam	Otis	Simoneau
Beard	Forsythe	Levi	Ozment	Skoglund
Becklin	Frederick	Lieder	Pappas	Solberg
Begich	Frederickson	Long	Peterson	Sparby
Bennett	Frerichs	Marsh	Piepho	Stanius
Bishop	Greenfield	McDonald	Piper	Staten
Blatz	Gruenes	McEachern	Poppenhagen	Sviggum
Boerboom	Gutknecht	McKasy	Price	Thiede
Boo	Halberg	McLaughlin	Quinn	Thorson
Brandl	Hartinger	McPherson	Quist	Tjornhom
Brinkman	Hartle	Metzen	Redalen	Tomlinson
Brown	Haukoos	Miller	Rees	Tompkins
Burger	Heap	Minne	Rest	Uphus
Carlson, D.	Himle	Munger	Rice	Valan
Carlson, J.	Jacobs	Murphy	Richter	Valento
Carlson, L.	Jaros	Nelson, D.	Riveness	Vanasek
Clark	Jennings, L.	Nelson, K.	Rodosovich	Voss
Clausnitzer	Johnson	Neuenschwander	Rose	Waltman
Cohen	Kahn	Norton	Sarna	Welle
Dempsey	Kalis	O'Connor	Schafer	Wenzel
DenOuden	Kelly	Ogren	Scheid	Wynia
Dimler	Kiffmeyer	Olsen, S.	Schoenfeld	Zaffke
Dyke	Knickerbocker	Olson, E.	Schreiber	Spk. Jennings, D.
Elioff	Knuth	Omann	Seaberg	

The bill was passed and its title agreed to.

S. F. No. 379 was reported to the House.

There being no objection, S. F. No. 379 was continued on the Consent Calendar for one day.

CALENDAR

S. F. No. 472, A bill for an act relating to taxation; discontinuing enforcement of the unfair cigarette sales act; modifying certain procedures relating to taxpayer appeals; requiring apportionment of levies in specific situations; clarifying the calculation of property tax credits; clarifying the tax treatment of certain pipelines; modifying provisions relating to the payment of property taxes; allowing for sales of sample packs of cigarettes containing 25 cigarettes; altering the eligibility for confessions of judgment; providing for the recording of state deeds; modifying the deed stamp tax procedure; clarifying the compu-

tation of gross earnings tax for taconite railroads; clarifying labor credit provisions; modifying the taconite production tax distribution; reducing occupation and royalty tax rates for certain ore; clarifying process of taconite aid guarantee phase out; requiring payment of current taxes before conveyance of registered land; allowing for memorializing of state deeds on certificates of title; amending Minnesota Statutes 1984, sections 270.-06; 270.076, subdivision 2; 270.11, subdivision 7; 270.12, subdivision 3; 272.02, subdivision 1; 273.123, subdivision 5; 273.13, subdivision 4; 273.138, subdivision 5; 273.33, subdivisions 1 and 2; 279.01, subdivision 1; 279.37, subdivision 1; 282.01, subdivision 6; 282.014; 282.301; 282.33, subdivision 1; 282.36; 287.25; 294.22; 297.03, subdivision 10; 298.01, subdivision 1; 298.02, subdivision 1; 298.225; 298.28, subdivision 1; 299.01, subdivision 1; 299.012, subdivision 1; 473H.10, subdivision 3; 508.47, subdivision 4; 508.71, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 273; repealing Minnesota Statutes 1984, sections 298.01, subdivision 2; 299.01, subdivision 2; 325D.41; and 477A.04.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 124 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, R.	Fjoslien	Krueger	Osthoff	Sherman
Backlund	Forsythe	Kvam	Otis	Simoneau
Battaglia	Frederick	Levi	Pappas	Skoglund
Beard	Frederickson	Lieder	Pauly	Solberg
Becklin	Frerichs	Long	Peterson	Sparby
Begich	Greenfield	Marsh	Piepho	Stanius
Bennett	Gruenes	McDonald	Piper	Staten
Blatz	Gutknecht	McEachern	Poppenhagen	Sviggum
Boerboom	Halberg	McLaughlin	Price	Thiede
Boo	Hartinger	McPherson	Quinn	Thorson
Brinkman	Hartle	Metzen	Quist	Tjornhom
Brown	Haukoos	Miller	Redalen	Tomlinson
Burger	Heap	Minne	Rest	Tompkins
Carlson, D.	Himle	Munger	Rice	Uphus
Carlson, J.	Jacobs	Murphy	Richter	Valan
Carlson, L.	Jaros	Nelson, D.	Riveness	Valento
Clark	Jennings, L.	Nelson, K.	Rodosovich	Vanasek
Clausnitzer	Johnson	Neuenschwander	Rose	Voss
Cohen	Kahn	Norton	Sarna	Waltman
Dempsey	Kalis	O'Connor	Schafer	Welle
Dimler	Kelly	Ogren	Scheid	Wenzel
Dyke	Kiffmeyer	Olsen, S.	Schoenfeld	Wynia
Elioff	Knickerbocker	Olson, E.	Schreiber	Zaffke
Ellingson	Knuth	Omann	Seaberg	Spk. Jennings, D.
Erickson	Kostohryz	Onnen	Segal	

Those who voted in the negative were:

DenOuden

The bill was passed and its title agreed to.

H. F. No. 755, A bill for an act relating to horseracing; authorizing the legislative auditor to perform certain audits; authorizing the commission to adopt certain medication rules; authorizing the attorney general to prosecute certain felonies; amending Minnesota Statutes 1984, sections 240.02, by adding a subdivision; 240.24; and 240.26, by adding a subdivision.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 102 yeas and 23 nays as follows:

Those who voted in the affirmative were:

Backlund	Frederickson	Marsh	Piepho	Sherman
Beard	Greenfield	McDonald	Piper	Simoneau
Becklin	Gruenes	McEachern	Poppenhagen	Solberg
Begich	Gutknecht	McKasy	Price	Sparby
Bennett	Halberg	McLaughlin	Quinn	Stanius
Blatz	Hartinger	McPherson	Quist	Staten
Boerboom	Haukoos	Metzen	Redalen	Sviggum
Boo	Heap	Miller	Rees	Thiede
Brinkman	Himle	Minne	Rest	Thorson
Brown	Jacobs	Murphy	Richter	Tjornhom
Burger	Jaros	Nelson, D.	Riveness	Tompkins
Carlson, D.	Johnson	Nelson, K.	Rodosovich	Uphus
Carlson, J.	Kahn	Neuenschwander	Rose	Valan
Carlson, L.	Kalis	Norton	Sarna	Valento
Clark	Kiffmeyer	Ogren	Schafer	Vanasek
Clausnitzer	Knuth	Olsen, S.	Scheid	Waltman
Dempsey	Krueger	Olson, E.	Schoenfeld	Zaffke
Dyke	Kvam	Osthoff	Schreiber	Spk. Jennings, D.
Elioff	Levi	Otis	Seaberg	
Erickson	Lieder	Ozment	Segal	
Frederick	Long	Pauly	Shaver	

Those who voted in the negative were:

Anderson, R.	Fjoslien	Kostohryz	Peterson	Welle
Battaglia	Forsythe	Munger	Rice	Wenzel
Cohen	Jennings, L.	O'Connor	Skoglund	Wynia
DenOuden	Kelly	Omann	Tomlinson	
Ellingson	Knickerbocker	Pappas	Voss	

The bill was passed and its title agreed to.

H. F. No. 401, A bill for an act relating to solid waste; repealing the exemption for certain solid waste disposal facilities from the certificate of need requirements; repealing Laws 1984, chapter 644, section 83.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 124 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, R.	Erickson	Krueger	Ozment	Shaver
Backlund	Fjoslien	Kvam	Pappas	Sherman
Battaglia	Forsythe	Levi	Pauly	Simoneau
Beard	Frederick	Lieder	Peterson	Solberg
Becklin	Frederickson	Long	Piepho	Sparby
Begich	Frerichs	Marsh	Piper	Stanius
Bennett	Greenfield	McDonald	Poppenhagen	Staten
Blatz	Gruenes	McEachern	Price	Sviggum
Boerboom	Gutknecht	McLaughlin	Quinn	Thiede
Boo	Halberg	McPherson	Quist	Thorson
Brinkman	Hartinger	Metzen	Redalen	Tjornhom
Brown	Haukoos	Miller	Rees	Tomlinson
Burger	Heap	Minne	Rest	Tompkins
Carlson, D.	Himle	Munger	Rice	Uphus
Carlson, J.	Jacobs	Murphy	Richter	Valan
Carlson, L.	Jaros	Nelson, K.	Riveness	Valento
Clark	Jennings, L.	Neuenschwander	Rodosovich	Vanasek
Clausnitzer	Johnson	Norton	Rose	Voss
Cohen	Kahn	O'Connor	Sarna	Waltman
Dempsey	Kalis	Ogren	Schafer	Welle
DenOuden	Kelly	Olsen, S.	Scheid	Wenzel
Dimler	Kiffmeyer	Olson, E.	Schoenfeld	Wynia
Dyke	Knickerbocker	Omann	Schreiber	Zaffke
Elioff	Knuth	Onnen	Seaberg	Spk. Jennings, D.
Ellingson	Kostohryz	Osthoff	Segal	

Those who voted in the negative were:

Nelson, D.

The bill was passed and its title agreed to.

H. F. No. 779, A bill for an act relating to taxation; changing certain income tax provisions relating to corporations; amending Minnesota Statutes 1984, sections 290.05, subdivision 1; 290.37, subdivision 1; 290.391; 290.42; and 290.931, subdivision 1.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Brown	Dyke	Gutknecht	Kalis
Backlund	Burger	Elioff	Halberg	Kelly
Battaglia	Carlson, D.	Ellingson	Hartinger	Kiffmeyer
Beard	Carlson, J.	Erickson	Haukoos	Knickerbocker
Becklin	Carlson, L.	Fjoslien	Heap	Knuth
Bennett	Clark	Forsythe	Himle	Kostohryz
Blatz	Clausnitzer	Frederick	Jacobs	Krueger
Boerboom	Cohen	Frederickson	Jaros	Kvam
Boo	Dempsey	Frerichs	Jennings, L.	Levi
Brandl	DenOuden	Greenfield	Johnson	Lieder
Brinkman	Dimler	Gruenes	Kahn	Long

Marsh	O'Connor	Price	Schreiber	Tomlinson
McDonald	Ogren	Quinn	Seaberg	Tompkins
McEachern	Olsen, S.	Quist	Segal	Uphus
McKasy	Olson, E.	Redalen	Shaver	Valan
McLaughlin	Omann	Rees	Sherman	Valento
McPherson	Onnen	Rest	Simoneau	Vanasek
Metzen	Osthoff	Rice	Skoglund	Voss
Miller	Otis	Richter	Solberg	Waltman
Minne	Ozment	Riveness	Sparby	Wenzel
Munger	Pappas	Rodosovich	Stanius	Wynia
Murphy	Pauly	Rose	Staten	Zaffke
Nelson, D.	Peterson	Sarna	Sviggum	Spk. Jennings, D.
Nelson, K.	Piepho	Schafer	Thiede	
Neuenschwander	Piper	Scheid	Thorson	
Norton	Poppenhagen	Schoenfeld	Tjornhom	

The bill was passed and its title agreed to.

H. F. No. 255, A bill for an act relating to courts; practice and procedure in dram shop actions; amending Minnesota Statutes 1984, sections 340.95 and 340.951.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 95 yeas and 34 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dyke	Kostohryz	Omann	Shaver
Backlund	Elioff	Krueger	Osthoff	Sherman
Battaglia	Fjoslien	Kvam	Ozment	Simoneau
Beard	Frederick	Levi	Pappas	Solberg
Becklin	Frerichs	Lieder	Pauly	Sparby
Begich	Gruenes	Marsh	Peterson	Stanius
Bennett	Gutknecht	McDonald	Piepho	Sviggum
Boerboom	Hartinger	McEachern	Poppenhagen	Thiede
Boo	Hartle	McKasy	Quist	Thorson
Brinkman	Haukoos	McPherson	Redalen	Tjornhom
Brown	Heap	Metzen	Rees	Uphus
Burger	Himle	Miller	Rest	Valan
Carlson, D.	Jacobs	Minne	Richter	Valento
Carlson, J.	Jaros	Munger	Rose	Vanasek
Carlson, L.	Jennings, L.	Neuenschwander	Sarna	Waltman
Clausnitzer	Johnson	O'Connor	Schafer	Welle
Dempsey	Kalis	Ogren	Scheid	Wenzel
DenOuden	Kiffmeyer	Olsen, S.	Schreiber	Zaffke
Dimler	Knickerbocker	Olson, E.	Seaberg	Spk. Jennings, D.

Those who voted in the negative were:

Blatz	Frederickson	McLaughlin	Piper	Skoglund
Brandl	Greenfield	Murphy	Price	Staten
Clark	Halberg	Nelson, D.	Quinn	Tomlinson
Cohen	Kahn	Nelson, K.	Rice	Tompkins
Ellingson	Kelly	Norton	Rodosovich	Voss
Erickson	Knuth	Onnen	Schoenfeld	Wynia
Forsythe	Long	Otis	Segal	

The bill was passed and its title agreed to.

GENERAL ORDERS

Pursuant to rules of the House, the House resolved itself into the Committee of the Whole with Jennings, D., in the Chair for consideration of bills pending on General Orders of the day. After some time spent therein the Committee arose.

REPORT OF THE COMMITTEE OF THE WHOLE

The Speaker resumed the Chair, whereupon the following recommendations of the Committee were reported to the House:

H. F. Nos. 399 and 507 were recommended to pass.

S. F. No. 625 was recommended to pass.

H. F. Nos. 9 and 618 were recommended for progress.

H. F. Nos. 102 and 633 were recommended for progress retaining their places on General Orders.

H. F. No. 405 was recommended for progress until Monday, April 29, 1985.

H. F. No. 368 which it recommended to pass with the following amendment offered by Dempsey:

Page 1, lines 23 and 24, delete the new language

Page 2, line 2, before the period insert: "*, but does not nullify other charges for dishonored checks or terms or conditions for imposing the charges which have been agreed to by the parties to an express contract*"

H. F. No. 418 which it recommended to pass with the following amendment offered by Dempsey:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 179A.16, is amended by adding a subdivision to read:

Subd. 9. An arbitrator in an interest arbitration held pursuant to this section shall not consider studies of peace officer and firefighter job classes done pursuant to sections 471.991 to 471.999 and Laws 1984, chapter 456, section 1 in reaching a decision on wages or other matters for peace officer and firefighter job classes. The provisions of section 471.993 except the stan-

dards in subdivision 1, clause 2, shall not be used in negotiations or interest arbitration for peace officer and firefighter job classes.

Sec. 2. Minnesota Statutes 1984, section 471.992, is amended to read:

471.992 [EQUITABLE COMPENSATION RELATIONSHIPS.]

Subdivision 1. [ESTABLISHMENT.] Subject to sections 179A.01 to 179A.25 but notwithstanding any other law to the contrary, every political subdivision of this state shall establish equitable compensation relationships between female-dominated, male-dominated, and balanced classes of employees.

Subd. 2. [ARBITRATION.] In all interest arbitration held pursuant to sections 179A.01 to 179A.25, the arbitrator shall follow the equitable compensation relationship standards established under (LAWS 1984, CHAPTER 651, SECTIONS 1 TO 10) *section 471.993 along with other standards appropriate to interest arbitration. The provisions of this subdivision do not apply to interest arbitrations involving peace officer and firefighter job classes.*

Subd. 3. [EFFECTIVE DATE.] This section will become effective August 1, 1987.

Sec. 3. Minnesota Statutes 1984, section 471.993, is amended by adding a subdivision to read:

Subd. 3. The provisions of this section do not apply in negotiations or interest arbitration for peace officer and firefighter job classes.

Sec. 4. [471.9966] [EFFECT ON OTHER LAW.]

A political subdivision may specify an amount of funds to be used solely to correct inequitable compensation relationships as well as an amount of funds to be used for general salary increases. The provisions of sections 471.991 to 471.999 do not diminish a political subdivision's duty to bargain in good faith under chapter 179A or sections 179.35 to 179.39.

Sec. 5. [REPEALER.]

Minnesota Statutes 1984, section 471.9965 is repealed."

Further delete the title in its entirety and insert:

"A bill for an act relating to local government; excluding firefighter and peace officer job classes from certain aspects of pay equity requirements; amending Minnesota Statutes 1984, section 179A.16, by adding a subdivision; 471.992; 471.993, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 471; repealing Minnesota Statutes 1984, section 471.9965."

H. F. No. 449 which it recommended to pass with the following amendment offered by Blatz:

Page 13, line 15, delete "*writ*" and insert "*order*"

H. F. No. 558 which it recommended to pass with the following amendment offered by Nelson, D.:

Page 2, after line 16, insert:

"Sec. 2. Minnesota Statutes 1984, section 473.704, is amended by adding a subdivision to read:

Subd. 18. The commission shall establish a research program to evaluate the effects of mosquito and blackfly control on other fauna. The purpose of the program is to identify the types and magnitude of the adverse effects of the control program on fish and wildlife and associated food chain invertebrates. The commission shall conduct at least half of the research through contracts with qualified outside researchers. The commission may finance the research program each year at a level up to 2.5 percent of its annual budget."

Renumber the remaining section

Further, amend the title as follows:

Page 1, line 4, after the semicolon insert: "requiring the metropolitan mosquito control district to establish a research program to evaluate the effects of its control program on other fauna;"

Page 1, line 5, delete "section" and insert "sections"

Page 1, line 5, before the period insert "; and 473.704, by adding a subdivision"

On the motion of Levi the report of the Committee of the Whole was adopted.

ROLL CALLS IN COMMITTEE OF THE WHOLE

Pursuant to rule 1.6, the following roll call was taken in the Committee of the Whole:

Nelson, D., offered an amendment to H. F. No. 399.

POINT OF ORDER

Olsen, S., raised a point of order pursuant to rule 3.9 that the Nelson, D., amendment was not in order. The Speaker ruled the point of order well taken and the Nelson, D., amendment out of order.

Norton appealed the decision of the Chair.

The vote was taken on the question "Shall the decision of Chairperson Jennings, D., stand as the judgment of the House?" and the roll was called. There were 69 yeas and 53 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dimler	Heap	Onnen	Sherman
Backlund	Dyke	Himle	Ozment	Stanius
Becklin	Erickson	Johnson	Pauly	Sviggum
Bennett	Fjoslien	Kiffmeyer	Piepho	Thiede
Bishop	Forsythe	Knickerbocker	Poppenhagen	Thorson
Blatz	Frederick	Kvam	Quist	Tjornhom
Boerboom	Frederickson	Levi	Redalen	Tompkins
Boo	Frerichs	Marsh	Rees	Uphus
Burger	Gruenes	McDonald	Richter	Valan
Carlson, D.	Gutknecht	McKasy	Rose	Valento
Carlson, J.	Halberg	McPherson	Schafer	Waltman
Clausnitzer	Hartinger	Miller	Schreiber	Zaffke
Dempsey	Hartle	Olsen, S.	Seaberg	Spk. Jennings, D.
DenOuden	Haukoos	Omann	Shaver	

Those who voted in the negative were:

Battaglia	Jennings, L.	Minne	Pappas	Simoneau
Beard	Kahn	Murphy	Peterson	Skoglund
Begich	Kelly	Nelson, D.	Piper	Solberg
Brown	Knuth	Nelson, K.	Price	Sparby
Carlson, L.	Kostohryz	Neuenschwander	Quinn	Staten
Clark	Krueger	Norton	Rice	Tomlinson
Cohen	Lieder	O'Connor	Riveness	Vanasek
Elioff	Long	Ogren	Rodosovich	Voss
Ellingson	McEachern	Olson, E.	Sarna	Welle
Greenfield	McLaughlin	Osthoff	Scheid	
Jacobs	Metzen	Otis	Segal	

So it was the judgment of the House that the decision of Chairperson Jennings, D., should stand.

MOTIONS AND RESOLUTIONS

Jacobs moved that the name of Krueger be added as an author on H. F. No. 342. The motion prevailed.

Clark moved that the name of Rose be added as chief author and that the name of Clark be shown as second author and that the name of DenOuden be added as third author and the name of Ogren be added as fourth author on H. F. No. 1056. The motion prevailed.

Brinkman moved that the name of Uphus be added as an author on H. F. No. 1469. The motion prevailed.

Jacobs moved that the names of Skoglund and Bishop be added as authors on H. F. No. 1525. The motion prevailed.

Boo moved that the names of Tjornhom and Hartinger be added as authors on H. F. No. 1548. The motion prevailed.

McKasy moved that the name of Kelly be added as an author on H. F. No. 1549. The motion prevailed.

Begich moved that the names of Battaglia, Minne and Solberg be added as authors on H. F. No. 1565. The motion prevailed.

Frerichs moved that H. F. No. 1014 be recalled from the Committee on Transportation and be re-referred to the Committee on Judiciary. The motion prevailed.

Erickson moved that H. F. No. 1271 be recalled from the Committee on Governmental Operations and be re-referred to the Committee on Appropriations. The motion prevailed.

Kvam moved that H. F. No. 1272 be recalled from the Committee on Judiciary and be re-referred to the Committee on Financial Institutions and Insurance. The motion prevailed.

Fjoslien moved that H. F. No. 1445 be recalled from the Committee on Transportation and be re-referred to the Committee on Crime and Family Law. The motion prevailed.

Piepho moved that H. F. No. 827 be recalled from the Committee on Taxes and be re-referred to the Committee on Appropriations. The motion prevailed.

Blatz moved that H. F. No. 1457 be recalled from the Committee on Transportation and be re-referred to the Committee on Taxes. The motion prevailed.

Onnen moved that S. F. No. 276 be recalled from the Committee on General Legislation and Veterans Affairs and together with H. F. No. 1443, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

Sherman introduced:

House Resolution No. 24, A house resolution congratulating the Ramblers boys basketball team from Winona Cotter High School for winning runner-up in the 1985 Class A State High School Boys Basketball Championship.

The resolution was referred to the Committee on Education.

Wenzel, Krueger, Richter, Uphus and McDonald introduced:

House Resolution No. 25, A house resolution recognizing the centennial of the establishment of the National Holstein Association; proclaiming May 25, 1985 as Holstein Day in Minnesota.

The resolution was referred to the Committee on Agriculture.

Sherman and Dempsey introduced:

House Resolution No. 26, A house resolution congratulating the gymnastic team from Winona State University for winning the 1985 National Association of Intercollegiate Athletics National Championship.

The resolution was referred to the Committee on Education.

McEachern introduced:

House Concurrent Resolution No. 9, A house concurrent resolution providing for a joint select committee to plan for a brief and effective 1986 legislative session.

The concurrent resolution was referred to the Committee on Rules and Legislative Administration.

Redalen, Waltman, Wenzel, Sparby and Uphus introduced:

House Concurrent Resolution No. 10, A house concurrent resolution congratulating Minnesota Rural Electric Cooperatives on their 50th Anniversary.

The concurrent resolution was referred to the Committee on Agriculture.

ADJOURNMENT

Levi moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:00 p.m., Tuesday, April 16, 1985.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-FOURTH SESSION – 1985

THIRTY-NINTH DAY

SAINT PAUL, MINNESOTA, TUESDAY, APRIL 16, 1985

The House of Representatives convened at 2:00 p.m. and was called to order by David M. Jennings, Speaker of the House.

Prayer was offered by Reverend Howard C. Gravrock, House Chaplain.

The roll was called and the following members were present:

Anderson, G.	Erickson	Kvam	Pappas	Skoglund
Backlund	Fjoslien	Lieder	Pauly	Solberg
Battaglia	Forsythe	Long	Peterson	Sparby
Beard	Frederick	Marsh	Piepho	Stanius
Becklin	Frederickson	McDonald	Piper	Staten
Begich	Frerichs	McEachern	Poppenhagen	Sviggum
Bennett	Greenfield	McLaughlin	Price	Thiede
Bishop	Gruenes	McPherson	Quinn	Thorson
Blatz	Gutknecht	Metzen	Quist	Tjornhom
Boerboom	Halberg	Miller	Redalen	Tomlinson
Boo	Hartle	Minne	Rees	Tompkins
Brandl	Haukoos	Munger	Rest	Uphus
Brinkman	Heap	Murphy	Richter	Valan
Brown	Himle	Nelson, D.	Riveness	Valento
Burger	Jacobs	Nelson, K.	Rodosovich	Vanasek
Carlson, D.	Jaros	Neuenschwander	Rose	Vellenga
Carlson, J.	Jennings, L.	Norton	Sarna	Voss
Carlson, L.	Johnson	O'Connor	Schafer	Waltman
Clark	Kahn	Ogren	Scheid	Welle
Clausnitzer	Kalis	Olsen, S.	Schoenfeld	Wenzel
Cohen	Kelly	Olson, E.	Schreiber	Wynia
Dempsey	Kiffmeyer	Omann	Seaberg	Zaffke
DenOuden	Knickerbocker	Onnen	Segal	Spk. Jennings, D.
Dimler	Knuth	Osthoff	Shaver	
Dyke	Kostohryz	Otis	Sherman	
Elioff	Krueger	Ozment	Simoneau	

A quorum was present.

Anderson, R.; Ellingson; Hartinger; Levi; McKasy; Rice and Tunheim were excused.

The Chief Clerk proceeded to read the Journal of the preceding day. Erickson moved that further reading of the Journal be

dispensed with and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 208, 886, 368, 552, 593, 655, 723, 818, 1076, 1113, 1417, 1437, 1382, 449, 450, 1443, 418 and 558 and S. F. Nos. 693, 882, 623, 709, 682, 930, 82, 152, 485, 568, 302, 647, 750, 916, 441, 557, 827, 1088, 609, 783, 1073, 1183, 126, 281, 563, 566, 468, 675, 676, 798, 70, 597, 381, 219, 359, 805, 186, 285, 521, 1117, 1307, 1334, 127, 330, 728, 437 and 143 have been placed in the members' files.

S. F. No. 609 and H. F. No. 543, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Halberg moved that S. F. No. 609 be substituted for H. F. No. 543 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 557 and H. F. No. 545, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Poppenhagen moved that S. F. No. 557 be substituted for H. F. No. 545 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1088 and H. F. No. 1057, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Greenfield moved that S. F. No. 1088 be substituted for H. F. No. 1057 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 566 and H. F. No. 891, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Rees moved that S. F. No. 566 be substituted for H. F. No. 891 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 798 and H. F. No. 918, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Jaros moved that S. F. No. 798 be substituted for H. F. No. 918 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 709 and H. F. No. 1075, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

McKasy moved that S. F. No. 709 be substituted for H. F. No. 1075 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 437 and H. F. No. 552, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Halberg moved that S. F. No. 437 be substituted for H. F. No. 552 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 281 and H. F. No. 514, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Ogren moved that the rules be so far suspended that S. F. No. 281 be substituted for H. F. No. 514 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 563 and H. F. No. 476, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Heap moved that the rules be so far suspended that S. F. No. 563 be substituted for H. F. No. 476 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 783 and H. F. No. 967, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Olson, E., moved that the rules be so far suspended that S. F. No. 783 be substituted for H. F. No. 967 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 521 and H. F. No. 484, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Sherman moved that the rules be so far suspended that S. F. No. 521 be substituted for H. F. No. 484 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 693 and H. F. No. 636, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Bishop moved that the rules be so far suspended that S. F. No. 693 be substituted for H. F. No. 636 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 219 and H. F. No. 409, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Peterson moved that the rules be so far suspended that S. F. No. 219 be substituted for H. F. No. 409 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 70 and H. F. No. 145, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Dimler moved that the rules be so far suspended that S. F. No. 70 be substituted for H. F. No. 145 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 82 and H. F. No. 285, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Beard moved that the rules be so far suspended that S. F. No. 82 be substituted for H. F. No. 285 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 647 and H. F. No. 619, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Erickson moved that the rules be so far suspended that S. F. No. 647 be substituted for H. F. No. 619 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 676 and H. F. No. 677, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Uphus moved that the rules be so far suspended that S. F. No. 676 be substituted for H. F. No. 677 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 381 and H. F. No. 655, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Greenfield moved that the rules be so far suspended that S. F. No. 381 be substituted for H. F. No. 655 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 276 and H. F. No. 1443, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Onnen moved that the rules be so far suspended that S. F. No. 276 be substituted for H. F. No. 1443 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Blatz from the Committee on Crime and Family Law to which was referred:

H. F. No. 456, A bill for an act relating to waters; providing for revocation of a watercraft license when the watercraft is used by an operator who is arrested for operating the watercraft while under the influence of alcohol or who refuses chemical test-

ing; requiring the court to restrain a person from operating watercraft when that person is convicted of operating watercraft while under the influence of alcohol; prescribing penalties; amending Minnesota Statutes 1984, section 361.12, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 361.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 361.02, subdivision 9, is amended to read:

Subd. 9. "Underway or in use" means any watercraft in operation or use (WHEN NOT) *unless it is* securely fastened to a dock or other permanent mooring. *As used in section 361.12 and section 2, "underway and in use" means any motorboat in operation or use unless it is securely fastened to a dock or other permanent mooring, anchored, or drifting with the motor turned off.*

Sec. 2. Minnesota Statutes 1984, section 361.12, is amended to read:

361.12 [ALCOHOL, DRUGS, PHYSICAL OR MENTAL DISABILITY.]

Subdivision 1. [ACTS PROHIBITED.] *(a)* No person shall operate or be in (ACTUAL) physical control of any (WATERCRAFT) *motorboat while underway or in use on the waters of this state* while under the influence of*:*

(1) alcohol, as provided in section 169.121, subdivision 1 (OR), *clauses (a), (d), and (e);*

(2) a controlled substance, as defined in section 152.01, subdivision 4*; or*

(3) a combination of any two or more of the elements named in clauses (1) and (2).

(b) No owner or other person having charge or control of any (WATERCRAFT) *motorboat* shall (KNOWINGLY) authorize or permit any person (WHO) *he knows or has reason to believe* is under the influence of alcohol (,) or a controlled substance, *as provided under paragraph (a)*, to operate (SUCH WATERCRAFT) *the motorboat while underway or in use on the waters of this state.*

(SUBD. 2.) *(c)* No owner or other person having charge or control of any (WATERCRAFT) *motorboat* shall knowingly

authorize or permit any person, who by reason of any physical or mental disability is incapable of operating (SUCH WATERCRAFT) *the motorboat,* to operate (SUCH WATERCRAFT) *the motorboat while underway or in use on the waters of this state.*

Subd. 2. [ARREST.] *Conservation officers of the department of natural resources, sheriffs, sheriffs' deputies, and other peace officers may arrest a person for a violation under subdivision 1 without a warrant upon probable cause, without regard to whether the violation was committed in the officer's presence.*

Subd. 3. [PRELIMINARY SCREENING TEST.] *When an officer authorized under subdivision 2 to make arrests has reason to believe from the manner in which a person is operating, controlling, or acting upon departure from a motorboat, or has operated or been in control of a motorboat, that the operator may be violating or has violated subdivision 1, paragraph (a), the officer may require the operator to provide a breath sample for a preliminary screening test using a device approved by the commissioner of public safety for this purpose. The results of the preliminary screening test shall be used for the purpose of deciding whether any arrest should be made under this section and whether to require the chemical tests authorized in section 3, but may not be used in any court action except to prove that a test was properly required of an operator pursuant to section 3. Following the preliminary screening test, additional tests may be required of the operator as provided under section 3. Any operator who refuses a breath sample is subject to the provisions of section 3 unless, in compliance with that section, the operator submits to a blood, breath, or urine test to determine the presence of alcohol or a controlled substance.*

Subd. 4. [EVIDENCE.] *(a) Upon the trial of any prosecution arising out of acts alleged to have been committed by any person arrested for operating or being in physical control of a motorboat in violation of subdivision 1, paragraph (a), the court may admit evidence of the amount of alcohol or a controlled substance in the person's blood, breath, or urine as shown by an analysis of those items.*

(b) For the purposes of this subdivision:

(1) evidence that there was at the time an alcohol concentration of 0.05 or less is prima facie evidence that the person was not under the influence of alcohol;

(2) evidence that there was at the time an alcohol concentration of more than 0.05 and less than 0.10 is relevant evidence in indicating whether or not the person was under the influence of alcohol.

(c) Evidence of the refusal to take a preliminary screening test required under subdivision 3 or a chemical test required under section 3 is admissible into evidence in a prosecution under this section.

(d) If proven by a preponderance of the evidence, it is an affirmative defense to a violation of subdivision 1, paragraph (a), that the defendant consumed a sufficient quantity of alcohol after the time of actual operating or physical control of a motorboat and before the administration of a chemical test to cause the defendant's alcohol concentration to exceed 0.10; except that this evidence may not be admitted unless notice is given to the prosecution prior to the omnibus or pretrial hearing in the matter.

(e) This subdivision does not limit the introduction of any other competent evidence bearing upon the question whether or not the person was under the influence of alcohol or a controlled substance, including tests obtained more than two hours after the alleged violation and results obtained from partial tests on an infrared breath-testing instrument. A result from a partial test is the measurement obtained by analyzing one adequate breath sample. A sample is adequate if the instrument analyzes the sample and does not indicate the sample is deficient.

Subd. 5. [PENALTIES.] *(a) A person who violates any prohibition contained in subdivision 1 is guilty of a misdemeanor; except that a person who violates any prohibition contained in subdivision 1 within five years of a prior conviction under that subdivision or section 3, subdivision 2, or within ten years of two or more prior convictions under that subdivision or section 3, subdivision 2, is guilty of a gross misdemeanor.*

(b) A person who operates a motorboat on the waters of this state during the period the person is prohibited from operating any motorboat or after the person's watercraft operator's permit has been revoked, as provided under subdivision 6, is guilty of a misdemeanor.

Subd. 6. [OPERATING PRIVILEGES SUSPENDED; REVOKED.] *(a) Upon conviction, and in addition to any penalty imposed under subdivision 5, the person is prohibited from operating any motorboat on the waters of this state for a period of 90 days between May 1 and October 31, extending over two consecutive years if necessary.*

(b) A person 13 years of age or older but less than 18 years of age who violates any prohibition contained in subdivision 1 shall have his watercraft operator's permit revoked by the commissioner as required by section 361.22, subdivision 2, in addition to any other penalty imposed by the court.

Subd. 7. [DUTIES OF COMMISSIONER.] *The court shall promptly forward copies of all convictions and penalties imposed under subdivision 5 and section 3, subdivision 2, to the commissioner. The commissioner shall notify the convicted person of the period during which the person is prohibited from operating a motorboat as provided under subdivision 6 or section 3, subdivision 2. The commissioner shall also periodically circulate to appropriate law enforcement agencies a list of all persons who are prohibited from operating any motorboat or have had their watercraft operator's permit revoked pursuant to subdivision 6 or section 3, subdivision 2.*

Subd. 8. [IMMUNITY FROM LIABILITY.] *The state or political subdivision which is the employer of an officer authorized under subdivision 2 to make an arrest for violations of subdivision 1 is immune from any liability, civil or criminal, for the care or custody of the motorboat being operated by or in the physical control of the person arrested if the officer acts in good faith and exercises due care.*

Sec. 3. [361.121] [MANDATORY TESTING.]

Subdivision 1. [CHEMICAL TESTING.] *A person who operates or is in physical control of a motorboat underway or in use on the waters of this state is required, subject to the provisions of this section, to take or submit to a test of the person's blood, breath, or urine for the purpose of determining the presence and amount of alcohol or a controlled substance. The test shall be administered at the direction of an officer authorized to make arrests under section 2, subdivision 2. Taking or submitting to the test is mandatory when requested by an officer who has probable cause to believe the person was operating or in physical control of a motorboat in violation of section 2, subdivision 1, paragraph (a), and one of the following conditions exist:*

(1) the person has been lawfully placed under arrest for violating section 2, subdivision 1, paragraph (a);

(2) the person has been involved in a motorboat accident resulting in property damage, personal injury, or death;

(3) the person has refused to take the preliminary screening test provided for in section 2, subdivision 3; or

(4) the screening test was administered and recorded an alcohol concentration of 0.10 or more.

Subd. 2. [PENALTIES.] *(a) A person who refuses to take a test required under subdivision 1 is guilty of a misdemeanor; except that, a person who refuses to take a test within five years of a prior conviction under subdivision 1 or section 2, subdivision 1, paragraph (a), or within ten years of two or more*

convictions under subdivision 1 or section 2, subdivision 1, paragraph (a), is guilty of a gross misdemeanor.

(b) In addition to any penalties imposed under this subdivision, the person is prohibited from operating any motorboat on the waters of this state for a period of one year.

(c) A person who operates a motorboat on the waters of this state during the period the person is prohibited from operating any motorboat, as provided under paragraph (b), is guilty of a misdemeanor.

Subd. 3. [RIGHTS AND OBLIGATIONS.] *At the time a test is requested, the person must be informed:*

(1) that Minnesota law requires a person to take a test to determine if they are under the influence of alcohol or a controlled substance;

(2) that it is a misdemeanor or gross misdemeanor, as provided under subdivision 2, to refuse to take the test and, in addition to other penalties which a court may impose, the person is prohibited from operating any motorboat, as provided under subdivision 2, for refusing to take the test;

(3) that if testing is refused it will not affect the person's motor vehicle driver's license;

(4) that if the test is taken and the results indicate that the person is under the influence of alcohol or a controlled substance, the person will be subject to criminal penalties and in addition to any other penalties the court may impose, the person's operating privileges will be suspended as provided under section 2, subdivision 6, paragraph (a);

(5) that, after submitting to testing, the person has the right to have additional tests made by a person of his own choosing; and

(6) that, if he refused to take a test, the refusal will be offered into evidence against him at trial.

Subd. 4. [REQUIREMENT OF URINE TEST.] *Notwithstanding subdivision 1, if there are reasonable and probable grounds to believe there is impairment by a controlled substance which is not subject to testing by a blood or breath test, a urine test may be required even after a blood or breath test has been administered.*

Subd. 5. [BREATH TEST USING AN INFRARED BREATH-TESTING INSTRUMENT.] *In the case of a breath test administered using an infrared breath-testing instrument,*

the test shall consist of analyses in the following sequence: one adequate breath sample analysis, one calibration standard analysis, and a second, adequate breath sample analysis. In the case of a test administered using an infrared breath-testing instrument, a sample is adequate if the instrument analyzes the sample and does not indicate the sample is deficient. For purposes of this section, when a test is administered using an infrared breath-testing instrument, failure of a person to provide two separate adequate breath samples in the proper sequence constitutes a refusal to take the test.

Subd. 6. [CONSENT OF PERSON INCAPABLE OF REFUSAL NOT WITHDRAWN.] *A person who is unconscious or who is otherwise in a condition rendering the person incapable of refusal is deemed not to have withdrawn the consent provided by subdivision 1 and the test may be given.*

Subd. 7. [MANNER OF MAKING TEST; ADDITIONAL TESTS.] *Only a physician, medical technician, physician's trained mobile intensive care paramedic, registered nurse, medical technologist or laboratory assistant acting at the request of a peace officer authorized to make arrests under section 2, subdivision 2, may withdraw blood for the purpose of determining the presence of alcohol or controlled substance. This limitation does not apply to the taking of a breath or urine sample. The person tested has the right to have a person of his own choosing administer a chemical test or tests in addition to any administered at the direction of a peace officer; provided, that the additional test sample on behalf of the person is obtained at the place where the person is in custody, after the test administered at the direction of a peace officer, and at no expense to the state. The failure or inability to obtain an additional test or tests by a person shall not preclude the admission in evidence of the test taken at the direction of a peace officer unless the additional test was prevented or denied by the peace officer. The physician, medical technician, physician's trained mobile intensive care paramedic, medical technologist, laboratory assistant or registered nurse drawing blood at the request of a peace officer for the purpose of determining alcohol concentration shall in no manner be liable in any civil or criminal action except for negligence in drawing the blood. The person administering a breath test shall be fully trained in the administration of breath tests pursuant to training given by the commissioner of public safety.*

Sec. 4. [EFFECTIVE DATE.]

This act is effective May 1, 1985."

Delete the title and insert:

"A bill for an act relating to motorboat safety; strengthening prohibitions and penalties regarding operation of motorboats

while under the influence of alcohol or a controlled substance; providing a penalty; amending Minnesota Statutes 1984, sections 361.02, subdivision 9; and 361.12; proposing coding for new law in Minnesota Statutes, chapter 361."

With the recommendation that when so amended the bill pass.

The report was adopted.

Blatz from the Committee on Crime and Family Law to which was referred:

H. F. No. 782, A bill for an act relating to human services; providing for participation by Indian tribes in the placement of their children; proposing coding for new law in Minnesota Statutes, chapter 257.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [257.35] [CITATION.]

Sections 1 to 8 may be cited as the "Minnesota Indian family preservation act."

Sec. 2. [257.351] [DEFINITIONS.]

Subdivision 1. [SCOPE.] *As used in sections 1 to 8, the following terms have the meanings given them.*

Subd. 2. [ADMINISTRATIVE REVIEW.] *"Administrative review" means review under Minnesota Statutes, section 257.071.*

Subd. 3. [CHILD PLACEMENT PROCEEDING.] *"Child placement proceeding" includes a judicial proceeding which could result in the following:*

(a) "Adoptive placement" means the permanent placement of an Indian child for adoption, including an action resulting in a final decree of adoption.

(b) "Involuntary foster care placement" means an action removing an Indian child from his or her parents or Indian custodian for temporary placement in a foster home, institution, or the home of a guardian. The parent or Indian custodian cannot have the child returned upon demand, but parental rights have not been terminated.

(c) "Preadoptive placement" means the temporary placement of an Indian child in a foster home or institution after the termination of parental rights, before or instead of adoptive placement.

(d) "Termination of parental rights" means an action resulting in the termination of the parent-child relationship under Minnesota Statutes, section 260.221.

The terms include placements based upon juvenile status offenses, but do not include a placement based upon an act which if committed by an adult would be deemed a crime, or upon an award of custody in a divorce proceeding to one of the parents.

Subd. 4. [DEMAND.] *"Demand" means a written and notarized statement signed by a parent or Indian custodian of a child which requests the return of the child who has been voluntarily placed in foster care.*

Subd. 5. [INDIAN.] *"Indian" means a person who is a member of an Indian tribe or an Alaskan native and a member of a regional corporation as defined in section 7 of the Alaska Native Claims Settlement Act, United States Code, title 43, section 1606.*

Subd. 6. [INDIAN CHILD.] *"Indian child" means an unmarried person who is under age 18 and is:*

(1) a member of an Indian tribe; or

(2) eligible for membership in an Indian tribe.

Subd. 7. [INDIAN CHILD'S TRIBE.] *"Indian child's tribe" means the Indian tribe in which an Indian child is a member or eligible for membership. In the case of an Indian child who is a member of or eligible for membership in more than one tribe, the Indian child's tribe is the tribe with which the Indian child has the most significant contacts. If that tribe does not express an interest in the outcome of the actions taken under sections 1 to 8 with respect to the child, any other tribe in which the child is eligible for membership that expresses an interest in the outcome may act as the Indian child's tribe.*

Subd. 8. [INDIAN CUSTODIAN.] *"Indian custodian" means an Indian person who has legal custody of an Indian child under tribal law or custom or under state law, or to whom temporary physical care, custody, and control has been transferred by the parent of the child.*

Subd. 9. [INDIAN TRIBE.] *"Indian tribe" means an Indian tribe, band, nation, or other organized group or community of Indians recognized as eligible for the services provided to In-*

dians by the secretary because of their status as Indians, including any band under the Alaska Native Claims Settlement Act, United States Code, title 43, section 1602, and exercising tribal governmental powers.

Subd. 10. [LOCAL SOCIAL SERVICE AGENCY.] *"Local social service agency" means the local agency under the authority of the county welfare or human services board or county board of commissioners which is responsible for human services.*

Subd. 11. [PARENT.] *"Parent" means the biological parent of an Indian child, or any Indian person who has lawfully adopted an Indian child, including a person who has adopted a child by tribal law or custom. It does not include an unmarried father whose paternity has not been acknowledged or established.*

Subd. 12. [PRIVATE CHILD PLACING AGENCY.] *"Private child placing agency" means a private organization, association, or corporation providing assistance to children and parents in their own homes and placing children in foster care or for adoption.*

Subd. 13. [RESERVATION.] *"Reservation" means Indian country as defined in United States Code, title 18, section 1151 and any lands which are either held by the United States in trust for the benefit of an Indian tribe or individual, or held by an Indian tribe or individual subject to a restriction by the United States against alienation.*

Subd. 14. [SECRETARY.] *"Secretary" means the secretary of the United States department of the interior.*

Subd. 15. [TRIBAL COURT.] *"Tribal court" means a court with jurisdiction over child custody proceedings which is either a court of Indian offenses, or a court established and operated under the code or custom of an Indian tribe, or the administrative body of a tribe which is vested with authority over child custody proceedings.*

Subd. 16. [TRIBAL SOCIAL SERVICE AGENCY.] *"Tribal social service agency" means the unit under authority of the governing body of the Indian tribe which is responsible for human services.*

Subd. 17. [VOLUNTARY FOSTER CARE PLACEMENT.] *"Voluntary foster care placement" means a decision in which there has been participation by a local social service agency or private child placing agency resulting in the temporary placement of an Indian child away from the home of his or her parents or Indian custodian in a foster home, institution, or the home of a guardian, and the parent or Indian custodian may have the child returned upon demand.*

Sec. 3. [257.352] [AGENCY NOTICE TO TRIBES.]

The local social service agency or private licensed child placing agency shall determine whether a child brought to its attention for the purposes described in this section is an Indian child and the identity of the Indian child's tribe. When either agency determines that an Indian child is in a dependent or other condition that could lead to an out-of-home placement and requires the continued involvement of the agency with the child for a period in excess of 30 days, the agency shall send notice of the condition and of the initial steps taken to remedy it to the Indian child's tribal social service agency within seven days of the determination. At this and any subsequent stage of its involvement with an Indian child, the agency shall, upon request, give the tribal social service agency full cooperation including access to all files concerning the child. The agency shall require execution of an agreement with the tribal social service agency that the tribal social service agency will maintain confidential or private data according to statutory provisions applicable to the data. Any agency seeking placement of an Indian child shall make reasonable efforts to identify and locate extended family members.

Sec. 4. [257.353] [VOLUNTARY FOSTER CARE PLACEMENT.]

Subdivision 1. [NOTICE.] *When an Indian child is voluntarily placed in foster care, the local social service agency involved in the decision to place the child shall give notice of the placement to the child's parents, tribal social service agency, and the Indian custodian within seven days of placement, excluding weekends and holidays.*

If a private licensed child placing agency makes a temporary voluntary foster care placement pending a decision on adoption by a parent, notice of the placement shall be given to the child's parents, tribal social service agency, and the Indian custodian upon the filing of a petition for termination of parental rights or three months following the temporary placement, whichever occurs first.

Subd. 2. [NOTICE OF ADMINISTRATIVE REVIEW.] *In an administrative review of a voluntary foster care placement, the tribal social service agency of the child, the Indian custodian, and the parents of the child shall have notice and a right of participation in the review.*

Subd. 3. [RETURN OF CHILD IN VOLUNTARY PLACEMENT.] *Upon demand by the parent or Indian custodian of an Indian child, the local social service agency or private licensed child placing agency shall return the child in voluntary foster care placement to the parent or Indian custodian within 24 hours of the receipt of the demand. If the request for return does not satisfy the requirement of section 2, subdivision 4, the local so-*

cial service agency or private child placing agency shall immediately inform the parent or Indian custodian of the Indian child of the requirement.

Sec. 5. [257.354] [CHILD PLACEMENT PROCEEDINGS.]

Subdivision 1. [INDIAN TRIBE JURISDICTION.] *An Indian tribe with a tribal court has exclusive jurisdiction over a child placement proceeding involving an Indian child who resides within the reservation of such tribe at the commencement of the proceedings. When an Indian child is in the legal custody of a person or agency pursuant to an order of a tribal court, the Indian tribe retains exclusive jurisdiction, notwithstanding the residence or domicile of the child.*

Subd. 2. [COURT DETERMINATION OF TRIBAL AFFILIATION OF CHILD.] *In any child placement proceeding, the court shall establish whether an Indian child is involved and the identity of the Indian child's tribe.*

Subd. 3. [TRANSFER OF PROCEEDINGS.] *In a proceeding for the termination of parental rights or involuntary foster care placement of an Indian child not within the jurisdiction of subdivision 1, the court shall transfer the proceeding to the jurisdiction of the tribe absent objection by either parent, upon the petition of either parent or the Indian custodian or the Indian child's tribe. The transfer shall be subject to declination by the tribal court of such tribe.*

Subd. 4. [EFFECT OF TRIBAL COURT PLACEMENT ORDERS.] *To the extent that any child subject to sections 1 to 8 is otherwise eligible for social services, orders of a tribal court concerning placement of such child shall have the same force and effect as orders of a court of this state. In any case where the tribal court orders placement through a local social service agency, the court shall provide to the local agency notice and an opportunity to be heard regarding the placement. Financial responsibility for the placement shall be determined by the local social service agency and shall be subject to review by the commissioner in accordance with sections 14.01 to 14.69.*

Sec. 6. [257.355] [PLACEMENT RECORDS.]

The commissioner of human services shall publish annually an inventory of all Indian children in residential facilities. The inventory shall include, by county and statewide, information on legal status, living arrangement, age, sex, tribe in which the child is a member or eligible for membership, accumulated length of time in foster care, and other demographic information deemed appropriate concerning all Indian children in residential facilities. The report must also state the extent to which authorized child placing agencies comply with the order of preference described in United States Code, title 25, section 1901, et seq.

Sec. 7. [257.356] [RECORDS; INFORMATION AVAILABILITY.]

Subdivision 1. [COURT DECREE INFORMATION.] *A state court entering a final decree or order in an Indian child adoptive placement shall provide the department of human services and the child's tribal social service agency with a copy of the decree or order together with such other information to show:*

(1) the name and tribal affiliation of the child;

(2) the names and addresses of the biological parents;

(3) the names and addresses of the adoptive parents; and

(4) the identity of any agency having files or information relating to the adoptive placement.

If the court records contain an affidavit of the biological or adoptive parent or parents requesting anonymity, the court shall delete the name and address of the biological or adoptive parents from the information sent to the child's tribal social service agency.

Subd. 2. [DISCLOSURE OF RECORDS.] *Upon the request of an adopted Indian person over the age of 18, the adoptive or foster parents of an Indian person, or an Indian tribal social service agency, the department of human services shall disclose to the Indian person's tribe information necessary for membership of an Indian person in the tribe in which the person may be eligible for membership or for determining any rights or benefits associated with that membership. When the documents relating to the person contain an affidavit from the biological or adoptive parent or parents requesting anonymity, the department must use the procedures described in United States Code, title 25, section 1951, paragraph (b).*

Sec. 8. [257.357] [RULE CHANGE.]

The commissioner of human services shall amend Minnesota Rules, parts 9545.0210 and 9545.0790, to provide that an agency that places Indian children shall cooperate with the Indian child's tribe in securing placement that is consistent with the child's racial or ethnic heritage, as indicated by the policy statements in Minnesota Statutes, sections 259.255, and 259.28, subdivision 2. The amendment is not subject to the rulemaking provisions of chapter 14, but the commissioner must comply with section 14.38, subdivision 7, in adopting the amendment."

With the recommendation that when so amended the bill pass.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 849, A bill for an act relating to water pollution control; establishing a state financial assistance program for the abatement of combined sewer overflow; reauthorizing the state independent grants program; imposing a sales tax on water and sewer services; appropriating money; amending Minnesota Statutes 1984, sections 116.16, subdivision 1, and by adding a subdivision; 116.18, subdivisions 1 and 3a; 297A.01, subdivision 3; 297A.44, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 116; repealing Minnesota Statutes 1984, section 116.18, subdivision 2.

Reported the same back with the following amendments:

Page 2, lines 10 to 22, delete section 2

Page 5, lines 34 to 36, restore the stricken language

Page 6, line 1, restore the stricken language

Page 6, line 25 to page 9, line 6, delete sections 6 and 7

Renumber the sections in sequence

Correct the internal references

Amend the title as follows:

Page 1, line 5, delete everything after the semicolon

Page 1, line 6, delete everything before "appropriating"

Page 1, line 8, delete ", and by adding a subdivision"

Page 1, line 9, delete everything after the first semicolon

Page 1, line 10, delete everything before "proposing"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 1338, A bill for an act relating to the state university board; authorizing it to sell and maintain computers and

related products; amending Minnesota Statutes 1984, section 136.24.

Reported the same back with the following amendments:

Page 1, line 16, delete "*(a) In order to*" and insert "*The state university board may purchase for resale to authorized retail vendors computers and related products for its staff and students to advance their instructional and research abilities. The board shall contract with a private vendor for sale, service, maintenance, and support for computers and related products sold by the board.*"

Page 1, delete lines 17 to 24

Page 1, after line 24, insert:

"Sec. 2. [136.622] [COMPUTER SALES AND MAINTENANCE.]

The state board for community colleges may purchase for resale to authorized retail vendors computers and related products for its staff and students to advance their instructional and research abilities. The board shall contract with a private vendor for sale, service, maintenance, and support for computers and related products sold by the board.

Sec. 3. Minnesota Statutes 1984, section 136C.04, is amended by adding a subdivision to read:

Subd. 18. [COMPUTER SALES AND MAINTENANCE.] *The state board of vocational technical education may purchase for resale to authorized retail vendors computers and related products for its staff and students to advance their instructional and research abilities. The board shall contract with a private vendor for sale, service, maintenance, and support for computers and related products sold by the board.*"

Page 2, line 1, delete "*Section 1 is*" and insert "*Sections 1, 2, and 3 are*"

Renumber the section in sequence

Delete the title and insert:

"A bill for an act relating to education; authorizing the sale of computers and related products by the state university board, state board for community colleges, and state board of vocational technical education; requiring contracts with private vendors for sale, service, maintenance, and support; amending Minnesota

Statutes 1984, sections 136.24; and 136C.04, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 136."

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 456, 782 and 1338 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 609, 557, 1088, 566, 798, 709, 437, 281, 563, 783, 521, 693, 219, 70, 82, 647, 676, 381 and 276 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Dimler introduced:

H. F. No. 1596, A bill for an act relating to taxation; sales tax; providing for elimination of double taxation in sale and leaseback transactions; appropriating money; amending Minnesota Statutes 1984, sections 297A.01, subdivision 4; and 297A.15, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Taxes.

Piepho introduced:

H. F. No. 1597, A bill for an act relating to the city of Mankato; permitting the establishment of a port authority.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Onnen, Clausnitzer, Boo, Brandl and Greenfield introduced:

H. F. No. 1598, A bill for an act relating to taxation; exempting from income taxation certain income used to purchase long-term care insurance; amending Minnesota Statutes 1984, sections 290.01, subdivision 20b; and 290.08, subdivision 26.

The bill was read for the first time and referred to the Committee on Taxes.

Fjoslien, Munger, Thorson and Valento introduced:

H. F. No. 1599, A bill for an act relating to state monuments; authorizing development of a plan for a memorial to Native Americans; amending Minnesota Statutes 1984, section 138.585, by adding a subdivision.

The bill was read for the first time and referred to the Committee on General Legislation and Veterans Affairs.

Shaver; Blatz; Tjornhom; Carlson, J., and Scheid introduced:

H. F. No. 1600, A bill for an act relating to taxation; income; allowing insurance companies to use income as determined under the updated Internal Revenue Code in determining taxable net income under this chapter; amending Minnesota Statutes 1984, section 290.35.

The bill was read for the first time and referred to the Committee on Taxes.

Wynia, Greenfield, Piper, Segal and Staten introduced:

H. F. No. 1601, A resolution memorializing the President and Congress of the United States to amend the Social Security Act to reverse overly-restrictive administrative interpretation of that act.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Wynia; Skoglund; Brandl; Carlson, L., and Murphy introduced:

H. F. No. 1602, A bill for an act relating to human services; transferring the child care sliding fee program to the department of economic security; expanding the child care sliding fee program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 256; and repealing Minnesota Statutes 1984, sections 245.84, subdivision 2; and 245.87.

The bill was read for the first time and referred to the Committee on Health and Human Services.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 85, A bill for an act relating to the town of Santiago; authorizing the establishment of a detached banking facility.

H. F. No. 796, A bill for an act relating to Ramsey county; exempting county highways from seasonal load restrictions unless posted by the county authority; proposing coding for new law in Minnesota Statutes, chapter 383A.

H. F. No. 991, A bill for an act relating to local government; regulating certain municipal dissolutions and annexations; amending Minnesota Statutes 1984, sections 412.091; 414.033, by adding subdivisions; and 414.061, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 470, A bill for an act relating to education; authorizing the establishment of joint vocational technical districts; providing for a governing board; authorizing post-secondary and adult vocational programs, secondary educational programs, and secondary services; providing for separate bargaining units, limitations on reinstatements, and certain other labor issues; transferring all school district real and personal property to the joint district; authorizing the joint district to levy for certain purposes; providing for intention of state funding of construction; providing for bonded indebtedness, fund transfers, and debt service; amending Minnesota Statutes 1984, sections 136C.-02, subdivisions 6 and 8, and by adding a subdivision; 136C.41, by adding a subdivision; and 136C.44; proposing coding for new law in Minnesota Statutes, chapter 136D.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Erickson moved that the House concur in the Senate amendments to H. F. No. 470 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 470, A bill for an act relating to education; authorizing the establishment of joint vocational technical districts; providing for a governing board; authorizing post-secondary and adult vocational programs, secondary educational programs, and secondary services; providing for separate bargaining units and certain other labor issues; transferring all school district real and personal property to the joint district; authorizing the joint district to levy for certain purposes; providing for state funding of construction; providing for bonded indebtedness, fund transfers, and debt service; amending Minnesota Statutes 1984, sections 136C.02, subdivisions 6 and 8, and by adding a subdivision; 136C.41, by adding a subdivision; 136C.44; and 275.125, subdivisions 1 and 14a; proposing coding for new law as Minnesota Statutes, chapter 136E.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 118 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Lieder	Piepho	Solberg
Backlund	Fjoslien	Long	Piper	Sparby
Battaglia	Forsythe	Marsh	Poppenhagen	Stanius
Beard	Frederick	McDonald	Price	Staten
Becklin	Frederickson	McEachern	Quinn	Sviggum
Begich	Frerichs	McLaughlin	Quist	Thiede
Bennett	Greenfield	McPherson	Redalen	Thorson
Blatz	Gruenes	Metzen	Rees	Tjornhom
Boerboom	Gutknecht	Miller	Rest	Tomlinson
Boo	Halberg	Murphy	Richter	Tompkins
Brandl	Hartle	Nelson, D.	Riveness	Uphus
Brinkman	Haukoos	Nelson, K.	Rodosovich	Valan
Brown	Himle	Neuenschwander	Rose	Valento
Burger	Jacobs	Norton	Sarna	Vanasek
Carlson, D.	Jennings, L.	Ogren	Schafer	Vellenga
Carlson, J.	Johnson	Olsen, S.	Scheid	Voss
Carlson, L.	Kahn	Olson, E.	Schoenfeld	Waltman
Clausnitzer	Kelly	Omann	Schreiber	Welle
Cohen	Kiffmeyer	Onnen	Seaberg	Wenzel
Dempsey	Knickerbocker	Otis	Segal	Wynia
DenOuden	Knuth	Ozment	Shaver	Zaffke
Dimler	Kostohryz	Pappas	Sherman	Spk. Jennings, D.
Dyke	Krueger	Pauly	Simoneau	
Elioff	Kvam	Peterson	Skoglund	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 448.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 569.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 1045.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 221 and 384.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 448, A bill for an act relating to crimes; providing penalty for assault of firefighters or emergency medical services personnel; amending Minnesota Statutes 1984, section 609.2231.

The bill was read for the first time and referred to the Committee on Crime and Family Law.

S. F. No. 569, A bill for an act relating to natural resources; granting conservation officers the authority of peace officers under certain circumstances; specifying areas of jurisdiction; amending Minnesota Statutes 1984, sections 84.028, subdivision 3; and 97.50, subdivision 1, and by adding a subdivision.

The bill was read for the first time and referred to the Committee on Crime and Family Law.

S. F. No. 1045, A bill for an act relating to commerce; providing for the determination of certain usurious contracts; proposing coding for new law in Minnesota Statutes, chapter 334.

The bill was read for the first time and referred to the Committee on Commerce and Economic Development.

S. F. No. 221, A bill for an act relating to agriculture; providing for the prevention of economic waste in the marketing of certain agricultural crops produced in Minnesota by establishing minimum prices; providing for supply management and orderly marketing, administration, and enforcement; imposing a penalty; proposing coding for new law in Minnesota Statutes, chapter 17.

The bill was read for the first time and referred to the Committee on Agriculture.

S. F. No. 384, A bill for an act relating to state lands; conveying lands to the federal government for Voyageurs National Park; appropriating money; amending Minnesota Statutes 1984, section 84B.03, subdivision 4.

The bill was read for the first time and referred to the Committee on Appropriations.

CONSENT CALENDAR

Halberg moved that the bills on the Consent Calendar for today be continued one day. The motion prevailed.

CALENDAR

Halberg moved that the bills on the Calendar for today be continued one day. The motion prevailed.

GENERAL ORDERS

Halberg moved that the bills on General Orders for today be continued one day. The motion prevailed.

MOTIONS AND RESOLUTIONS

Fjoslien moved that the name of Krueger be added as an author on H. F. No. 1506. The motion prevailed.

Valan moved that the name of Pappas be added as an author on H. F. No. 1555. The motion prevailed.

Boerboom moved that the name of Tjornhom be added as an author on H. F. No. 1582. The motion prevailed.

Segal moved that the name of Clark be added as an author on H. F. No. 1585. The motion prevailed.

Onnen moved that the name of Clark be added as an author on H. F. No. 1591. The motion prevailed.

Frerichs moved that the name of Bennett be added as an author on H. F. No. 1595. The motion prevailed.

ADJOURNMENT

Halberg moved that when the House adjourns today it adjourn until 2:00 p.m., Thursday, April 18, 1985. The motion prevailed.

Halberg moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:00 p.m., Thursday, April 18, 1985.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-FOURTH SESSION – 1985

FORTIETH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, APRIL 17, 1985

The Senate met on Wednesday, April 17, 1985, which was the Fortieth Day of the Seventy-fourth Session of the Minnesota State Legislature. The House of Representatives did not meet on this date.

STATE OF MINNESOTA

SEVENTY-FOURTH SESSION – 1985

FORTY-FIRST DAY

SAINT PAUL, MINNESOTA, THURSDAY, APRIL 18, 1985

The House of Representatives convened at 2:00 p.m. and was called to order by David M. Jennings, Speaker of the House.

Prayer was offered by Pastor Mervin E. Thompson, Prince of Peace Lutheran Church, Burnsville, Minnesota.

The roll was called and the following members were present:

Anderson, G.	Ellingson	Krueger	Otis	Sherman
Anderson, R.	Erickson	Kvam	Ozment	Simoneau
Backlund	Fjoslien	Levi	Pappas	Skoglund
Battaglia	Forsythe	Lieder	Pauly	Solberg
Beard	Frederick	Long	Peterson	Sparby
Becklin	Frederickson	Marsh	Piepho	Stanius
Begich	Frerichs	McDonald	Piper	Staten
Bennett	Greenfield	McEachern	Poppenhagen	Sviggum
Bishop	Gruenes	McKasy	Price	Thiede
Blatz	Gutknecht	McLaughlin	Quinn	Thorson
Boerboom	Halberg	McPherson	Quist	Tjornhom
Boo	Hartinger	Metzen	Redalen	Tomlinson
Brandl	Hartle	Miller	Rees	Tompkins
Brinkman	Haukoos	Minne	Rest	Tunheim
Brown	Heap	Munger	Rice	Uphus
Burger	Himle	Murphy	Richter	Valan
Carlson, D.	Jacobs	Nelson, D.	Riveness	Valento
Carlson, J.	Jaros	Nelson, K.	Rodosovich	Vanasek
Carlson, L.	Jennings, L.	Neuenschwander	Rose	Vellenga
Clark	Johnson	Norton	Sarna	Voss
Clausnitzer	Kahn	O'Connor	Schafer	Waltman
Cohen	Kalis	Ogren	Scheid	Welle
Dempsey	Kelly	Olsen, S.	Schoenfeld	Wenzel
DenOuden	Kiffmeyer	Olson, E.	Schreiber	Wynia
Dimler	Knickerbocker	Omann	Seaberg	Zaffke
Dyke	Knuth	Onnen	Segal	Spk. Jennings, D.
Elioff	Kostohryz	Osthoff	Shaver	

A quorum was present.

The Chief Clerk proceeded to read the Journals of the preceding days. Olsen, S., moved that further reading of the Journals be dispensed with and that the Journals be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 102, 456, 782 and 1338 and S. F. Nos. 448, 569, 1045, 221 and 384 have been placed in the members' files.

REPORTS OF STANDING COMMITTEES

Levi from the Committee on Rules and Legislative Administration to which was referred:

H. F. No. 529, A bill for an act relating to state and local government; providing procedures for the conduct of meetings by public bodies; proposing coding for new law as Minnesota Statutes, chapter 471A; repealing Minnesota Statutes 1984, section 471.705.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

H. F. No. 601, A bill for an act relating to real property; clarifying notice period required for cancellation of contract for deed; amending Minnesota Statutes 1984, section 559.21, subdivisions 1 and 2, and by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 559.21, is amended by adding a subdivision to read:

Subd. 2a. [DEFAULT; TERMINATION.] *When default is made in the conditions of any contract for the conveyance of real estate or any interest therein whereby the vendor has a right to terminate it, the vendor may do so by serving upon the purchaser, the purchaser's personal representatives or assigns, either within or without the state, a notice specifying the conditions in which default has been made, and stating that the contract will terminate 60 days after the service of the notice unless prior thereto the purchaser complies with the conditions and makes all payments due and owing to the vendor under the contract through the date payment is made and pays the costs of service, together with two percent of any amount in default other than balloon payment, not including any taxes, assessments,*

mortgages, or prior contracts for deed that are assumed by the purchaser, and an amount to apply on attorney's fees actually expended or incurred, of $150 when the amount in default is less than $1,000, and of $250 when the amount in default is $1,000 or more; provided, however, that no amount is required to be paid for attorney's fees as provided hereunder, unless some part of the conditions of default has existed at least 30 days prior to the date of service of the notice; and further provided that no costs of service are due unless the vendor notifies the purchaser of actual costs of service by certified mail to the purchaser's last known address at least ten days prior to the date of termination.

Sec. 2. Minnesota Statutes 1984, section 559.21, subdivision 3, is amended to read:

Subd. 3. For purposes of this section, the term "notice" means a writing stating the information required in this section, stating the name, address and telephone number of the vendor or of an attorney authorized by the vendor to accept payments pursuant to the notice and the fact that the person named is authorized to receive the payments, and including the following information in 12 point or larger bold type or in large legible handwritten letters:

((A) FOR CONTRACTS EXECUTED PRIOR TO MAY 1, 1980:)

(THIS NOTICE IS TO INFORM YOU THAT BY THIS NOTICE THE SELLER HAS BEGUN PROCEEDINGS UNDER MINNESOTA STATUTES, SECTION 559.21, TO TERMINATE YOUR CONTRACT FOR DEED FOR THE REASONS SPECIFIED IN THIS NOTICE. THE CONTRACT WILL TERMINATE DAYS AFTER (SERVICE OF THIS NOTICE UPON YOU) (THE FIRST DATE OF PUBLICATION OF THIS NOTICE) UNLESS BEFORE THEN THE PERSON AUTHORIZED IN THIS NOTICE TO RECEIVE PAYMENTS RECEIVES FROM YOU THE AMOUNT THIS NOTICE SAYS YOU OWE PLUS THE COSTS OF SERVICE OF THIS NOTICE TOGETHER WITH THE MORTGAGE REGISTRATION TAX OF $ AND $ TO APPLY TO ATTORNEYS' FEES ACTUALLY EXPENDED OR INCURRED; OR UNLESS BEFORE THEN YOU SECURE FROM A COUNTY OR DISTRICT COURT AN ORDER THAT THE TERMINATION OF THE CONTRACT BE SUSPENDED UNTIL YOUR CLAIMS OR DEFENSES ARE FINALLY DISPOSED OF BY TRIAL, HEARING OR SETTLEMENT. YOUR ACTION MUST SPECIFICALLY STATE THOSE FACTS AND GROUNDS THAT DEMONSTRATE YOUR CLAIMS OR DEFENSES. IF YOU DO NOT DO ONE OR THE OTHER OF THE ABOVE THINGS WITHIN THE TIME PERIOD SPECIFIED IN THIS NOTICE, YOUR CONTRACT WILL TERMINATE AT THE END OF THE PERIOD AND YOU WILL LOSE ALL THE MONEY YOU HAVE PAID

ON THE CONTRACT; YOU WILL LOSE YOUR RIGHT TO POSSESSION OF THE PROPERTY; YOU MAY LOSE YOUR RIGHT TO ASSERT ANY CLAIMS OR DEFENSES THAT YOU MIGHT HAVE; AND YOU WILL BE EVICTED. IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE, CONTACT AN ATTORNEY IMMEDIATELY.)

((B) FOR CONTRACTS EXECUTED ON OR AFTER MAY 1, 1980:)

THIS NOTICE IS TO INFORM YOU THAT BY THIS NOTICE THE SELLER HAS BEGUN PROCEEDINGS UNDER MINNESOTA STATUTES, SECTION 559.21, TO TERMINATE YOUR CONTRACT FOR DEED FOR THE REASONS SPECIFIED IN THIS NOTICE. THE CONTRACT WILL TERMINATE . . . . . DAYS AFTER (SERVICE OF THIS NOTICE UPON YOU) (THE FIRST DATE OF PUBLICATION OF THIS NOTICE) UNLESS BEFORE THEN THE PERSON AUTHORIZED IN THIS NOTICE TO RECEIVE PAYMENTS RECEIVES FROM YOU THE AMOUNT THIS NOTICE SAYS YOU OWE PLUS ANY ADDITIONAL PAYMENTS DUE UNDER THE CONTRACT TO THE SELLER SINCE THE NOTICE WAS SERVED PLUS THE COSTS OF SERVICE (OF THIS NOTICE) TOGETHER WITH (THE MORTGAGE REGISTRATION TAX OF) $ . . . . . *(TWO PERCENT OF THE AMOUNT IN DEFAULT)* AND $ . . . . . TO APPLY TO ATTORNEYS' FEES ACTUALLY EXPENDED OR INCURRED; OR UNLESS BEFORE THEN YOU SECURE FROM A COUNTY OR DISTRICT COURT AN ORDER THAT THE TERMINATION OF THE CONTRACT BE SUSPENDED UNTIL YOUR CLAIMS OR DEFENSES ARE FINALLY DISPOSED OF BY TRIAL, HEARING OR SETTLEMENT. YOUR ACTION MUST SPECIFICALLY STATE THOSE FACTS AND GROUNDS THAT DEMONSTRATE YOUR CLAIMS OR DEFENSES. IF YOU DO NOT DO ONE OR THE OTHER OF THE ABOVE THINGS WITHIN THE TIME PERIOD SPECIFIED IN THIS NOTICE, YOUR CONTRACT WILL TERMINATE AT THE END OF THE PERIOD AND YOU WILL LOSE ALL THE MONEY YOU HAVE PAID ON THE CONTRACT; YOU WILL LOSE YOUR RIGHT TO POSSESSION OF THE PROPERTY; YOU MAY LOSE YOUR RIGHT TO ASSERT ANY CLAIMS OR DEFENSES THAT YOU MIGHT HAVE; AND YOU WILL BE EVICTED. IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE, CONTACT AN ATTORNEY IMMEDIATELY.

Sec. 3. Minnesota Statutes 1984, section 559.21, subdivision 4, is amended to read:

Subd. 4. The notice required by this section must be given notwithstanding any provisions in the contract to the contrary, and shall be served within the state in the same manner as a summons in the district court, without the state, in the same manner,

and without securing any sheriff's return of not found, making any preliminary affidavit, mailing a copy of the notice or doing any other preliminary act or thing whatsoever. Service of the notice without the state may be proved by the affidavit of the person making the same, made before an authorized officer having a seal, and within the state by such an affidavit or by the return of the sheriff of any county therein.

Three weeks published notice, and if the premises described in the contract are actually occupied, then in addition thereto, the personal service of a copy of the notice within ten days after the first date of publication of the notice, and in like manner as the service of a summons in a civil action in the district court upon the person in possession of the premises, has the same effect as the personal service of the notice upon the purchaser, his personal representatives or assigns, either within or without the state as herein provided for. In case of service by publication, as herein provided, the notice shall specify the conditions in which default has been made and state that the contract will terminate (90) *60* days after the first date of publication of the notice, unless prior thereto the purchaser complies with the conditions and (, IF REQUIRED PURSUANT TO SUBDIVISION 2,) makes all payments due and owing to the vendor under the contract through the date payment is made and pays the costs of service, (THE MORTGAGE REGISTRATION TAX, IF ACTUALLY PAID BY THE VENDOR) *two percent of the amount in default other than balloon payment,* and attorneys' fees as provided herein, and the purchaser, his personal representatives or assigns, shall be allowed (90) *60* days from and after the first date of publication of the notice to comply with the conditions of the contract.

If, within the time mentioned, the person served complies with the conditions and (, IF REQUIRED PURSUANT TO SUBDIVISION 2,) makes all payments due and owing to the vendor under the contract through the date payment is made and pays the costs of service, (THE MORTGAGE REGISTRATION TAX, IF ACTUALLY PAID BY THE VENDOR) *two percent of the amount in default other than balloon payment,* and attorneys' fees as provided herein, the contract shall be thereby reinstated; but otherwise shall terminate. In the event that the notice was not signed by an attorney for the vendor and the vendor is not present in the state, or cannot be found therein, then compliance with the conditions specified in the notice may be made by paying to the clerk of the district court in the county wherein the real estate or any part thereof is situated any money due and filing proof of compliance with other defaults specified, and the clerk of the district court shall be deemed the agent of the vendor for such purposes. A copy of the notice with proof of service thereof, and the affidavit of the vendor, his agent or attorney, showing that the purchaser has not complied with the terms of the notice, may be recorded with the county recorder, and is prima facie evidence of the facts therein stated; but this

section in no case applies to contracts for the sale or conveyance of lands situated in another state or in a foreign country.

Sec. 4. Minnesota Statutes 1984, section 559.21, subdivision 6, is amended to read:

Subd. 6. [TEMPORARY (MINIMUM) *ADDITIONAL* NOTICE.] Notwithstanding the provisions of any other law to the contrary, (NO CONTRACT FOR CONVEYANCE OF HOMESTEAD PROPERTY, AS DEFINED IN SECTION 583.02, SHALL TERMINATE UNTIL 60 DAYS AFTER SERVICE OF NOTICE IF THE NOTICE IS SERVED AFTER MAY 24, 1983, AND PRIOR TO MAY 1, 1985, OR 90 DAYS AFTER SERVICE OF NOTICE IF THE CONTRACT WAS ENTERED INTO AFTER MAY 1, 1980 AND THE CONTRACT VENDEE HAS PAID 25 PERCENT OR MORE OF THE PURCHASE PRICE. THE NOTICE SHALL SPECIFY THIS 60- OR 90-DAY PERIOD. THE) *a* notice *for a contract for conveyance of homestead property, as defined in section 583.02,* shall include a statement that the borrower may be eligible for an extension of the time prior to (FORECLOSURE AND EXECUTION SALE) *termination* under sections 583.01 to 583.12. This section does not apply to earnest money contracts, purchase agreements or exercised options.

Sec. 5. Minnesota Statutes 1984, section 559.21, is amended by adding a subdivision to read:

Subd. 8. [ATTORNEY AS AGENT.] *Any attorney expressly authorized by the vendor to receive payments in the notice of cancellation under this section is designated as the attorney who may receive service as agent for the vendor of all summons, complaints, orders, and motions made in conjunction with an action by the vendee to restrain the cancellation.*

Sec. 6. [REPEALER.]

Minnesota Statutes 1984, sections 287.02; and 559.21, subdivisions 1, 1a, and 2, are repealed.

Sec. 7. [EFFECTIVE DATE.]

This act is effective August 1, 1985, and applies to contracts for the conveyance of real estate or any interest therein executed before, on, or after that date."

Amend the title as follows:

Page 1, line 2, delete "clarifying" and insert "changing"

Page 1, line 3, after the semicolon, insert "designating vendor's attorney as an agent; eliminating the mortgage registration tax on contracts for deed;"

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

Page 1, line 5, delete "a subdivision" and insert "subdivisions; repealing Minnesota Statutes 1984, sections 287.02; and 559.21, subdivisions 1, 1a, and 2"

With the recommendation that when so amended the bill pass.

The report was adopted.

Schreiber from the Committee on Taxes to which was referred:

H. F. No. 610, A bill for an act relating to local government; providing for transfer of certain federal payments in lieu of taxes from the county to the city or town; proposing coding for new law in Minnesota Statutes, chapter 471.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [471.653] [DISTRIBUTION OF CERTAIN FEDERAL PAYMENTS.]

Federal payment in lieu of taxes on entitlement lands made pursuant to United States Code, title 31, sections 6901 to 6906 must be transferred by a county to the home rule or statutory city or town where the entitlement land is located if the county board determines that the statutory or home rule city or town is the principal provider of governmental services affecting the use of entitlement lands and if the total annual federal payment to the county is $5,000 or more. The county board shall make its determination based on factors which must include: (1) whether the city or town has at least 80 acres of land within the entitlement lands; (2) whether city or town roads are the primary access to the entitlement lands; (3) whether the city or town provides specific services to the entitlement lands such as fire protection, police protection, and search and rescue services; and (4) whether the city or town is primarily responsible for land use planning and official controls.

The distribution of federal payment in lieu funds shall be made by the county board to a qualifying city or town in the proportion that the acreage of entitlement land located in each bears to the total acreage of entitlement land in the county. If more than 30 percent of entitlement acreage in a county is located in qualifying cities or towns, there shall be a pro rata reduction in each qualifying city or town's share, so that only 30 percent of the total county payment is distributed.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective January 1, 1986."

With the recommendation that when so amended the bill pass.

The report was adopted.

Carlson, D., from the Committee on Transportation to which was referred:

H. F. No. 863, A bill for an act relating to transportation; specifying the method of payment for landscape contractors providing goods or services to the department of transportation; amending Minnesota Statutes 1984, section 161.32, by adding a subdivision.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 961, A bill for an act relating to water; providing for comprehensive local water management; requiring counties to develop and implement county water and related land resources plans; authorizing the water resources board to make comprehensive water planning grants to counties; providing additional authorities to counties; providing additional duties of the water resources board; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 110B.

Reported the same back with the following amendments:

Page 2, line 16, after the second comma insert "*watershed districts,*"

Page 2, line 20, delete "*, excluding watershed districts*"

Page 2, after line 28, insert:

"*Subd. 8.* [WATERSHED MANAGEMENT ORGANIZATION.] *"Watershed management organization" means an organization as defined in section 473.876.*"

Renumber the subdivisions in sequence

Page 3, line 19, after "*counties*" insert "*and watershed management organizations*"

Page 5, lines 30 and 31, delete "*, as defined in section 473.876,*"

Page 7, line 20, before the period insert "*and shall make grants to watershed management organizations for water planning under sections 473.878 and 473.879*"

Page 7, line 20, delete everything after the period

Page 7, line 21, delete everything before "*may*" and insert "*Counties*"

Page 7, line 23, after the period insert "*Watershed management organizations may contract with other local units of government to complete planning responsibilities under sections 473.878 and 473.879.*"

Page 7, line 26, delete everything before the semicolon

Page 8, line 4, before the period insert "*and sections 473.878 and 473.879*"

Page 8, line 6, delete "*in implementing sections 1 to 15*"

Page 8, line 11, delete "*sections 1 to 15*" and insert "*this section*"

Page 8, line 34, delete everything after "*429*"

Page 8, delete line 35

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

Page 9, lines 28 and 29, delete "*90 days*" and insert "*one year*"

Page 10, line 8, after "*by*" insert "*a watershed district or*"

Page 10, line 13, after "*county*" insert "*(a) responsible for the appointment of a manager serving on the watershed board, or (b)*"

Page 12, delete line 15

Page 12, line 16, delete everything before the period and insert "*judge shall assess equally to the parties those costs assessed under section 14.53, including the cost of any transcript and the compensation for the law judge and his staff*"

Page 12, line 22, after the period insert "*Nothing in this section supersedes the provisions of sections 104.04, subdivision 5; 104.35, subdivision 3; 104.36, subdivision 1; and 105.485, subdivisions 4 and 6.*"

Page 12, lines 24 and 34, after "*14*" insert ", *except sections 4, subdivision 2, paragraph (a); and 6,*"

Page 12, delete line 36

Page 13, delete lines 1 and 2

With the recommendation that when so amended the bill pass.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

H. F. No. 1014, A bill for an act relating to watercraft; requiring titling for certain watercraft; regulating perfection of security interests in watercraft; proposing coding for new law as Minnesota Statutes, chapter 361A.

Reported the same back with the following amendments:

Page 3, line 4, delete "*less than 12 feet*" and insert "*16 feet, three inches*" and after "*length*" insert "*or less,*"

Amend the title as follows:

Page 1, line 4, after the semicolon insert "prescribing fees; prescribing penalties; appropriating money;"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Erickson from the Committee on Education to which was referred:

H. F. No. 1051, A bill for an act relating to education; creating a legislative commission to study the Minnesota schools for the deaf and blind.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Appropriations without recommendation.

The report was adopted.

Pursuant to House Rule No. 9.3, H. F. No. 1051 was re-referred to the Committee on Rules and Legislative Administration.

Schreiber from the Committee on Taxes to which was referred:

H. F. No. 1055, A bill for an act relating to lawful gambling; transferring certain functions of the charitable gambling control board to local units of government and to the commissioner of revenue; imposing penalties; amending Minnesota Statutes 1984, section 340.14, subdivision 2; 349.12, subdivision 11 and by adding subdivisions; 349.14; 349.151; 349.16; 349.161; 349.-162; 349.17; 349.18, subdivisions 1 and 2; 349.19, subdivisions 5 and 6, and by adding a subdivision; 349.20; 349.21; 349.211, subdivisions 3 and 4; 349.213, subdivision 1; 349.214, subdivisions 1 and 2; 349.22, subdivision 2; 349.31, subdivision 1; 609.-75, subdivision 3; and 609.761; repealing Minnesota Statutes 1984, sections 349.19, subdivision 4; 349.212; and 349.213, subdivision 2; proposing coding for new law as Minnesota Statutes, chapter 297C.

Reported the same back with the following amendments:

Page 2, line 13, after the period insert *"Nothing in this section prohibits an organization licensed under chapter 349 from conducting bingo in a leased room located in an establishment holding a club on-sale intoxicating liquor license if no alcoholic beverages are sold, served, or consumed in the room."*

Page 3, after line 6, insert:

"Sec. 3. Minnesota Statutes 1984, section 349.12, subdivision 13, is amended to read:

Subd. 13. "Profit" means the gross receipts collected from lawful gambling, less reasonable sums necessarily and actually expended for gambling supplies and equipment, prizes, rent, (AND) *the cost of any food or nonalcoholic beverages provided at the event,* utilities used during the gambling occasions, compensation paid to members for conducting gambling, taxes imposed by this chapter, and maintenance of devices used in lawful gambling."

Page 5, line 7, delete *"and"*

Page 5, after line 7, insert:

"(7) to prescribe the form of applications for licenses issued by local units of government to organizations to conduct lawful gambling and to distribute copies of the form; and"

Page 5, line 8, strike "(7)" and insert *"(8)"*

Page 6, line 23, after the period insert *"Applications for licenses under this section must be on a form prescribed by the board."*

Page 9, line 9, after the period insert *"At the request of the board, the commissioner will provide copies of monthly reports, records, and other documents of a distributor to the board."*

Page 11, line 22, after the period insert *"At the request of the commissioner, the board will provide copies of the reports to the commissioner."*

Page 16, lines 32 and 33, delete *"fair market value or suggested retail price, whichever is greater."* and insert *"the actual cost the organization paid for the merchandise."*

Page 17, line 25, after *"297C.03"* insert *", 297C.05"*

Page 17, line 25, delete *"297C.13"* and insert *"297C.09"*

Page 22, line 7, after *"state,"* insert *"the lawful gambling board,"*

Page 22, lines 19 to 26, delete section 14 and insert:

"Sec. 14. [EFFECTIVE DATE.]

Sections 1 to 13 are effective June 1, 1985."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Levi from the Committee on Rules and Legislative Administration to which was referred:

H. F. No. 1074, A bill for an act relating to state departments and agencies; appointing a new Minnesota zoo board; establishing a gift account and a special revenue fund; directing a study of the governance structure; amending Minnesota Statutes 1984, sections 85A.01, subdivisions 1 and 2; 85A.02, subdivisions 3, 4, 5, 7, 12, 16, and by adding subdivisions; 85A.04, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 85A; repealing Minnesota Statutes 1984, sections 85A.01, subdivision 1a; 85A.03; and 85A.04, subdivision 1.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 1213, A bill for an act relating to economic development; creating an enterprise zone to be designated by the city of Cottage Grove.

Reported the same back with the following amendments:

Pages 1 and 2, delete section 1

Page 2, line 3, delete "Sec. 2." and insert "Section 1."

Page 2, line 15, delete everything after "*is*"

Page 2, delete lines 16 to 21 and insert "*subject to Minnesota Statutes, section 273.1314, subdivisions 9 to 17, and is considered to have been designated an enterprise zone by the commissioner of energy and economic development within the meaning of those subdivisions. The enterprise zone is not subject to the funding limitations of section 273.1314, subdivision 8.*"

Page 2, after line 21, insert:

"*(b) The commissioner shall not certify any tax reductions provided in section 273.1314, subdivision 9, unless the commissioners of revenue and energy and economic development receive and approve an application for tax credits which will result in an increase of at least 4,000 direct jobs within the boundaries of the proposed zone. The designation of the zone will cease to exist unless such application is received by December 31, 1986.*"

Reletter the paragraphs in sequence

Page 2, line 22, delete "*section*" and insert "*subdivision*"

Page 2, line 30, delete "Sec. 3. [LOCAL APPROVAL.]" and insert "Sec. 2. [EFFECTIVE DATE.]"

Page 2, line 31, delete everything after "*effective*"

Page 2, delete lines 32 and 33 and insert "*the day following final enactment.*"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 1225, A bill for an act relating to commerce; providing for the determination of certain usurious contracts; proposing coding for new law in Minnesota Statutes, chapter 334.

Reported the same back with the following amendments:

Page 1, line 20, after "*chapter*" insert ", *except sections 334.16 to 334.18,*"

Page 1, line 21, after "*47*" insert ", *48, 50, 51A, 52, 53,*" and delete "*48*" and insert "*56*"

With the recommendation that when so amended the bill pass.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 1307, A bill for an act relating to the city of Burnsville; increasing the total number of on-sale liquor licenses.

Reported the same back with the following amendments:

Page 1, delete lines 7 to 10, and insert "*Notwithstanding any law to the contrary the city of Burnsville may issue five on-sale intoxicating liquor licenses in addition to the number authorized under Minnesota Statutes, section 340.11, subdivision 5a.*"

Page 1, line 13, delete "*654.021*" and insert "*645.021, subdivision 3*"

With the recommendation that when so amended the bill pass.

The report was adopted.

Erickson from the Committee on Education to which was referred:

H. F. No. 1406, A bill for an act relating to education; clarifying the term "Minnesota resident" for purposes of financial aid; amending Minnesota Statutes 1984, sections 136A.101, by adding a subdivision; 136A.15, subdivision 7; and 136A.233, subdivision 2.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Appropriations without recommendation.

The report was adopted.

Pursuant to House Rule No. 9.3, H. F. No. 1406 was re-referred to the Committee on Rules and Legislative Administration.

Carlson, D., from the Committee on Transportation to which was referred:

H. F. No. 1413, A resolution memorializing the President and Congress of the United States and the Secretary of Transportation of the need for continued funding of Amtrak.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

H. F. No. 1421, A bill for an act relating to commerce; defining "trade secret"; amending Minnesota Statutes 1984, section 325C.01, subdivision 5.

Reported the same back with the following amendments:

Pages 1 and 2, delete section 2

With the recommendation that when so amended the bill pass.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

H. F. No. 1431, A bill for an act relating to statutes; conforming various laws to judicial decisions of unconstitutionality and suggestions for clarity; amending Minnesota Statutes 1984, sections 3.736, subdivision 3; 65B.44, subdivision 6; 181.13; 268.06, subdivision 5; 429.061, subdivision 1; 471.705, subdivision 2; 609.11, subdivision 8; and 631.09; repealing Minnesota Statutes 1984, section 422A.156.

Reported the same back with the following amendments:

Page 4, delete lines 22 to 36

Page 5, delete lines 1 to 21

Page 7, delete lines 10 to 36

Page 8, delete lines 1 to 8 and lines 29 to 30

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete "268.06, subdivision 5;"

Page 1, line 7, delete everything after the first semicolon

Page 1, line 8, delete "subdivision 8;" and "; repealing Minnesota"

Page 1, line 9, delete everything before the period

With the recommendation that when so amended the bill pass.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

H. F. No. 1435, A bill for an act relating to local government; providing for the maintenance of town cartways; amending Minnesota Statutes 1984, section 164.08, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, lines 10, 11 and 12, 14, 15, and 18, delete "*property owners*" and insert "*owners of private property*"

Page 1, line 14, delete "*equally*" and after "*divided*" insert "*in proportion to usage*"

Page 1, lines 16 and 17, delete "*Property owners*" and insert "*Owners of private property*"

With the recommendation that when so amended the bill pass.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 1546, A bill for an act relating to hazardous substances; requiring hazardous substance notification report forms to be filed with a fire department by every employer; providing for duties of fire departments and duties of the commissioner of public safety; providing penalties; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 299F.

Reported the same back with the following amendments:

Page 1, line 26, after the period, insert " *"Employer" does not mean a "small business."* "

Page 2, line 8, delete *"site"*

Page 3, line 21, delete everything after *"13."* and insert "[WORK AREA.] *"Work area" means a defined space in a workplace where hazardous chemicals are stored, produced, or used and where employees are present."*

Page 3, delete lines 22 to 24

Page 3, line 29, delete *"site"*

Page 3, after line 31, insert:

"Subd. 17. [WORKPLACE.] *"Workplace" means an establishment at one geographical location containing one or more work areas."*

Page 5, lines 1, 15, 17, and 19, delete *"site"*

Page 6, lines 13, 15, and 18, delete *"site"*

Page 8, line 16, delete *"15.014"* and insert *"15.059"*

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Kvam from the Committee on Financial Institutions and Insurance to which was referred:

H. F. No. 1558, A bill for an act relating to financial institutions; providing for the extension of certain loan assumptions;

amending Minnesota Statutes 1984, section 47.20, by adding a subdivision.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

McDonald from the Committee on Agriculture to which was referred:

H. F. No. 1570, A bill for an act relating to agriculture; creating an exception to the corporate farming law; amending Minnesota Statutes 1984, section 500.24, subdivision 3.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

H. F. No. 1578, A bill for an act relating to courts; clarifying the jurisdiction of the court of appeals to issue writs; amending Minnesota Statutes 1984, section 480A.06, subdivision 6.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 480A.06, subdivision 3, is amended to read:

Subd. 3. [CERTIORARI REVIEW.] *The court of appeals shall have jurisdiction to issue writs of certiorari to all agencies, public corporations, and public officials, except the tax court and the workers' compensation court of appeals.* The court of appeals shall have jurisdiction to review decisions of the commissioner of economic security, pursuant to section 268.10."

Amend the title as follows:

Page 1, line 4, delete "6" and insert "3"

With the recommendation that when so amended the bill pass.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

S. F. No. 71, A bill for an act relating to commerce; providing for payment to a farm implement retailer by the manufacturer, wholesaler, or distributor who repurchases inventory; requiring the payment of interest on overdue accounts; amending Minnesota Statutes 1984, section 325E.06, subdivision 1.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

McDonald from the Committee on Agriculture to which was referred:

S. F. No. 285, A bill for an act relating to farm loans; eliminating the limitation on the gross receipts of farms eligible for economic development loans; amending Minnesota Statutes 1984, section 116M.03, subdivision 4.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

S. F. No. 882, A bill for an act relating to commerce; clarifying submission of applications for directors and officers liability insurance; providing for the withdrawal of certain registration statements; broadening the securities transaction exemptions for isolated sales and limited offerings; repealing the securities transaction for preorganization offerings; simplifying an exemption from franchise registration; providing for disclosure of representation by real estate brokers and salespersons; expanding those officers who may verify corporate broker licenses; altering re-examination requirements for brokers and salespersons who fail to renew their licenses; altering the unclaimed property reporting deadline for life insurance companies; raising the aggregation amount for holders reporting unclaimed property; specifying dates for notifying and advertising owners of abandoned property; and providing for the notification of all lienholders by a unit owners association in an assessment lien foreclosure; amending Minnesota Statutes 1984, sections 60A.08, by adding a subdivision; 80A.10, by adding a subdivision; 80A.-13, subdivision 1; 80A.15, subdivision 2; 80C.03; 82.19, subdivi-

sion 3, and by adding a subdivision; 82.20, subdivision 4; 82.21, subdivision 1; 82.22, subdivision 10; 82.24, subdivision 4; 345.-41; 345.42, subdivisions 1 and 3; and 515A.3-115; proposing coding for new law in Minnesota Statutes, chapter 82.

Reported the same back with the following amendments:

Page 3, line 36, strike "or"

Page 4, line 4, strike the period and insert "*; or*"

Page 4, after line 14, insert:

"Sec. 4. Minnesota Statutes 1984, section 80A.14, subdivision 4, is amended to read:

Subd. 4. [BROKER-DEALER.] "Broker-dealer" means any person engaged in the business of effecting transactions in securities for the account of others or for his own account. "Broker-dealer" does not include:

(1) an agent;

(2) an issuer;

(3) a trust company; or

(4) a bank, savings institution, savings and loan association

(i) acting for the account of others, provided that such activities are conducted (IN COMPLIANCE WITH SUCH RULES AND REGULATIONS AS MAY BE ADOPTED BY THE COMMISSIONER) *on an isolated basis incidental to the performance of its business as a bank, savings institution, or savings and loan association, and no compensation is received by the bank, savings institution, savings and loan association, or its employees for those activities*;

(ii) acting for its own account; or

(iii) acting in a fiduciary capacity pursuant to the powers and privileges described by sections 48.36 to 48.49 or United States Code, title 12, section 92(a);

(5) a person who has no place of business in this state if he effects transactions in this state exclusively with or through (i) the issuers of the securities involved in the transactions, (ii) other broker-dealers, or (iii) banks, savings institutions, trust companies, insurance companies, investment companies as defined in the Investment Company Act of 1940, pension or profit

sharing trusts, or other financial institutions or institutional buyers, or to broker-dealers, whether the purchaser is acting for itself or in some fiduciary capacity; or

(6) other persons not within the intent of this subsection whom the commissioner by rule or order designates.

Sec. 5. Minnesota Statutes 1984, section 80A.14, subdivision 9, is amended to read:

Subd. 9. [INVESTMENT ADVISER.] "Investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications, writings or electronic means, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities. "Investment adviser" does not include:

(1) a (BANK, SAVINGS INSTITUTION, OR) trust company;

(2) a lawyer, accountant, engineer, or teacher whose performance of these services is solely incidental to the practice of his profession;

(3) a broker-dealer whose performance of these services is solely incidental to the conduct of his or her business as a broker-dealer and who receives no special compensation for them;

(4) a publisher of any newspaper, news column, newsletter, news magazine, or business or financial publication or service, whether communicated in hard copy form, or by electronic means, or otherwise, that does not consist of the rendering of advice on the basis of the specific investment situation of each client; (OR)

(5) *a bank, savings institution, savings and loan association*

(i) engaging in the business of advising others, provided that such services are performed on an isolated basis incidental to the performance of its business as a bank, savings institution, or savings and loan association and no compensation is received by the bank, savings institution, savings and loan association, or its employees for those services; or

(ii) acting in a fiduciary capacity pursuant to the powers and privileges described in sections 48.36 to 48.49 or United States Code, title 12, section 92(a); or

(6) other persons not within the intent of this subdivision as the commissioner may by rule or order designate."

Page 6, line 33, after "*of*" insert "*unregistered*"

Page 9, line 34, after "*waive*" insert "*the escrow*"

Page 11, line 24, after "*agency*" insert "*relationship*"

Page 16, line 32, delete "*11 to 13*" and insert "*13 to 15*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 23, after the second semicolon insert "80A.14, subdivisions 4 and 9;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

S. F. No. 1183, A bill for an act relating to intoxicating liquor; providing for issuance of licenses within Indian country; allowing the sales between collectors of discontinued brands of beer in cans; authorizing the issuance of on-sale licenses in certain theaters in Minneapolis; amending Minnesota Statutes 1984, section 340.11, subdivision 15, and by adding a subdivision.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

S. F. No. 1320, A bill for an act relating to health; establishing a system of regional poison information centers; providing for less frequent program reporting; rescinding permission for poison control centers to contract with centers in other states; amending Minnesota Statutes 1984, section 145.93, subdivisions 1, 3, 4, and 6; repealing Minnesota Statutes 1984, section 145.93, subdivision 5.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Erickson from the Committee on Education to which was referred:

House Resolution No. 21, A house resolution congratulating the DeLaSalle boys basketball team upon its 1985 state championship.

Reported the same back with the recommendation that the resolution be adopted.

The report was adopted.

Erickson from the Committee on Education to which was referred:

House Resolution No. 24, A house resolution congratulating the Ramblers boys basketball team from Winona Cotter High School for winning runner-up in the 1985 Class A State High School Boys Basketball Championship.

Reported the same back with the recommendation that the resolution be adopted.

The report was adopted.

Erickson from the Committee on Education to which was referred:

House Resolution No. 26, A house resolution congratulating the gymnastic team from Winona State University for winning the 1985 National Association of Intercollegiate Athletics National Championship.

Reported the same back with the recommendation that the resolution be adopted.

The report was adopted.

McDonald from the Committee on Agriculture to which was referred:

House Concurrent Resolution No. 10, A concurrent resolution congratulating Minnesota Rural Electric Cooperatives on their 50th Anniversary.

Reported the same back with the recommendation that the resolution be adopted.

The report was adopted.

Fjoslien from the Committee on General Legislation and Veterans Affairs to which was referred the following appointment:

ETHICAL PRACTICES BOARD

Martin J. McGowan

Reported the same back with the recommendation that the appointment be confirmed.

Fjoslien moved that the report of the Committee on General Legislation and Veterans Affairs relating to the appointment of Martin J. McGowan to the Ethical Practices Board be adopted. The motion prevailed and the report was adopted.

CONFIRMATION

Fjoslien moved that the House, having advised, do now consent to and confirm the appointment of Martin J. McGowan, Route 1, Box 41, Kimball, Stearns County, effective September 10, 1984, for a term expiring the first Monday in January, 1987. The motion prevailed and the appointment of Martin J. McGowan was confirmed by the House.

Fjoslien from the Committee on General Legislation and Veterans Affairs to which was referred the following appointment:

ETHICAL PRACTICES BOARD

Ellen G. Sampson

Reported the same back with the recommendation that the appointment be confirmed.

Fjoslien moved that the report of the Committee on General Legislation and Veterans Affairs relating to the appointment of Ellen G. Sampson to the Ethical Practices Board be adopted. The motion prevailed and the report was adopted.

CONFIRMATION

Fjoslien moved that the House, having advised, do now consent to and confirm the appointment of Ellen G. Sampson, 1415 Bayard Avenue, St. Paul, Ramsey County, effective January 16, 1985, for a term expiring the first Monday in January, 1989. The motion prevailed and the appointment of Ellen G. Sampson was confirmed by the House.

SECOND READING OF HOUSE BILLS

H. F. Nos. 529, 601, 610, 863, 961, 1225, 1307, 1421, 1431, 1435, 1558, 1570 and 1578 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 71, 285, 882 and 1183 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Uphus introduced:

H. F. No. 1603, A bill for an act relating to local government; directing the reimbursement of Pope county for the expenses of law enforcement and damages to public property connected with certain public demonstrations; appropriating money.

The bill was read for the first time and referred to the Committee on Budget.

Quist, Onnen and Brandl introduced:

H. F. No. 1604, A bill for an act relating to human services; establishing a new administration system for certain programs; providing for distribution of system costs; establishing a county services revolving account; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 256.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Vellenga, Norton, Rose, Backlund and Knuth introduced:

H. F. No. 1605, A bill for an act relating to Ramsey county; authorizing the issuance of county bonds for capital improvement projects; proposing coding for new law in Minnesota Statutes, chapter 383A.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Wenzel introduced:

H. F. No. 1606, A bill for an act relating to taxation; property; providing that the basic maintenance levy not be applied against certain seasonal recreational property; providing a state reimbursement to school districts; appropriating money; amending Minnesota Statutes 1984, section 124A.03, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Taxes.

Sviggum and Waltman introduced:

H. F. No. 1607, A bill for an act relating to Goodhue county; permitting the county to levy a tax for the county historical society.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Osthoff and Scheid introduced:

H. F. No. 1608, A bill for an act relating to taxation; property; changing the order of application of certain credits; amending Minnesota Statutes 1984, sections 273.13, subdivisions 6 and 7; 273.135, subdivisions 2 and 5; and 273.1391, subdivisions 2 and 4.

The bill was read for the first time and referred to the Committee on Taxes.

Hartinger introduced:

H. F. No. 1609, A bill for an act relating to public indebtedness; changing notice and election requirements; amending Minnesota Statutes 1984, section 475.59.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

McKasy introduced:

H. F. No. 1610, A bill for an act relating to courts; eliminating certain mileage expenses that court reporters may claim for reimbursement; eliminating the requirement that a court reporter reside in the district in which he or she is appointed; amending Minnesota Statutes 1984, section 486.05, subdivision 1.

The bill was read for the first time and referred to the Committee on Judiciary.

Anderson, G., was excused for the remainder of today's session.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 985, A bill for an act relating to human services; expanding time of eligibility for aid for unborn children; authorizing prenatal care payments; amending Minnesota Statutes 1984, section 256.73, subdivision 5.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Blatz moved that the House concur in the Senate amendments to H. F. No. 985 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 985, A bill for an act relating to human services; clarifying eligibility for aid for unborn children and prenatal care payments; amending Minnesota Statutes 1984, section 256.73, subdivision 5.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Backlund	Frederick	Lieder	Pappas	Simoneau
Battaglia	Frederickson	Long	Pauly	Skoglund
Beard	Frerichs	Marsh	Peterson	Solberg
Becklin	Greenfield	McDonald	Piepho	Sparby
Begich	Gruenes	McEachern	Piper	Stanius
Bennett	Gutknecht	McKasy	Poppenhagen	Staten
Bishop	Halberg	McPherson	Price	Sviggum
Blatz	Hartinger	Metzen	Quinn	Thorson
Boerboom	Hartle	Miller	Quist	Tjornhom
Boo	Haukoos	Minne	Redalen	Tomlinson
Brandl	Heap	Munger	Rees	Tompkins
Brinkman	Himle	Murphy	Rest	Tunheim
Brown	Jacobs	Nelson, D.	Rice	Uphus
Burger	Jaros	Nelson, K.	Richter	Valan
Carlson, L.	Johnson	Neuenschwander	Riveness	Valento
Clark	Kahn	Norton	Rodosovich	Vellenga
Clausnitzer	Kalis	O'Connor	Rose	Voss
Dempsey	Kelly	Ogren	Sarna	Waltman
DenOuden	Kiffmeyer	Olsen, S.	Schafer	Welle
Dimler	Knickerbocker	Olson, E.	Scheid	Wenzel
Dyke	Knuth	Omann	Schoenfeld	Zaffke
Elioff	Kostohryz	Onnen	Seaberg	Spk. Jennings, D.
Erickson	Krueger	Osthoff	Segal	
Fjoslien	Kvam	Otis	Shaver	
Forsythe	Levi	Ozment	Sherman	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendment to:

S. F. No. 331, A bill for an act relating to health; permitting the county coroner to remove the pituitary gland from a body under certain circumstances; proposing coding for new law in Minnesota Statutes, chapter 390.

And the Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee Mmes. Adkins, Lantry and Mr. Johnson, D. E.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

McEachern moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 331. The motion prevailed.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Levi, from the Committee on Rules and Legislative Administration, pursuant to Rule 1.9, designated the following bills as Special Orders for today, April 18, 1985:

H. F. Nos. 847, 1263, 654, 766, 9, 576, 191, 839, 1163, 450, 634, 683, 781, 959, 1130, 1250, 229, 237, 380, 607, 760, 784, 1033, 1165, 1248, 1369, 1260 and 1375.

SPECIAL ORDERS

H. F. No. 847 was reported to the House.

Boo moved to amend H. F. No. 847, the second engrossment, as follows:

Page 10, line 16, after "*individual*" insert "*resides in a county which has had within the eight-week period preceding the current calendar week, a county insured unemployment rate as defined in section 268.073, subdivision 1, of less than twice the state insured unemployment rate, and*"

Page 14, after line 23, insert:

"Sec. 11. Minnesota Statutes 1984, section 268.08, is amended by adding a subdivision to read:

Subd. 10. [APPROVED TRAINING.] *(a)* [ESTABLISHMENT.] *The commissioner shall establish a training program for structurally unemployed workers in Minnesota who reside in counties which have had within the eight-week period preceding the current calendar week, a county insured unemployment rate as defined in section 268.073, subdivision 1, of at least twice the state insured unemployment rate, under which individuals may be enrolled in an on-the-job training program and may be enrolled in classroom training in accordance with this subdivision. This subdivision does not limit or adversely affect the approved training provisions that apply to an individual under section 268.08, subdivision 1, clause (3). An individual approved under this subdivision is eligible for tuition aid under chapter 136A. The commissioner shall report to the legislature annually regarding the status of the training program under this subdivision.*

(b) [APPROVAL OF TRAINING.] *An individual's enrollment in a training course shall be approved for the purposes of this subdivision if the commissioner finds that:*

(1) the individual is not unemployed due to the seasonal nature of the work or a temporary work shortage;

(2) the individual's separation from most recent employment was caused by job obsolescence, plant shutdown, regional decline in the individual's customary occupation, or industry slowdown;

(3) the individual has received a notice of layoff and is unlikely to return to work for that employer or in that occupation within the 12-month period immediately following the separation;

(4) reasonable and suitable work opportunities for which the individual is fitted by training, experience, and physical capabilities do not exist within the local labor market;

(5) the training course is designed to provide preparation for available employment within the local labor market or in an area to which the individual is willing to relocate;

(6) the training is conducted by an agency, education institution, or employing unit that has been approved by the commissioner of education or state board for vocational technical education or higher education coordinating board to conduct training programs; except that, any agency, education institution, or employing unit that is not subject to regulation and approval by one of the above agencies may be approved by the commissioner if it is determined that the curriculum, facilities, staff, and other essentials are adequate to achieve the training objective;

(7) the training consists of a full course load, as defined by the institution, necessary to achieve the approved training objective, and the individual is making satisfactory progress in the course. The commissioner may require the training institution to periodically certify to the individual's attendance and progress.

(c) [ON-THE-JOB TRAINING.] *An individual who meets the criteria set forth under paragraph (b) is eligible to participate in a full-time on-the-job training program if:*

(1) the on-the-job training position is in an occupation for which the commissioner has determined a demand exists or will exist; in making this determination, the commissioner shall consider labor market information as contained in state and national occupational outlook publications, as well as other generally accepted authoritative sources with verifiable validity;

(2) the employer pays an hourly wage during training of at least the state minimum wage;

(3) the employer guarantees to provide at least 12 months of employment to the trainee after the completion of training at

the prevailing area labor market wage for a trained individual in that occupation;

(4) the employer will not terminate the trainee during the period of training or guaranteed employment except for misconduct or demonstrated substandard performance;

(5) the employer has not in any way created an on-the-job training position through a reduction in work force within the preceding six months.

(d) [TRAINING ALLOWANCE.] *During participation in an approved on-the-job training program, the trainee shall maintain both satisfactory progress and attendance. During the period of training specified in the agreement between the commissioner and the employer, individuals participating in an approved on-the-job training program shall be paid with respect to each week claimed during the benefit year and prior to exhaustion a benefit in an amount equal to the weekly benefit amount, less the part of the earnings, including holiday pay, in excess of $100. The benefit shall be computed by rounding down to the nearest dollar amount. Notwithstanding any other provision, an individual participating in on-the-job training on a full-time basis is not considered employed for purposes of benefit eligibility.*

(e) [EMPLOYER PENALTY.] *An employer who enters into an on-the-job training agreement with the commissioner and terminates the trainee during the training period in a manner other than provided in this subdivision shall repay 70 percent of the amount of unemployment insurance benefits paid to the individual while in the training program with that employer. If terminated during the 12-month period of guaranteed employment, the employer shall receive a proportional reduction in the amount it must repay. Penalties assessed under this paragraph shall be in addition to any other penalties provided for by this chapter and shall be subject to the collection provisions of section 268.16 and 268.161. Penalties under this paragraph shall be paid to the commissioner and credited to the unemployment compensation fund.*

(f) [FUNDING.] *In arranging for training, existing federal and state financed job training service deliverers and Wagner-Peyser mechanisms and moneys must be utilized in the most efficent and effective manner."*

Renumber subsequent sections

Correct all internal cross-references

Amend the title accordingly

A roll call was requested and properly seconded.

McLaughlin moved to amend the Boo amendment to H. F. No. 847, the second engrossment, as follows:

In the Boo amendment, Page 1, line 6, delete *"twice"* and insert *"1/2"*

A roll call was requested and properly seconded.

The question was taken on the McLaughlin amendment to the Boo amendment and the roll was called. There were 58 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Battaglia	Jaros	Munger	Piper	Solberg
Beard	Jennings, L.	Murphy	Price	Sparby
Begich	Kahn	Nelson, D.	Quinn	Staten
Brinkman	Kelly	Nelson, K.	Rest	Tunheim
Brown	Knuth	Neuenschwander	Rice	Vanasek
Carlson, L.	Kostohryz	Norton	Riveness	Vellenga
Clark	Krueger	O'Connor	Rodosovich	Voss
Cohen	Lieder	Ogren	Sarna	Welle
Elioff	Long	Osthoff	Scheid	Wenzel
Ellingson	McLaughlin	Otis	Segal	Wynia
Greenfield	Metzen	Pappas	Simoneau	
Jacobs	Minne	Peterson	Skoglund	

Those who voted in the negative were:

Backlund	Erickson	Kalis	Ozment	Sherman
Becklin	Fjoslien	Kiffmeyer	Pauly	Stanius
Bennett	Forsythe	Knickerbocker	Piepho	Sviggum
Bishop	Frederick	Kvam	Poppenhagen	Thiede
Blatz	Frederickson	Levi	Quist	Thorson
Boerboom	Frerichs	Marsh	Redalen	Tjornhom
Boo	Gruenes	McDonald	Rees	Tompkins
Carlson, D.	Gutknecht	McEachern	Richter	Uphus
Carlson, J.	Hartinger	McKasy	Rose	Valan
Clausnitzer	Hartle	McPherson	Schafer	Valento
Dempsey	Haukoos	Miller	Schoenfeld	Waltman
DenOuden	Heap	Olsen, S.	Schreiber	Zaffke
Dimler	Himle	Omann	Seaberg	Spk. Jennings, D.
Dyke	Johnson	Onnen	Shaver	

The motion did not prevail and the amendment to the amendment was not adopted.

The question recurred on the Boo amendment and the roll was called. There were 59 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Blatz	Cohen	Forsythe	Jaros
Backlund	Boerboom	Dempsey	Frederick	Johnson
Battaglia	Boo	Dyke	Gruenes	Knuth
Becklin	Burger	Elioff	Gutknecht	Kvam
Bennett	Carlson, D.	Erickson	Hartinger	Levi
Bishop	Clausnitzer	Fjoslien	Haukoos	Marsh

McKasy	Olson, E.	Poppenhagen	Sherman	Tompkins
Minne	Omann	Redalen	Solberg	Tunheim
Murphy	Onnen	Rose	Sparby	Valan
Neuenschwander	Ozment	Schafer	Stanius	Valento
Ogren	Pappas	Schreiber	Sviggum	Spk. Jennings, D.
Olsen, S.	Pauly	Shaver	Tjornhom	

Those who voted in the negative were:

Beard	Heap	McLaughlin	Quist	Thorson
Begich	Himle	McPherson	Rees	Tomlinson
Brinkman	Jacobs	Metzen	Rest	Uphus
Brown	Jennings, L.	Miller	Riveness	Vanasek
Carlson, J.	Kahn	Nelson, D.	Rodosovich	Vellenga
Carlson, L.	Kalis	Norton	Sarna	Voss
DenOuden	Kiffmeyer	O'Connor	Scheid	Waltman
Dimler	Knickerbocker	Osthoff	Schoenfeld	Welle
Ellingson	Kostohryz	Otis	Seaberg	Wenzel
Frederickson	Krueger	Peterson	Segal	Wynia
Frerichs	Lieder	Piepho	Simoneau	Zaffke
Greenfield	Long	Piper	Skoglund	
Halberg	McDonald	Price	Staten	
Hartle	McEachern	Quinn	Thiede	

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

CALL OF THE HOUSE

On the motion of Levi and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Backlund	Forsythe	Lieder	Pauly	Skoglund
Battaglia	Frederick	Long	Peterson	Solberg
Beard	Frederickson	Marsh	Piepho	Sparby
Becklin	Frerichs	McDonald	Piper	Stanius
Begich	Greenfield	McEachern	Poppenhagen	Staten
Bennett	Gruenes	McKasy	Price	Sviggum
Bishop	Gutknecht	McLaughlin	Quinn	Thiede
Blatz	Halberg	McPherson	Quist	Thorson
Boerboom	Hartinger	Metzen	Redalen	Tjornhom
Boo	Hartle	Miller	Rees	Tomlinson
Brandl	Haukoos	Munger	Rest	Tompkins
Brinkman	Heap	Murphy	Rice	Tunheim
Brown	Himle	Nelson, D.	Richter	Uphus
Burger	Jaros	Nelson, K.	Rodosovich	Valan
Carlson, L.	Jennings, L.	Neuenschwander	Rose	Valento
Clark	Johnson	O'Connor	Sarna	Vanasek
Clausnitzer	Kalis	Ogren	Schafer	Vellenga
Cohen	Kelly	Olsen, S.	Scheid	Voss
Dempsey	Kiffmeyer	Olson, E.	Schoenfeld	Waltman
DenOuden	Knickerbocker	Omann	Schreiber	Welle
Dimler	Knuth	Onnen	Seaberg	Wenzel
Dyke	Kostohryz	Osthoff	Segal	Wynia
Elioff	Krueger	Otis	Shaver	Zaffke
Erickson	Kvam	Ozment	Sherman	Spk. Jennings, D.
Fjoslien	Levi	Pappas	Simoneau	

Levi moved that further proceedings of the roll call be dispensed with and that the Sergeant at Arms be instructed to

bring in the absentees. The motion prevailed and it was so ordered.

Riveness moved to amend H. F. No. 847, the second engrossment, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 268.04, subdivision 2, is amended to read:

Subd. 2. "Base period" means *(a)* The (PERIOD OF 52 CALENDAR WEEKS IMMEDIATELY PRECEDING THE FIRST DAY OF AN INDIVIDUAL'S BENEFIT YEAR. HOWEVER, IF A CLAIMANT RECEIVED WEEKLY WORKER'S COMPENSATION FOR TEMPORARY TOTAL DISABILITY UNDER THE PROVISIONS OF CHAPTER 176 OR UNDER A SIMILAR LAW OF THE UNITED STATES FOR MORE THAN SEVEN WEEKS WITHIN THE BASE PERIOD, OR IF A CLAIMANT, WHOSE OWN SERIOUS ILLNESS CAUSED A LOSS OF CREDIT WEEKS WITHIN THE BASE PERIOD, RECEIVED COMPENSATION DUE TO THE ILLNESS FROM SOME OTHER SOURCE OR UNDER A LAW OF THIS STATE OTHER THAN CHAPTER 176 OR UNDER A SIMILAR LAW OF THE UNITED STATES FOR MORE THAN SEVEN WEEKS WITHIN THE BASE PERIOD, THE CLAIMANT'S BASE PERIOD SHALL BE LENGTHENED BY THE SAME NUMBER OF WEEKS, BUT NOT TO EXCEED 52 WEEKS, FOR WHICH THE CLAIMANT RECEIVED THE PAYMENTS. NO EXTENDED BASE PERIOD SHALL INCLUDE WAGE CREDITS UPON WHICH BENEFITS WERE ESTABLISHED AND PAID WITH RESPECT TO A PRIOR VALID CLAIM) *first four of the last five completed calendar quarters immediately preceding the first day of an individual's benefit year, or*

(b) If an individual is unable to establish a benefit year based upon (a), the last four completed calendar quarters immediately preceding the first day of an individual's benefit year.

If during the base period an individual received workers' compensation for temporary disability under chapter 176 or under similar law of the United States, or if an individual, whose own serious illness caused a loss of work for which the individual received compensation due to the illness from some other source or under a law of this state, other than chapter 176 or under a similar law of the United States, the individual's base period shall be lengthened to the extent stated as follows:

(a) If an individual was compensated, as described above, for a loss of work of 7 through 13 weeks, the original base period

shall be extended to include the first calendar quarter preceding the original base period; or

(b) If an individual was compensated, as described above, for a loss of work of 20 through 26 weeks, the original base period shall be extended to include the first two calendar quarters preceding the base period; or

(c) If an individual was compensated, as described above, for a loss of work from 33 through 39 weeks, the original base period shall be extended to include the first three calendar quarters preceding the base period; or

(d) If an individual was compensated, as described above, for a loss of work from 46 through 52 weeks, the original base period shall be extended to include the first four quarters preceding the base period.

In no instance shall the base period be extended to include more than four additional calendar quarters.

No extended base period shall include wage credits upon which a claim was established and benefits were paid with respect to that valid claim. For benefit years beginning after October 1, 1986, no base period shall include wage credits upon which a claim was established and benefits were paid with respect to that valid claim.

Sec. 2. Minnesota Statutes 1984, section 268.04, subdivision 4, is amended to read:

Subd. 4. "Benefit year" with respect to any individual means the period of fifty-two calendar weeks beginning with the first day of the first week with respect to which the individual files a valid claim for benefits. *For individuals with a valid claim effective January 1, April 1, July 1, or October 1, the benefit year will be a period of fifty-three weeks beginning with the first week with respect to which the individual files a valid claim for benefits.*

Sec. 3. Minnesota Statutes 1984, section 268.04, subdivision 24, is amended to read:

Subd. 24. "Valid claim" with respect to any individual means a claim filed by an individual who has registered for work and who has earned wage credits (AND ESTABLISHED CREDIT WEEKS) during his base period sufficient to entitle him to benefits under section 268.07, subdivision 2.

Sec. 4. Minnesota Statutes 1984, section 268.04, is amended by adding a subdivision to read:

Subd. 34. [CONTRIBUTION REPORT.] *"Contribution report" means the summary report of wages and employment used to determine the amount of contributions due by employers on a calendar quarter basis. An auxiliary report of wages and employment broken down by business locations, when required, is part of the contribution report.*

Sec. 5. Minnesota Statutes 1984, section 268.04, is amended by adding a subdivision to read:

Subd. 35. [WAGE DETAIL REPORT.] *"Wage detail report" means the itemized report used to record the information required by section 268.121.*

Sec. 6. Minnesota Statutes 1984, section 268.04, is amended by adding a subdivision to read:

Subd. 36. [HIGH QUARTER.] *"High quarter" means the calendar quarter in an individual's base period for which the total wage credits paid to the individual during that quarter are equal to or greater than the total wage credits paid to the individual during any other calendar quarter in the individual's base period.*

Sec. 7. Minnesota Statutes 1984, section 268.06, subdivision 2, is amended to read:

Subd. 2. [RATES.] Each employer shall pay contributions equal to (TWO AND SEVEN-TENTHS PERCENT FOR EACH CALENDAR YEAR PRIOR TO 1985 AND) 5-4/10 percent for 1985 and each subsequent calendar year of wages paid and wages overdue and delayed beyond the usual time of payment from him with respect to employment occurring during each calendar year, except as may be otherwise prescribed in subdivisions 3a and 4. Each employer who has an experience ratio of less than one-tenth of one percent shall pay contributions on only the first ($8,000) *$9,500 and $11,000* in wages paid and wages overdue and delayed beyond the usual time of payment to each employee with respect to employment occurring during (EACH) calendar (YEAR) *years 1986 and 1987, respectively. For calendar year 1988 and thereafter, employers who have an experience ratio of less than one-tenth of one percent shall pay contributions on wages as provided under section 268.04, subdivision 25, clause (a).*

Sec. 8. Minnesota Statutes 1984, section 268.06, subdivision 3a, is amended to read:

Subd. 3a. [RATE FOR NEW EMPLOYERS.] *(a)* Notwithstanding the provisions of subdivision 2, each employer, who becomes subject to this law, shall pay contributions at a rate (:)

((A) NOT EXCEEDING 2-7/10 PERCENT, THAT IS THE HIGHER OF (1) ONE PERCENT AND (2) THE STATE'S THREE-YEAR BENEFIT COST RATE FOR THE 36 CONSECUTIVE MONTH PERIOD IMMEDIATELY PRECEDING JULY 1 OF EACH YEAR FOR EACH EMPLOYER WHO BECOMES SUBJECT TO THIS LAW PRIOR TO JANUARY 1, 1984. FOR PURPOSES OF THIS CLAUSE, THE STATE'S THREE YEAR BENEFIT COST RATE SHALL BE COMPUTED ANNUALLY AND SHALL BE DERIVED BY DIVIDING THE TOTAL DOLLAR AMOUNT OF BENEFITS PAID TO CLAIMANTS UNDER THIS LAW DURING THE 36 CONSECUTIVE CALENDAR MONTHS IMMEDIATELY PRECEDING JULY 1 OF EACH YEAR BY THE TOTAL DOLLAR AMOUNT OF WAGES SUBJECT TO CONTRIBUTIONS UNDER THIS LAW DURING THE SAME PERIOD. THE RATE SO DETERMINED SHALL BE APPLICABLE FOR THE CALENDAR YEAR NEXT SUCCEEDING EACH COMPUTATION DATE.)

((B) NOT EXCEEDING 2-7/10 PERCENT, THAT IS THE HIGHER OF (1) ONE PERCENT AND (2) THE STATE'S FOUR-YEAR BENEFIT COST RATE FOR THE 48 CONSECUTIVE MONTH PERIOD IMMEDIATELY PRECEDING JULY 1 OF EACH YEAR FOR EACH EMPLOYER, EXCEPT EMPLOYERS IN THE CONSTRUCTION INDUSTRY, AS DETERMINED BY THE COMMISSIONER, WHO BECOMES SUBJECT TO THIS LAW SUBSEQUENT TO DECEMBER 31, 1983 AND PRIOR TO JANUARY 1, 1985. FOR PURPOSES OF THIS CLAUSE, THE STATE'S FOUR YEAR BENEFIT COST RATE SHALL BE COMPUTED AND DERIVED BY DIVIDING THE TOTAL DOLLAR AMOUNT OF BENEFITS PAID TO CLAIMANTS UNDER THIS LAW DURING THE 48 CONSECUTIVE CALENDAR MONTHS IMMEDIATELY PRECEDING JULY 1, 1983 BY THE TOTAL DOLLAR AMOUNT OF WAGES SUBJECT TO CONTRIBUTIONS UNDER THIS LAW DURING THE SAME PERIOD. THE RATE SO DETERMINED SHALL BE APPLICABLE FOR THE CALENDAR YEAR 1984.)

(EACH CONSTRUCTION EMPLOYER DESCRIBED ABOVE WHO BECOMES SUBJECT TO CHAPTER 268 SHALL PAY CONTRIBUTIONS AT A RATE, NOT EXCEEDING 7-1/2 PERCENT THAT IS THE HIGHER OF (1) ONE PERCENT, OR (2) THE STATE'S FOUR-YEAR BENEFIT COST RATE FOR CONSTRUCTION EMPLOYERS FOR THE 48 CONSECUTIVE MONTH PERIOD IMMEDIATELY PRECEDING JULY 1, 1983. FOR PURPOSES OF THIS CLAUSE, THE STATE'S FOUR YEAR BENEFIT COST RATE SHALL BE COMPUTED AND DERIVED BY DIVIDING THE TOTAL DOLLAR AMOUNT OF BENEFITS PAID TO CLAIMANTS OF CONSTRUCTION EMPLOYERS, AS DETERMINED BY THE COMMISSIONER, DURING THE 48 CONSECUTIVE CALENDAR MONTHS IMMEDIATELY

PRECEDING JULY 1, 1983 BY THE TOTAL DOLLAR AMOUNT OF WAGES OF CONSTRUCTION EMPLOYERS SUBJECT TO CONTRIBUTIONS DURING THE SAME PERIOD. THE RATE SO DETERMINED SHALL BE APPLICABLE FOR THE CALENDAR YEAR 1984.)

((C)) Not exceeding 5-4/10 percent, that is the higher of (1) one percent and (2) the state's five-year benefit cost rate for the 60 consecutive month period immediately preceding July 1, 1984 and each year thereafter for each employer, except employers in the construction industry, as determined by the commissioner who becomes subject to this law on January 1, 1985 and thereafter. For purposes of this (CLAUSE) *paragraph,* the state's five-year benefit cost rate shall be computed annually and shall be derived by dividing the total dollar amount of benefits paid to claimants under this law during the 60 consecutive calendar months immediately preceding July 1, 1984 and each year thereafter by the total dollar amount of wages subject to contributions under this law during the same period. The rate so determined shall be applicable for the calendar year next succeeding each computation date.

(b) Each construction employer described (ABOVE) *in paragraph (a)* who becomes subject to this chapter shall pay contributions at a rate, not exceeding (7-1/2 PERCENT) *the maximum rate specified in subdivision 8,* that is the higher of (1) one percent, or (2) the state's five-year benefit cost rate for construction employers for the 60 consecutive month period immediately preceding July 1, 1984 and each year thereafter. For purposes of this (CLAUSE) *paragraph,* the state's five-year benefit cost rate shall be computed annually and shall be derived by dividing the total dollar amount of benefits paid to claimants of construction employers, as determined by the commissioner, during the 60 consecutive calendar months immediately preceding July 1, 1984 and each year thereafter by the total dollar amount of wages of construction employers subject to contributions during the same period. The rate so determined shall be applicable for the calendar year next succeeding each computation date.

Sec. 9. Minnesota Statutes 1984, section 268.06, subdivision 8, is amended to read:

Subd. 8. [DETERMINATION OF CONTRIBUTION RATES.] *(a)* For each calendar year the commissioner shall determine the contribution rate of each employer by adding the minimum rate to the *employer's* experience ratio (, EXCEPT THAT IF THE RATIO FOR THE CURRENT CALENDAR YEAR INCREASES OR DECREASES THE EXPERIENCE RATIO FOR THE PRECEDING CALENDAR YEAR BY MORE THAN ONE AND ONE-HALF PERCENTAGE POINTS FOR 1982; AND 2-1/2 PERCENTAGE POINTS FOR 1983 AND EACH YEAR THEREAFTER, THE INCREASE

OR DECREASE FOR THE CURRENT YEAR SHALL BE LIMITED TO ONE AND ONE-HALF PERCENTAGE POINTS FOR 1982; AND 2-1/2 PERCENTAGE POINTS FOR 1983 AND EACH YEAR THEREAFTER, PROVIDED THAT A SMALL BUSINESS EMPLOYER SHALL BE ELIGIBLE, UPON APPLICATION, FOR A REDUCTION IN THE LIMITATION TO 1-1/2 PERCENTAGE POINTS FOR 1983 AND EACH YEAR THEREAFTER. "SMALL BUSINESS EMPLOYER" FOR THE PURPOSE OF THIS SUBDIVISION MEANS AN EMPLOYER WITH AN ANNUAL COVERED PAYROLL OF $250,000 OR LESS, OR FEWER THAN 20 EMPLOYEES IN THREE OF THE FOUR QUARTERS ENDING JUNE 30, OF THE PREVIOUS CALENDAR YEAR). *No employer shall have a contribution rate of more than eight percent; except that, notwithstanding this maximum rate, additional solvency assessments shall be added to the contribution rate as provided under paragraph (c).*

(b) The minimum rate for all employers *with an experience ratio of less than one-tenth of one percent* shall be (ONE PERCENT IF THE AMOUNT IN THE UNEMPLOYMENT COMPENSATION FUND IS LESS THAN $80,000,000 ON JUNE 30 OF THE PRECEDING CALENDAR YEAR; OR NINE-TENTHS) *eight-tenths* of one percent (IF THE FUND IS MORE THAN $80,000,000 BUT LESS THAN $90,000,000) *for calendar year 1986*; (OR) *and* (EIGHT-TENTHS) *seven-tenths* of one percent (IF THE FUND IS MORE THAN $90,000,000 BUT LESS THAN $110,000,000; OR SEVEN-TENTHS OF ONE PERCENT IF THE FUND IS MORE THAN $110,000,000 BUT LESS THAN $130,000,000; OR SIX-TENTHS OF ONE PERCENT IF THE FUND IS MORE THAN $130,000,000 BUT LESS THAN $150,000,000; OR FIVE-TENTHS OF ONE PERCENT IF THE FUND IS MORE THAN $150,000,000 BUT LESS THAN $170,000,000; OR THREE-TENTHS OF ONE PERCENT IF THE FUND IS MORE THAN $170,000,000 BUT LESS THAN $200,000,000; OR ONE-TENTH OF ONE PERCENT IF THE FUND IS $200,000,000 OR MORE; PROVIDED THAT NO EMPLOYER SHALL HAVE A CONTRIBUTION RATE OF MORE THAN 7.5 PERCENT) *for calendar year 1987; and six-tenths of one percent for calendar year 1988; and each calendar year thereafter. The minimum rate for employers with an experience ratio of one-tenth of one percent or more shall be one percent.*

(c) Solvency assessments shall be added to an employer's contribution rate for each calendar year as follows: (1) if the fund balance as of December 31 of the preceding calendar year is positive and equals or exceeds the fund balance as of December 31 of the second preceding calendar year, no solvency assessment is applicable; (2) if the fund balance on December 31 of the preceding calendar year is less than the fund balance on December 31 of the second preceding calendar year, or if the fund balance is in a deficit, each employer except those making payments in lieu of contributions under section 268.06, subdivisions 25,

26, 27, and 28 shall pay a quarterly solvency assessment of ten percent, multiplied by the contributions payable for each calendar quarter of the current year. The quarterly contributions, and the solvency assessment payments shall be combined and will be computed to the equivalent rate, notwithstanding the maximum rate established in paragraph (a).

(d) For the purposes of this section the unemployment compensation fund shall not include any moneys advanced from the Federal Unemployment Account in the unemployment trust fund in accordance with Title XII of the Social Security Act, as amended. (NO EMPLOYER FIRST ASSIGNED AN EXPERIENCE RATIO IN ACCORDANCE WITH SUBDIVISION 6, SHALL HAVE HIS CONTRIBUTION RATE INCREASED OR DECREASED BY MORE THAN ONE AND ONE-HALF PERCENTAGE POINTS FOR 1982; AND 2-1/2 PERCENTAGE POINTS FOR 1983 AND EACH YEAR THEREAFTER OVER THE CONTRIBUTION RATE ASSIGNED FOR THE PRECEDING CALENDAR YEAR IN ACCORDANCE WITH SUBDIVISION 3A, PROVIDED THAT A SMALL BUSINESS EMPLOYER SHALL BE ELIGIBLE, UPON APPLICATION, FOR A REDUCTION IN THE LIMITATION TO 1-1/2 PERCENTAGE POINTS FOR 1983 AND EACH YEAR THEREAFTER.)

Sec. 10. Minnesota Statutes 1984, section 268.07, subdivision 2, is amended to read:

Subd. 2. [WEEKLY BENEFIT AMOUNT AND DURATION.] (IF THE COMMISSIONER FINDS THAT AN INDIVIDUAL HAS EARNED 15, OR MORE, CREDIT WEEKS WITHIN THE BASE PERIOD OF EMPLOYMENT IN INSURED WORK WITH ONE OR MORE EMPLOYERS, BENEFITS SHALL BE PAYABLE TO SUCH INDIVIDUAL DURING HIS BENEFIT YEAR AS FOLLOWS:)

((1) WEEKLY BENEFIT AMOUNT SHALL BE EQUAL TO 60 PERCENT OF THE FIRST $85, 40 PERCENT OF THE NEXT $85 AND 50 PERCENT OF THE REMAINDER OF THE AVERAGE WEEKLY WAGE OF SUCH INDIVIDUAL. THE AMOUNT SO COMPUTED IF NOT A WHOLE DOLLAR SHALL BE ROUNDED DOWN TO THE NEXT LOWER DOLLAR AMOUNT.) *(a) To establish a benefit year for unemployment compensation insurance benefits, effective after October 1, 1985 an individual must have:*

(1) wage credits in two or more calendar quarters of their base period; and

(2) minimum total base period wage credits equal to the high quarter wages multiplied by 1.25; and

(3) high quarter wage credits of not less than $1,300.

(b) If the commissioner finds that an individual has sufficient wages within the base period to establish a valid claim, the weekly benefit amount payable to the individual during his benefit year shall be equal to 1/26 of the individual's high quarter wage credits, rounded to the next lower whole dollar; except that, the maximum weekly benefit amount of claims for benefits which establish a benefit year subsequent to July 1, (1979) *1986* shall be (66-2/3) *60* percent of the average weekly wage, (EXCEPT AS PROVIDED IN CLAUSE (D)) *as determined under this paragraph.*

On or before June 30 of each year the commissioner shall determine the average weekly wage paid by employers subject to sections 268.03 to 268.24 in the following manner:

((A)) *(1)* The sum of the total monthly employment reported for the previous calendar year shall be divided by 12 to determine the average monthly employment.

((B)) *(2)* The sum of the total wages reported for the previous calendar year shall be divided by the average monthly employment to determine the average annual wage.

((C)) *(3)* The average annual wage shall be divided by 52 to determine the average weekly wage.

The maximum weekly benefit amount as so determined computed to the nearest whole dollar shall apply to claims for benefits which establish a benefit year which begins subsequent to June 30 of each year.

((D) THE MAXIMUM WEEKLY BENEFIT AMOUNT FOR CLAIMS FOR BENEFITS WHICH ESTABLISH A BENEFIT YEAR SUBSEQUENT TO JUNE 30, 1982, AND PRIOR TO JULY 1, 1983, SHALL BE $184.)

(THE MAXIMUM WEEKLY BENEFIT AMOUNT FOR CLAIMS FOR BENEFITS WHICH ESTABLISH A BENEFIT YEAR SUBSEQUENT TO JUNE 30, 1983, AND PRIOR TO JULY 1, 1984, SHALL BE $191.)

(THE MAXIMUM WEEKLY BENEFIT AMOUNT FOR CLAIMS FOR BENEFITS WHICH ESTABLISH A BENEFIT YEAR SUBSEQUENT TO JUNE 30, 1984, AND PRIOR TO JULY 1, 1985, SHALL BE $198.)

((2) AN INDIVIDUAL'S MAXIMUM AMOUNT OF REGULAR BENEFITS PAYABLE IN A BENEFIT YEAR SHALL NOT EXCEED THE LESSER OF (A) 26 TIMES HIS WEEKLY BENEFIT AMOUNT OR (B) 70 PERCENT OF THE NUMBER OF CREDIT WEEKS EARNED BY SUCH AN INDIVIDUAL COMPUTED TO THE NEAREST WHOLE WEEK TIMES HIS WEEKLY BENEFIT AMOUNT.)

(c) Any otherwise eligible individual shall be entitled during any benefit year to a total amount of benefits equal to one-third of his total base period wage credits rounded to the next lower dollar not to exceed 26 times his weekly benefit amount.

((3)) *(d)* Each eligible individual who is unemployed in any week shall be paid with respect to such week a benefit in an amount equal to his weekly benefit amount less that part of his earnings, (INCLUDING) *excluding* holiday pay, payable to him with respect to such week which is in excess of $25 or $200 for earnings from service in the national guard or a United States military reserve unit. Jury duty pay is not considered as earnings and shall not be deducted from benefits paid. Such benefit, if not a whole dollar amount shall be rounded down to the next lower dollar amount.

((4) THE PROVISIONS OF CLAUSES (1) AND (2) SHALL APPLY TO CLAIMS FOR BENEFITS WHICH ESTABLISH A BENEFIT YEAR SUBSEQUENT TO JUNE 30, 1983.)

Sec. 11. Minnesota Statutes 1984, section 268.07, subdivision 2a, is amended to read:

Subd. 2a. [EXCEPTION.] Notwithstanding the provisions of subdivision 2, if the commissioner finds that an individual has earned (CREDIT WEEKS) *wage credits* in seasonal employment, benefits shall be payable only if the commissioner finds that the individual has earned (15 CREDIT WEEKS) *wage credits equal to or in excess of 30 times the individual's weekly benefit amount* in employment which is not seasonal, in addition to any (CREDIT WEEKS) *wage credits* in seasonal employment. For the purposes of this subdivision, "seasonal employment" means employment with a single employer in the recreation or tourist industry which is available with the employer for 15 consecutive weeks or less each calendar year.

Sec. 12. Minnesota Statutes 1984, section 268.07, subdivision 3, is amended to read:

Subd. 3. [WHEN WAGE CREDITS ARE NOT AVAILABLE.] (1) (NO INDIVIDUAL MAY RECEIVE BENEFITS IN A BENEFIT YEAR UNLESS, SUBSEQUENT TO THE BEGINNING OF THE NEXT PRECEDING BENEFIT YEAR DURING WHICH BENEFITS WERE RECEIVED, THE INDIVIDUAL PERFORMED SERVICE IN INSURED WORK AS DEFINED IN SECTION 268.04, SUBDIVISION 17, AND EARNED REMUNERATION FOR THE SERVICE IN AN AMOUNT EQUAL TO NOT LESS THAN THE MINIMUM WAGE CREDITS REQUIRED TO QUALIFY FOR BENEFITS) *To establish a second benefit year following the expiration of an immediately preceding benefit year, an individual must have sufficient wage credits to establish a claim under the provisions of section 268.07 and must have performed services*

after the establishment of the expired benefit year. The services performed must have been in insured work and the wage credits from the services must equal not less than ten times the weekly benefit amount of the second benefit year.

(2) No employer who provided 90 percent or more of the wage credits in a claimant's base period shall be charged for benefits based upon earnings of the claimant during a subsequent base period unless the employer has employed the claimant in any part of the subsequent base period.

(3) Wages paid by an employing unit may not be used for benefit purposes by any individual who (a) individually or jointly with a spouse, parent or child owns or controls directly or indirectly 25 percent or more interest in the employing unit; or (b) is the spouse, parent or minor child of any individual who owns or controls directly or indirectly 25 percent or more interest in the employing unit; and (c) is not permanently separated from employment.

This clause is effective when the individual has been paid four times the individual's weekly benefit amount in the current benefit year.

(4) Wages paid in seasonal employment, as defined in subdivision 2a, are not available for benefit purposes during weeks in which there is no seasonal employment available with the employer.

Sec. 13. Minnesota Statutes 1984, section 268.08, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY CONDITIONS.] An individual shall be eligible to receive benefits with respect to any week of unemployment only if the commissioner finds that the individual:

(1) has registered for work at and thereafter has continued to report to an employment office, or agent of the office, in accordance with rules the commissioner may adopt; except that the commissioner may by rule waive or alter either or both of the requirements of this clause as to types of cases or situations with respect to which the commissioner finds that compliance with the requirements would be oppressive or would be inconsistent with the purposes of sections 268.03 to 268.24;

(2) has made a claim for benefits in accordance with rules as the commissioner may adopt; and

(3) was able to work and was available for work, and was actively seeking work. The individual's weekly benefit amount shall be reduced one-fifth for each day the individual is unable to work or is unavailable for work. Benefits shall not be denied

by application of this clause to an individual who is in training with the approval of the commissioner or in training approved pursuant to section 236 of the Trade Act of 1974, as amended;

An individual is deemed unavailable for work with respect to any week which occurs in a period when the individual is a full-time student in attendance at, or on vacation from an established school, college or university unless a majority of the (CREDIT WEEKS) *wage credits* earned in the base period were for services performed during weeks in which the student was attending school as a full-time student. *If the individual's claim for benefits is valid by application of section 268.07, subdivision 2, paragraph b, the individual shall be considered unavailable for work with respect to any week which occurs when the individual is a full time high school student.*

An individual serving as a juror shall be considered as available for work and actively seeking work on each day the individual is on jury duty.

(4) has been unemployed for a waiting period of one week during which the individual is otherwise eligible for benefits under sections 268.03 to 268.24. However, payment for the waiting week shall be made to the individual after the individual has qualified for and been paid benefits for four weeks of unemployment in a benefit year which period of unemployment is terminated because of the individual's return to employment. No individual is required to serve a waiting period of more than one week within the one year period subsequent to filing a valid claim and commencing with the week within which the valid claim was filed.

Sec. 14. Minnesota Statutes 1984, section 268.09, is amended by adding a subdivision to read:

Subd. 2a. An individual whose claim for benefits is valid by application of section 268.07, subdivision 2, paragraph b, and is disqualified for benefits under subdivisions 1 and 2 of this section, other than for gross misconduct, shall be disqualified for waiting week credit and benefits. The disqualification shall continue until four calendar weeks have elapsed following the separation or refusal of suitable work or reemployment and until the individual has worked for a minimum of twenty hours in each of four calendar weeks.

Sec. 15. Minnesota Statutes 1984, section 268.10, subdivision 1, is amended to read:

Subdivision 1. [FILING.] Claims for benefits shall be made in accordance with such regulations as the commissioner may prescribe. Each employer shall post and maintain printed statements of such regulations in places readily accessible to individ-

uals in his service and shall make available to each such individual at the time he becomes unemployed, a printed statement of such regulations. Such printed statements shall be supplied by the commissioner to each employer without cost to him.

(1) Any employer upon separation of an employee from his employment for any reason which may result in disqualification for benefits under section 268.09, shall furnish to such employee a separation notice which shall provide the employer's name, address, and employer account number as registered with the department, the employee's name and social security account number, the inclusive dates of his employment, and the reason for the separation. A copy of such separation notice shall be filed with the commissioner within seven days of such separation. The commissioner shall require each individual filing a claim for benefits to establish a benefit year to furnish the reason for separation from all employers in his base period.

(2) (UPON THE FILING, BY AN INDIVIDUAL, OF A CLAIM FOR BENEFITS, THE COMMISSIONER SHALL GIVE NOTICE TO ALL SUCH BASE PERIOD EMPLOYERS OF THE FILING OF SUCH CLAIM AND REQUEST EACH SUCH BASE PERIOD EMPLOYER, WITHIN SEVEN DAYS AFTER THE MAILING OF SUCH NOTICE, TO FURNISH THE FOLLOWING INFORMATION:)

((A) THE TOTAL WAGE CREDITS EARNED IN THE BASE PERIOD;)

((B) THE NUMBER OF CREDIT WEEKS WHICH END WITHIN THE BASE PERIOD;)

((C) THE WEEK ENDING DATES FOR EACH CALENDAR WEEK WITHIN THE BASE PERIOD IN WHICH THE INDIVIDUAL EARNED LESS THAN THE AMOUNT REQUIRED TO MAKE A CREDIT WEEK AND THE AMOUNT OF EARNINGS IN EACH SUCH WEEK;)

((D) THE REASON FOR THE SEPARATION OR SEPARATIONS OF SUCH INDIVIDUAL FROM THE EMPLOY OF THE EMPLOYER IN THE BASE PERIOD; AND)

((E) SUCH EMPLOYER'S PROTEST, IF ANY, RELATING TO THE INELIGIBILITY OR DISQUALIFICATION OF SUCH INDIVIDUAL.) *Upon establishment of a benefit year, the commissioner shall give notice to the last employer for whom the individual worked and all base period employers. The employer so notified shall have seven days after the mailing of the notice to file a protest to charges or raise an issue of ineligibility or disqualification.*

(3) (IF ANY BASE PERIOD EMPLOYER, AFTER THE NOTICE OF FILING OF A CLAIM AND THE REQUEST FOR

WAGE AND SEPARATION INFORMATION HAS BEEN DULY MAILED TO HIS LAST KNOWN ADDRESS, FAILS TO FILE INFORMATION AS PROVIDED BY ITEMS (A) THROUGH (E) OF CLAUSE 2 OF THIS SUBDIVISION WITHIN SEVEN DAYS, THE COMMISSIONER SHALL:)

((A) DETERMINE THE VALIDITY OF AN INDIVIDUAL'S CLAIM BASED ON THE CLAIMANT'S STATEMENTS OR ANY OTHER AVAILABLE INFORMATION. AN EMPLOYER SHALL BE LIABLE FOR A LATE FILING FEE OF NOT LESS THAN $5 NOR MORE THAN $25, AS THE COMMISSIONER MAY DETERMINE, TO BE PAID TO THE DEPARTMENT OF ECONOMIC SECURITY AND CREDITED TO THE CONTINGENT FUND IF HE HAS FAILED WITHOUT GOOD CAUSE TO SUBMIT THE WAGE AND SEPARATION INFORMATION AS REQUIRED IN CLAUSE 2 OF THIS SUBDIVISION WITHIN SEVEN DAYS AFTER THE REQUEST HAS BEEN DULY MAILED TO HIS LAST KNOWN ADDRESS.) *If, upon review of the wage information on file with the department it is found that an employer failed to provide wage information for the claimant, the commissioner shall accept a claimant certification as to the wages earned, based upon the claimant's records, and issue a monetary determination of validity based upon the certification. The employer who failed to report the individual's wages or filed an erroneous report shall be penalized in accordance with section 268.16 or 268.18.* In the absence of fraud, if a redetermination of validity of claim based on an employer's late *or erroneous* report subsequently cancels or reduces the amount of benefits to which a claimant was entitled under the initial determination, the claimant shall not be required to make repayment to the fund of any benefits paid to him prior to such redetermination (; AND)

((B)) *the commissioner shall* determine any issue of disqualification raised by clause (1) or by an employer's late report. If an employer fails to file a separation notice within the time limits prescribed in clause (1), any relief from benefit charges provided by section 268.09, subdivision 1, clause (4), shall apply to weeks of unemployment beginning after the filing of the late report.

Sec. 16. Minnesota Statutes 1984, section 268.10, subdivision 2, is amended to read:

Subd. 2. [EXAMINATION OF CLAIMS; DETERMINATION; APPEAL.] (1) An official, designated by the commissioner, shall promptly examine each claim for benefits filed to establish a benefit year pursuant to this section, and, on the basis of the facts found, shall determine whether or not such claims are valid, and if valid, the weekly benefit amount payable, the maximum benefit amount payable during the benefit year, and the date the benefit year terminates, and this determination shall be known as the determination of validity. Notice of the determi-

nation of validity or any redetermination as provided for in clause (4) shall be promptly given the claimant and all other interested parties. (IF WITHIN THE TIME LIMITS FOR FILING A PROTEST AN EMPLOYER NOTIFIES THE DEPARTMENT THAT AN INDIVIDUAL'S WEEKLY BENEFIT AMOUNT AS DETERMINED UNDER SECTION 268.07 EXCEEDS THE INDIVIDUAL'S WEEKLY WAGES EARNED WITH THE EMPLOYER, THE INDIVIDUAL'S WEEKLY BENEFIT AMOUNT SHALL BE THE LESSER OF (1) THE WEEKLY BENEFIT AMOUNT AS DETERMINED UNDER SECTION 268.07, OR (2) THE WEEKLY BENEFIT AMOUNT WHICH IS 50 PERCENT OF THE QUOTIENT DERIVED BY DIVIDING THE TOTAL WAGE CREDITS EARNED IN THE INDIVIDUAL'S BASE PERIOD CREDIT WEEKS FROM ALL EMPLOYERS IN INSURED WORK BY THE NUMBER OF BASE PERIOD CREDIT WEEKS.) If within the time specified for the filing of (WAGE AND SEPARATION INFORMATION) a protest as provided in subdivision 1, clause (2), the employer makes an allegation of disqualification or raises an issue of the chargeability to his account of benefits that may be paid on such claim, if the claim is valid, the issue thereby raised shall be promptly determined by said official and a notification of the determination delivered or mailed to the claimant and the employer. If an initial determination or an appeal tribunal decision or the commissioner's decision awards benefits, the benefits shall be paid promptly regardless of the pendency of any appeal period or any appeal or other proceeding which may thereafter be taken. Except as provided in clause (6), if an appeal tribunal decision modifies or reverses an initial determination awarding benefits, or if a commissioner's decision modifies or reverses an appeal decision awarding benefits, any benefits paid under the award of such initial determination or appeal tribunal decision shall be deemed erroneous payments.

(2) At any time within 24 months from the date of the filing of a valid claim for benefits by an individual, an official of the department or any interested party or parties raises an issue of claimant's eligibility for benefits for any week or weeks in accordance with the requirements of the provisions of sections 268.03 to 268.24 or any official of the department or any interested party or parties or benefit year employer raises an issue of disqualification in accordance with the regulations of the commissioner, a determination shall be made thereon and a written notice thereof shall be given to the claimant and such other interested party or parties or benefit year employer. A determination issued under this clause which denies benefits for weeks for which the claimant has previously been paid benefits is an overpayment of those benefits subject to section 268.18.

(3) A determination issued pursuant to clauses (1) and (2) shall be final unless an appeal therefrom is filed by a claimant or employer within 15 days after the mailing of the notice of the

determination to his last known address or personal delivery of the notice. Every notice of determination shall contain a prominent statement indicating in clear language the method of appealing the determination, the time within which such an appeal must be made, and the consequences of not appealing the determination. A timely appeal from a determination of validity in which the issue is whether an employing unit is an employer within the meaning of this chapter or whether services performed for an employer constitute employment within the meaning of this chapter shall be subject to the provisions of section 268.12, subdivision 13.

(4) At any time within 24 months from the date of the filing of a valid claim for benefits by an individual, the commissioner on his own motion may reconsider a determination of validity made thereon and make a redetermination thereof if he finds that an error in computation or identity or the crediting of wage credits has occurred in connection therewith or if the determination was made as a result of a nondisclosure or misrepresentation of a material fact. A determination or redetermination issued under this clause which denies benefits for weeks for which the claimant has previously been paid benefits is an overpayment of those benefits subject to section 268.18.

(5) However, the commissioner may in his discretion refer any disputed claims directly to a referee for hearing and determination in accordance with the procedure outlined in subdivision 3 and the effect and status of such determination in such a case shall be the same as though the matter had been determined upon an appeal to the tribunal from an initial determination.

(6) If a referee's decision affirms an initial determination awarding benefits or the commissioner affirms an appeal tribunal decision awarding benefits, the decision, if finally reversed, shall not result in a disqualification and benefits paid shall neither be deemed overpaid nor shall they be considered in determining any individual employer's future contribution rate under section 268.06.

Sec. 17. Minnesota Statutes 1984, section 268.12, subdivision 8, is amended to read:

Subd. 8. [RECORDS; REPORTS.] (1) Each employing unit shall keep true and accurate work records for such periods of time and containing such information as the commissioner may prescribe. Such records shall be open to inspection, audit, and verification, and be subject to being copied by any authorized representative of the commissioner at any reasonable time and as often as may be necessary. The commissioner, appeal referee, or any other duly authorized representative of the commissioner, may require from any employing unit any sworn or un-

sworn reports, with respect to persons employed by it, which the commissioner, appeal referee, or any other duly authorized representative of the commissioner deems necessary for the effective administration of sections 268.03 to 268.24 (, PROVIDED THAT QUARTERLY CONTRIBUTION AND WAGE REPORT FORMS SHALL INCLUDE THE EMPLOYEE'S NAME, SOCIAL SECURITY NUMBER, AND TOTAL WAGES PAID TO THE EMPLOYEE).

(2) The commissioner may cause to be made such summaries, compilations, photographs, duplications, or reproductions of any records, reports, or transcripts thereof as he may deem advisable for the effective and economical preservation of the information contained therein, and such summaries, compilations, photographs, duplications or reproductions, duly authenticated, shall be admissible in any proceeding under sections 268.03 to 268.24, if the original record or records would have been admissible therein. Notwithstanding any restrictions contained in section 16B.50, except restrictions as to quantity, the commissioner is hereby authorized to duplicate, on equipment furnished by the federal government or purchased with funds furnished for that purpose by the federal government, records, reports, summaries, compilations, instructions, determinations, or any other written matter pertaining to the administration of the Minnesota economic security law.

(3) Notwithstanding any inconsistent provisions elsewhere, the commissioner may provide for the destruction or disposition of any records, reports, transcripts, or reproductions thereof, or other papers in his custody, which are more than two years old, the preservation of which is no longer necessary for the establishment of contribution liability or benefit rights or for any purpose necessary to the proper administration of sections 268.03 to 268.24, including any required audit thereof, provided, that the commissioner may provide for the destruction or disposition of any record, report, or transcript, or other paper in his custody which has been photographed, duplicated, or reproduced in the manner provided in clause (2).

(4) Notwithstanding the provisions of the Minnesota State Archives Act the commissioner shall with the approval of the legislative auditor destroy all benefit checks and benefit check authorization cards that are more than two years old and no person shall make any demand, bring any suit or other proceeding to recover from the state of Minnesota any sum alleged to be due him on any claim for benefits after the expiration of two years from the date of filing such claim.

Sec. 18. Minnesota Statutes 1984, section 268.121, is amended to read:

268.121 [WAGE REPORTING.]

Beginning on April 1, 1984, each employer subject to this chapter shall provide the commissioner with a quarterly report of *the* wages (, AS DEFINED IN SECTION 268.04, SUBDIVISION 25,) paid to each employee of that employer covered by this chapter. (THE COMMISSIONER SHALL PROVIDE THE LEGISLATURE WITH HIS RECOMMENDATIONS FOR STATUTORY CHANGES TO FULLY IMPLEMENT THIS SECTION NO LATER THAN JANUARY 1, 1983.) *The report must include the employee's name, social security number, and total wages paid to the employee. For the purpose of this section, "wages paid" includes wages actually or constructively paid and wages overdue and delayed beyond the usual time of payment.*

Sec. 19. Minnesota Statutes 1984, section 268.15, subdivision 3, is amended to read:

Subd. 3. [CONTINGENT ACCOUNT.] There is hereby created in the state treasury a special account, to be known as the economic security contingent account, which shall not lapse nor revert to any other fund. Such account shall consist of all moneys appropriated therefor by the legislature, all moneys in the form of interest and penalties collected pursuant to (SECTION) *sections* 268.16 and *268.18, and* all moneys received in the form of voluntary contributions to this account and interest thereon. All moneys in such account shall be supplemental to all federal moneys that would be available to the commissioner but for the existence of this account. Moneys in this account are hereby appropriated to the commissioner and shall be expended in accordance with the provisions of section 3.30, in connection with the administration of sections 268.03 to 268.24. *Commencing with the fiscal year beginning July 1, 1985, the commissioner is authorized to expend annually, in addition to any federal moneys and without reference to section 3.30, the sum of $500,000, from available moneys in this fund which are derived from interest and penalties collected pursuant to sections 268.16 and 268.18 and moneys received in the form of voluntary payments and interest thereon, for the purpose of providing for: (1) the investigation of fraud on the part of any person in claiming or obtaining benefits under sections 268.03 to 268.24 or fraud on the part of any employer in attempting to avoid or reduce any contribution or other payment required from an employing unit under those sections; (2) determination of benefit overpayments and contribution underpayments for reasons other than fraud; (3) recovery of moneys due to the commissioner as a result of clauses (1) and (2); (4) the verification of work search efforts especially in areas with robust economies; and (5) those special services which are reasonably directed toward assisting the unemployed in returning to suitable work.* Whenever the commissioner expends moneys from said contingent account for the proper and efficient administration of the Minnesota economic security law for which funds have not yet been made available by the federal government, such moneys so withdrawn from the contingent account shall be replaced as hereinafter provided. Upon the deposit in the economic security administration fund

of moneys which are received in reimbursement of payments made as above provided for said contingent account, the commissioner shall certify to the state treasurer the amount of such reimbursement and thereupon the state treasurer shall transfer such amount from the economic security administration fund to said contingent account. All moneys in this account shall be deposited, administered, and disbursed in the same manner and under the same conditions and requirements as is provided by law for the other special accounts in the state treasury. The state treasurer shall be liable on his official bond for the faithful performance of his duties in connection with the economic security contingent account provided for herein. Notwithstanding anything to the contrary contained herein, on June 30 of each year, except 1982, all amounts in excess of $300,000 in this account shall be paid over to the unemployment compensation fund established under section 268.05 and administered in accordance with the provisions set forth therein.

Sec. 20. Minnesota Statutes 1984, section 268.16, subdivision 2, is amended to read:

Subd. 2. [REPORTS; DELINQUENCIES; PENALTIES.] ((1)) *(a)* Any employer who knowingly fails to make and submit to the department of economic security any *contribution* report (OF WAGES PAID BY OR DUE FROM HIM FOR INSURED WORK IN THE MANNER AND) at the time (SUCH) *the* report is required by (REGULATIONS) *rules* prescribed by the commissioner shall pay to the department of economic security for the contingent account a penalty in the amount of one and one-half percent of contributions accrued during the period for which (SUCH) *the* report is required, for each month from and after (SUCH) *the due* date until (SUCH) *the* report is properly made and submitted to the department of economic security. In no case shall the amount of the penalty imposed hereby be less than $5 per month. The maximum penalty imposed hereby shall be $25 or the amount determined at the rate of 1-1/2 percent per month, whichever is greater. (ANY EMPLOYING UNIT WHICH FAILS TO MAKE AND SUBMIT TO THE COMMISSIONER ANY REPORT, OTHER THAN ONE OF WAGES PAID OR PAYABLE FOR INSURED WORK, AS AND WHEN REQUIRED BY THE REGULATIONS OF THE COMMISSIONER, SHALL BE SUBJECT TO A PENALTY IN THE SUM OF $10 PAYABLE TO THE DEPARTMENT OF ECONOMIC SECURITY FOR THE CONTINGENT ACCOUNT. ALL SUCH PENALTIES SHALL BE IN ADDITION TO INTEREST AND ANY OTHER PENALTIES PROVIDED FOR BY SECTIONS 268.03 TO 268.24 AND SHALL BE COLLECTED AS PROVIDED BY SECTION 268.161.)

((2)) *(b)* If any employing unit required by sections 268.03 to 268.24 to make and submit contribution reports shall fail to do so within the time prescribed by these sections or by regulations under the authority thereof, or shall make, willfully or

otherwise, an incorrect, false or fraudulent contribution report, he shall, on the written demand of the commissioner, make such contribution report, or corrected report, within ten days after the mailing of such written demand and at the same time pay the whole contribution, or additional contribution, due on the basis thereof. If such employer shall fail within that time to make such report, or corrected report, the commissioner shall make for him a report, or corrected report, from his own knowledge and from such information as he can obtain through testimony, or otherwise, and assess a contribution on the basis thereof, which contribution, plus penalties and interest which thereafter accrued (less any payments theretofore made) shall be paid within ten days after the commissioner has mailed to such employer a written notice of the amount thereof and demand for its payment. Any such contribution report or assessment made by the commissioner on account of the failure of the employer to make a report or corrected report shall be prima facie correct and valid, and the employer shall have the burden of establishing its incorrectness or invalidity in any action or proceeding in respect thereto. Whenever such delinquent employer shall file a report or corrected report, the commissioner may, if he finds it substantially correct, substitute it for the commissioner's report.

(c) Any employer who fails to file the wage detail report required by section 268.121 shall pay to the department of economic security for the contingent account a penalty of one tenth of one percent of total wages paid and wages due but not paid during the period for each month the report is delinquent. The penalty shall not be assessed if the wage detail report is properly made and filed within 30 days after a demand for the report is mailed to the employer's address of record. In no case shall the amount of the penalty, if assessed, be less than $25. Penalties due under this subdivision may be waived where good cause for late filing is found by the commissioner.

(d) Any employer who files the wage detail report required by section 268.121 but knowingly fails to include any of the required information or knowingly enters erroneous information shall be subject to a penalty of $25 for each individual for whom the information is missing or erroneous.

(e) Any employing unit which fails to make and submit to the commissioner any report, other than a contribution report or wage detail report, as and when required by rule, shall be subject to a penalty in the sum of $25 payable to the department of economic security for the contingent account.

(f) Penalties provided for in paragraphs (a), (c), (d) and (e) shall be in addition to interest and any other penalties imposed by sections 268.03 to 268.24 and shall be collected as provided by section 268.161.

Sec. 21. Minnesota Statutes 1984, section 268.16, is amended by adding a subdivision to read:

Subd. 3a. [COSTS.] *Any employing unit which fails to make and submit reports or pay any contributions or reimbursement when due shall be liable to the department for any recording fees, sheriff fees, or litigation costs incurred in the collection of the amounts due or obtaining the reports.*

If any check or money order, in payment of any amount due under this chapter, is not honored when presented for payment, the employing unit will be assessed a fee of $20 which shall be in addition to any other fees provided by this chapter. The fee shall be assessed regardless of the amount of the check or money order or the reason for non-payment with the exception of processing errors made by a financial institution.

Costs due under this subdivision shall be paid to the department and credited to the employment services administration fund.

Sec. 22. [REPEALER.]

Minnesota Statutes 1984, section 268.04, subdivisions 29 and 30 are repealed.

Sec. 23. [EFFECTIVE DATES.]

Sections 1, 2, 3, 6, 10, 11, 12, 13, 14, 15, 16, 17, and 22 are effective October 1, 1985 for benefit years subsequent to September 30, 1985."

Further amend the title by deleting it in its entirety and inserting:

"A bill for an act relating to unemployment compensation; regulating the payment, amount, and eligibility for benefits; setting employer contribution rates; making administrative changes; providing a penalty; amending Minnesota Statutes 1984, sections 268.04, subdivisions 2, 4, 24, and by adding subdivisions; 268.06, subdivisions 2, 3a, and 8; 268.07, subdivisions 2, 2a, and 3; 268.08, subdivision 1; 268.09, by adding a subdivision; 268.10, subdivisions 1 and 2; 268.12, subdivision 8; 268.121; 268.15, subdivision 3; 268.16, subdivision 2, and by adding a subdivision; repealing Minnesota Statutes 1984, section 268.04, subdivisions 29 and 30."

A roll call was requested and properly seconded.

The question was taken on the Riveness amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 53 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Battaglia	Knuth	Nelson, K.	Price	Solberg
Beard	Kostohryz	Neuenschwander	Quinn	Sparby
Begich	Krueger	Norton	Rest	Staten
Brandl	Lieder	O'Connor	Rice	Tomlinson
Carlson, L.	Long	Ogren	Riveness	Tunheim
Cohen	McEachern	Olson, E.	Rodosovich	Vanasek
Elioff	Metzen	Osthoff	Sarna	Vellenga
Jacobs	Minne	Otis	Scheid	Welle
Jaros	Munger	Pappas	Schoenfeld	Wenzel
Kahn	Murphy	Peterson	Segal	
Kelly	Nelson, D.	Piper	Skoglund	

Those who voted in the negative were:

Anderson, R.	Ellingson	Jennings, L.	Ozment	Thiede
Backlund	Erickson	Johnson	Pauly	Thorson
Becklin	Fjoslien	Kalis	Piepho	Tjornhom
Bennett	Forsythe	Kiffmeyer	Poppenhagen	Tompkins
Bishop	Frederick	Knickerbocker	Quist	Uphus
Blatz	Frederickson	Kvam	Rees	Valan
Boerboom	Frerichs	Levi	Richter	Valento
Brinkman	Greenfield	Marsh	Rose	Voss
Burger	Gruenes	McDonald	Schafer	Waltman
Carlson, J.	Gutknecht	McKasy	Seaberg	Wynia
Clausnitzer	Hartinger	McPherson	Shaver	Zaffke
Dempsey	Hartle	Miller	Sherman	Spk. Jennings, D.
DenOuden	Haukoos	Olsen, S.	Simoneau	
Dimler	Heap	Omann	Stanius	
Dyke	Himle	Onnen	Sviggum	

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

Welle; Olson, E.; Kalis; Cohen; Krueger; Brown; Peterson; Tunheim; Segal; Rodosovich; Lieder; Neuenschwander and Jennings, L., moved to amend H. F. No. 847, the second engrossment, as follows:

Page 8, line 11, after "(60)" delete "*one*" and insert "*50*"

Page 8, line 14, after "*individuals*" delete "*total base period wage credits*" and insert "*average weekly wage*"

Page 9, delete lines 13 to 19 and insert: "*each year thereafter, shall be $200.*"

Page 10, delete lines 2 to 35

Page 19, delete lines 22 to 24

Page 40, after line 20, insert:

"Article 3

Section 1. [STUDY OF SEASONALITY.]

Subdivision 1. [GENERALLY.] *The legislature finds that a workable definition of seasonality, and a reasonable approach toward seasonal workers is essential to ensure that the Minnesota unemployment compensation system fulfill its public purpose of providing wage replacement to only those workers who demonstrate a permanent attachment to the work force.*

Subd. 2. [STUDY.] *The senate employment committee and the house labor-management relations committee shall; (1) study the issue of seasonality, (2) evaluate other states' seasonality provisions, (3) investigate the types of legislative alternatives available, and (4) recommend a suitable definition of seasonal employment that best reflects the requirement of permanent attachment to the labor force to their respective bodies no later than February 1, 1986."*

A roll call was requested and properly seconded.

The question was taken on Welle et al., amendment and the roll was called. There were 24 yeas and 109 nays as follows:

Those who voted in the affirmative were:

Brandl	Jennings, L.	Long	Peterson	Sparby
Brinkman	Kalis	Murphy	Rest	Tunheim
Brown	Knuth	Nelson, K.	Rodosovich	Vanasek
Cohen	Krueger	Neuenschwander	Schoenfeld	Welle
Jaros	Lieder	Olson, E.	Segal	

Those who voted in the negative were:

Anderson, R.	Dimler	Jacobs	Nelson, D.	Rees
Backlund	Dyke	Johnson	Norton	Rice
Battaglia	Elioff	Kahn	O'Connor	Richter
Beard	Ellingson	Kelly	Ogren	Riveness
Becklin	Erickson	Kiffmeyer	Olsen, S.	Rose
Begich	Fjoslien	Knickerbocker	Omann	Sarna
Bennett	Forsythe	Kostohryz	Onnen	Schafer
Bishop	Frederick	Kvam	Osthoff	Scheid
Blatz	Frederickson	Levi	Otis	Schreiber
Boerboom	Frerichs	Marsh	Ozment	Seaberg
Boo	Greenfield	McDonald	Pappas	Shaver
Burger	Gruenes	McEachern	Pauly	Sherman
Carlson, D.	Gutknecht	McKasy	Piepho	Simoneau
Carlson, J.	Halberg	McLaughlin	Piper	Skoglund
Carlson, L.	Hartinger	McPherson	Poppenhagen	Solberg
Clark	Hartle	Metzen	Price	Stanius
Clausnitzer	Haukoos	Miller	Quinn	Staten
Dempsey	Heap	Minne	Quist	Sviggum
DenOuden	Himle	Munger	Redalen	Thiede

Thorson	Tompkins	Valento	Waltman	Zaffke
Tjornhom	Uphus	Vellenga	Wenzel	Spk. Jennings, D.
Tomlinson	Valan	Voss	Wynia	

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

H. F. No. 847, A bill for an act relating to unemployment compensation; altering the public policy statement; changing the taxable wage base; defining credit week; providing for employer charging; increasing the eligibility requirement; eliminating certain tax rate limitations; changing the weekly benefit amount; capping the maximum weekly benefit; providing for the duration of benefits; increasing the duration of benefits for claimants in counties with high unemployment; providing for seasonal employees; making the waiting week nonreimbursable; amending the benefit offset for severance pay; increasing the period of time and earnings necessary for requalification after disqualification; changing the definition of suitable work; transferring duties to the office of administrative hearings; amending Minnesota Statutes 1984, sections 14.03, subdivision 2; 14.51; 14.53; 43A.18, subdivision 4; 179A.10, subdivision 1; 268.03; 268.04, subdivisions 25 and 29; 268.06, subdivisions 5, 8, 18, 19, and 20; 268.07, subdivisions 2 and 2a; 268.08, subdivisions 1 and 3; 268.09, subdivisions 1 and 2; 268.10, subdivisions 2, 3, 4, 5, 6, and 9; 268.12, subdivisions 8, 9, 10, and 13; and 268.18, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 268; repealing Minnesota Statutes 1984, section 268.04, subdivision 30.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 74 yeas and 59 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dyke	Johnson	Onnen	Shaver
Backlund	Erickson	Kalis	Ozment	Sherman
Becklin	Fjoslien	Kiffmeyer	Pauly	Stanius
Bennett	Forsythe	Knickerbocker	Piepho	Sviggum
Bishop	Frederick	Krueger	Poppenhagen	Thiede
Blatz	Frederickson	Kvam	Quist	Thorson
Boerboom	Frerichs	Levi	Redalen	Tjornhom
Boo	Gruenes	Lieder	Rees	Tompkins
Burger	Gutknecht	Marsh	Richter	Uphus
Carlson, D.	Halberg	McDonald	Rodosovich	Valan
Carlson, J.	Hartinger	McKasy	Rose	Valento
Clausnitzer	Hartle	McPherson	Schafer	Waltman
Dempsey	Haukoos	Miller	Schoenfeld	Zaffke
DenOuden	Heap	Olsen, S.	Schreiber	Spk. Jennings, D.
Dimler	Himle	Omann	Seaberg	

Those who voted in the negative were:

Battaglia	Jacobs	Munger	Peterson	Solberg
Beard	Jaros	Murphy	Piper	Sparby
Begich	Jennings, L.	Nelson, D.	Price	Staten
Brandl	Kahn	Nelson, K.	Quinn	Tomlinson
Brinkman	Kelly	Neuenschwander	Rest	Tunheim
Brown	Knuth	Norton	Rice	Vanasek
Carlson, L.	Kostohryz	O'Connor	Riveness	Vellenga
Clark	Long	Ogren	Sarna	Voss
Cohen	McEachern	Olson, E.	Scheid	Welle
Elioff	McLaughlin	Osthoff	Segal	Wenzel
Ellingson	Metzen	Otis	Simoneau	Wynia
Greenfield	Minne	Pappas	Skoglund	

The bill was passed and its title agreed to.

CALL OF THE HOUSE LIFTED

Cohen moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

H. F. No. 1263 was reported to the House.

Rose moved that H. F. No. 1263 be continued on Special Orders for one day. The motion prevailed.

The Speaker called Halberg to the Chair.

H. F. No. 654 was reported to the House and given its third reading.

POINT OF ORDER

Kahn raised a point of order pursuant to rule 5.7 that H. F. No. 654 be re-referred to the Committee on Appropriations. The Speaker pro tempore Halberg ruled the point of order not well taken.

H. F. No. 654, A bill for an act relating to crimes; establishing mandatory minimum terms of imprisonment for the crimes of residential burglary, burglary of an occupied dwelling, aggravated robbery of a pharmacy, and selling cocaine, heroin, and hallucinogens; amending Minnesota Statutes 1984, sections 152.15, by adding subdivisions; 609.245; and 609.582, by adding subdivisions.

The bill was placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Beard	Bennett	Boerboom	Brinkman
Backlund	Becklin	Bishop	Boo	Brown
Battaglia	Begich	Blatz	Brandl	Burger

Carlson, D.	Hartle	McPherson	Piper	Sparby
Carlson, J.	Haukoos	Metzen	Poppenhagen	Stanius
Carlson, L.	Heap	Miller	Price	Staten
Clark	Himle	Minne	Quinn	Sviggum
Clausnitzer	Jacobs	Munger	Quist	Thiede
Cohen	Jaros	Murphy	Redalen	Thorson
Dempsey	Jennings, L.	Nelson, D.	Rees	Tjornhom
DenOuden	Johnson	Nelson, K.	Rest	Tomlinson
Dimler	Kahn	Neuenschwander	Richter	Tunheim
Dyke	Kalis	Norton	Riveness	Uphus
Elioff	Kelly	O'Connor	Rodosovich	Valan
Ellingson	Knickerbocker	Ogren	Rose	Valento
Erickson	Knuth	Olsen, S.	Sarna	Vanasek
Fjoslien	Kostohryz	Olson, E.	Schafer	Vellenga
Forsythe	Kvam	Omann	Scheid	Voss
Frederick	Levi	Onnen	Schreiber	Waltman
Frederickson	Lieder	Osthoff	Seaberg	Welle
Frerichs	Long	Otis	Segal	Wenzel
Greenfield	Marsh	Ozment	Shaver	Wynia
Gruenes	McDonald	Pappas	Sherman	Zaffke
Gutknecht	McEachern	Pauly	Simoneau	
Halberg	McKasy	Peterson	Skoglund	
Hartinger	McLaughlin	Piepho	Solberg	

The bill was passed and its title agreed to.

H. F. No. 766 was reported to the House.

Vanasek moved to amend H. F. No. 766, the first engrossment, as follows:

Page 1, delete lines 21 and 22

The motion prevailed and the amendment was adopted.

H. F. No. 766, A bill for an act relating to crimes; creating a presumption in favor of the confinement of certain convicted defendants pending imposition of sentence; proposing coding for new law in Minnesota Statutes, chapter 629.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Brandl	Dempsey	Frederickson	Jaros
Backlund	Brinkman	DenOuden	Frerichs	Jennings, L.
Battaglia	Brown	Dimler	Greenfield	Johnson
Beard	Burger	Dyke	Gruenes	Kahn
Becklin	Carlson, D.	Elioff	Gutknecht	Kalis
Begich	Carlson, J.	Ellingson	Hartinger	Kelly
Bennett	Carlson, L.	Erickson	Hartle	Kiffmeyer
Blatz	Clark	Fjoslien	Haukoos	Knickerbocker
Boerboom	Clausnitzer	Forsythe	Himle	Knuth
Boo	Cohen	Frederick	Jacobs	Kostohryz

Krueger	Nelson, D.	Peterson	Scheid	Tomlinson
Kvam	Nelson, K.	Piepho	Schoenfeld	Tompkins
Levi	Neuenschwander	Piper	Schreiber	Tunheim
Lieder	Norton	Poppenhagen	Seaberg	Uphus
Long	O'Connor	Price	Segal	Valan
Marsh	Ogren	Quinn	Sherman	Valento
McDonald	Olsen, S.	Quist	Simoneau	Vanasek
McEachern	Olson, E.	Redalen	Skoglund	Vellenga
McKasy	Omann	Rees	Solberg	Voss
McLaughlin	Onnen	Rest	Sparby	Waltman
McPherson	Osthoff	Rice	Stanius	Welle
Metzen	Otis	Richter	Staten	Wenzel
Minne	Ozment	Rodosovich	Sviggum	Wynia
Munger	Pappas	Sarna	Thiede	Zaffke
Murphy	Pauly	Schafer	Tjornhom	Spk. Jennings, D.

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

The Speaker resumed the Chair.

H. F. No. 9 was reported to the House.

Vanasek moved to amend H. F. No. 9, as follows:

Page 1, line 24, delete "believing that"

Page 2, line 1, delete ", we firmly" and insert ";"

Page 2, delete lines 2 and 3

Page 2, line 4, after "and" insert "*Now, Therefore,*"

Page 2, delete lines 5 to 12

Page 2, after line 14, insert:

"(1) The President shall submit to Congress a proposal for a balanced budget for fiscal year 1987.

(2) The Congress shall enact a balanced budget for fiscal year 1987."

Page 2, delete lines 15 to 35

A roll call was requested and properly seconded.

The question was taken on the Vanasek amendment and the roll was called. There were 69 yeas and 64 nays as follows:

Those who voted in the affirmative were:

Battaglia	Bishop	Brinkman	Clark	Ellingson
Beard	Boo	Brown	Cohen	Greenfield
Begich	Brandl	Carlson, L.	Elioff	Halberg

Jacobs	McEachern	Ogren	Riveness	Staten
Jaros	McLaughlin	Olson, E.	Rodosovich	Tomlinson
Jennings, L.	Metzen	Osthoff	Sarna	Tompkins
Kahn	Minne	Otis	Scheid	Tunheim
Kalis	Munger	Pappas	Schoenfeld	Vanasek
Kelly	Murphy	Peterson	Segal	Vellenga
Knuth	Nelson, D.	Piper	Shaver	Voss
Kostohryz	Nelson, K.	Price	Simoneau	Welle
Krueger	Neuenschwander	Quinn	Skoglund	Wenzel
Lieder	Norton	Rest	Solberg	Wynia
Long	O'Connor	Rice	Sparby	

Those who voted in the negative were:

Anderson, R.	Dyke	Himle	Onnen	Sherman
Backlund	Erickson	Johnson	Ozment	Stanius
Becklin	Fjoslien	Kiffmeyer	Pauly	Sviggum
Bennett	Forsythe	Knickerbocker	Piepho	Thiede
Blatz	Frederick	Kvam	Poppenhagen	Thorson
Boerboom	Frederickson	Levi	Quist	Tjornhom
Burger	Frerichs	Marsh	Redalen	Uphus
Carlson, D.	Gruenes	McDonald	Rees	Valan
Carlson, J.	Gutknecht	McKasy	Richter	Valento
Clausnitzer	Hartinger	McPherson	Rose	Waltman
Dempsey	Hartle	Miller	Schafer	Zaffke
DenOuden	Haukoos	Olsen, S.	Schreiber	Spk. Jennings, D.
Dimler	Heap	Omann	Seaberg	

The motion prevailed and the amendment was adopted.

H. F. No. 9, as amended, was read for the third time.

Piepho moved that H. F. No. 9, as amended, be continued on Special Orders for one day.

A roll call was requested and properly seconded.

The question was taken on the Piepho motion and the roll was called. There were 68 yeas and 65 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dimler	Heap	Onnen	Stanius
Backlund	Dyke	Himle	Ozment	Sviggum
Becklin	Erickson	Johnson	Pauly	Thiede
Bennett	Fjoslien	Kiffmeyer	Piepho	Thorson
Blatz	Forsythe	Knickerbocker	Poppenhagen	Tjornhom
Boerboom	Frederick	Kvam	Quist	Tompkins
Boo	Frederickson	Levi	Redalen	Uphus
Burger	Frerichs	Marsh	Rees	Valan
Carlson, D.	Gruenes	McDonald	Richter	Valento
Carlson, J.	Gutknecht	McKasy	Rose	Waltman
Clausnitzer	Halberg	McPherson	Schafer	Zaffke
Cohen	Hartinger	Miller	Schreiber	Spk. Jennings, D.
Dempsey	Hartle	Olsen, S.	Seaberg	
DenOuden	Haukoos	Omann	Sherman	

Those who voted in the negative were:

Battaglia	Jaros	Minne	Peterson	Simoneau
Beard	Jennings, L.	Munger	Piper	Skoglund
Begich	Kahn	Murphy	Price	Solberg
Bishop	Kalis	Nelson, D.	Quinn	Sparby
Brandl	Kelly	Nelson, K.	Rest	Staten
Brinkman	Knuth	Neuenschwander	Rice	Tomlinson
Brown	Kostohryz	Norton	Riveness	Tunheim
Carlson, L.	Krueger	O'Connor	Rodosovich	Vanasek
Clark	Lieder	Ogren	Sarna	Vellenga
Elioff	Long	Olson, E.	Scheid	Voss
Ellingson	McEachern	Osthoff	Schoenfeld	Welle
Greenfield	McLaughlin	Otis	Segal	Wenzel
Jacobs	Metzen	Pappas	Shaver	Wynia

The motion prevailed and H. F. No. 9, as amended, was continued on Special Orders for one day.

Brandl was excused for the remainder of today's session.

H. F. No. 576, A bill for an act relating to local government; setting authority to regulate firearms and related matters; amending Minnesota Statutes 1984, sections 624.7132, subdivision 16; and 624.717; proposing coding for new law in Minnesota Statutes, chapter 471; repealing Minnesota Statutes 1984, section 624.718.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 91 yeas and 35 nays as follows:

Those who voted in the affirmative were:

Backlund	Ellingson	Knickerbocker	Ozment	Stanius
Battaglia	Erickson	Krueger	Pauly	Sviggum
Beard	Fjoslien	Kvam	Peterson	Thiede
Becklin	Forsythe	Levi	Piepho	Thorson
Begich	Frederick	Lieder	Poppenhagen	Tjornhom
Bennett	Frederickson	Marsh	Quinn	Tompkins
Bishop	Frerichs	McDonald	Quist	Tunheim
Blatz	Gruenes	McEachern	Redalen	Uphus
Boerboom	Gutknecht	McPherson	Rees	Valan
Brinkman	Halberg	Metzen	Richter	Valento
Brown	Hartinger	Miller	Rodosovich	Vanasek
Carlson, D.	Hartle	Minne	Rose	Waltman
Carlson, J.	Haukoos	Murphy	Schafer	Wenzel
Clausnitzer	Himle	Nelson, D.	Schoenfeld	Zaffke
Dempsey	Jacobs	Neuenschwander	Schreiber	Spk. Jennings, D.
DenOuden	Jennings, L.	Ogren	Shaver	
Dimler	Johnson	Olson, E.	Sherman	
Dyke	Kalis	Omann	Solberg	
Elioff	Kiffmeyer	Onnen	Sparby	

Those who voted in the negative were:

Boo	Kelly	Nelson, K.	Price	Skoglund
Burger	Knuth	Norton	Rest	Staten
Carlson, L.	Kostohryz	Olsen, S.	Rice	Tomlinson
Clark	Long	Osthoff	Scheid	Vellenga
Greenfield	McKasy	Otis	Seaberg	Voss
Jaros	McLaughlin	Pappas	Segal	Welle
Kahn	Munger	Piper	Simoneau	Wynia

The bill was passed and its title agreed to.

Rodosovich was excused for the remainder of today's session.

H. F. No. 191 was reported to the House.

Bishop and Valento moved to amend H. F. No. 191, the first engrossment, as follows:

Page 3, line 5, following "*parties*" delete the remainder of the line

Page 3, lines 6 and 7, delete all of line 6 and all of line 7 except the period

Page 3, line 27, delete "*30*" and insert "*45*"

Page 3, line 35, delete "*45*" and insert "*60*"

Page 4, line 9, delete "*calculate and*"

Page 4, line 17, delete "*calculated and*"

Page 4, line 30, delete "*calculated and*"

A roll call was requested and properly seconded.

The question was taken on the Bishop and Valento amendment and the roll was called. There were 25 yeas and 93 nays as follows:

Those who voted in the affirmative were:

Becklin	Greenfield	Kiffmeyer	Poppenhagen	Simoneau
Bishop	Gutknecht	Krueger	Rice	Thiede
Boo	Halberg	Levi	Rose	Valento
Forsythe	Jennings, L.	Lieder	Seaberg	Wenzel
Frerichs	Kalis	McLaughlin	Sherman	Spk. Jennings, D.

Those who voted in the negative were:

Anderson, R.	Beard	Blatz	Burger	Carlson, L.
Backlund	Begich	Brinkman	Carlson, D.	Clark
Battaglia	Bennett	Brown	Carlson, J.	Clausnitzer

Dempsey	Jacobs	Norton	Quist	Sviggum
DenOuden	Knickerbocker	O'Connor	Redalen	Thorson
Dimler	Knuth	Ogren	Rees	Tjornhom
Dyke	Kostohryz	Olsen, S.	Rest	Tomlinson
Elioff	Long	Omann	Richter	Tompkins
Ellingson	Marsh	Onnen	Riveness	Tunheim
Erickson	McDonald	Osthoff	Sarna	Valan
Fjoslien	McKasy	Otis	Schafer	Vanasek
Frederick	McPherson	Ozment	Scheid	Vellenga
Frederickson	Metzen	Pappas	Segal	Voss
Gruenes	Miller	Pauly	Shaver	Waltman
Hartinger	Minne	Peterson	Skoglund	Welle
Hartle	Murphy	Piepho	Solberg	Wynia
Haukoos	Nelson, D.	Piper	Sparby	Zaffke
Heap	Nelson, K.	Price	Stanius	
Himle	Neuenschwander	Quinn	Staten	

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

Piepho moved to amend H. F. No. 191, the first engrossment, as follows:

Page 1, line 15, delete everything after "16A.011"

Page 1, line 16, delete the new language

Page 2, after line 26, insert:

"Sec. 3. Minnesota Statutes 1984, section 16A.124, is amended by adding a subdivision to read:

Subd. 5a. [UNIVERSITY OF MINNESOTA; PAYMENT OF INTEREST ON LATE PAYMENTS AUTHORIZED.] *The University of Minnesota may comply with the requirements of subdivision 5.*"

Page 4, line 11, after "*or*" insert "*, if no contract terms apply,*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, before the semicolon, insert ", and by adding a subdivision"

The motion prevailed and the amendment was adopted.

H. F. No. 191, A bill for an act relating to local and state government; requiring prompt payment of local government bills; amending Minnesota Statutes 1984, section 16A.124, subdivi-

sions 1, 5, and 8, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 471.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 122 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Frederick	Marsh	Pauly	Solberg
Backlund	Frederickson	McDonald	Peterson	Sparby
Battaglia	Frerichs	McEachern	Piepho	Stanius
Beard	Gruenes	McKasy	Piper	Staten
Becklin	Gutknecht	McLaughlin	Poppenhagen	Sviggum
Begich	Halberg	McPherson	Price	Thiede
Bennett	Hartinger	Metzen	Quist	Thorson
Blatz	Hartle	Miller	Redalen	Tjornhom
Boerboom	Haukoos	Minne	Rees	Tomlinson
Boo	Heap	Munger	Rest	Tompkins
Brinkman	Himle	Murphy	Rice	Tunheim
Brown	Jacobs	Nelson, D.	Richter	Uphus
Carlson, D.	Jaros	Nelson, K.	Riveness	Valan
Carlson, J.	Kahn	Neuenschwander	Rose	Valento
Carlson, L.	Kalis	Norton	Sarna	Vellenga
Clark	Kelly	O'Connor	Schafer	Voss
Clausnitzer	Kiffmeyer	Ogren	Scheid	Waltman
Dempsey	Knickerbocker	Olsen, S.	Schoenfeld	Welle
DenOuden	Knuth	Olson, E.	Schreiber	Wenzel
Dyke	Kostohryz	Omann	Seaberg	Wynia
Elioff	Krueger	Onnen	Segal	Zaffke
Ellingson	Kvam	Osthoff	Shaver	Spk. Jennings, D.
Erickson	Levi	Otis	Sherman	
Fjoslien	Lieder	Ozment	Simoneau	
Forsythe	Long	Pappas	Skoglund	

Those who voted in the negative were:

Bishop	Greenfield	Jennings, L.	Johnson	Quinn
Dimler				

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

H. F. No. 839 was reported to the House.

Bishop moved to amend H. F. No. 839, the first engrossment, as follows:

Page 1, after line 24, insert:

"Sec. 2. Minnesota Statutes 1984, section 609.485, is amended by adding a subdivision to read:

Subd. 3a. [DISMISSAL OF CHARGE.] *A felony charge brought under subdivision 2, clause (4) shall be dismissed if the person charged voluntarily returns to the facility within 14 days after the escape.*"

Renumber the remaining sections

Page 2, line 2, after the headnote, insert "*Except as otherwise provided in section 2,*"

Page 2, line 29, delete "*and 2*" and insert "*to 3*"

Amend the title as follows:

Page 1, line 4, delete "*and 4*" and insert ", *4, and by adding a subdivision*"

The motion prevailed and the amendment was adopted.

H. F. No. 839, A bill for an act relating to crimes; prohibiting escape from custody by certain mental patients; amending Minnesota Statutes 1984, section 609.485, subdivisions 2, 4, and by adding a subdivision.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, R.	Fjoslien	Levi	Ozment	Simoneau
Backlund	Forsythe	Lieder	Pappas	Skoglund
Battaglia	Frederick	Long	Pauly	Solberg
Beard	Frederickson	Marsh	Peterson	Sparby
Becklin	Frerichs	McDonald	Piepho	Stanius
Begich	Greenfield	McEachern	Piper	Sviggum
Bennett	Gruenes	McKasy	Poppenhagen	Thiede
Bishop	Gutknecht	McLaughlin	Price	Thorson
Blatz	Halberg	McPherson	Quinn	Tjornhom
Boerboom	Hartinger	Metzen	Quist	Tomlinson
Boo	Hartle	Miller	Redalen	Tompkins
Brinkman	Haukoos	Minne	Rees	Tunheim
Brown	Heap	Munger	Rest	Uphus
Burger	Himle	Murphy	Rice	Valan
Carlson, D.	Jacobs	Nelson, D.	Richter	Valento
Carlson, J.	Jaros	Nelson, K.	Riveness	Vanasek
Carlson, L.	Jennings, L.	Neuenschwander	Rose	Vellenga
Clark	Johnson	Norton	Sarna	Voss
Clausnitzer	Kahn	O'Connor	Schafer	Waltman
Dempsey	Kelly	Ogren	Scheid	Welle
DenOuden	Kiffmeyer	Olsen, S.	Schoenfeld	Wenzel
Dimler	Knickerbocker	Olson, E.	Schreiber	Wynia
Dyke	Knuth	Omann	Seaberg	Zaffke
Elioff	Kostohryz	Onnen	Segal	Spk. Jennings, D.
Ellingson	Krueger	Osthoff	Shaver	
Erickson	Kvam	Otis	Sherman	

Those who voted in the negative were:

Staten

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

H. F. No. 1163 was reported to the House.

Thorson moved that H. F. No. 1163 be returned to General Orders. The motion prevailed.

Levi moved that the remaining bills on Special Orders for today be continued one day. The motion prevailed.

CONSENT CALENDAR

Levi moved that the bills on the Consent Calendar for today be continued one day. The motion prevailed.

CALENDAR

Levi moved that the bills on the Calendar for today be continued one day. The motion prevailed.

GENERAL ORDERS

Levi moved that the bills on General Orders for today be continued one day. The motion prevailed.

There being no objection the order of business reverted to Reports of Standing Committees.

REPORTS OF STANDING COMMITTEES

Blatz from the Committee on Crime and Family Law to which was referred:

H. F. No. 1231, A bill for an act relating to crimes; transferring administration of crime victim crisis centers and the crime victims reparations board to the office of attorney general; amending Minnesota Statutes 1984, sections 611A.41, subdivision 2; 611A.44; 611A.53, subdivision 2; 611A.54; 611A.55, subdivision 1; and 611A.56, subdivision 1; repealing Minnesota Statutes 1984, section 611A.42.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 611A.41, subdivision 2, is amended to read:

Subd. 2. (THE COMMISSIONER OF CORRECTIONS, NOT LATER THAN JANUARY 1, 1978, SHALL ESTABLISH AT

LEAST TWO OPERATIONAL CENTERS) *The crisis centers operational on the effective date of this act are transferred to the office of the attorney general. The attorney general shall supervise the centers and encourage the establishment of additional centers as the attorney general deems desirable.* The (COMMISSIONER OF CORRECTIONS) *attorney general* may contract with a public or private agency for the purposes of planning, implementing and evaluating the centers established herein.

Sec. 2. Minnesota Statutes 1984, section 611A.44, is amended to read:

611A.44 [EVALUATION.]

Within three years of (MAY 28, 1977, THE COMMISSIONER OF CORRECTIONS) *the effective date of this act and every three years after that the attorney general* shall evaluate the operation of *all* the centers. This evaluation shall determine the centers impact in assisting crime victims, its impact on the criminal justice system, the nature of community attitudes generated by the centers, the necessity for maintaining the two existing centers, the desirability of establishing additional centers and propose alternative means to accomplish the purposes of sections 611A.41 to 611A.44 in all areas of the state.

Sec. 3. Minnesota Statutes 1984, section 611A.52, is amended to read:

611A.52 [DEFINITIONS.]

For the purposes of sections 611A.51 to 611A.67 the following terms shall have the meanings given them:

(1) "Accomplice" means any person who would be held criminally liable for the crime of another pursuant to section 609.05.

(2) "Board" means the crime victims reparations board established by section 611A.55.

(3) "Claimant" means a person entitled to apply for reparations pursuant to sections 611A.51 to 611A.67.

(4) "Collateral source" means a source of benefits or advantages for economic loss otherwise reparable under sections 611A.51 to 611A.67 which the victim or claimant has received, or which is readily available to him, from:

(a) the offender;

(b) the government of the United States or any agency thereof, a state or any of its political subdivisions, or an instru-

mentality of two or more states, unless the law providing for the benefits or advantages makes them excess or secondary to benefits under sections 611A.51 to 611A.67;

(c) social security, medicare, and medicaid;

(d) state required temporary nonoccupational disability insurance;

(e) workers' compensation;

(f) wage continuation programs of any employer;

(g) proceeds of a contract of insurance payable to the victim for economic loss which he sustained because of the crime;

(h) a contract providing prepaid hospital and other health care services, or benefits for disability; or

(i) any private source as a voluntary donation or gift.

The term does not include a life insurance contract.

(5) (a) "Crime" means conduct that

(i) occurs or is attempted in this state,

(ii) poses a substantial threat of personal injury or death, and

(iii) is included within the definition of "crime" in Minnesota Statutes 1971, section 609.02, subdivision 1, or would be included within that definition but for the fact that the person engaging in the conduct lacked capacity to commit the crime under the laws of this state.

(b) A crime occurs whether or not any person is prosecuted or convicted but the conviction of a person whose acts give rise to the claim is conclusive evidence that a crime was committed unless an application for rehearing, appeal, or petition for certiorari is pending or a new trial or rehearing has been ordered.

(c) "Crime" does not include conduct arising out of the use of a motor vehicle, as defined in section 169.01, subdivision 2, an aircraft or watercraft unless

(i) the conduct was intended to cause personal injury or death, or

(ii) the use of the motor vehicle, aircraft or watercraft in the commission of a felony was a proximate cause of the victim's injury or death, *or*

(iii) the claim arises out of a violation of section 609.21.

(6) "Dependent" means any person who was dependent upon a deceased victim for support at the time of the crime.

(7) "Economic loss" means actual economic detriment incurred as a direct result of injury or death.

(a) In the case of injury the term is limited to:

(i) reasonable expenses incurred for necessary medical, chiropractic, hospital, rehabilitative, and dental products, services, or accommodations, including ambulance services, drugs, appliances and prosthetic devices;

(ii) reasonable expenses incurred for psychological or psychiatric products, services or accommodations where the nature of the injury or the circumstances of the crime are such that the treatment is necessary to the rehabilitation of the victim;

(iii) loss of income the victim would have earned had he not been injured; and

(iv) reasonable expenses incurred for substitute child care or household services to replace those the victim would have performed had he not been injured.

(b) In the case of death the term is limited to:

(i) reasonable expenses incurred for funeral, burial or cremation;

(ii) reasonable expenses for medical, chiropractic, hospital, rehabilitative, psychological and psychiatric services, products or accommodations which were incurred prior to the victim's death and for which the victim's survivors or estate are liable;

(iii) loss of support, including contributions of money, products or goods, but excluding services which the victim would have supplied to his dependents if he had lived; and

(iv) reasonable expenses incurred for substitute child care and household services to replace those which the victim would have performed for the benefit of his dependents if he had lived.

(8) "Injury" means actual bodily harm including pregnancy and mental or nervous shock.

(9) "Victim" means a person who suffers personal injury or death as a direct result of

(a) a crime;

(b) the good faith effort of any person to prevent a crime; or

(c) the good faith effort of any person to apprehend a person suspected of engaging in a crime.

Sec. 4. Minnesota Statutes 1984, section 611A.53, subdivision 2, is amended to read:

Subd. 2. No reparations shall be awarded to a claimant otherwise eligible if

(a) the crime was not reported to the police within five days of its occurrence or, if it could not reasonably have been reported within that period, within five days of the time when a report could reasonably have been made;

(b) the victim or claimant failed or refused to cooperate fully with the police and other law enforcement officials;

(c) (THE VICTIM IS THE SPOUSE OF OR A PERSON LIVING IN THE SAME HOUSEHOLD WITH THE OFFENDER OR HIS ACCOMPLICE OR THE PARENT, CHILD, BROTHER OR SISTER OF THE OFFENDER OR HIS ACCOMPLICE UNLESS THE BOARD DETERMINED THAT THE INTERESTS OF JUSTICE OTHERWISE REQUIRE IN A PARTICULAR CASE;)

((D)) the claimant was the offender or an accomplice of the offender or an award to the claimant would unjustly benefit the offender or an accomplice; or

((E)) *(d)* no claim was filed with the board within one year of victim's injury or death but if it could not have been made within that period, then the claim can be made within one year of the time when a claim could have been made (;)

((F) THE CLAIM IS LESS THAN $100).

The limitations contained in clauses (a) and (d) do not apply to victims of domestic child abuse as defined in section 260.015, subdivision 24.

Sec. 5. Minnesota Statutes 1984, section 611A.54, is amended to read:

611A.54 [AMOUNT OF REPARATIONS.]

Reparations shall equal economic loss except that:

(1) reparations shall be reduced to the extent that economic loss is recouped from a collateral source or collateral sources;

(2) reparations shall be reduced to the extent, if any, that the board deems reasonable because of the contributory misconduct of the claimant or of a victim through whom he claims (AND BY THE FIRST $100 OF ECONOMIC LOSS); and

(3) reparations paid to all claimants suffering economic loss as the result of the injury or death of any one victim shall not exceed ($25,000) *$50,000.*

Sec. 6. Minnesota Statutes 1984, section 611A.55, subdivision 1, is amended to read:

Subdivision 1. (THERE IS CREATED IN THE DEPARTMENT OF PUBLIC SAFETY, FOR BUDGETARY AND ADMINSTRATIVE PURPOSES, THE CRIME VICTIMS REPARATIONS BOARD, WHICH SHALL CONSIST OF THREE MEMBERS APPOINTED BY THE COMMISSIONER OF PUBLIC SAFETY) *The crime victims reparations board is transferred to the office of the attorney general which shall exercise administrative and budgeting control over the board. For purposes of continuity of board functions, the effect of the transfer of the board is governed by section 15.039.*

The board shall consist of five members appointed by the attorney general and selected from among the membership of the crime victim and witness advisory council created in section 10. One of the members shall be designated as (CHAIRMAN) *chairperson* by the (COMMISSIONER OF PUBLIC SAFETY) *attorney general* and serve as such at his pleasure. At least one member shall be a person who is admitted to the bar of this state, (AND) at least one member shall be a medical or osteopathic physician licensed to practice in this state, *and at least one member shall be a victim, as defined in section 611A.01.*

The executive director of the crime victim and witness advisory council shall be the executive director of the crime victim reparations board.

Sec. 7. Minnesota Statutes 1984, section 611A.55, subdivision 2, is amended to read:

Subd. 2. The membership terms, compensation, removal of members, and filling of vacancies on the board shall be as provided in section 15.0575. *Members of the board who are also*

members of the crime victim and witness advisory council created in section 10 shall not be compensated while performing duties for the advisory council.

Sec. 8. Minnesota Statutes 1984, section 611A.56, subdivision 1, is amended to read:

Subdivision 1. [DUTIES.] In addition to carrying out any duties specified elsewhere in sections 611A.51 to 611A.67 or in other law, the board shall:

(a) provide all claimants with an opportunity for hearing pursuant to chapter 14;

(b) (ESTABLISH AND MAINTAIN A PRINCIPAL OFFICE AND OTHER NECESSARY OFFICES AND APPOINT EMPLOYEES AND AGENTS AS NECESSARY AND FIX THEIR DUTIES;)

((C)) promulgate within 90 days following the effective date of Laws 1974, chapter 463 rules to implement sections 611A.51 to 611A.67, including rules governing the method of practice and procedure before the board, prescribing the manner in which applications for reparations shall be made, and providing for discovery proceedings;

((D)) *(c)* publicize widely the availability of reparations and the method of making claims; and

((E)) *(d)* prepare and transmit annually to the governor, *the attorney general,* and the legislature a report of its activities including the name of each claimant, a brief description of the facts in each case, the amount of reparation awarded, and a statistical summary of claims and awards made and denied.

Sec. 9. [611A.70] [CITATION.]

Sections 9 and 10 may be cited as the "Minnesota crime victim and witness advisory council act."

Sec. 10. [611A.71] [COUNCIL; ESTABLISHMENT.]

Subdivision 1. [CREATION.] *The Minnesota crime victim and witness advisory council is established and shall consist of 12 members.*

Subd. 2. [MEMBERSHIP.] *The crime victim and witness advisory council shall consist of the following members, appointed by the attorney general:*

(1) two members of the Minnesota legislature, one from each house;

(2) one district court judge appointed upon recommendation of the chief justice of the supreme court;

(3) one county attorney appointed upon recommendation of the Minnesota county attorneys association;

(4) one public defender appointed upon recommendation of the state public defender;

(5) one peace officer;

(6) one medical or osteopathic physician licensed to practice in this state; and

(7) five members who are crime victims or crime victim assistance representatives.

The appointments should take into account sex, race, and geographic distribution. One of the members must be designated by the attorney general as chair of the council.

Subd. 3. [TERMS OF OFFICE.] *Each appointed member must be appointed for four years and shall continue to serve during that time as long as the member occupies the position which made that member eligible for the appointment. Each member shall continue in office until that member's successor is duly appointed. Members are eligible for reappointment and appointment may be made to fill an unexpired term. The members of the council shall elect any additional officers necessary for the efficient discharge of their duties.*

Subd. 4. [COMPENSATION.] *Each member of the council shall serve without compensation.*

Subd. 5. [DUTIES.] *The council shall:*

(1) review on a regular basis the treatment of victims by the criminal justice system and the need and availability of services to victims;

(2) advocate necessary changes and monitor victim-related legislation;

(3) provide information, training, and technical assistance to state and local agencies and groups involved in victim and witness assistance;

(4) serve as a clearinghouse for information concerning victim and witness programs;

(5) develop guidelines for the implementation of victim and witness assistance programs and aid in the creation and development of programs;

(6) coordinate the development and implementation of policies and guidelines for the treatment of victims and witnesses; and

(7) develop ongoing public awareness efforts and programs to assist victims.

Subd. 6. [EXECUTIVE DIRECTOR.] *The attorney general shall select and employ an executive director for the council who shall aid the council in the performance of its duties under subdivision 5 and supervise the administration of the following:*

(1) the crime victim ombudsman; and

(2) the crime victim crisis centers.

The executive director of the council shall also be the executive director of the crime victims reparations board.

Sec. 11. [611A.72] [CITATION.]

Sections 11 to 13 may be cited as the "crime victim ombudsman act."

Sec. 12. [611A.73] [DEFINITIONS.]

Subdivision 1. [DEFINITIONS.] *The definitions in this section apply to sections 12 and 13.*

Subd. 2. [APPROPRIATE AUTHORITY.] *"Appropriate authority" includes anyone who is the subject of a complaint to the crime victim ombudsman or anyone who is in a position to take possible action relating to one who is the subject of a complaint.*

Subd. 3. [ELEMENTS OF THE CRIMINAL JUSTICE SYSTEM.] *"Elements of the criminal justice system" refers to county attorneys and members of their staff; public defenders and members of their staff; peace officers; probation and corrections officers; state officials involved in the criminal justice system; and does not include the judiciary.*

Subd. 4. [VICTIM.] *"Victim" refers to anyone or the next of kin of anyone who has been or purports to have been sub-*

jected to a criminal act, whether a felony, a gross misdemeanor, or misdemeanor.

Subd. 5. [VICTIM ASSISTANCE PROGRAM.] *"Victim assistance program" refers to any entity which provides or claims to provide services and assistance to victims on a regular, ongoing basis.*

Sec. 13. [611A.74] [CRIME VICTIM OMBUDSMAN; CREATION.]

Subdivision 1. [CREATION.] *The office of crime victim ombudsman for Minnesota is created. The ombudsman will serve at the pleasure of the attorney general. The ombudsman is directly accountable to the executive director of the crime victim and witness advisory council and, through the executive director, accountable to the attorney general.*

Subd. 2. [DUTIES.] *The crime victim ombudsman may investigate complaints concerning possible violation of the rights of crime victims or witnesses, the delivery of victim services, the administration of the crime victims reparations act, and other complaints of mistreatment by or misconduct of elements of the criminal justice system or victim assistance programs. The ombudsman shall act as a liaison, when the ombudsman deems necessary, between agencies, either in the criminal justice system or in victim assistance programs, and victims and witnesses. The ombudsman must be made available through the use of a toll free telephone number and shall answer questions concerning the criminal justice system and victim services put to the ombudsman by victims and witnesses in accordance with the ombudsman's knowledge of the facts or law, unless the information is otherwise restricted. The ombudsman shall establish a procedure for referral to the crime victim crisis centers, the crime victims reparations board, and other victim assistance programs when services are requested by crime victims or deemed necessary by the ombudsman.*

Subd. 3. [POWERS.] *The crime victim ombudsman has those powers necessary to carry out the duties set out in subdivision 1, including:*

(a) The ombudsman may investigate, upon a complaint or upon his or her own initiative, any action of an element of the criminal justice system or a victim assistance program.

(b) The ombudsman may request and shall be given access to information pertaining to a complaint, unless the information is otherwise restricted.

(c) After completing investigation of a complaint, the ombudsman shall inform in writing the complainant, the investi-

gated person or entity, and other appropriate authorities, of the action taken.

Subd. 4. [NO COMPELLED TESTIMONY.] *Neither the ombudsman nor any member of the ombudsman's staff may be compelled to testify in any court with respect to matters involving the exercise of official duties except as may be necessary to enforce the provisions of this section.*

Subd. 5. [RECOMMENDATIONS.] *(a) If, after duly considering a complaint and whatever material he or she deems pertinent, the ombudsman is of the opinion that the complaint is valid, the ombudsman may recommend action to the attorney general or other appropriate authority.*

(b) If the ombudsman makes a recommendation to an appropriate authority for action, the authority shall, within the time specified by the ombudsman, inform the ombudsman about the action taken or the reasons for not complying with the recommendation.

Subd. 6. [REPORTS.] *The ombudsman may publish conclusions and suggestions by transmitting them to the attorney general. Before announcing a conclusion or recommendation that expressly or impliedly criticizes any person, the ombudsman shall inform that person of the contents of the report. When publishing an opinion adverse to any person, the ombudsman shall include in the publication any statement of reasonable length made to the ombudsman by that person in defense or mitigation of the action.*

Subd. 7. [REPORT.] *In addition to whatever reports the ombudsman may make on an ad hoc basis, the ombudsman shall, at the end of each year, submit a written report to the attorney general and the legislature concerning the exercise of the ombudsman's functions during the preceding year.*

Sec. 14. [REPEALER.]

Minnesota Statutes 1984, section 611A.42, is repealed.

Sec. 15. [EFFECTIVE DATE.]

Sections 1 to 14 are effective January 1, 1986."

Delete the title and insert:

"A bill for an act relating to crimes; transferring administration of crime victim crisis centers and the crime victims reparations board to the office of attorney general; changing a definition; establishing a crime victim and witness advisory council and a crime victim ombudsman; providing the council

with extensive duties to assist victims and witnesses; providing the ombudsman with authority to investigate complaints with regard to treatment of victims; amending Minnesota Statutes 1984, sections 611A.41, subdivision 2; 611A.44; 611A.52; 611A.-53, subdivision 2; 611A.54; 611A.55, subdivisions 1 and 2; and 611A.56, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 611A; repealing Minnesota Statutes 1984, section 611A.42."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Governmental Operations.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 1427, A bill for an act relating to the economic crisis in northeastern Minnesota; creating the Northeastern Minnesota Economic Development Corporation to promote economic development in northeastern Minnesota and to provide incentives for industrial and manufacturing enterprises to locate in northeastern Minnesota; providing for a board of directors and an advisory committee; establishing a northeastern Minnesota economic recovery fund; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 116N.

Reported the same back with the following amendments:

Page 1, line 15, delete "*12*" and insert "*13*"

Page 1, line 15, delete "*Northeastern*"

Page 1, line 16, delete "*Economic*" and insert "*Industrial*"

Page 1, line 19, delete "*northeastern*" and insert "*portions of*"

Page 1, line 21, delete "*northeastern Minnesota's*"

Page 1, line 27, delete "*northeastern Minnesota*" and insert "*distressed areas*"

Page 2, line 6, delete "*northeastern Minnesota*" and insert "*distressed areas*"

Page 2, line 8, delete "*northeastern Minnesota*" and insert "*these areas*"

Page 2, line 10, delete "*northeastern*"

Page 2, line 10, delete "*economic*" and insert "*industrial*"

Page 2, line 12, delete "*in northeastern*" and insert "*for all of*"

Page 2, line 14, delete "*14*" and insert "*13*"

Page 2, line 18, delete "*Northeastern*"

Page 2, line 19, delete "*Economic*" and insert "*Industrial*"

Page 2, line 20, delete "*northeastern*"

Page 2, line 21, delete "*economic*" and insert "*industrial*"

Page 2, line 21, delete "*9*" and insert "*8*"

Page 2, line 22, delete everything after the period and insert " "*Industrial recovery area*" *means the area consisting of all counties in which the unemployment rate is ten percent or more in February of 1985 or in February of any year thereafter as determined by the commissioner of economic security.*"

Page 2, delete lines 23 and 24

Page 3, delete lines 1 and 2

Page 3, line 3, delete "NORTHEASTERN"

Page 3, line 3, delete "ECONOMIC" and insert "INDUSTRIAL"

Page 3, line 5, delete "*Northeastern*"

Page 3, line 6, delete "*Economic*" and insert "*Industrial*"

Page 3, line 9, delete "*region*" and insert "*industrial recovery area*"

Page 3, line 12, delete "*region*" and insert "*industrial recovery area*"

Page 3, line 20, delete "*the provost of the*"

Page 3, delete lines 21 to 23

Page 3, line 24, delete everything before the "*and*"

Page 3, line 25, delete "*nine*" and insert "*ten*"

Page 3, line 25, delete everything after "*persons*"

Page 3, line 26, delete "*officials or public employees and*"

Page 3, line 28, delete "*Five of the nine*" and insert "*The*"

Page 3, line 30, after the colon insert "*education,*"

Page 3, delete lines 33 and 34

Page 4, delete section 5

Page 5, line 3, delete "*14*" and insert "*13*"

Page 6, line 33, delete "*7*" and insert "*6*"

Page 8, line 5, delete "*6*" and insert "*5*"

Page 8, line 8, delete "*6, clause (13) and 7*" and insert "*5, clause (13) and 6*"

Page 8, line 11, delete "NORTHEASTERN"

Page 8, line 11, delete "ECONOMIC" and insert "INDUSTRIAL"

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

Page 8, line 13, delete "*economic*" and insert "*industrial*"

Page 8, line 18, delete "*6, 7, and 8*" and insert "*5, 6, and 7*"

Page 8, line 20, delete "*region*" and insert "*industrial recovery area*"

Page 8, line 23, delete everything after "*will*" and insert "*increase opportunities for employment and strengthen the economy of the county in which the project is to be located.*"

Page 8, delete lines 24 to 26

Page 8, line 28, delete "*region*" and insert "*industrial recovery area*"

Page 9, line 10, delete "*8*" and insert "*7*"

Page 10, line 1, delete "*northeastern*"

Page 10, line 2, delete "*economic*" and insert "*industrial*"

Page 10, line 2, delete "*9*" and insert "*8*"

Renumber the sections in order

Amend the title as follows:

Page 1, line 2, delete "northeastern"

Page 1, line 3, delete "Northeastern"

Page 1, line 4, delete "Economic" and insert "Industrial"

Page 1, line 5, delete "northeastern"

Page 1, line 7, delete "northeastern"

Page 1, line 8, delete "and an advisory"

Page 1, line 9, delete "committee"

Page 1, line 9, delete "northeastern"

Page 1, line 10, delete "economic" and insert "industrial"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Governmental Operations.

The report was adopted.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 331:

McEachern, Stanius and Vellenga.

MOTIONS AND RESOLUTIONS

Pauly moved that the name of Bennett be added as second author on H. F. No. 785. The motion prevailed.

DenOuden moved that the name of Tompkins be added as an author on H. F. No. 1074. The motion prevailed.

Olsen, S., moved that H. F. No. 55 be recalled from the Committee on Health and Human Services and be re-referred to the Committee on Taxes. The motion prevailed.

Carlson, L., moved that S. F. No. 1045 be recalled from the Committee on Commerce and Economic Development and together with H. F. No. 1225, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

House Resolution No. 21 was reported to the House.

HOUSE RESOLUTION NO. 21

A house resolution congratulating the DeLaSalle boys basketball team upon its 1985 state championship.

Whereas, DeLaSalle has many gifted athletes and is proud of all of them; and

Whereas, the DeLaSalle boys basketball team has worked its way to the state tournament; and

Whereas, the fans of DeLaSalle are proud of their team; and

Whereas, the boys basketball team members are good citizens, athletes, and students; and

Whereas, the boys' coaches Don Zierden, Scott Buffie, Mark Johnson, Kevin Cassidy, Scott Zierden, and Mike Callender, are sensitive, hardworking, knowledgeable, and dedicated coaches; and

Whereas, DeLaSalle basketball team has an outstanding win-loss record for two years; and

Whereas, DeLaSalle is the boys Class A State High School Basketball Champion for 1984-1985; and

Whereas, team members Damon Dragotis, Brad Baker, Len Boylan, Scott Kopp, Eyasemer Aberra, Kevin Kennedy, Tony Wojack, Mike Wynne, Douge Schildgen, Andy Longen, Harry Kaiser, Nathan Carson, Greg Moser, Sean Ogren, Tom McLaughlin, and Player-Managers, Jeff Johnson, Steve Kroening, and Wesley Clarke have done an outstanding job; *Now, Therefore,*

Be It Resolved by the House of Representatives of the State of Minnesota that it is proud of all the teams in the state and that DeLaSalle truly has proven they are No. 1.

Be It Further Resolved that the Chief Clerk of the House of Representatives is directed to prepare an enrolled copy of this resolution, to be authenticated by his signature and that of the Speaker, and present it to the principal of DeLaSalle High School.

McEachern moved that House Resolution No. 21 be now adopted. The motion prevailed and House Resolution No. 21 was adopted.

House Resolution No. 24 was reported to the House.

HOUSE RESOLUTION NO. 24

A house resolution congratulating the Ramblers boys basketball team from Winona Cotter High School for winning runner-up in the 1985 Class A State High School Boys Basketball Championship.

Whereas, high school athletic competition contributes to good citizenship by teaching high school students the principles of cooperation and fair play; and

Whereas, high school sports promote vigorous good health of the participants and lift the spirits of fans; and

Whereas, the Ramblers from Winona Cotter participated in the Class A State Boys Basketball Tournament as one of just 16 teams from among the 486 teams that originally participated in the tournament; and

Whereas, every member of the Ramblers contributed to an impressive effort to win the final game of the tournament over a very tough and determined DeLaSalle High School; and

Whereas, the Ramblers won the District 3A and Region 1A Championships and runner-up in the 1985 Class A State Boys Basketball Championship; and

Whereas, Winona Cotter High School won the Hiawatha Valley League Championship; and

Whereas, the Ramblers finished the year with an outstanding 23 and 3 win-loss record; and

Whereas, Winona Cotter High School's players and fans have exhibited outstanding sportsmanship, skill, and desire throughout the season; *Now, Therefore,*

Be It Resolved by the House of Representatives of the State of Minnesota that congratulations are extended to the Ramblers of Winona Cotter High School on the accomplishments, talents, and determination of their boys basketball team, the team's coach, and to the team's fans. In particular, congratulations are extended to team members Joel Bergeson, Mark Drussell, Mike Drussell, Jim Galkowski, Jeff Glowacki, James Gostomski, Jeff

Hundt, Hai Le, Matt Maly, Mike Maly, Steve Modjeski, Tony Speltz, Mark Thein, and Kevin Troke; managers Jeff Kosidowski and John Wineski; assistant coaches Michael Leaf and Randy Lisowski; and head coach Michael O'Brien.

Be It Further Resolved that the Chief Clerk of the House of Representatives is directed to enroll a copy of this resolution, to be authenticated by his signature and that of the Speaker, and that it be presented to the principal of Winona Cotter High School.

Sherman moved that House Resolution No. 24 be now adopted. The motion prevailed and House Resolution No. 24 was adopted.

House Resolution No. 26 was reported to the House.

HOUSE RESOLUTION NO. 26

A house resolution congratulating the gymnastic team from Winona State University for winning the 1985 National Association of Intercollegiate Athletics National Championship.

Whereas, college athletic competition contributes to good citizenship by teaching college students the principles of cooperation and fair play; and

Whereas, college sports promote vigorous good health of the participants and lift the spirits of fans; and

Whereas, the gymnastic team from Winona State University participated in the National Association of Intercollegiate Athletics Gymnastics Tournament; and

Whereas, the gymnastics team won the 1985 NAIA National Championship and also the NCAA Division II Central Region Championship and third place in the NCAA Division II Championship; and

Whereas, the gymnastics team finished the year with an outstanding win-loss record; and

Whereas, Winona State University gymnastics team members and fans have exhibited outstanding sportsmanship, skill, and desire throughout the season; *Now, Therefore,*

Be It Resolved by the House of Representatives of the State of Minnesota that congratulations are extended to the gymnastics team of Winona State University on the accomplishments, talents, and determination of their gymnastics team and to the team's coach, and to the team's fans.

Be It Further Resolved that the Chief Clerk of the House of Representatives is directed to enroll a copy of this resolution, to be authenticated by his signature and that of the Speaker, and that it be presented to the coach of Winona State University's gymnastics team.

Sherman moved that House Resolution No. 26 be now adopted. The motion prevailed and House Resolution No. 26 was adopted.

House Concurrent Resolution No. 10 was reported to the House.

HOUSE CONCURRENT RESOLUTION NO. 10

A house concurrent resolution congratulating Minnesota Rural Electric Cooperatives on their 50th Anniversary.

Whereas, fifty years ago virtually all of rural Minnesota did not have central station electric service available to farmers and homes; and

Whereas, President Franklin D. Roosevelt signed the executive order creating the Rural Electrification Administration on May 11, 1935; and

Whereas, the REA program, through Minnesota's Rural Electric Cooperatives, has brought the benefits of electricity to some 425,000 rural Minnesota farms and homes; and

Whereas, May 11, 1985, is the 50th Anniversary of the REA program; *Now, Therefore,*

Be It Resolved by the House of Representatives of the State of Minnesota, the Senate concurring, that it congratulates the Rural Electric Cooperatives of Minnesota for the outstanding contribution they have made to the economic development and improved living standards of Minnesota citizens.

Be It Further Resolved that the Chief Clerk of the House of Representatives is directed to prepare an enrolled copy of this resolution, to be authenticated by his signature and those of the Speaker, the President of the Senate, and the Secretary of the Senate, and present it to the Minnesota Rural Electric Association.

Redalen moved that House Concurrent Resolution No. 10 be now adopted. The motion prevailed and House Concurrent Resolution No. 10 was adopted.

ADJOURNMENT

Levi moved that when the House adjourns today it adjourn until 2:00 p.m., Monday, April 22, 1985. The motion prevailed.

Levi moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:00 p.m., Monday, April 22, 1985.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-FOURTH SESSION – 1985

FORTY-SECOND DAY

SAINT PAUL, MINNESOTA, MONDAY, APRIL 22, 1985

The House of Representatives convened at 2:00 p.m. and was called to order by David M. Jennings, Speaker of the House.

Prayer was offered by Rabbi Stacy Offner, Mount Zion Temple, St. Paul, Minnesota.

The roll was called and the following members were present:

Anderson, G.	Ellingson	Kvam	Pappas	Solberg
Anderson, R.	Erickson	Levi	Pauly	Sparby
Backlund	Fjoslien	Lieder	Peterson	Stanius
Battaglia	Forsythe	Long	Piepho	Staten
Beard	Frederick	Marsh	Piper	Sviggum
Becklin	Frederickson	McDonald	Poppenhagen	Thiede
Begich	Frerichs	McEachern	Price	Thorson
Bennett	Greenfield	McKasy	Quinn	Tjornhom
Bishop	Gruenes	McLaughlin	Quist	Tomlinson
Blatz	Gutknecht	McPherson	Redalen	Tompkins
Boerboom	Halberg	Metzen	Rees	Tunheim
Boo	Hartinger	Miller	Rest	Uphus
Brandl	Hartle	Minne	Rice	Valan
Brinkman	Haukoos	Munger	Richter	Valento
Brown	Heap	Murphy	Riveness	Vanasek
Burger	Himle	Nelson, D.	Rodosovich	Vellenga
Carlson, D.	Jacobs	Nelson, K.	Rose	Voss
Carlson, J.	Jaros	Neuenschwander	Sarna	Waltman
Carlson, L.	Jennings, L.	Norton	Schafer	Welle
Clark	Johnson	O'Connor	Scheid	Wenzel
Clausnitzer	Kahn	Ogren	Schoenfeld	Wynia
Cohen	Kelly	Olsen, S.	Schreiber	Zaffke
Dempsey	Kiffmeyer	Omann	Seaberg	Spk. Jennings, D.
DenOuden	Knickerbocker	Onnen	Segal	
Dimler	Knuth	Osthoff	Shaver	
Dyke	Kostohryz	Otis	Sherman	
Elioff	Krueger	Ozment	Skoglund	

A quorum was present.

Kalis and Olson, E., were excused.

Simoneau was excused until 3:10 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Gruenes moved that further reading of the Journal be dis-

pensed with and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 529, 863, 1558, 1570, 601, 610, 1225, 1307, 1421, 1431, 1435, 1578, 766, 961, 9, 191 and 839 and S. F. No. 882 have been placed in the members' files.

S. F. No. 1045 and H. F. No. 1225, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Carlson, L., moved that the rules be so far suspended that S. F. No. 1045 be substituted for H. F. No. 1225 and that the House File be indefinitely postponed. The motion prevailed.

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

April 16, 1985

The Honorable David M. Jennings
Speaker of the House
The State of Minnesota

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House Files:

H. F. No. 327, relating to transportation; defining "trees" and "hedges" for purposes of removal from highway right of way; amending Minnesota Statutes 1984, section 160.22, by adding a subdivision.

H. F. No. 894, relating to utilities; defining independent telephone company; amending Minnesota Statutes 1984, section 237.01, subdivision 3.

H. F. No. 621, relating to mental health; revising the language of statutes concerning persons with mental illness and mental retardation and revising the language of statutes concerning state treatment facilities; amending Minnesota Statutes 1984, sections 147.021, subdivision 1; 243.55, subdivision 3; 245.072; 245.52; 245.821, subdivision 1; 245.825, subdivision 1; 246.01; 246.013; 246.014; 246.13; 246.23; 246.234; 246.41; 246.50; 246.-511; 246.52; 246.53; 246.54; 246.55; 246.56; 252.025; 252.05; 252.06; 252.07; 252.09; 252.10; 252.21; 252.22; 252.23; 252.24; 252.25; 252.27; 252.275, subdivisions 1 and 7; 252.28; 252.291; 252.30; 252.31; 252.32; 253.015; 253.10; 253.19; 253.20; 253.21; 253.25; 253.26; 256.01, subdivisions 2 and 5; 256.91; 256.93, subdivision 1; 256B.02, subdivisions 2 and 8, and by adding a subdivision; 256B.092; 256B.36; 256B.501; 256E.03, subdivision 2; 256E.06, subdivision 2a; 260.092; 260.36; 284.05; 299F.77; 447.-42; 447.45; 501.27; and 517.03; proposing coding for new law in Minnesota Statutes, chapter 252.

Sincerely,

RUDY PERPICH
Governor

STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
ST. PAUL 55155

April 16, 1985

The Honorable David M. Jennings
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1985 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	*H.F. No.*	*Session Laws Chapter No.*	*Date Approved 1985*	*Date Filed 1985*
247		17	April 16	April 16
287		18	April 16	April 16
546		19	April 16	April 16
	327	20	April 16	April 16

621	21	April 16	April 16
894	22	April 16	April 16

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

April 17, 1985

The Honorable David M. Jennings
Speaker of the House
The State of Minnesota

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House File:

H. F. No. 470, relating to education; authorizing the establishment of joint vocational technical districts; providing for a governing board; authorizing post-secondary and adult vocational programs, secondary educational programs, and secondary services; providing for separate bargaining units and certain other labor issues; transferring all school district real and personal property to the joint district; authorizing the joint district to levy for certain purposes; providing for state funding of construction; providing for bonded indebtedness, fund transfers, and debt service; amending Minnesota Statutes 1984, sections 136C.02, subdivisions 6 and 8, and by adding a subdivision; 136C.41, by adding a subdivision; 136C.44; and 275.125, subdivisions 1 and 14a; proposing coding for new law as Minnesota Statutes, chapter 136E.

Sincerely,

RUDY PERPICH
Governor

STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
ST. PAUL 55155

April 17, 1985

The Honorable David M. Jennings
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1985 Session of the State Legislature have been re-

ceived from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	*H.F. No.*	*Session Laws Chapter No.*	*Date Approved 1985*	*Date Filed 1985*
	470	23	April 17	April 17

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

REPORTS OF STANDING COMMITTEES

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 235, A bill for an act relating to the regulation of securities; modifying fees payable on certain security registrations; amending Minnesota Statutes 1984, section 80A.28, subdivisions 1 and 3.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 346, A bill for an act relating to health; providing for physical therapy evaluation and referral; prohibiting certain practices by physical therapists; amending Minnesota Statutes 1984, sections 148.65, subdivision 1; 148.75; and 148.76.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 148.65, subdivision 1, is amended to read:

Subdivision 1. [PHYSICAL THERAPY.] As used in sections 148.65 to 148.78 the term "physical therapy" means the evaluation or treatment or both of any person by the employment of physical measures and the use of therapeutic exercises and rehabilitative procedures, with or without assistive devices, for the purpose of preventing, correcting, or alleviating a physical or

mental disability. Physical measures shall include but shall not be limited to heat or cold, air, light, water, electricity and sound. Physical therapy includes *evaluation other than medical diagnosis,* treatment planning (AND), *treatment,* documentation, performance of appropriate tests and measurement, interpretation of orders (FROM PHYSICIANS) *or referrals,* instruction, consultative services, and supervision of supportive personnel.

Sec. 2. Minnesota Statutes 1984, section 148.75, is amended to read:

148.75 [CERTIFICATES; DENIAL, SUSPENSION, REVOCATION.]

The state board of medical examiners may refuse to grant registration to any physical therapist, or may suspend or revoke the registration of any physical therapist for any of the following grounds:

(a) (PRACTICING AS A PHYSICAL THERAPIST OTHER THAN UPON THE ORDER AND DIRECTION OF A PHYSICIAN LICENSED IN THIS STATE TO PRACTICE MEDICINE;)

((B)) Using drugs or intoxicating liquors to an extent which affects professional competence;

((C)) *(b)* Been convicted of a felony;

((D)) *(c)* Conviction for violating any state or federal narcotic law;

((E)) *(d)* Procuring, aiding or abetting a criminal abortion;

((F)) *(e)* Registration or attempted registration by fraud or deception;

((G)) *(f)* Conduct unbecoming a person registered as a physical therapist or conduct detrimental to the best interests of the public;

((H)) *(g)* Gross negligence in the practice of physical therapy as a physical therapist;

((I)) *(h)* Treating human ailments by physical therapy *treatment* except by the order *or referral* of a person licensed in this state to practice medicine and whose license is in good standing; *or when a previous diagnosis exists indicating an ongoing condition warranting physical therapy treatment, subject to periodic review defined by board of medical examiners rule;*

((J)) *(i)* Treating human ailments other than by physical therapy unless duly licensed or registered to do so under the laws of this state;

((K)) *(j)* Inappropriate delegation to a physical therapist assistant or inappropriate task assignment to an aide or inadequate supervision of either level of supportive personnel; (AND)

((L)) *(k)* Treating human ailments other than by performing physical therapy procedures unless duly licensed or registered to do so under the laws of this state;

(l) Practicing as a physical therapist performing medical diagnosis, the practice of medicine as defined in section 147.10, or the practice of chiropractic as defined in section 148.01;

(m) Failure to comply with a reasonable request to obtain appropriate clearance for mental or physical conditions which would interfere with the ability to practice physical therapy, and which may be potentially harmful to patients; and

(n) Dividing fees with, or paying or promising to pay a commission or part of his or her fee to, any person who contacts the physical therapist for consultation or sends patients to the physical therapist for treatment.

A certificate of registration to practice as a physical therapist is suspended if (1) a guardian of the person of the physical therapist is appointed by order of a probate court pursuant to sections 525.54 to 525.612, for reasons other than the minority of the physical therapist; or (2) the physical therapist is committed by order of a probate court pursuant to 253B or sections 526.09 to 526.11. The certificate of registration remains suspended until the physical therapist is restored to capacity by a court and, upon petition by the physical therapist, the suspension is terminated by the board of medical examiners after a hearing.

Sec. 3. Minnesota Statutes 1984, section 148.76, is amended to read:

148.76 [PROHIBITED CONDUCT.]

Subdivision 1. No person shall

(a) Use the title of physical therapist without a certificate of registration as a physical therapist issued to him pursuant to the provisions of sections 148.65 to 148.78;

(b) In any manner represent himself as a physicial therapist, or use in connection with his name the words or letters Physical

Therapist, Physiotherapist, Physical Therapy Technician, Registered Physical Therapist, Licensed Physical Therapist, P.T., P.T.T., R.P.T., L.P.T., or any letters, words, abbreviations or insignia indicating or implying that he is a physical therapist, without a certificate of registration as a physical therapist issued to him pursuant to the provisions of sections 148.65 to 148.78. To do so is a gross misdemeanor;

(c) Employ fraud or deception in applying for or securing a certificate of registration as a physical therapist.

Nothing contained in sections 148.65 to 148.78 shall prohibit any person licensed or registered in this state under another law from carrying out the therapy or practice for which he is duly licensed or registered.

Subd. 2. No physical therapist shall

(a) Treat human ailments by physical therapy *treatment* except by the order (AND DIRECTION) *or referral* of a person licensed in this state to practice medicine and whose license is in good standing; *or when a previous diagnosis exists indicating an ongoing condition warranting physical therapy treatment, subject to periodic review defined by board of medical examiners rule;*

(b) Treat human ailments other than by physical therapy unless duly licensed or registered to do so under the laws of this state."

With the recommendation that when so amended the bill pass.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 384, A bill for an act relating to the city of Minneapolis; permitting the establishment of special service districts in the city and providing taxing and other authority.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [DEFINITIONS.]

Subdivision 1. [TERMS DEFINED.] *For the purposes of sections 1 to 7, the terms defined in this section have the following meanings.*

Subd. 2. [CITY.] *"City" means the city of Minneapolis.*

Subd. 3. [SPECIAL SERVICES.] *"Special services" means all services rendered or contracted for by the city for snow, ice, and litter removal and cleaning of sidewalks, curbs, gutters, and streets and for banners and other decorations to be used to identify and promote the commercial area.*

Special services do not include services that are ordinarily provided throughout the city from ordinary revenues of the city unless an increased level of service is provided in the special service district.

Subd. 4. [SPECIAL SERVICE DISTRICT.] *"Special service district" means that defined area within the city where special services are rendered and their costs are paid from revenues collected from taxes and service charges imposed within the area.*

Subd. 5. [ASSESSED VALUE.] *"Assessed value" means the assessed value as most recently certified by the commissioner of revenue on the effective date of the ordinance or resolution adopted pursuant to section 2 or 3.*

Subd. 6. [LAND AREA.] *"Land area" means the land area located within the district that is subject to property taxation.*

Sec. 2. [ESTABLISHMENT OF SPECIAL SERVICE DISTRICT.]

Subdivision 1. [ORDINANCE.] *The governing body of the city may adopt an ordinance establishing a special service district in the part of Minneapolis which is south of 28th Street, west of Fremont Avenue South, north of 31st Street, and east of Humboldt Avenue South.*

Only property which is zoned for commercial, business, or industrial use under a municipal zoning ordinance may be included in a special service district. The ordinance shall describe with particularity the areas to be included in the district and the special services to be furnished. The ordinance may not be adopted until after a public hearing on the question. Notice of the hearing shall include:

(1) the time and place of the hearing;

(2) a map showing the boundaries of the proposed district; and

(3) a statement that all persons owning property in the proposed district will be given an opportunity to be heard at the hearing.

Subd. 2. [NOTICE.] *Notice of the hearing shall be given by publication in two issues of the official newspaper of the city. The two publications shall be a week apart and the hearing shall be held at least three days after the last publication. Not less than ten days before the hearing, notice shall also be mailed to the owner of each parcel of real estate within the area proposed to be included in the district. For the purpose of giving mailed notice, owners shall be those shown on the records of the county auditor. Other records may be used to supply necessary information. For properties which are tax exempt or subject to taxation on a gross earning basis in lieu of property tax and are not listed on the records of the county auditor, the owners shall be ascertained by any practicable means and mailed notice given them. At the public hearing, any person affected by a proposed district may be heard orally in respect to any issues embodied in the notice. The hearing may be adjourned from time to time and the ordinance establishing a district may be adopted at any time within six months after the date of the conclusion of the hearing by a vote of the majority of the governing body of the city.*

Sec. 3. [TAXING AUTHORITY; NOTICE AND HEARING REQUIREMENTS.]

Subdivision 1. [TAXES; HEARING.] *A tax may be levied on taxable property, or service charges may be imposed by the city within a special service district at a rate or in an amount sufficient to produce revenues required to provide the special services within the district. For purposes of determining the appropriate tax rate, taxable property or value shall be determined without regard to captured or original assessed value under Minnesota Statutes, section 273.76, or to the distribution or contribution value under Minnesota Statutes, section 473F.08. Taxes and service charges may be imposed to finance a special service that is ordinarily provided by the city only if the service is provided in the district at an increased level and, then, only in an amount sufficient to pay for the increase. A service charge may not be imposed on the receipts from the sale of intoxicating liquor, food, or lodging. Before the levy of taxes or imposition of service charges in a district, for each calendar year, notice shall be given and hearing shall be held pursuant to section 2 and notice shall also be mailed to any individual or business organization subject to a service charge. For purposes of this section, the notice shall also include:*

(a) A statement that all interested persons will be given an opportunity to be heard at the hearing regarding the proposed tax levy or service charge.

(b) The proposed rate or amount of taxes to be levied or the proposed service charge to be imposed in the district during the calendar year and the nature and character of special services to be rendered in the district during the calendar year.

Within six months of the public hearing, the city may adopt a resolution levying a tax or imposing a service charge within the district that does not exceed the amount or rate stated in the notice issued pursuant to this section.

Subd. 2. [EXEMPTION OF CERTAIN PROPERTIES FROM TAXES.] *Property exempt from taxation by Minnesota Statutes, section 272.02, is exempt from any property taxes imposed pursuant to sections 1 to 7.*

Subd. 3. [LEVY LIMIT EXEMPTIONS.] *Taxes and service charges imposed pursuant to sections 1 to 7 shall not be included in the calculation of levies or limits on levies provided by other law or home rule charter.*

Subd. 4. [EXCLUSION FROM HOMESTEAD CREDIT.] *Taxes levied under this section shall not be reduced pursuant to Minnesota Statutes, section 273.13, subdivisions 7, 7d, or 14a.*

Sec. 4. [ENLARGEMENT OF SPECIAL SERVICE DISTRICTS.]

The boundary of a special service district may be enlarged within the part of Minneapolis described in section 2 only after hearing and notice as provided in section 2. Notice shall be served in the original district and in the area proposed to be added to the district. Property added to the district shall be subject to all taxes levied and service charges imposed within the district after the property becomes a part of the district.

Sec. 5. [COLLECTION OF TAXES.]

Property taxes levied within a special service district shall be collected like other property taxes but only from property described in the ordinance. Service charges imposed shall be collected as provided by ordinance. Taxes collected pursuant to sections 1 to 7 shall not be included in computations under Minnesota Statutes, section 273.76, chapter 473F, or any other law that applies to general property taxes.

Sec. 6. [ADVISORY BOARD.]

The governing body of the city shall create and appoint an advisory board for the special service district in the city to advise the governing body in connection with the construction, maintenance, and operation of improvements, and the furnishing of special services in a district. The advisory board shall make recommendations to the governing body on the requests and complaints of owners, occupants, and users of property within the district and members of the public. Before the adoption of any proposal by the governing body to provide services or impose

taxes or service charges within the district, the advisory board of the district must have an opportunity to review and comment upon the proposal. All members of the advisory board shall be residents or property owners within the part of Minneapolis described in section 2.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 7 are effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Minneapolis."

With the recommendation that when so amended the bill pass.

The report was adopted.

Schreiber from the Committee on Taxes to which was referred:

H. F. No. 495, A bill for an act relating to public finance; modifying provisions that allocate industrial revenue bond authority; clarifying the duties of the department of energy and economic development; amending Minnesota Statutes 1984, sections 116J.58, subdivision 4; 474.16, subdivisions 1 and 5, and by adding subdivisions; 474.17, subdivisions 1, 2, and 3; 474.18, subdivisions 2, 3, and 4, and by adding a subdivision; 474.19, subdivisions 1, 2, 3, 4, 5, 6, and 7, and by adding subdivisions; 474.20, subdivisions 1 and 2; 474.22; and 474.23.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 116J.58, subdivision 4, is amended to read:

Subd. 4. [FEDERAL LIMITATION ACT ALLOCATION.] The commissioner shall:

(1) in accordance with sections 474.16 to 474.23, review applications for and grant allocations of authority to issue bonds or other obligations subject to a federal limitation act; and

(2) adopt rules, including emergency rules under sections 14.29 to 14.36, to provide for the allocation of the amount of issuance authority allocated pursuant to section (462.556) *474.-17,* subdivision 3. The rules shall contain criteria and procedures for allocation of authority for use by the department, and to other state agencies, political subdivisions, or other authorities authorized by other law to issue bonds subject to a federal limitation act.

For the purposes of this subdivision, a "federal limitation act" is an act of congress defined in section 474.16, subdivision 5.

Sec. 2. Minnesota Statutes 1984, section 474.16, is amended by adding a subdivision to read:

Subd. 6. "Manufacturing project" means properties, real or personal, used or useful in connection with a revenue producing enterprise engaged or to be engaged in assembling, fabricating, manufacturing, mixing, or processing any products of agriculture, forestry, mining, or manufacture. Properties used for storing, warehousing, or distributing qualify under this definition (a) if they are used as part of or in connection with an assembly, fabricating, manufacturing, mixing, or processing facility or (b) if they are used for the storing of agricultural products and are located outside of the metropolitan area, as defined in section 473.121, subdivision 2. Manufacturing project includes properties, real or personal, used in connection with research and development activity to develop or improve products, production processes, or materials. For purposes of this subdivision, "a product of manufacture" includes information and directions which dictate the functions to be performed by data processing equipment, commonly called computer software, regardless of whether they are embodied in or recorded on tangible personal property. A project qualifies as a manufacturing project only if 75 percent of the proceeds of the proposed obligations will be used for construction, acquisition, installation, or addition of properties described in this subdivision.

Sec. 3. Minnesota Statutes 1984, section 474.16, is amended by adding a subdivision to read:

Subd. 7. "Pollution control project" means properties, real or personal, used or useful in the abatement or control of noise, air, or water pollution, or in the disposal of solid waste, in connection with a revenue producing enterprise, engaged in or to be engaged in any business or industry. A project qualifies as a pollution control project only:

(a) if 75 percent of the proceeds of the obligations will be used for the construction, acquisition, installation, or addition of properties described in this subdivision; or

(b) if it is not a manufacturing project and 75 percent of the proceeds of the obligations will be used for the construction, acquisition, installation, or addition of properties described in this subdivision and in subdivision 6.

Sec. 4. Minnesota Statutes 1984, section 474.16, is amended by adding a subdivision to read:

Subd. 8. "Waste management project" means a project which is authorized by chapter 115A or 400, or sections 473.801 to 473.834.

Sec. 5. Minnesota Statutes 1984, section 474.16, is amended by adding a subdivision to read:

Subd. 9. "Commercial redevelopment project" means a project as defined in section 474.02, if it is not a manufacturing or pollution control project and one of the following conditions is met:

(a) The project site would qualify as a redevelopment district as defined in section 273.73, subdivision 10. To qualify the project need not be included in a tax increment financing district.

(b) Seventy-five percent of the proceeds of the obligations will be used to acquire and rehabilitate or replace an existing structure which is functionally obsolete or contains structural or other defects justifying substantial renovation or clearance.

(c) The project will be undertaken and the obligations issued pursuant to a written program administered by the local issuer and the financing provides for a substantial commitment of local public funds by the issuer.

(d) Substantially all of the proceeds of the obligations will be used to finance facilities with respect to which an urban development action grant has been made under section 119 of the federal Housing and Community Development Act of 1974.

Sec. 6. Minnesota Statutes 1984, section 474.16, is amended by adding a subdivision to read:

Subd. 10. "Written development program" or "program" means a written economic development plan that contains at least substantially all of the following:

(a) a description of the area subject to the plan, which may not exceed 20 percent of the total acreage of the issuer;

(b) a statement of the objectives for the development of the area subject to the plan;

(c) a statement of the development plan for the area subject to the plan, including the property within the area, if any, which is to be acquired by a governmental unit;

(d) a description of the type of specific development reasonably expected to take place within the area subject to the plan; and

(e) a description of the kind and an estimate of the amount of public funds, including local public funds, expected to be spent in connection with the development of the area subject to the plan.

Sec. 7. Minnesota Statutes 1984, section 474.16, is amended by adding a subdivision to read:

Subd. 11. "Substantial commitment of local public funds" means that either of the following two conditions is satisfied.

(a) Under the project financing the governmental unit appropriates, pledges, guarantees, or otherwise provides local public funds to pay part of the cost of financing the obligations, including bond issuance, debt service, loan origination, and carrying expenses, or of the facility financed with the proceeds of the obligations. This condition is satisfied only if at the time the obligations are issued, the issuer reasonably expects that the aggregate value of the local public funds will exceed the lesser of $1,000,000 or one percent of the face amount of the obligations. No provision may be made for a nonexempt person to reimburse the governmental unit for the local public funds.

(b) The governmental unit appropriates, pledges, guarantees, or otherwise provides a program contribution of local public funds or governmental services to the program or a facility financed with the proceeds of the obligations. This condition is satisfied only if the issuer reasonably expects at the time the obligations are issued that the aggregate value of the local public funds will exceed $5,000,000 or five percent of the aggregate face amount of the obligations. The issuer must value the services at the reasonable cost of delivering them. The program contribution must be used for one or more of the following purposes:

(i) reducing the cost of financing the obligations, as described in paragraph (a);

(ii) securing the payment of debt service on obligations issued pursuant to the program;

(iii) financing public improvements under a comprehensive redevelopment or renewal program, if the costs are reasonably allocable to a facility financed with the proceeds of the obligations and if the improvements are made no earlier than three years prior to issuance of the obligations to which the contribution applies or more than one year after issuance; or

(iv) other costs reasonably related to the program. If the governmental unit is reimbursed by a nonexempt person for any part of the program within five years after the contribution was

made, the reimbursement must be applied for one or more of the purposes described in this paragraph.

For purposes of this subdivision, "governmental unit" means the local issuer that issues the obligations for the project or the governmental unit that approves the obligations for purposes of section 103(k)(2) of the Internal Revenue Code of 1954, as amended through December 31, 1984, or both.

Sec. 8. Minnesota Statutes 1984, section 474.16, is amended by adding a subdivision to read:

Subd. 12. "Local public funds" means the funds of a governmental unit except the following:

(a) the proceeds of an obligation subject to a federal limitations act;

(b) payments or property furnished by a nonexempt person to repay or secure the loan of proceeds of an obligation subject to a federal limitations act or other payments made in consideration of the issuance of an obligation subject to a federal limitations act;

(c) payments furnished by a nonexempt person for its right to use in its trade or business a facility financed with the proceeds of obligations subject to a federal limitations act; or

(d) tax increments, as defined in section 273.76, resulting from improvements financed with obligations subject to a federal limitation act; or

(e) tax reductions provided pursuant to sections 273.1312 to 273.1314.

Sec. 9. Minnesota Statutes 1984, section 474.16, is amended by adding a subdivision to read:

Subd. 13. "Nonexempt person" means a person or entity other than an exempt person as defined in section 103(b)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1984.

Sec. 10. Minnesota Statutes 1984, section 474.16, is amended by adding a subdivision to read:

Subd. 14. "Preliminary resolution" means a resolution adopted by the governing body of the issuer or in the case of the iron range resources and rehabilitation board by the commissioner of the board. The resolution must express a preliminary intention of the issuer to issue obligations for a specific project and

must identify the proposed project, the proposed site for the project, and the proposed amount of the obligations to be issued. The requirement that the resolution identify the proposed site for the project does not apply to a waste management project.

Sec. 11. Minnesota Statutes 1984, section 474.17, subdivision 1, is amended to read:

Subdivision 1. [HIGHER EDUCATION COORDINATING BOARD ALLOCATION.] ($30,000,000 FOR CALENDAR YEAR 1984 AND) $10,000,000 for calendar year 1985 *and $25,000,000 for subsequent calendar years* of the aggregate limit of bond issuance authority allocated to the state pursuant to a federal limitation act is allocated to the higher education coordinating board for the issuance of obligations pursuant to chapter 136A. On September 1, 1985, any unused portion of the bonding authority allocated to the higher education coordinating board shall be canceled and the authority shall be allocated pursuant to section 474.19. (IF THE ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY DETERMINES THAT PURSUANT TO A FEDERAL LIMITATION ACT, THE HIGHER EDUCATION COORDINATING BOARD CANNOT ISSUE OBLIGATIONS WHOSE INTEREST IS EXEMPT FROM INCLUSION IN GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION PURSUANT TO SECTION 103 (A) OF THE INTERNAL REVENUE CODE OF 1954, AS AMENDED, THIS ALLOCATION SHALL CANCEL AND THE ALLOCATION PROVIDED IN SUBDIVISION 3 SHALL BE INCREASED TO $55,000,000 FOR CALENDAR YEAR 1984 AND TO $65,000,000 FOR CALENDAR YEAR 1985.)

Sec. 12. Minnesota Statutes 1984, section 474.17, subdivision 4, is amended to read:

Subd. 4. [(LOCAL ISSUER) *POOL* ALLOCATION.] Any amount of the aggregate limit of bond issuance authority allocated to the state for any calendar year pursuant to a federal limitation act which is not allocated pursuant to subdivisions 1 to 3 shall be allocated among (LOCAL) issuers pursuant to sections (474.18) *474.19* to 474.23.

Sec. 13. Minnesota Statutes 1984, section 474.19, is amended to read:

Subdivision 1. [POOL AMOUNT.] From January 1 to (AUGUST 31 OF EACH YEAR, 20 PERCENT OF THE AMOUNT DETERMINED PURSUANT TO SECTION 474.17 SHALL BE AVAILABLE SOLELY FOR LOCAL ISSUERS THAT DO NOT QUALIFY AS ENTITLEMENT ISSUERS AND SHALL BE ALLOCATED AS PROVIDED IN THIS SECTION. FROM SEPTEMBER 1 TO) October 31 of any calendar year, (ANY) *the* amounts (REMAINING) available for allocation or realloca-

tion pursuant to section (474.18) *474.17* or this section shall be allocated among (ALL) local issuers and the energy and economic development authority and the iron range resources and rehabilitation commissioner, pursuant to this section. (AN ENTITLEMENT ISSUER, THE ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY OR) The iron range resources and rehabilitation commissioner may apply for an allocation pursuant to this section only if the applicant has issued bonds equal to any allocation received pursuant to section 474.17 (OR 474.18) or has returned any remaining allocation for reallocation pursuant to this section.

Subd. 2. [APPLICATION.] (A LOCAL ISSUER THAT IS NOT) An (ENTITLEMENT) issuer may apply for an allocation of bond issuance authority pursuant to this section by submitting to the *department of* energy and economic development (AUTHORITY) on or before the (20TH) *10th or the 25th* day of any month from December to September an application on forms provided by the *department of* energy and economic development (AUTHORITY), accompanied by (i) a *preliminary* resolution of the local issuer (EXPRESSING A PRELIMINARY INTENTION TO ISSUE OBLIGATIONS ADOPTED IN ACCORDANCE WITH SECTION 474.01, SUBDIVISION 7B, IF APPLICABLE, WHICH IDENTIFIES THE PROPOSED PROJECT AND THE PROPOSED AMOUNT OF THE OBLIGATIONS TO BE ISSUED); and (ii) an application deposit in the amount of one percent of the requested allocation. (A LOCAL ISSUER MAY ENTER INTO A JOINT POWERS AGREEMENT WITH ANY OTHER STATE OR MUNICIPAL ENTITY WHICH HAS AUTHORITY TO ISSUE OBLIGATIONS SUBJECT TO A FEDERAL LIMITATION ACT WHEREBY THE OTHER ENTITY ISSUES THE BONDS ON BEHALF OF THE LOCAL ISSUER FOR THE PROJECT FOR WHICH AN ALLOCATION WAS RECEIVED BY THE LOCAL ISSUER. A LOCAL ISSUER MAY REQUEST AN ALLOCATION FOR OBLIGATIONS ISSUED PRIOR TO THE EFFECTIVE DATE OF THIS SUBDIVISION.) A local issuer may elect not to submit an application for an allocation of bond issuance authority for a project for which the local issuer previously adopted a preliminary resolution.

(AFTER JULY 31 OF ANY YEAR, AN ENTITLEMENT ISSUER MAY ALSO APPLY FOR AN ALLOCATION UNDER THIS SECTION. ITS APPLICATION NEED NOT COMPLY WITH CLAUSE (I).)

Subd. 3. [ALLOCATION CRITERIA.] The *department of* energy and economic development (AUTHORITY) shall rank each application on the basis of the number of points awarded to it, with one point being awarded for each of the following criteria satisfied:

(1) The current rate of unemployment for the applicant is at or above 110 percent of the statewide average unemployment

rate for the (PREVIOUS YEAR) *most recently available reporting period,* as determined by the department of economic security. The unemployment rate for the applicant shall be the greater of (i) the most recent estimate available for the smallest jurisdiction which wholly includes the jurisdiction of the applicant, as reported by the department of economic security, or (ii) another estimate supplied by the applicant with respect to its jurisdiction, which is documented by the applicant.

(2) The number of individuals employed in the applicant's jurisdiction declined from the second calendar year before the application, to the first calendar year before the application. The estimate of the number of individuals employed for each year shall be based on the same source, and shall be (i) the most recent estimate available for the smallest jurisdiction which wholly includes the applicant, as reported by the department of economic security, or (ii) another estimate supplied by the applicant with respect to its jurisdiction, which is documented by the applicant.

(3) (THE NUMBER OF JOBS TO BE CREATED BY THE PROJECT DESCRIBED IN THE APPLICATION IS AT LEAST 1/10 OF ONE PERCENT OF THE NUMBER OF INDIVIDUALS EMPLOYED IN THE APPLICANT'S JURISDICTION IN THE FIRST CALENDAR YEAR BEFORE THE APPLICATION AS DETERMINED IN THE MANNER PROVIDED IN CLAUSE (2)) *The project will provide additional general tax revenue to the taxing jurisdictions in which the project is located beginning not later than three years after issuance and sale of the obligations.*

(4) The number of jobs to be created by the project described in the application is at least two jobs for each $100,000 of issuance authority requested for the project.

(5) As of the date of application the total market value of all taxable property in the applicant's jurisdiction, as based on the most recent certification of assessed value to the commissioner of revenue, has either (i) declined in relation to the first calendar year before the certification, or (ii) increased in relation to the first calendar year before the certification at a rate which is not in excess of 90 percent of the rate of increase of the state average market value over the same period.

(6) (THE ESTIMATED MARKET VALUE OF THE PROJECT DESCRIBED IN THE APPLICATION IS AT LEAST ONE-HALF OF ONE PERCENT OF THE TOTAL MARKET VALUE OF ALL TAXABLE PROPERTY IN THE APPLICANT'S JURISDICTION AS BASED ON THE MOST RECENT CERTIFICATION OF ASSESSED VALUE TO THE COMMISSIONER OF REVENUE) *The total capital expenditures for the project exceed by ten percent the amount of the proceeds of the obligations to be issued for the project.*

(7) The project is wholly located in an enterprise zone designated pursuant to section 273.1312.

(8) The project site meets the criteria necessary to qualify as a tax increment redevelopment district as defined in section 273.73, subdivision 10. To qualify under this clause the project need not be included in a tax increment financing district.

(9) The project meets one of the following energy conservation criteria: (i) the project is eligible for the additional federal investment tax credits for energy property, (ii) the project involves construction or expansion of a district heating system as defined in section 116J.36, or (iii) the project involves construction of an (ALTERNATIVE) energy source as described in section 116J.26, clause (a), (b), or (d) (,) or (116J.922, SUBDIVISION 6 OR 7) *116M.03, subdivisions 23 and 26.*

(10) (NINETY PERCENT OR MORE OF THE PROCEEDS OF THE PROPOSED OBLIGATIONS WILL BE USED FOR CONSTRUCTION, INSTALLATION, OR ADDITION OF EQUIPMENT USED PRIMARILY TO ABATE OR CONTROL POLLUTANTS TO MEET OR EXCEED STATE LAWS, RULES, OR STANDARDS.)

((11)) The project consists of the renovation, rehabilitation, or reconstruction of an existing building which is (i) located in a historic district designated under section 138.73, or on a site listed in the state registry of historical sites under sections 138.53 to 138.5819; or (ii) designated in the National Register pursuant to United States Code, title 16, section 470a.

((12) NINETY PERCENT OR MORE OF THE PROCEEDS OF THE PROPOSED OBLIGATIONS WILL BE USED TO FINANCE FACILITIES FOR WASTE MANAGEMENT AS DEFINED IN SECTION 115A.03, SUBDIVISION 36, OR SOLID WASTE AS DEFINED IN SECTION 116.06, SUBDIVISION 10.)

((13)) *(11)* Service connections to sewer and water systems are available to the project at the time the application is submitted.

((14) THE MINORITY POPULATION IN THE APPLICANT'S JURISDICTION IS AT LEAST 110 PERCENT OF THE STATEWIDE AVERAGE AS DETERMINED BY THE AFFIRMATIVE ACTION DIVISION OF THE DEPARTMENT OF ECONOMIC SECURITY ACCORDING TO THE MOST RECENT CENSUS DATA.)

(12) As provided by a binding agreement with the municipality, at least ten percent of the individuals employed by the

principal user or users of the project will be minority or low income individuals.

((15)) *(13)* When the application is submitted either (a) neither the anticipated owner of the project, nor any party of which the owner was a controlling partner or shareholder, or which was a controlling shareholder or partner of the owner, owned or operated a substantially similar business within the state or (b) the project is an expansion of the operations of an existing business which is not likely to have the effect of transferring existing employment from one or more other municipalities within the state to the municipality in which the project is located.

((16)) *(14)* A controlling interest in the project will be owned by one or more women or minority persons.

((17)) *(15)* Seventy-five percent or more of the proceeds of the proposed issue will be used to rehabilitate an existing structure.

((18) AT THE TIME OF APPLICATION, THE PROPERTY ON WHICH THE PROJECT IS TO BE LOCATED IS PROPERLY ZONED FOR THE PROPOSED USE.)

((19) THE BOND ISSUE INVOLVES A CREDIT ENHANCEMENT DEVICE PROVIDING ADDITIONAL SECURITY FOR BONDHOLDERS INVOLVING COMMITMENTS OR FEES TO BE PAID BY THE ISSUER OTHER THAN FROM BOND PROCEEDS. NO POINTS SHALL BE AWARDED FOR CREDIT ENHANCEMENT DEVICES FINANCED DIRECTLY OR INDIRECTLY BY A PRIVATE, FOR-PROFIT PARTY WHICH HAS A FINANCIAL INTEREST IN OR IS RELATED TO ANY PARTY WHICH HAS A FINANCIAL INTEREST IN THE PROJECT.)

Subd. 4. [ALLOCATION PROCEDURE.] *(a)* The *department of* energy and economic development (AUTHORITY) shall allocate available issuance authority to applications by the (FIFTH) *tenth* day (OF THE MONTH) succeeding each application deadline specified in subdivision 2 *in the following order of priority and available issuance authority may not be allocated to any other project:*

(i) applications for manufacturing projects;

(ii) applications for pollution control projects or waste management projects; and

(iii) applications for commercial redevelopment projects.

Within each category of applications available authority shall be assigned on the basis of the numerical rank determined pursuant to this section (, BUT (I) NO ALLOCATION SHALL BE AWARDED TO AN APPLICATION DEMONSTRATING LESS THAN FOUR POINTS, (II) ANY PROJECT WHICH IS AUTHORIZED BY CHAPTER 115A, CHAPTER 400, OR SECTIONS 473.801 TO 473.834, SHALL RECEIVE AN ALLOCATION OF ISSUANCE AUTHORITY WITHOUT REGARD TO ITS NUMERICAL RANK TO THE EXTENT THAT THE AMOUNT OF ISSUANCE AUTHORITY ALLOCATED TO THE PROJECT WHEN ADDED TO THE ISSUANCE AUTHORITY PREVIOUSLY ALLOCATED DURING THE CALENDAR YEAR PURSUANT TO THIS CLAUSE DOES NOT EXCEED 49 PERCENT OF THE AMOUNT PROVIDED IN SUBDIVISION 1, PROVIDED THAT IF OBLIGATIONS FOR ANY PROJECT DESCRIBED IN THIS CLAUSE ARE NOT SUBJECT TO A FEDERAL LIMITATION ACT, NO ALLOCATION SHALL BE MADE PURSUANT TO THIS CLAUSE, (III) IF ON OR BEFORE SEPTEMBER 1, THE ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY RETURNS A PORTION OF ITS ALLOCATION FOR REALLOCATION PURSUANT TO THIS SECTION, AND THE IRON RANGE RESOURCES AND REHABILITATION COMMISSIONER HAS ISSUED OBLIGATIONS IN AN AMOUNT EQUAL TO ITS ALLOCATION OR HAS SUBMITTED A LETTER OF INTENT FOR ANY AMOUNT NOT ISSUED, APPLICATIONS FROM THE IRON RANGE RESOURCES AND REHABILITATION COMMISSIONER WHICH DEMONSTRATE FOUR OR MORE POINTS SHALL RECEIVE AN ALLOCATION UP TO AN AMOUNT EQUAL TO $10,000,000 OR THE AMOUNT RETURNED FOR REALLOCATION BY THE ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY OR THE AMOUNT REMAINING TO BE ALLOCATED, WHICHEVER IS LESS, (IV) IF ON OR BEFORE SEPTEMBER 1, THE IRON RANGE RESOURCES AND REHABILITATION COMMISSIONER RETURNS A PORTION OF HIS ALLOCATION FOR REALLOCATION PURSUANT TO THIS SECTION, AND THE ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY HAS ISSUED OBLIGATIONS IN AN AMOUNT EQUAL TO ITS ALLOCATION OR HAS SUBMITTED A LETTER OF INTENT FOR ANY AMOUNT NOT ISSUED, APPLICATIONS FROM THE ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY WHICH DEMONSTRATE FOUR OR MORE POINTS SHALL RECEIVE AN ALLOCATION UP TO AN AMOUNT EQUAL TO $10,000,000 OR THE AMOUNT RETURNED FOR REALLOCATION BY THE IRON RANGE RESOURCES AND REHABILITATION COMMISSIONER OR THE AMOUNT REMAINING TO BE ALLOCATED, WHICHEVER IS LESS, AND (V)). If two or more applications have the same numerical rank, the allocation of issuance authority as between the applications shall be by lot unless otherwise agreed by the respective local issuers. If an application is rejected, the *department of* energy and economic

development (AUTHORITY) shall return the application deposit to the applicant within 30 days.

(b)(i) From January 1 through October 31, no more than 20 percent of the total amount of issuance authority available for allocation during the calendar year pursuant to this section may be allocated to pollution control and waste management projects.

(ii) From January 1 through October 31, no more than 35 percent of the total amount of issuance authority available for allocation during the calendar year pursuant to this section may be allocated to commercial redevelopment projects. This amount is increased to 55 percent of the total available authority for the next month's allocation if the following two conditions occur. (A) On or after June 30 the total amount of issuance authority available under this section which has not been allocated or has been allocated to but was returned by an issuer exceeds 45 percent of the total amount of issuance authority available for allocation under this section for the calendar year. (B) The entire amount of issuance authority available under this subparagraph for commercial redevelopment projects has been allocated.

Subd. 5. [LETTER OF INTENT.] A local issuer which has received an allocation pursuant to this section prior to September 1 and which intends to issue obligations pursuant to it after August 31 of the year in which the allocation was received, shall submit to the *department of* energy and economic development (AUTHORITY) on or before September 1 a letter stating its intent to issue bonds before the end of the calendar year or within the time period permitted by a federal limitation act. If the letter of intent is not submitted to the *department of* energy and economic development (AUTHORITY), the one percent application deposit shall be returned to the local issuer, the issuance authority shall be canceled, and the issuance authority previously allocated to the local issuer will be available for reallocation pursuant to this section. If a local issuer returns for reallocation all or any part of its allocation on or before October 31, that portion of its application deposit equal to one percent of the amount returned shall be refunded within 30 days.

Subd. 6. [FINAL ALLOCATION.] From November 1 to December 31 of each year any amount determined pursuant to section 474.17, which is not both previously allocated and subject to a preliminary resolution for a specific project, whether or not committed pursuant to a letter of intent, *is available for allocation or reallocation and* shall be allocated among (LOCAL) issuers (BASED ON A RANKING OF POINTS FOR CRITERIA AS SET FORTH IN SUBDIVISIONS 3 AND 4. NO MINIMUM NUMBER OF POINTS SHALL BE REQUIRED FOR ALLOCATION. IF TWO OR MORE APPLICATIONS RECEIVE AN EQUAL NUMBER OF POINTS, ALLOCATION AMONG THEM SHALL BE MADE BY LOT UNLESS OTHERWISE

AGREED BY THE RESPECTIVE APPLICANTS). *Amounts available for allocation pursuant to this subdivision shall be allocated on November 5, December 5, and December 20.* An application for this allocation shall be submitted by October (20) *25 or November 25,* shall include evidence of passage of a preliminary resolution (GIVING APPROVAL TO A SPECIFIC PROJECT) and (STATING) *which states* that it is the intent of the applicant that the obligations will be issued by the end of the year or within the time period permitted by a federal limitation act, and shall be accompanied by an application deposit in the amount of one percent of the requested allocation. The *department of* energy and economic development (AUTHORITY) shall notify applicants of their allocation on or before (NOVEMBER 5) *the fifth day of the month following the month in which applications were submitted.*

Any amounts of authority which (MAY) become available for reallocation after (NOVEMBER) *December* 5 shall be allocated among *all* issuers which *have* filed an application (BY OCTOBER 20, PURSUANT TO THE CRITERIA STATED IN SUBDIVISION 3). *This allocation must be made on December 20.*

Authority may be allocated under this subdivision to any project, notwithstanding the percentage limits and other restrictions contained in subdivision 4. Applications must be ranked and authority allocated first according to the order of priority and ranking of points under subdivisions 3 and 4. The remaining authority must be allocated according to the ranking of points under subdivision 3. If two or more applications receive an equal number of points, allocations among them shall be made by lot unless otherwise agreed by the respective applicants.

If issuance authority remains or becomes available following the final December 20th allocation, the department of energy and economic development must allocate the available authority to the higher education coordinating board.

Subd. 7. [RETURN OF ALLOCATION.] If prior to December 20 of any year, an issuer determines that it will not issue obligations pursuant to authority allocated to it pursuant to this section or section (459.35 OR 462.556) *474.17* by the end of that year or within the time period permitted by a federal limitation act, the issuer may notify the *department of* energy and economic development (AUTHORITY) and such amount will be available for reallocation pursuant to this subdivision. In such case, the *department of* energy and economic development (AUTHORITY) shall refund to the issuer within 30 days that portion of any application deposit equal to one-third of one percent of the amount returned for reallocation. The amounts available for reallocation shall be allocated on or before December 31 (OF EACH YEAR AMONG ISSUERS WHICH HAVE SUBMITTED AN APPLICATION BY DECEMBER 10, AND WHICH HAVE

CERTIFIED THAT THE PROJECT TO WHICH THE APPLICATION RELATES QUALIFIES FOR CARRYOVER TREATMENT OF ALLOCATED AUTHORITY ACCORDING TO THE TERMS OF A FEDERAL LIMITATION ACT, SUCH THAT OBLIGATIONS MAY BE ISSUED PURSUANT TO SUCH ALLOCATION OF AUTHORITY AFTER THE END OF THE YEAR, WITHOUT EXPIRATION OF SUCH AUTHORITY. IF THERE IS INSUFFICIENT AUTHORITY FOR ALLOCATION AMONG APPLICATIONS RECEIVED PURSUANT TO THIS SUBDIVISION, ALLOCATION AMONG THEM SHALL BE MADE BY LOT UNLESS OTHERWISE AGREED BY THE RESPECTIVE APPLICANTS) *pursuant to subdivision 6.*

Sec. 14. Minnesota Statutes 1984, section 474.20, is amended to read:

474.20 [NOTICES REQUIRED.]

Subdivision 1. [NOTICE OF ISSUE.] Any issuer of obligations subject to limitation under a federal limitation act shall give a notice of issue stating the date of issuance of the obligations, the allocation under which the obligations are issued, and the principal amount of the obligations to the *department of* energy and economic development (AUTHORITY) within five days after the obligations are issued. If the notice of issue is not filed within five days after the obligations are issued, the obligations shall be void unless this provision is waived by the *department of* energy and economic development (AUTHORITY). Within 30 days after receipt of the notice, the *department of* energy and economic development (AUTHORITY) shall refund a portion of any application deposit equal to one percent of the principal amount of the obligations issued.

Subd. 2. [NOTICE OF AVAILABLE AUTHORITY.] The *department of* energy and economic development (AUTHORITY) shall as soon as possible after the fifth day of each month publish in the State Register a notice of the amount of authority available for allocation or reallocation in the following month as of the fifth day of the month during which the notice is published, after allocation of authority pursuant to section 474.19.

Sec. 15. Minnesota Statutes 1984, section 474.22, is amended to read:

474.22 [LEGISLATIVE REVIEW.]

On March 1, 1986, the *department of* energy and economic development (AUTHORITY) shall deliver a comprehensive report to the secretary of the senate and the clerk of the house which provides detailed information concerning the allocation of issuing authority pursuant to sections 474.16 to 474.20.

Sec. 16. Minnesota Statutes 1984, section 474.23, is amended to read:

474.23 [ADDITIONAL CONDITIONS.]

(IF A FEDERAL LIMITATION ACT AS DEFINED IN SECTION 474.16, SUBDIVISION 5, IS ADOPTED,) Action under chapter 474 with respect to any project which is to be financed by obligations which are subject to a federal limitation act shall be subject to the following conditions:

(a) No municipality or redevelopment agency shall undertake any project, except a project referred to in section 474.02, subdivision 1f, unless its governing body finds that the project would not be undertaken but for the availability of industrial development bond financing.

(b) Notwithstanding any provision of this chapter, the term "project" shall not include: an airplane; a private luxury box; a facility primarily used for gambling; or a store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(c) (NO MORE THAN TEN PERCENT OF THE PROCEEDS OF REVENUE BONDS MAY BE USED TO FINANCE MOVABLE EQUIPMENT NOT CONSTITUTING A FIXTURE,) No more than 25 percent of the proceeds of revenue bonds may be used to finance the acquisition of land, and not more than $10,000,000 in revenue bonds which are industrial development bonds subject to the exemption described in section 103(b)(6) of the Internal Revenue Code of 1954, as amended through December 31, 1983, may be issued with respect to any one building which is used for commercial, office or industrial purposes, without regard to ownership of condominium units within the building.

(THIS SECTION TAKES EFFECT 90 DAYS AFTER THE FEDERAL LIMITATION ACT IS SIGNED BY THE PRESIDENT OR PASSED OVER HIS VETO.)

Sec. 17. [474.26] [APPROPRIATION.]

The amount necessary to pay the return or refund of application desposits required by section 474.19 is annually appropriated to the department of energy and economic development from the general fund.

Sec. 18. [TRANSITION PROVISION; 1985 ALLOCATIONS.]

Sections 1 to 15 and 19 do not apply to obligations (a) which received allocations of calendar 1985 authority pursuant to Min-

nesota Statutes 1984, sections 474.16 to 474.25 and which were issued and sold within 120 days after the effective date of this act or (b) which received an allocation pursuant to Minnesota Statutes 1984, section 474.19 for a waste management project. Any allocation of calendar 1985 authority pursuant to Minnesota Statutes 1984, sections 474.16 to 474.25 which do not qualify under the preceding sentence cancel and must be reallocated pursuant to section 474.19, as amended by section 13. The total amount of authority to be allocated for calendar year 1985 pursuant to section 474.19 as amended by section 13 must be determined by deducting the amount of calendar 1985 authority qualifying under the first sentence of this section from the amount otherwise available. Notwithstanding the provisions of section 13, the resulting amounts available for allocation during calendar year 1985 may be allocated solely to manufacturing and pollution control projects and up to one-half of the amount shall be available for pollution control projects. The restrictions imposed by the preceding sentence do not apply to the final allocations made during the months of November and December.

Sec. 19. [REPEALER.]

Minnesota Statutes 1984, sections 474.16, subdivisions 3 and 4; 474.17, subdivision 3; 474.18; 474.24; and Laws 1984, chapter 582, section 23, are repealed. Laws 1984, chapter 582, sections 1, 6, and 9 to 22 remain in effect until provided otherwise by other law.

Sec. 20. [EFFECTIVE DATE.]

Sections 1 to 19 are effective the day following final enactment. The amendment to the last sentence of Minnesota Statutes 1984, section 474.19, subdivision 1, is effective 120 days after the day following final enactment."

Delete the title and insert:

"A bill for an act relating to private activity bonds; modifying the method of allocating authority to issue private activity obligations; correcting erroneous references; appropriating money; amending Minnesota Statutes 1984, sections 116J.58, subdivision 4; 474.16, by adding subdivisions; 474.17, subdivisions 1 and 4; 474.19; 474.20; 474.22; and 474.23; proposing coding for new law in Minnesota Statutes, chapter 474; repealing Minnesota Statutes 1984, sections 474.16, subdivisions 3 and 4; 474.17, subdivision 3; 474.18; 474.24; and Laws 1984, chapter 582, section 23."

With the recommendation that when so amended the bill pass.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

H. F. No. 568, A bill for an act relating to causes of action; allowing an award of damages for mental anguish in actions for death by wrongful act; amending Minnesota Statutes 1984, section 573.02, subdivisions 1 and 4.

Reported the same back with the following amendments:

Page 2, delete section 2

Amend the title as follows:

Page 1, line 5, delete "subdivisions 1 and 4" and insert "subdivision 1"

With the recommendation that when so amended the bill pass.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 584, A bill for an act relating to Lake of the Woods county; authorizing the issuance of bonds for the construction of jetties and related public improvements; and authorizing the levy of special assessments.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 592, A bill for an act relating to the city of New Ulm; permitting the establishment of special service districts; providing taxing and other financial authority for New Ulm.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [DIVISIONS.]

Subdivision 1. For the purpose of this act the terms defined in this section have the following meanings.

Subd. 2. "City" means the city of New Ulm.

Subd. 3. "Special services" means all services rendered or contracted for by the city, including, but not limited to:

(a) the repair, maintenance, operation, and construction of any improvements authorized by Minnesota Statutes, section 429.021;

(b) parking services rendered or contracted for by the city; and

(c) any other service provided to the public by the city that is authorized by law or charter provision.

Special services do not include any service that is ordinarily provided throughout the city from general fund revenues of the city unless an increased level of the service is provided in the special service district.

Subd. 4. "Special service district" means a defined area within the city where special services are rendered and the costs of the special services are paid from revenues collected from taxes and service charges imposed within that area.

Subd. 5. "Assessed value" means the assessed value as most recently certified by the commissioner of revenue before the effective date of the ordinance or resolution adopted pursuant to section 2 or 3.

Subd. 6. "Land area" means the land area in the district which is subject to property taxation.

Sec. 2. [ESTABLISHMENT OF SPECIAL SERVICE DISTRICT.]

Subdivision 1. [ORDINANCE.] *The governing body of the city may adopt an ordinance establishing a special service district. Only property which is zoned for commercial, business, or industrial use under a municipal zoning ordinance may be included in a district. The ordinance shall describe with particularity the area within the city to be included in the district and the special services to be furnished in the district. The ordinance may not be adopted until after a public hearing has been held on the question. Notice of the hearing shall include:*

(a) the time and place of hearing;

(b) a map showing the boundaries of the proposed district; and

(c) a statement that all persons owning property in the proposed district will be given opportunity to be heard at the hearing.

Subd. 2. [NOTICE.] *Notice of the hearing shall be given by publication in two issues of the official newspaper of the city. The two publications shall be a week apart and the hearing shall be held at least three days after the last publication. Not less than ten days before the hearing, notice shall also be mailed to the owner of each parcel within the area proposed to be included in the district. For the purpose of giving mailed notice, owners shall be those shown on the records of the county auditor. Other records may be used to supply the necessary information. For properties which are tax exempt or subject to taxation on a gross earnings basis in lieu of property tax and are not listed on the records of the county auditor, the owners shall be ascertained by any practicable means and mailed notice given them. At the public hearing any person affected by the proposed district may be heard orally in respect to any issues relevant to the proposed district. The hearing may be adjourned from time to time and the ordinance establishing the district may be adopted at any time within six months after the date of the conclusion of the hearing by a vote of the majority of the governing body of the city.*

Sec. 3. [TAXING AUTHORITY; NOTICE AND HEARING REQUIREMENTS.]

Subdivision 1. [TAXES; HEARING.] *Ad valorem taxes may be levied on taxable nonhomestead property or service charges may be imposed by the city within the special service district at a rate or amount sufficient to produce the revenues required to provide special services within the district. To determine the appropriate mill rate, nonhomestead taxable property or value shall be determined without regard to captured or original assessed value under Minnesota Statutes, section 273.76 or to the distribution or contribution value under Minnesota Statutes, section 473F.08. Taxes and service charges shall not be imposed to finance a special service if the service is ordinarily provided by the city from its general fund revenues unless the service is provided in the district at an increased level, in which case only an amount to pay for the increased level may be imposed. A service charge shall not be imposed on the receipts from the sale of intoxicating liquor, food, or lodging. Before the levy of taxes or imposition of service charges in a district, for each calendar year, notice shall be given and hearing shall be held pursuant to section 2 and notice shall also be mailed to any individual or business organization subject to a service charge. For purposes of this section the notice shall also include:*

(a) A statement that all interested persons will be given an opportunity to be heard at the hearing regarding a proposed tax levy or service charge.

(b) The estimated cost of improvements to be paid for in whole or in part by taxes or service charges imposed pursuant to this section, the estimated cost of operating and maintaining

the improvements during the first year after completion of the improvements, the proposed method and source of financing the improvements and the annual cost of operating and maintaining the improvements.

(c) The proposed rate or amount of taxes to be extended or the proposed service charge to be imposed in the district during the calendar year and the nature and character of special services to be rendered in the district during the calendar year.

(d) A statement that the petition requirements of section 8 have either been met or do not apply to the proposed taxes or service charge.

Within six months of the public hearing, the city may adopt a resolution levying a tax or imposing a service charge within the district not exceeding the amount or rate expressed in the notice issued pursuant to this section.

Subd. 2. [EXEMPTION OF CERTAIN PROPERTIES FROM TAXES.] *Property exempted from taxation by Minnesota Statutes, section 272.02, is exempt from any ad valorem taxes imposed pursuant to this act.*

Subd. 3. [LEVY LIMIT EXEMPTION.] *Taxes and service charges imposed pursuant to this act shall not be included in the calculation of levies or limits on levies provided by other law or home rule charter provision.*

Subd. 4. [EXCLUSION FROM HOMESTEAD CREDIT.] *Taxes levied under this section shall not be reduced pursuant to Minnesota Statutes, section 273.13, subdivision 6, 7, 7d, or 14a.*

Sec. 4. [ENLARGEMENT OF SPECIAL SERVICE DISTRICTS.]

Boundaries of a special service district may be enlarged only after hearing and notice as provided in sections 2 and 3. Notice shall be served in the original district and in the area proposed to be added to the district. Property added to the district shall be subject to all taxes levied and service charges imposed within the district after the property becomes a part of the district. The petition requirement in section 8 and the veto power in section 9 shall only apply to owners, individuals, and business organizations in the area proposed to be added to the district.

Sec. 5. [COLLECTION OF TAXES.]

Ad valorem taxes levied within a special service district shall be collected and paid over as other ad valorem taxes, but shall be spread only upon the assessed value of property described in

the ordinance. Service charges imposed shall be collected as provided by ordinance. Taxes collected pursuant to this act shall not be included in computations under Minnesota Statutes, section 273.76, chapter 473F, or any other law that applies to general ad valorem levies.

Sec. 6. [BONDS.]

At any time after a contract for the construction of all or part of an improvement authorized pursuant to this act has been entered into or the work has been ordered done by day labor, the governing body of the city may issue obligations in the amount it deems necessary to defray in whole or in part the expense incurred and estimated to be incurred in making the improvement, including every item of cost from inception to completion and all fees and expenses incurred in connection with the improvement or the financing. The obligations shall be payable primarily out of the proceeds of the tax levied pursuant to section 3, or from any other special assessment or nontax revenues available to be pledged for their payment under charter or other statutory authority, or from any two or more of such sources. The governing body may, by resolution adopted prior to the sale of obligations, pledge the full faith, credit, and taxing power of the municipality to assure payment of the principal and interest if the proceeds of the tax levy in the district are insufficient to pay the principal and interest. The obligations shall be issued in accordance with Minnesota Statutes, chapter 475, except that an election shall not be required, and the amount of the obligations shall not be included in determining the net debt of the city under the provisions of any law or charter limiting debt.

Sec. 7. [ADVISORY BOARD.]

The governing body of the city may create and appoint an advisory board for each special service district in the city to advise the governing body in connection with the construction, maintenance, and operation of improvements, and the furnishing of special services in a district. The advisory board shall make recommendations to the governing body on the requests and complaints of owners, occupants, and users of property within the district and members of the public. Before the adoption of any proposal by the governing body to provide services or impose taxes or service charges within the district, the advisory board of the district shall have an opportunity to review and comment upon the proposal.

Sec. 8. [PETITION REQUIRED.]

No action may be taken pursuant to section 2 unless owners of ten percent or more of the land area of the proposed special

service district and owners of ten percent or more of the assessed value of the proposed district file a petition requesting a public hearing on the proposed action with the city clerk. No action may be taken pursuant to section 3 to impose an ad valorem tax unless owners of ten percent or more of the land area subject to a proposed tax and owners of ten percent or more of the assessed value subject to a proposed tax file a petition requesting a public hearing on the proposed action with the city clerk. No action may be taken pursuant to section 3 to impose a service charge unless ten percent or more of the individual or business organizations subject to the proposed service charge file a petition requesting a public hearing on the proposed action with the city clerk. If the boundaries of a proposed district are changed or the land area or assessed value subject to a tax or the individuals or business organizations subject to a service charge are changed after the public hearing, a petition meeting the requirements of this section must be filed with the city clerk before the ordinance establishing the district or resolution imposing the tax or service charge may become effective.

Sec. 9. [VETO POWER OF OWNERS.]

Subdivision 1. [NOTICE OF RIGHT TO FILE OBJECTIONS.] *Except as provided in section 10, the effective date of any ordinance or resolution adopted pursuant to sections 2 and 3 shall be at least 45 days after it is adopted. Within five days after adoption of the ordinance or resolution, a copy of the ordinance or resolution shall be mailed to the owner of each parcel included in the special service district and any individual or business organization subject to a service charge in the same manner that notice is mailed pursuant to section 2. The mailing shall include a notice that owners subject to a tax and individuals and business organizations subject to a service charge have a right to veto the ordinance or resolution by filing the required number of objections with the city clerk before the effective date of the ordinance or resolution.*

Subd. 2. [REQUIREMENT FOR VETO.] *If owners of 35 percent of the land area in the district and owners of 35 percent of the assessed value in the district file an objection to the ordinance adopted by the city pursuant to section 2 with the city clerk before the effective date of the ordinance, the ordinance shall not become effective. If owners of 35 percent of the land area subject to a tax and owners of 35 percent of the assessed value subject to a tax file an objection to the resolution adopted levying an ad valorem tax pursuant to section 3 with the city clerk before the effective date of the resolution, the resolution shall not become effective. If 35 percent of individuals and business organizations subject to a service charge file an objection to the resolution adopted imposing a service charge pursuant to section 3 with the city clerk before the effective date of the resolution, the resolution shall not become effective.*

Sec. 10. [EXCLUSION FROM PETITION REQUIREMENTS AND VETO POWER.]

The petition requirement of section 8 and the right of owners and those subject to a service charge to veto a resolution in section 9 do not apply to second or subsequent years' applications of a tax or service charge which is authorized to be in effect for more than one year pursuant to a resolution which has met the petition requirements of section 8 and which has not been vetoed under section 9 for the first year's application. A resolution levying a tax or imposing a service charge for more than one year shall not be adopted unless the notice of public hearing required by section 3 and the notice mailed with the adopted resolution pursuant to section 9 include the following information:

(a) In the case of improvements, the maximum rate or amount of taxes to be levied or the maximum service charge to be imposed in any year and the maximum number of years the taxes will be levied or service charges imposed to pay for the improvement.

(b) In the case of operating and maintenance services, the maximum rate or amount of taxes to be levied or the maximum service charge to be imposed in any year and the maximum number of years, or a statement that the tax will be imposed for an indefinite number of years, the taxes will be levied or service charges imposed to pay for operation and maintenance services.

The resolution may provide that the maximum amount of tax to be levied or maximum service charge to be imposed in any year will increase or decrease from the maximum amount authorized in the preceding year based on an indicator of increased cost or a percentage amount established by the resolution.

Sec. 11. [REPORT TO LEGISLATURE.]

The manager of the city of New Ulm shall file a written report with the chairman of the house local and urban affairs committee and the chairman of the senate local and urban government committee on or before January 31, 1986. The report shall apprise the committee as to the activities undertaken pursuant to this act and recommend any changes that should be considered if the legislature were to enact statewide legislation for the establishment of special service districts.

Sec. 12. [EFFECTIVE DATE.]

Sections 1 to 10 are effective for the city of New Ulm the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of New Ulm."

Delete the title and insert:

"A bill for an act relating to local government; permitting the establishment of special service districts in the city of New Ulm; providing taxing and other financial authority for New Ulm."

With the recommendation that when so amended the bill pass.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 594, A bill for an act relating to the city of Warroad; permitting the establishment of a port authority.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 609, A bill for an act relating to health; providing for the distribution of maternal and child health block grant funds to special projects; amending Minnesota Statutes 1984, sections 145.882; 145.884; 145.885; and 145.886.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 145.882, is amended to read:

145.882 [MATERNAL AND CHILD HEALTH BLOCK GRANT DISTRIBUTION.]

Subdivision 1. [CONTINUATION OF 1983 PROJECTS.] Recipients of maternal and child health grants for special projects in state fiscal year 1983 shall continue to be funded at the same level as in state fiscal year 1983 until (SEPTEMBER 30, 1985 IF THEY COMPLY WITH THE PROVISIONS OF SECTIONS 145.881, AND 145.882 TO 145.888) *December 31, 1986. Beginning January 1, 1987, recipients of maternal and child health special project grants awarded in state fiscal year 1983 must receive:*

(1) for calendar year 1987, no less than 90 percent of the amount awarded in state fiscal year 1983;

(2) for calendar year 1988, no less than 80 percent of the amount awarded in state fiscal year 1983; and

(3) for calendar year 1989, no less than 70 percent of the amount awarded in state fiscal year 1983.

The amount of grants awarded under this subdivision to grantees receiving an excess of $100,000 annually must be deducted from the allocation due to the community health services area within which the grantee is located. If the community health services area includes more than one local board of health, the amount of the grant must be deducted only from the allocation due to the area served by the local board of health within which the grantee is located. The remaining areas served by local boards of health within that community health services area which do not include a grantee under this subdivision must be treated as a separate community health services area for purposes of the formula in subdivision 4. In order to receive money under this subdivision, grantees must continue to comply with the provisions of sections 145.881, and 145.882 to 145.888. These recipients are also eligible to apply for (STATE) grants under sections 145.883 to 145.888. Any *increase or* decrease in the amount of federal funding to the state for the maternal and child health block grant shall be apportioned to reflect a proportional *increase or* decrease for each recipient (UNTIL SEPTEMBER 30, 1985). Any increase in the amount of federal funding to the state shall be distributed (FOR SERVICES TO CHILDREN WITH HANDICAPS AND TO SPECIAL PROJECTS AS PROVIDED IN SECTIONS 145.883 TO 145.888, EXCEPT THAT AN AMOUNT NOT TO EXCEED TEN PERCENT MAY BE RETAINED BY THE COMMISSIONER OF HEALTH TO ADDRESS COST OF LIVING INCREASES AND INCREASES IN SUPPLIES AND SERVICES) *according to the formula in subdivision 3 of this section.*

(AFTER SEPTEMBER 30, 1985,) The advisory task force shall review and recommend the proportion of maternal and child health block grant funds to be expended for indirect costs, direct services and special projects. (THE PROPORTION OF FUNDS EXPENDED IN DIRECT SERVICES THROUGH SPECIAL PROJECTS SHALL BE MAINTAINED AT NOT LESS THAN THE LEVEL EXPENDED IN STATE FISCAL YEAR 1984.)

Subd. 2. [ALLOCATION TO THE DEPARTMENT OF HEALTH.] *Beginning January 1, 1986, up to one-third of the total maternal and child health block grant money may be retained by the commissioner of health for administrative and technical assistance services, projects of regional or statewide*

significance, direct services to children with handicaps, indirect costs, and other activities of the department.

Subd. 3. [DISTRIBUTION FORMULA.] *The maternal and child health block grant money remaining after distributions made under subdivisions 1 and 2 shall be allocated to community health services area for distribution by local boards of health to qualified programs that provide essential services within the community health services area. For purposes of this section, "community health services area" means a city, county, or multicounty area which is organized as a local board of health under section 145.913 and for which a state subsidy is received pursuant to sections 145.911 to 145.922. The amount of funds available for each community health services area shall be determined according to the following formula:*

(a) Each community health services area shall be allocated an amount based on the following three variables:

(1) proportion of resident mothers within the county or counties who are under 20 years of age or over 35 years of age, as determined by averaging the data available for the three most current years;

(2) proportion of resident infants within the county or counties whose weight at birth is less than 2,500 grams, as determined by averaging the data available for the three most current years; and

(3) proportion of resident children within the county or counties under the age of 19 who are on general assistance or medicaid and the proportion of resident women within the county or counties aged 19 to 49 who are on general assistance or medicaid, as determined by using the data available for the most current year.

(b) Each variable must be expressed as a county score consisting of the county frequency of each variable divided by the statewide frequency of the variable.

(c) A total score for each county jurisdiction shall be computed by totaling the scores of the foregoing three factors and dividing the score obtained by three.

(d) Each community health services area must be allocated an amount equal to the score obtained above for the city, county, or counties in its area multiplied by the amount of funds determined to be available for special projects of local significance.

If no approvable applications are received for a community health services area, the commissioner may reallocate the funds available for that area to other community health service areas for which approvable applications have been received.

This formula also applies to any city or county that is not participating in the community health services subsidy in order to determine the amount of funds available for purposes of this subdivision. The commissioner shall convene a meeting of public and private nonprofit agencies in cities or counties who have expressed an intent to submit an application for funding. The meeting shall be used for purposes of attempting to develop a single coordinated grant application for each city or county. All applications, whether consolidated into a single application or as individual applications, shall be submitted according to section 145.885. If no approvable applications are received, the commissioner may reallocate the funds to community health service areas for which applications have been received.

Subd. 4. [USE OF BLOCK GRANT MONEY.] *Maternal and child health block grant money received by a local board of health or community health services area under this section must be used for qualified programs for high risk and low income individuals. Block grant money must be used for programs that:*

(1) specifically address the highest risk populations, particularly low income and minority groups with a high rate of infant mortality and low birth weight children, by providing services calculated to produce measurable decreases in infant mortality rates and instances of low birth weight children and medical complications associated with pregnancy and childbirth;

(2) specifically target pregnant women whose age, medical condition, or maternal history substantially increases the likelihood of complications associated with pregnancy and childbirth, or the birth of a child with an illness, disability, or special medical needs;

(3) specifically address the health needs of young children who have, or are likely to have, a chronic disease or disability or special medical needs;

(4) provide preventive and primary care services, including dental services, to low income and high risk children from birth through 18 years of age; or

(5) provide family planning and preventive medical care for specifically identified target populations, such as minority and low income teenagers, in a manner calculated to decrease the occurrence of inappropriate pregnancy and minimize the risk of complications associated with pregnancy and childbirth.

Maternal and child health block grant money may be used for purposes other than the purposes listed in this subdivision only if the local board of health or community health services area can demonstrate that existing programs fully address the needs of the highest risk target populations described in this subdivision.

Subd. 5. [REPORT.] The commissioner shall prepare, with the advice of the advisory task force, an annual report to the legislature which details the distribution of maternal and child health block grant funds, including the amounts to be expended for indirect costs, direct services, and (SPECIAL PROJECTS) *local grants.* The report shall (ALSO) identify the statewide needs of low income and high risk populations and the department of health's plans *and local board plans* for meeting their needs. *The report must also identify recommended decreases in funding of programs by the department of health and the effects of those decreases in funding on maternal and child health care program. Decreases in funding must not be made in direct services to children with handicaps.*

The commissioner of health, before May 1, 1985, shall report to the chairs of the house of representatives and senate health and human services committees, and the chairs of the house appropriations and senate finance committees, on their proposed allocation of funds under section 1, subdivision 2. The legislature must receive the report no later than January of each year.

Sec. 2. Minnesota Statutes 1984, section 145.883, subdivision 8, is amended to read:

Subd. 8. [MATERNAL AND CHILD HEALTH BLOCK GRANT MONEY.] "Maternal and child health block grant money" means the money received by the state from the federal maternal and child health block grant. The commissioner shall carry forward from state fiscal year 1985, and succeeding years, only sufficient funds for qualified programs approved through the federal (FISCAL YEAR) *award period.*

Sec. 3. Minnesota Statutes 1984, section 145.884, subdivision 1, is amended to read:

Subdivision 1. [RULES.] The commissioner shall, in the name of the state and within the limit of the federal maternal and child health block grant appropriation, make grants (TO PUBLIC AND PRIVATE NONPROFIT AGENCIES ADMINISTERING) *under sections 145.881 to 145.888 for* qualified programs of maternal and child health care services. The commissioner shall promulgate rules for the administration of grants (AUTHORIZED BY THIS SUBDIVISION). The rules shall establish and contain as a minimum:

(a) procedures for grant applications;

(b) conditions and procedures for the administration of grants;

(c) criteria of eligibility for grants; and

(d) other matters the commissioner finds necessary for the proper administration of the grant program.

Sec. 4. Minnesota Statutes 1984, section 145.885, is amended to read:

145.885 [APPLICATION FOR A GRANT.]

An application for a grant shall be submitted to the commissioner at a time and in a form and manner as the commissioner prescribes. Department of health technical staff shall be available to provide technical assistance in development of grant applications. The application must contain:

(a) A complete description of the program and the manner in which the applicant intends to conduct the program;

(b) *A description of the manner in which the program responds to needs and priorities for services identified by the maternal and child health task force pursuant to section 145.881, subdivision 2, and rules adopted by the commissioner. The rationale for any differences must be explained in detail;*

(c) A budget and justification for the amount of grant funds requested;

((C)) *(d)* A description of the target population served by the qualified program and estimates of the number of low income or high risk patients the program is expected to serve;

((D)) *(e)* The name or names of the person or persons who shall have primary responsibility for the administration and delivery of services of the qualified program; and

((E)) *(f)* The reporting and accounting procedures to be followed by the qualified agency to enable the commissioner to evaluate the activities of the qualified program.

Applications by local boards under section 145.882, subdivision 3, must also contain a summary of the process used to develop the local program, including evidence that the local board notified local public and private providers of the availability of funding through the local board for maternal and child health services, a list of all public and private agency requests for grants submitted to the local board indicating which requests were included in the grant application, and an explanation of how priorities were established for selecting the requests to be included in the grant application. The local board shall include, with grant application materials, a written statement of the criteria to be applied to public and private agency requests for funding. Written criteria of the grant selection process shall

be available to public and private agencies making requests for funding. In addition, the local board shall include a written assurance which provides that:

(1) maternal and child health block grant funds will not be used to supplant any other funding source;

(2) maternal and child health programs will be conducted in accordance with applicable federal and state requirements;

(3) administrative costs will conform with guidelines as prescribed by the federal government and negotiated by the state department of health; and

(4) consideration will be given to contracting with public and private agencies which provide comparable quality and cost maternal and child health service.

Sec. 5. Minnesota Statutes 1984, section 145.886, is amended to read:

145.886 [GRANT REVIEW PROCESS.]

Primary review of all grant applications shall be conducted by the department of health technical staff. All technically completed applications will be forwarded for secondary review to (A GRANTS REVIEW PANEL ESTABLISHED BY THE COMMISSIONER. A MAJORITY OF THE GRANTS REVIEW PANEL MUST BE PROFESSIONALS WITH EXPERTISE IN MATERNAL AND CHILD HEALTH CARE. NO MEMBER OF THE PANEL MAY BE AN EMPLOYEE OF A PUBLIC OR PRIVATE NONPROFIT AGENCY RECEIVING OR APPLYING FOR MATERNAL AND CHILD HEALTH BLOCK GRANT MONEY. THE ADVISORY TASK FORCE SHALL REVIEW THE RECOMMENDATIONS OF THE GRANTS REVIEW PANEL FOR COMMENT TO THE COMMISSIONER) *the advisory task force.* The commissioner shall award grants under section 145.885 and this section only after receiving the comments and recommendation of (THE GRANTS REVIEW PANEL AND) the advisory task force on completed grant applications.

Sec. 6. [FUND DISTRIBUTION.]

Any additional maternal and child health program state funds shall be distributed proportionately according to section 1.

Sec. 7. [REPEALER.]

Minnesota Statutes 1984, section 145.884, subdivision 2, is repealed."

Delete the title and insert:

"A bill for an act relating to health; providing for the distribution of maternal and child health block grant funds; amending Minnesota Statutes 1984, sections 145.882; 145.883, subdivision 8; 145.884, subdivision 1; 145.885; and 145.886; repealing Minnesota Statutes 1984, section 145.884, subdivision 2."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 679, A bill for an act relating to nursing homes; establishing an educational program for nursing home consumer advisory councils; authorizing a surcharge on nursing home license fees; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 144A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [144A.33] [RESIDENT AND FAMILY ADVISORY COUNCIL EDUCATION.]

Subdivision 1. [EDUCATIONAL PROGRAM.] *Each resident and family council authorized under section 144.651, subdivision 27, shall be educated and informed about the following:*

(1) care in the nursing home or board and care home;

(2) resident rights and responsibilities;

(3) resident and family council organization and maintenance;

(4) laws and rules that apply to homes and residents;

(5) human relations; and

(6) resident and family self-help methods to increase quality of care and quality of life in a nursing home or board and care home.

Subd. 2. [PROVIDING EDUCATIONAL SERVICES.] *The Minnesota board on aging shall provide a grant-in-aid to a state-*

wide, independent, nonprofit, consumer-sponsored agency to provide educational services to councils.

Subd. 3. [FUNDING OF ADVISORY COUNCIL EDUCATION.] *For the biennium ending June 30, 1987, a license application or renewal fee under section 144A.07 must be increased by $2 per bed to fund the development and education of resident and family advisory councils.*

Subd. 4. [APPROPRIATION; SPECIAL ACCOUNT.] *All money collected by the commissioner of health under subdivision 3 must be deposited in the state treasury and credited to a special account called the nursing home advisory council fund. Money in the account is annually appropriated to the Minnesota board on aging for the purposes of this section.*

Subd. 5. [REPORT; EVALUATION.] *The Minnesota board on aging shall evaluate the programs established under this section and shall report to the legislature by February 1 of each year concerning the programs established and the effectiveness of the programs.*

Sec. 2. Minnesota Statutes 1984, section 256B.421, subdivision 8, is amended to read:

Subd. 8. [OPERATING COSTS.] "Operating costs" means the day-to-day costs of operating the facility in compliance with licensure and certification standards. Operating cost categories are: nursing, including nurses and nursing assistants training; dietary; laundry and linen; housekeeping; plant operation and maintenance; other care-related services; medical directors; licenses (AND), *other than license fees required by the Minnesota department of health;* permits; general and administration; payroll taxes; real estate taxes, *license fees required by the Minnesota department of health,* and actual special assessments paid; and fringe benefits, including clerical training; and travel necessary for training programs for nursing personnel and dieticians required to maintain licensure, certification, or professional standards requirements.

Sec. 3. Minnesota Statutes 1984, section 256B.431, subdivision 2b, is amended to read:

Subd. 2b. [OPERATING COSTS, AFTER JULY 1, 1985.] (a) For rate years beginning on or after July 1, 1985, the commissioner shall establish procedures for determining per diem reimbursement for operating costs.

(b) The commissioner shall contract with an econometric firm with recognized expertise in and access to national eco-

nomic change indices that can be applied to the appropriate cost categories when determining the operating cost payment rate.

(c) The commissioner shall analyze and evaluate each nursing home's cost report of allowable operating costs incurred by the nursing home during the reporting year immediately preceding the rate year for which the payment rate becomes effective.

(d) The commissioner shall establish limits on actual allowable historical operating cost per diems based on cost reports of allowable operating costs for the reporting year that begins October 1, 1983, taking into consideration relevant factors including resident needs, geographic location, age, size of the nursing home, and the costs that must be incurred for the care of residents in an efficiently and economically operated nursing home. The limits established by the commissioner shall not be less, in the aggregate, than the 60th percentile of total actual allowable historical operating cost per diems for each group of nursing homes established under subdivision 1 based on cost reports of allowable operating costs in the previous reporting year. The limits established under this paragraph remain in effect until the commissioner establishes a new base period. Until the new base period is established, the commissioner shall adjust the limits annually using the appropriate economic change indices established in paragraph (e). In determining allowable historical operating cost per diems for purposes of setting limits and nursing home payment rates, the commissioner shall divide the allowable historical operating costs by the actual number of resident days, except that where a nursing home is occupied at less than 90 percent of licensed capacity days, the commissioner may establish procedures to adjust the computation of the per diem to an imputed occupancy level at or below 90 percent. The commissioner shall establish efficiency incentives as appropriate. The commissioner may establish efficiency incentives for different operating cost categories. The commissioner shall consider establishing efficiency incentives in care related cost categories. The commissioner may combine one or more operating cost categories and may use different methods for calculating payment rates for each operating cost category or combination of operating cost categories.

(e) The commissioner shall establish a composite index or indices by determining the appropriate economic change indicators to be applied to specific operating cost categories or combination of operating cost categories.

(f) Each nursing home shall receive an operating cost payment rate equal to the sum of the nursing home's operating cost payment rates for each operating cost category. The operating cost payment rate for an operating cost category shall be the lesser of the nursing home's historical operating cost in the category increased by the appropriate index established in paragraph

(e) for the operating cost category plus an efficiency incentive established pursuant to paragraph (d) or the limit for the operating cost category increased by the same index. If a nursing home's actual historic operating costs are greater than the prospective payment rate for that rate year, there shall be no retroactive cost settle-up. In establishing payment rates for one or more operating cost categories, the commissioner may establish separate rates for different classes of residents based on their relative care needs.

(g) The commissioner shall include the reported actual real estate tax liability of each proprietary nursing home as an operating cost of that nursing home. The commissioner shall include a reported actual special assessment, *and reported actual license fees required by the Minnesota department of health,* for each nursing home as an operating cost of that nursing home. Total real estate tax liability (AND), actual special assessments paid, *and license fees paid as required by the Minnesota department of health,* for each nursing home (1) shall be divided by actual resident days in order to compute the operating cost payment rate for this operating cost category, (2) shall not be used to compute the 60th percentile or other operating cost limits established by the commissioner, and (3) shall not be increased by the composite index or indices established pursuant to paragraph (e)."

Amend the title as follows:

Page 1, line 3, delete "nursing home consumer" and insert "resident and family"

Page 1, line 4, delete "nursing home"

Page 1, line 5, after the semicolon insert "amending Minnesota Statutes 1984, sections 256B.421, subdivision 8; and 256B.-431, subdivision 2b;"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

McDonald from the Committee on Agriculture to which was referred:

H. F. No. 687, A bill for an act relating to agriculture; repealing requirements for a department slogan on printed matter; changing emergency rulemaking authority; creating a statistical services account in the state treasury; clarifying membership requirements for the soil and water conservation board; appropriating money; amending Minnesota Statutes 1984, sections

17.03, by adding a subdivision; and 40.03, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 17; repealing Minnesota Statutes 1984, sections 16.51; 16.52; and 16.53.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 17.101, is amended by adding a subdivision to read:

Subd. 5. [PROMOTIONAL FUND.] *The Minnesota trade office fund is established as an account in the state treasury. The commissioner may request, accept, and spend money for the promotion of international trade and foreign investments under this section. Money received by the commissioner under this subdivision must be deposited in the state treasury and credited to the Minnesota trade office fund. Money in the fund including interest earned is annually appropriated to the commissioner for the purposes that the money has been received. The appropriation does not cancel and is available until expended.*

Sec. 2. [17.038] [STATISTICAL SERVICES.]

All payments for statistical services performed by the agricultural statistics division of the department of agriculture must be deposited in the statistical services account which is created in the state treasury. The money in the account is annually appropriated to the commissioner of agriculture to administer the programs of the agricultural statistics division.

Sec. 3. Minnesota Statutes 1984, section 40.03, subdivision 1, is amended to read:

Subdivision 1. [MEMBERS.] There is hereby established, to serve as an agency within the department of agriculture and to perform the functions conferred upon it in this chapter, the state soil and water conservation board to be composed of 12 members, seven of whom shall be elected supervisors and the following five ex-officio members: The director of the agricultural extension service of the University of Minnesota; the (DEAN) *deputy vice president* of the Institute of Agriculture, *Forestry, and Home Economics* of the University of Minnesota; the director of the pollution control agency; the commissioner of agriculture; and the commissioner of natural resources. Each ex-officio member may designate a person within his organization to act in his stead as a member of the state board, with all his rights and privileges. The designation shall be filed with the secretary of state. The state board shall invite the state conservationist of the United States soil conservation service to serve as an advisory member. The state board may also invite a repre-

sentative of the state association of soil and water conservation districts, the association of Minnesota counties, the league of Minnesota cities and any other organizations and appropriate agencies deemed necessary to serve as advisory members. The seven members of the state board who are elected supervisors shall be appointed by the governor. In making these appointments the governor may consider persons recommended by the state association of soil and water conservation district. One member shall be appointed from each of the state soil and water conservation board administrative regions.

Sec. 4. Minnesota Statutes 1984, section 296.01, subdivision 7, is amended to read:

Subd. 7. [DISTRIBUTOR *OR DEALER.*] "Distributor *or dealer*" means any person (1) who receives petroleum products in this state for storage and subsequent distribution by tank car or tank truck or both, or (2) who produces, manufactures or refines petroleum products in this state, or (3) who imports petroleum products into this state via boat, barge or pipe line for storage and subsequent delivery at or further transportation from boat, barge or pipe line terminals in this state, *or (4) who blends agricultural alcohol gasoline in a tank truck upon receipt from another person.*

Sec. 5. Minnesota Statutes 1984, section 296.01, subdivision 24, is amended to read:

Subd. 24. [AGRICULTURAL ALCOHOL GASOLINE.] "Agricultural alcohol gasoline" means*: (a)* a gasoline blend (AT LEAST) *up to* ten percent of which is agriculturally derived fermentation (ETHYL ALCOHOL) *ethanol* of a purity of at least 99 percent, *or (b) an alcohol which is agriculturally derived fermentation alcohol of a purity of at least 55 percent and designed to be used in conjunction with diesel fuel in a diesel engine's internal combustion process, both of which are* determined without regard to any added denaturants, denatured in conformity with one of the approved methods set forth by the United States Department of Treasury, Bureau of Alcohol, Tobacco and Firearms, and derived from agricultural *products such as cereal grains, cheese whey, sugar beets,* or forest products or other renewable resources (, DISTILLED IN THE UNITED STATES AND DERIVED FROM AGRICULTURAL PRODUCTS PRODUCED IN THE UNITED STATES).

Sec. 6. Minnesota Statutes 1984, section 296.02, subdivision 7, is amended to read:

Subd. 7. [TAX REDUCTION FOR AGRICULTURAL ALCOHOL GASOLINE.] (THE TAX ON GASOLINE IMPOSED BY SUBDIVISION 1 SHALL BE REDUCED BY TWO CENTS PER GALLON BEGINNING JULY 1, 1983, AND

CONTINUING THROUGH JUNE 30, 1985, AND FOUR CENTS PER GALLON BEGINNING JULY 1, 1985, AND CONTINUING THROUGH JUNE 30, 1992, FOR GASOLINE WHICH IS AGRICULTURAL ALCOHOL GASOLINE AS DEFINED IN SECTION 296.01, SUBDIVISION 24, WHICH IS BLENDED BY A DISTRIBUTOR WITH ALOCHOL DISTILLED IN THE UNITED STATES FROM AGRICULTURAL PRODUCTS PRODUCED IN THE UNITED STATES, AND WHICH IS USED ON THE PUBLIC HIGHWAYS OF THIS STATE. THE TAX IMPOSED BY THIS SUBDIVISION SHALL BE PAYABLE AT THE SAME TIME, AND COLLECTED IN THE SAME MANNER, AS THE TAX IMPOSED BY SUBDIVISION 1) *A distributor or dealer of blended or purchased agricultural alcohol gasoline shall receive a credit on each gallon of that gasoline for which the tax imposed by subdivision 1 is due and payable. The amount of the credit is $.40 for every gallon of fuel-grade alcohol blended with unleaded gasoline to produce agricultural alcohol gasoline; or $.22 for every gallon of agricultural grade alcohol designed to be used in conjunction with diesel fuel in an engine's internal combustion process. The credit allowed a distributor or dealer must not exceed the total tax liability under subdivision 1. Any credit that would exceed the amount of a distributor's or dealer's monthly tax liability may be carried over into subsequent months. No credit may be given unless the distributor or dealer provides the information required by section 296.14, subdivision 1. A supplier of agricultural alcohol gasoline must also provide the information required by section 296.14, subdivision 1.*

Sec. 7. Minnesota Statutes 1984, section 296.14, subdivision 1, is amended to read:

Subdivision 1. [CONTENTS; PAYMENT OF TAX; SHRINKAGE ALLOWANCE.] On or before the twenty-third day of each month, every person who is required to pay gasoline tax or inspection fee on petroleum products and every distributor shall file in the office of the commissioner at St. Paul, Minnesota, a report in a manner approved by the commissioner showing the number of gallons of petroleum products received by him during the preceding calendar month, and such other information as the commissioner may require. The number of gallons of gasoline shall be reported in U.S. standard liquid gallons (231 cubic inches), except that the commissioner may upon written application therefor and for cause shown permit the distributor to report the number of gallons of such gasoline as corrected to a 60 degree Fahrenheit temperature. If such application is granted, all gasoline covered in such application and as allowed by the commissioner must continue to be reported by the distributor on the adjusted basis for a period of one year from the date of the granting of the application. *The report must specify the number of gallons of leaded and unleaded gasoline received.* The number of gallons of petroleum products other than gasoline shall be reported as originally invoiced.

Each report shall show separately the number of gallons of agricultural gasoline blended, the name and address of each source of fuel-grade alcohol, the quantity and place of origin of the fuel-grade alcohol received from each source, the total number of gallons of fuel-grade alcohol on which the agricultural alcohol gasoline blend credit is claimed, and the signature of the dealer or agent of the dealer, verifying that the fuel-grade alcohol is derived from cereal grains, cheese whey, sugar beets, or forest products or other renewable resources, and that the fuel-grade alcohol will be used in internal combustion engines.

Each report shall show separately the number of gallons of aviation gasoline received by him during such calendar month.

Each report shall be accompanied by remittance covering inspection fees on petroleum products and gasoline tax on gasoline received by him during the preceding month; provided that in computing such tax a deduction of three percent of the quantity of gasoline received by a distributor shall be made for evaporation and loss; provided further that at the time of remittance the distributor shall submit satisfactory evidence that one-third of such three percent deduction shall have been credited or paid to dealers on quantities sold to them. The report and remittance shall be deemed to have been filed as herein required if postmarked on or before the twenty-third day of the month in which payable.

Each report shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

Sec. 8. [TRAINING OF FARMERS FOR ALCOHOL FUEL PLANT AND GREENHOUSE MANAGEMENT.]

The state board of vocational technical education may offer a program to help farmers find alternative profitable uses for grain, to train farmers and students to manage and operate an alcohol fuel plant, to train farmers and students to use a greenhouse heated by the fuel plant, to educate farmers to use and manage grain mash and sweetwater to feed livestock, to find efficient ways to manufacture alcohol fuel in Minnesota, and to educate farmers about alcohol fuel plants and greenhouses to determine their business possibilities.

Sec. 9. [APPROPRIATION.]

$..... is appropriated from the general fund to the state board of vocational technical education for the purposes of section 8."

Delete the title and insert:

"A bill for an act relating to agriculture; establishing a trade office promotional fund and statistical services account; clarifying membership of the soil and water conservation board; defining terms, extending a tax credit to dealers or distributors, and prescribing reports in connection with agricultural alcohol gasoline; establishing courses and appropriating money for alcohol fuel courses; amending Minnesota Statutes 1984, sections 17.101, by adding a subdivision; 40.03, subdivision 1; 296.01, subdivisions 7 and 24; 296.02, subdivision 7; and 296.14, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 17."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 693, A bill for an act relating to the city of North Mankato; permitting the establishment of a port authority; authorizing the port authority to exercise the powers of a municipal housing and redevelopment authority.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 696, A bill for an act relating to human services; adjusting eligibility requirements for the child day care sliding fee program; permitting county boards to set limits on the day care rates that will be subsidized; amending Minnesota Statutes 1984, section 245.84.

Reported the same back with the following amendments:

Page 3, line 15, to page 4, line 1, delete the language and insert:

"*Subd. 4.* [FINANCIAL ELIGIBILITY.] (AS MONEY THAT IS ALLOWED OR REQUIRED TO BE USED FOR PROVIDING CHILD CARE BECOMES AVAILABLE TO THE COUNTY FROM FEDERAL, STATE, OR LOCAL SOURCES,) *(a)* The county board shall (TO THE EXTENT PRACTICAL) make child care services available to (SINGLE PARENT) fam-

ilies (IN WHICH THE PARENT NEEDS) *who need* child care (SERVICES UNDER THIS SECTION) to (SECURE OR RETAIN) *find or keep* employment (,) or to obtain the training or education necessary to (SECURE) *find* employment (, OR FOR OTHER CIRCUMSTANCES, ESTABLISHED BY THE COMMISSIONER, RELATED TO EDUCATION, TRAINING, OR EMPLOYMENT, AND, IN THE FOLLOWING ORDER OF PRIORITY) *and who*:

(1) (WHO ARE RECEIVING) *receive* aid to families with dependent children under sections 256.72 to 256.87 (. CHILD CARE SERVICES TO THESE FAMILIES SHALL BE MADE AVAILABLE AS IN KIND SERVICES, TO COVER THE DIFFERENCE BETWEEN THE ACTUAL COST AND $160 PER MONTH PER CHILD OR THE AMOUNT DISREGARDED UNDER RULES FOR PERSONS NOT EMPLOYED FULL TIME; THEN); *or*

(2) (WHOSE) *have* household income (IS WITHIN THE) *below the eligibility levels for aid to dependent families; or*

(3) have household income *within a* range established by the county board.

(b) Child care services (TO THESE) *for the* families (SHALL) *receiving aid to families with dependent children must* be made available (ON A SLIDING FEE) *as in-kind services, to cover any difference between the actual cost and the amount disregarded under the aid to families with dependent children program."*

Page 4, line 14, after the period insert *"The maximum set by any county shall not be lower than the median rate for like care arrangements in that county minus the amount paid by the state according to the sliding fee schedule."*

Page 4, line 26, after the period insert *"The fee schedule must be designed to use any available tax credits."*

With the recommendation that when so amended the bill pass.

The report was adopted.

Pursuant to House Rule No. 9.3, H. F. No. 696 was re-referred to the Committee on Rules and Legislative Administration.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 743, A bill for an act relating to the city of Plymouth; permitting the establishment of a port authority; amending Laws 1984, chapter 397, section 1.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 765, A bill for an act relating to human services; restricting and subsequently abolishing the state share of Title IV-E foster care maintenance payments; repealing transfer of funds; restricting and subsequently abolishing the dependent or neglected state ward appropriation; creating permanency planning grants to counties; amending Minnesota Statutes 1984, sections 256.82, subdivision 2; and 260.38; proposing coding for new law as Minnesota Statutes, chapter 256F; repealing Minnesota Statutes 1984, section 259.405.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 256.82, subdivision 2, is amended to read:

Subd. 2. [FOSTER CARE MAINTENANCE PAYMENTS.] Notwithstanding subdivision 1, for the purposes of foster care maintenance payments under Title IV-E of the federal Social Security Act, 42 U.S.C. Sections 670 to 676, during the (BIENNIUM ENDING JUNE 30, 1983) *period beginning July 1, 1985, and ending December 31, 1985,* the county paying the maintenance costs shall be reimbursed for the costs from those federal funds available for that purpose together with an amount of state funds equal to a percentage of the difference between the total cost and the federal funds made available for payment. This percentage shall not exceed the percentage specified in subdivision 1 for the aid to families with dependent children program. In the event that the state appropriation for this purpose is less than the state percentage set in subdivision 1, the reimbursement shall be rateably reduced to the county. *Beginning January 1, 1986, for the purpose of foster care maintenance payments under Title IV-E of the Social Security Act, United States Code, title 42, sections 670 to 676, the county paying the maintenance costs shall be reimbursed for the costs from the federal funds available for the purpose.*

Sec. 2. Minnesota Statutes 1984, section 260.38, is amended to read:

260.38 [COST, PAYMENT.]

In addition to the usual care and services given by public and private agencies, the necessary cost incurred by the commissioner of human services in providing care for such child shall be paid by the county committing such child which, subject to uniform regulations established by the commissioner of human services, may receive a reimbursement not exceeding one-half of such costs from funds made available for this purpose by the legislature *during the period beginning July 1, 1985, and ending December 31, 1985. Beginning January 1, 1986, the necessary cost incurred by the commissioner of human services in providing care for the child shall be paid by the county committing the child.* Where such child is eligible to receive a grant of aid to families with dependent children or supplemental security income for the aged, blind, and disabled, *or a foster care maintenance payment under Title IV-E of the Social Security Act, United States Code, title 42, sections 670 to 676,* his needs shall be met through these programs.

Sec 3. [256F.01] [PUBLIC POLICY.]

It is the public policy of this state that all children, regardless of minority racial or ethnic heritage, are entitled to live in families that offer a safe, permanent relationship with nurturing parents or caretakers and have the opportunity to establish lifetime relationships. To help assure this opportunity, public social services shall be directed toward accomplishment of the following purposes:

(1) preventing the unnecessary separation of children from their families by identifying family problems, assisting families in resolving their problems, and preventing breakup of the family where the prevention of child removal is desirable and possible;

(2) restoring to their families children who have been removed, by the continued provision of services to the reunited child and the families;

(3) placing children in suitable adoptive homes, in cases where restoration to the biological family is not possible or appropriate; and

(4) assuring adequate care of children away from their homes, in cases where the child cannot be returned home or cannot be placed for adoption.

Sec. 4. [256F.02] [CITATION.]

Sections 3 to 9 may be cited as the "permanency planning grants to counties act."

Sec. 5. [256F.03] [DEFINITIONS.]

Subdivision 1. [SCOPE.] *For purposes of sections 3 to 9, the terms defined in this section have the meanings given them, unless the context clearly indicates otherwise.*

Subd. 2. [COMMISSIONER.] *"Commissioner" means the commissioner of human services.*

Subd. 3. [COUNTY PLAN.] *"County plan" means the community social services plan required by section 256E.09.*

Subd. 4. [COUNTY BOARD.] *"County board" means the board of county commissioners in each county.*

Subd. 5. [FAMILY-BASED SERVICES.] *"Family-based services" means the provision of intensive family-centered services to families primarily in their own home for a time-limited period.*

Subd. 6. [HUMAN SERVICES BOARD.] *"Human services board" means a board established under section 402.02, Laws 1974, chapter 293, or Laws 1976, chapter 340.*

Subd. 7. [PERMANENCY PLANNING.] *"Permanency planning" means the systematic process of carrying out, within a brief, time-limited period, a set of goal-oriented activities designed to help children live in families that offer continuity of relationships with nurturing parents or caretakers, and the opportunity to establish lifetime relationships.*

Subd. 8. [PLACEMENT PREVENTION AND FAMILY REUNIFICATION SERVICES.] *"Placement prevention and family reunification services" means a continuum of services designed to help children remain with their families or to facilitate reunification of children with their parents.*

Subd. 9. [RESIDENTIAL FACILITY.] *"Residential facility" means a residential facility as defined in section 257.071, subdivision 1.*

Sec. 6. [256F.04] [DUTIES OF COMMISSIONER OF HUMAN SERVICES.]

Subdivision 1. [GRANT PROGRAM.] *The commissioner shall establish a statewide permanency planning grant program to assist counties in providing placement prevention and family reunification services beginning January 1, 1986.*

Subd. 2. [FORMS AND INSTRUCTIONS.] *The commissioner shall provide necessary forms and instructions to the counties for their community social services plan, as required in section 256E.09, that incorporate the permanency plan format and information necessary to apply for a permanency planning grant.*

For purposes of calendar year 1986, the local social services agency shall submit an amendment to their approved biennial community social services plan according to the forms and instructions provided by the commissioner. Beginning January 1, 1986, the biennial community social services plan shall include the permanency plan.

Subd. 3. [MONITORING.] *The commissioner shall design and implement methods for monitoring the delivery and evaluating the effectiveness of placement prevention and family reunification services including family-based services within the state according to section 256E.05, subdivision 3, paragraph (e). An evaluation report describing program implementation, client outcomes, cost, and the effectiveness of those services in relation to measurable objectives and performance criteria to keep families unified and minimize the use of out-of-home placements for children shall be prepared by the commissioner covering the period January 1, 1986 through June 30, 1988.*

Sec. 7. [256F.05] [DISTRIBUTION OF GRANTS.]

Subdivision 1. [FUNDS AVAILABLE DUE TO TRANSFER; MINIMUM FUNDING LEVEL.] *No county shall receive less in state aids for its permanency planning grant in calendar years 1986 and 1987 than the sum of their reimbursement received under title IV-E foster care and children under state guardianship accounts in state fiscal year 1984. Beginning calendar year 1988, the reimbursement received under title IV-E foster care and children under state guardianship accounts shall be distributed according to formula in this section.*

Subd. 2. [ADDITIONAL FUNDS.] *Additional funds appropriated for family-based services, together with a sum as determined by the commissioner of title IV-B funds distributed to Minnesota according to the Social Security Act, United States Code, title 42, section 621, shall be distributed to counties according to formula.*

Subd. 3. [FORMULA.] *The amount of funds in subdivision 2 which a county board may receive shall be based upon the population of the county under age 19 years as compared to the state as a whole as determined by the most recent data from the state demographer's office.*

Subd. 4. [PAYMENTS.] *The commissioner shall make grant payments to each county whose biennial community social ser-*

vices plan includes a permanency plan under section 6, subdivision 2. The payment must be made in four installments per year. The commissioner may certify the payments for the first three months of a calendar year. The following three payments must be made on April 1, July 1, and October 1 of each calendar year.

Subd. 5. [INAPPROPRIATE EXPENDITURES.] *Permanency planning grant funds shall not be used for the following expenditures:*

(1) child day care necessary solely because of the employment, or training to prepare for employment, of a parent or other relative with whom the child is living;

(2) residential facility payments;

(3) adoption assistance payments;

(4) public assistance payments known as aid to families with dependent children; Minnesota supplemental aid; medical assistance; general assistance; general assistance medical care; community health services authorized by sections 145.911 to 145.922; and

(5) administrative costs for local social services agency public assistance staff.

Subd. 6. [TERMINATION OF GRANT.] *A grant may be reduced or terminated by the commissioner when the county agency has failed to comply with the terms of the grant or the provisions of sections 3 to 9.*

Subd. 7. [TRANSFER OF FUNDS.] *Notwithstanding subdivision 1, the commissioner may transfer funds from the permanency planning grants to counties' appropriation into the subsidized adoption account when a deficit in the subsidized adoption program occurs. The amount of the transfer shall not exceed five percent of the permanency planning grants to counties' appropriation.*

Sec. 8. [256F.06] [DUTIES OF COUNTY BOARDS.]

Subdivision 1. [RESPONSIBILITIES.] *The county board of each county may singly, or in combination with other county boards, apply for a permanency planning grant as provided in section 6, subdivision 2. Upon approval of the permanency planning grant, the county board may contract for or directly provide placement prevention and family reunification services.*

Subd. 2. [USES OF GRANTS.] *This grant must be used exclusively for placement prevention, family reunification services and training for family-based service and permanency plan-*

ning. This grant may not be used as a match for other federal funds or to meet the requirements of section 256E.06, subdivision 5.

Subd. 3. [DESCRIPTION OF FAMILY-BASED SERVICE.] *When a county board elects to provide family-based service as a part of its permanency plan, its written description of family-based service shall include: the number of families to be served in each caseload; the provider or providers of the service; the planned frequency of contacts with the families; and the maximum length of time family-based service shall be provided to families.*

Subd. 4. [FINANCIAL STATEMENT BY COUNTIES.] *Beginning in calendar year 1986, each county receiving a permanency planning grant shall submit to the commissioner a financial accounting of the county's expenditures attributable to this grant. A quarterly statement must be submitted no later than 15 days after the end of the calendar quarter and must include:*

(1) a detailed statement of expenses attributable to the grant during the preceding quarter; and

(2) a statement of the expenditure of all money used for placement prevention and family reunification services by the county during the preceding quarter, including the number of clients served and the expenditures for each service provided by client.

Sec. 9. [256F.07] [PLACEMENT PREVENTION AND FAMILY REUNIFICATION SERVICES.]

Subdivision 1. [PREPLACEMENT REVIEW.] *Each county board shall establish a preplacement review procedure to review each request for substitute care placement, and to determine if appropriate community resources have been utilized before making a substitute care placement.*

Subd. 2. [PROCEDURE FOR PLACEMENT.] *When the preplacement review has determined that a substitute care placement is required because the child is in imminent risk of abuse or neglect, or requires treatment of an emotional disorder, chemical dependency, or mental retardation, the agency shall:*

(1) determine the level of care most appropriate to meet the child's needs in the least restrictive setting and in closest proximity to the child's family; and

(2) estimate the length of time of the placement, project a placement goal, and provide a statement of the anticipated outcome of the placement.

Subd. 3. [TYPES OF SERVICES.] *Placement prevention and family reunification services include:*

(1) family-based service;

(2) individual and family counseling;

(3) crisis intervention and crisis counseling;

(4) day care;

(5) 24-hour emergency caretaker and homemaker services;

(6) emergency shelter care, not to exceed 30 calendar days within any 12-month period;

(7) access to emergency financial assistance;

(8) arrangements for the provision of temporary respite care to the family for a brief period not to exceed 72 hours consecutively or 30 calendar days within any 12-month period; and

(9) transportation services to the child and parents in order to prevent placement or accomplish reunification of the family.

Subd. 4. [RIGHTS OF THE CHILD AND FAMILY.] *The child and the family may refuse placement prevention and family reunification services or to appeal the denial of the services.*

Sec. 10. [REPEALER.]

Minnesota Statutes 1984, section 259.405 is repealed.

Sec. 11. [EFFECTIVE DATE.]

Section 10 is effective December 31, 1985."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

H. F. No. 806, A bill for an act relating to juvenile court; clarifying the authority to release juvenile court records; amending Minnesota Statutes 1984, section 260.161, subdivision 2.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Schreiber from the Committee on Taxes to which was referred:

H. F. No. 810, A bill for an act relating to health; requiring the commissioner of health to develop programs for the promotion of nonsmoking; providing for tax increase on cigarettes; prohibiting the free distribution of cigarettes; raising the cigarette tax; appropriating money; amending Minnesota Statutes 1984, sections 297.02, by adding a subdivision; 297.03, subdivisions 5 and 10; 297.13, subdivision 1; 297.22, subdivision 1; 297.32, subdivisions 1, 2, and by adding subdivisions; and 297.35, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 124, 144, and 145.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [124.252] [TOBACCO USE PREVENTION PROGRAMS.]

Subdivision 1. [ELIGIBILITY AND PURPOSE.] *Each school board which institutes a tobacco use prevention program that meets the criteria specified in subdivision 2 and submits the proposed program to the department of education shall be eligible for state aid for the following purposes:*

(1) inservice training for public and nonpublic school staff;

(2) tobacco use prevention curriculums including materials;

(3) community and parent awareness programs; and

(4) evaluation of curriculum and programs for tobacco use prevention.

Subd. 2. [CRITERIA.] *Each tobacco use prevention curriculum must include at least the following components:*

(1) inservice training of teachers and staff;

(2) evaluation of programs and curriculum results;

(3) a kindergarten through grade 12 continuum of educational intervention related to tobacco use;

(4) targeted intervention on tobacco use onset for students who are 12 to 14 years old based on evaluated curriculums that have been shown to reduce tobacco use onset rates; and

(5) prohibition of smoking cigarettes and the use of other tobacco products on the school premises by minors.

Subd. 3. [DISTRICT AID.] *An eligible district shall receive 52 cents in fiscal year 1986 and 54 cents in fiscal year 1987 for each pupil, in average daily membership, enrolled in a public elementary, secondary, or area vocational technical institute or nonpublic elementary or secondary school. Aid for nonpublic school pupils shall be paid to the district upon request by or on behalf of the pupils. No school district shall receive less than $1,000 in fiscal year 1986 and $1,040 in fiscal year 1987.*

Subd. 4. [APPLICATIONS.] *A district that is eligible for aid shall apply to the commissioner of education by October 1 of each school year on the form supplied by the commissioner.*

Subd. 5. [ASSISTANCE TO DISTRICTS.] *The department of education in consultation with the department of health shall:*

(1) provide technical assistance to districts for the development, implementation, and evaluation of tobacco use prevention curriculum and programs;

(2) provide to districts information about evaluation results of various curriculums as reported in the scientific literature and elsewhere; and

(3) collect information from districts about prevention programs and evaluation results.

The commissioner of health shall assist the commissioner of education in implementing this section.

Sec. 2. [144.391] [CITATION.]

Sections 1 to 12 may be cited as the omnibus nontobacco use and disease prevention act.

Sec. 3. [144.392] [PUBLIC POLICY.]

The legislature finds that:

(1) smoking causes premature death, disability, and chronic disease, including cancer, lung disease, and heart disease;

(2) smoking related diseases result in excess medical care costs; and

(3) smoking initiation occurs primarily in adolescence.

The purpose of sections 1 to 12 is to prevent young people from starting to smoke, to encourage and assist smokers to quit, and to promote clean indoor air.

Sec. 4. [144.393] [DUTIES OF THE COMMISSIONER.]

The commissioner of health shall:

(1) provide assistance to workplaces to develop policies which promote nonsmoking and are consistent with the Minnesota clean indoor air act;

(2) provide technical assistance, including design and evaluation methodologies, materials, and training to local health departments, communities, and other organizations that undertake community programs for the promotion of nonsmoking;

(3) collect and disseminate information and materials for smoking prevention;

(4) evaluate new and existing nonsmoking programs on a statewide and regional basis using scientific evaluation methods;

(5) conduct surveys in school-based populations regarding the epidemiology of behavior, knowledge, and attitudes related to smoking, the use of other tobacco products, and the penetration of statewide smoking control programs described in sections 1 to 12; and

(6) report to the legislature each biennium on activities undertaken, tobacco use rates in the population and subgroups of the total population, evaluation activities and results of those activities, and recommendations for further action.

Sec. 5. [144.394] [PUBLIC COMMUNICATIONS PROGRAM.]

The commissioner may conduct a long-term coordinated public information program which includes public service announcements, public education forums, mass media, and written materials. The program shall include health education information regarding the use of tobacco products and shall promote nonsmoking. The program shall include background survey research and evaluation and be designed to run over a period of at least five years, subject to the availability of funds.

Sec. 6. [145.923] [NONSMOKING AND HEALTH GRANTS.]

The commissioner of health may award special grants to local boards of health to conduct community-wide pilot programs for the promotion of nonsmoking or to local boards of health or nonprofit corporations to conduct statewide programs for the promotion of nonsmoking.

Sec. 7. Minnesota Statutes 1984, section 297.02, is amended by adding a subdivision to read:

Subd. 1a. [PUBLIC HEALTH RATES.] *In addition to the tax in subdivision 1, a tax is hereby imposed upon the sale of cigarettes in this state or having cigarettes in possession in this state with intent to sell and upon any person engaged in business as a distributor, at the following rates, subject to the discount provided in section 297.03:*

(1) on cigarettes weighing not more than three pounds per thousand, 3.5 mills until October 1, 1985, at which time the tax shall be 8.5 mills minus a credit for the tax, not to exceed 8 mills, imposed by United States Code, title 26, section 5701, as amended, on each cigarette;

(2) on cigarettes weighing more than three pounds per thousand, 7 mills until October 1, 1985, at which time the tax shall be 15 mills on each cigarette.

Sec. 8. Minnesota Statutes 1984, section 297.03, subdivision 6, is amended to read:

Subd. 6. [TAX METER MACHINES.] (1) The commissioner may authorize any person licensed as a distributor to stamp packages with a tax meter machine, approved by him, which shall be provided by the distributor. He may provide for the use of such a machine by the distributor, supervise and check its operation, provide for the payment of the tax on any package so stamped, subject to the discount provided in subdivision 5, and in that connection require the furnishing of a corporate surety bond in a suitable amount to guarantee the payment of the tax.

(2) The commissioner may authorize any person licensed as a distributor to stamp packages with a heat-applied tax stamping machine, approved by him, which shall be provided by the distributor. The commissioner shall supervise and check the operation of the machines and shall provide for the payment of the tax on any package so stamped, subject to the discount provided in subdivision 5. The commissioner may sell heat-applied stamps on a credit basis under conditions prescribed by him, and in that connection require the furnishing of a corporate

surety bond in an amount suitable to guarantee payment of the tax stamps so purchased by a distributor. The stamps shall be sold by the commissioner at a price which includes the tax after giving effect to the discount provided in subdivision 5. *The commissioner shall recover the actual costs of the stamps from the distributor.*

Sec. 9. Minnesota Statutes 1984, section 297.03, subdivision 10, is amended to read:

Subd. 10. [DISTRIBUTION OF FREE SAMPLE PACKAGES *PROHIBITED.*] (THE COMMISSIONER MAY AUTHORIZE DISTRIBUTION IN MINNESOTA OF FREE PACKAGES OF CIGARETTES WITHOUT AFFIXING STAMPS TO SAID PACKAGES BY THE FOLLOWING PERSONS PROVIDED THAT MONTHLY REPORTS AND PAYMENT OF A TAX AT THE SAME RATES PRESCRIBED BY SECTION 297.02, SUBDIVISION 1, SHALL BE MADE DIRECTLY TO THE COMMISSIONER UNDER THE TERMS PROVIDED FOR BY THE COMMISSIONER:)

((1) ANY MANUFACTURER, PROVIDING SUCH PACKAGES CONTAIN NOT MORE THAN 20 CIGARETTES EACH;)

((2) ANY PERSON ENGAGED AS A COMMON CARRIER IN THE TRANSPORTATION OF PERSONS, WHO PURCHASES PACKAGES OF CIGARETTES FROM A MANUFACTURER FOR DISTRIBUTION WITHOUT CHARGE, PROVIDED THAT NO SUCH PACKAGE SHALL CONTAIN MORE THAN 20 CIGARETTES.)

(ALL PACKAGES DISTRIBUTED PURSUANT TO THIS SECTION SHALL BE MARKED "COMPLIMENTARY—NOT FOR SALE." THE COMMISSIONER SHALL PROMULGATE RULES PROVIDING FOR THE PROCEDURES TO BE COMPLIED WITH BY ANY PERSON DISTRIBUTING FREE SAMPLE PACKAGES) *Distribution of free sample packages of cigarettes and other tobacco products through any means is prohibited when conducted as part of a trade or business by a manufacturer or distributor of cigarettes and other tobaccco products. Each violation of this subdivision is a misdemeanor.*

Sec. 10. Minnesota Statutes 1984, section 297.13, subdivision 1, is amended to read:

Subdivision 1. [CIGARETTE TAX APPORTIONMENT ACCOUNT.] Notwithstanding any other provisions of law, (FIVE AND ONE-HALF PERCENT OF THE REVENUES RECEIVED FROM TAXES, PENALTIES AND INTEREST UNDER SECTIONS 297.01 TO 297.13 SHALL BE DEPOSITED BY) the commissioner of revenue *shall deposit an amount from*

the revenues received each month from taxes, penalties, and interest under sections 297.01 to 297.13 equal to the amount produced by multiplying the number of taxed cigarettes reported that month times .5 mill in the general fund (AND) *to be* credited to a special account (TO BE) known as the "natural resources account (," WHICH IS HEREBY CREATED)." Expenditures shall be made from said account only as may be authorized by law to carry out the provisions of this act and in conformance with the provisions of chapter 16. (FIVE AND ONE-HALF PERCENT) *An amount equal to the amount credited to the natural resources account* shall be deposited in the general fund and credited to the "natural resources acceleration" account for the purposes provided in Laws 1969, Chapter 879, Section 4.

Beginning with revenues received by the commissioner in August, 1985, an amount equal to the amount produced by multiplying the number of taxed cigarettes reported that month times .28 mill, shall be deposited in the general fund and credited to a special account to be known as the "public health fund." Expenditures shall be made from the fund only as authorized by law.

The balance of the revenues derived from taxes, penalties, and interest under sections 297.01 to 297.13 and from license fees and miscellaneous sources of revenue shall be deposited by the commissioner in the general fund and credited to the general fund.

Sec. 11. Minnesota Statutes 1984, section 297.22, subdivision 1, is amended to read:

Subdivision 1. A tax is hereby imposed upon the use or storage by consumers of cigarettes in this state, and upon such consumers, at the (FOLLOWING) rates (:)

((1) ON CIGARETTES WEIGHING NOT MORE THAN THREE POUNDS PER THOUSAND, NINE MILLS ON EACH SUCH CIGARETTE;)

((2) ON CIGARETTES WEIGHING MORE THAN THREE POUNDS PER THOUSAND, 18 MILLS ON EACH SUCH CIGARETTE) *specified in section 297.02.*

Sec. 12. Minnesota Statutes 1984, section 297.32, subdivision 1, is amended to read:

Subdivision 1. A tax is hereby imposed upon all tobacco products in this state and upon any person engaged in business as a distributor thereof, at the rate of 20 percent of the wholesale sales price of such tobacco products except little cigars as defined

in section 297.31, subdivision 2, clause (b). Little cigars shall be subject to the same rate of tax imposed on cigarettes (IN SECTION 297.02, SUBDIVISION 1, CLAUSE (1),) *weighing not more than three pounds per thousand* subject to the discount provided in section 297.35, subdivision 1. Such tax shall be imposed at the time the distributor (1) brings, or causes to be brought, into this state from without the state tobacco products for sale; (2) makes, manufacturers, or fabricates tobacco products in this state for sale in this state; or (3) ships or transports tobacco products to retailers in this state, to be sold by those retailers.

Sec. 13. Minnesota Statutes 1984, section 297.32, subdivision 2, is amended to read:

Subd. 2. A tax is hereby imposed upon the use or storage by consumers of tobacco products in this state, and upon such consumers, at the rate of 20 percent of the cost of such tobacco products, except little cigars as defined in section 297.31, subdivision 2, clause (b). Little cigars shall be subject to the same rate of tax imposed on cigarettes (IN SECTION 297.22, SUBDIVISION 1, CLAUSE (1)) *weighing not more than three pounds per thousand.*

The tax imposed by this subdivision shall not apply if the tax imposed by subdivision 1 on such tobacco products has been paid.

This tax shall not apply to the use or storage of tobacco products in quantities of:

1. Not more than 50 cigars;

2. Not more than 10 oz. snuff or snuff powder;

3. Not more than 1 lb. smoking or chewing tobacco or other tobacco products not specifically mentioned herein, in the possession of any one consumer.

Sec. 14. Minnesota Statutes 1984, section 297.32, is amended by adding a subdivision to read:

Subd. 2b. In addition to the tax imposed by subdivision 1, an additional tax at the rate of 7.5 percent is imposed on the wholesale price of tobacco products except little cigars.

Sec. 15. Minnesota Statutes 1984, section 297.32, is amended by adding a subdivision to read:

Subd. 2c. Beginning July 1, 1985, in addition to the tax imposed by subdivision 2, a tax at the rate of 7.5 percent is imposed on the cost of tobacco products except little cigars.

Sec. 16. Minnesota Statutes 1984, section 297.35, subdivision 1, is amended to read:

Subdivision 1. On or before the eighteenth day of each calendar month every distributor with a place of business in this state shall file a return with the commissioner showing the quantity and wholesale sales price of each tobacco product (1) brought, or caused to be brought, into this state for sale; and (2) made, manufactured or fabricated in this state for sale in this state, during the preceding calendar month. Every licensed distributor outside this state shall in like manner file a return showing the quantity and wholesale sales price of each tobacco product shipped or transported to retailers in this state to be sold by those retailers, during the preceding calendar month. Returns shall be made upon forms furnished and prescribed by the commissioner and shall contain such other information as the commissioner may require. Each return shall be accompanied by a remittance for the full tax liability shown therein, less (2 1/2) *two* percent of such liability as compensation to reimburse the distributor for his expenses incurred in the administration of sections 297.31 to 297.39.

Sec. 17. Minnesota Statutes 1984, section 325D.41, is amended to read:

325D.41 [CIGARETTES; WHOLESALERS AND SUBJOBBERS FEES.]

Each cigarette wholesaler as defined herein, and subjobber as defined in section 297.01, subdivision 14, shall pay the respective amounts of ($100) *$200* and ($43.75) *$87.50*, in one sum yearly (AFTER JANUARY 1, 1972 AND $50 AND $21.88, RESPECTIVELY, IN ONE SUM FOR THE PERIOD FROM JULY 1, 1971 TO DECEMBER 31, 1971). Such amounts shall be collected by the commissioner of revenue, deposited forthwith in the state treasury and credited to the general fund.

Sec. 18. [609.6851] [DISTRIBUTION OF FREE SAMPLE PACKAGES PROHIBITED.]

The distribution of free sample packages of cigarettes and other tobacco products through any means is prohibited when conducted by any person as part of a trade or business for purposes of promotion. Each violation of this section is a misdemeanor.

Sec. 19. [APPROPRIATIONS.]

$ . . . . . is appropriated to the commissioner of education from the public health fund established in section 10 for the biennium ending June 30, 1987, for the purposes of section 1.

$..... is appropriated to the commissioner of health from the public health fund established in section 10 for the biennium ending June 30, 1987, for the purposes of sections 3, 4, and 6.

Sec. 20. [COMPLEMENT.]

The complement of the health department is increased by six positions. The complement of the state department of education is increased by one position.

Sec. 21. [EFFECTIVE DATE.]

This act is effective July 1, 1985."

Delete the title and insert:

"A bill for an act relating to health; requiring the commissioner of health to develop programs for the promotion of nonsmoking; providing for tax increase on cigarettes; prohibiting the free distribution of cigarettes; raising the cigarette tax; appropriating money; imposing penalties; amending Minnesota Statutes 1984, sections 297.02, by adding a subdivision; 297.03, subdivisions 6 and 10; 297.13, subdivision 1; 297.22, subdivision 1; 297.32, subdivisions 1, 2, and by adding subdivisions; 297.35, subdivision 1; and 325D.41; proposing coding for new law in Minnesota Statutes, chapters 124, 144, 145, and 609."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 828, A bill for an act relating to economic security; clarifying the community action program financial assistance requirements; amending Minnesota Statutes 1984, section 268.52, subdivisions 1 and 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 268.52, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] The commissioner of economic security may provide financial assistance for com-

munity action agencies, Indian reservations and the statewide migrant seasonal farmworker organization known as the Minnesota migrant council to carry out community action programs as described in section 268.54 in accordance with *the Omnibus Reconciliation Act of 1981, Public Law Number 97-35, as amended in 1984, Public Law Number 98-558,* state *law,* and federal law and regulation.

Sec. 2. Minnesota Statutes 1984, section 268.52, subdivision 2, is amended to read:

Subd. 2. [ALLOCATION OF (FUNDS) *MONEY.*] (FUNDS) *(a) State money* appropriated (FOR MINNESOTA ECONOMIC OPPORTUNITY GRANTS) and community service block (GRANTS FOR THE PURPOSE OF SUBDIVISION 1) *grant money allotted to the state and all money transferred to the community service block grant from other block grants* shall be allocated annually to community action agencies *and Indian reservation governments* under (EITHER CLAUSE (A) OR) (b) *and (c),* (WHICHEVER IS MORE ADVANTAGEOUS TO THE AGENCY, TO INDIAN RESERVATIONS UNDER CLAUSE (C)) and to the Minnesota migrant council under (CLAUSE) *paragraph* (d).

(IF THE APPROPRIATION FOR MINNESOTA ECONOMIC OPPORTUNITY GRANTS OR COMMUNITY SERVICE BLOCK GRANTS IS LESS THAN THE PREVIOUS FISCAL YEAR THE INSUFFICIENCY SHALL BE PRORATED ANNUALLY AMONG THE AGENCIES.)

((A) IN PROPORTION TO THE SIZE OF THE POVERTY LEVEL POPULATION SERVED BY THE AGENCY WHEN COMPARED TO THE SIZE OF THE POVERTY LEVEL POPULATION IN THE STATE; OR)

(b) The available annual money will provide base funding to all community action agencies and the Indian reservations. Base funding amounts per agency are as follows: for agencies with low income populations up to 3,999, $25,000; 4,000 to 23,999, $50,000; and 24,000 or more, $100,000.

((B) DETERMINED AS FOLLOWS:)

(IF THE APPROPRIATION OF FUNDS FOR COMMUNITY ACTION AGENCIES SHALL BE EQUAL TO OR MORE THAN THAT AVAILABLE IN THE PREVIOUS FISCAL YEAR, THERE SHALL BE IN PLACE A "HOLD-HARMLESS" PROVISION FOR THE ALLOCATION OF FUNDS AMONG COMMUNITY ACTION AGENCIES. FOR PURPOSES OF THIS SECTION, "HOLD-HARMLESS" FOR THE MINNESOTA ECONOMIC OPPORTUNITY GRANT PROGRAM IS THE AMOUNT OF FUNDING RECEIVED BY A

COMMUNITY ACTION AGENCY UNDER THE ECONOMIC OPPORTUNITY GRANT PROGRAM IN THE PREVIOUS FISCAL YEAR. WHEN CALCULATING AN AGENCY'S COMMUNITY SERVICES BLOCK GRANT, "HOLD-HARMLESS" IS THE AMOUNT OF FUNDING RECEIVED BY A COMMUNITY ACTION AGENCY FROM THE COMMUNITY SERVICES BLOCK GRANT ACT BASIC ALLOTMENT IN THE PREVIOUS FISCAL YEAR)

(c) All remaining money of the annual money available after the base funding has been determined must be allocated to each agency and reservation in proportion to the size of the poverty level population in the agency's service area compared to the size of the poverty level population in the state.

((C)) *(d)* Allocation of (FUNDS TO INDIAN RESERVATIONS IS BASED ON THE POVERTY LEVEL POPULATION OF THE RESERVATION.)

((D) ALLOCATION OF FUNDS TO THE MINNESOTA MIGRANT COUNCIL SHALL NOT EXCEED THREE PERCENT OF THE TOTAL FUNDS AVAILABLE. THE STATE OFFICE OF ECONOMIC OPPORTUNITY SHALL NEGOTIATE THE PERCENTAGE ALLOCATION ANNUALLY BASED ON THE MOST RECENT LOW INCOME POPULATION FIGURES) *money to the Minnesota migrant council must not exceed three percent of the total annual money available. Base funding allocations must be made for all community action agencies and Indian reservations that received money under section 268.52, subdivision 2, in fiscal year 1984, and for community action agencies designated under section 268.52 with a service area population of 35,000 or greater.*

Sec. 3. Minnesota Statutes 1984, section 268.53, subdivision 2, is amended to read:

Subd. 2. [ADMINISTERING BOARD.] Each community action agency shall administer its community action programs through a community action board consisting of 15 to 51 members.

(a) One-third of the members of the board shall be elected public officials, currently holding office, or their representatives.

(b) At least one-third of the members shall be persons chosen in accordance with democratic selection procedures adequate to assure that they are representative of the poor in the area served.

(c) The other members shall be officials or members of business, industry, labor, religious, welfare, education, or other

major groups and interests in the community. Each member of the board selected to represent a specific geographic area within a community must reside in the area represented.

(d) (NO PERSON SELECTED UNDER CLAUSE (B) OR (C) SHALL SERVE FOR MORE THAN FIVE CONSECUTIVE YEARS OR MORE THAN A TOTAL OF TEN YEARS.)

((E)) The public community action agency shall have an administering board which meets the requirements of this subdivision.

((F)) *(e)* The statewide migrant seasonal farmworker organization known as the Minnesota migrant council and Indian reservations carrying out community action programs are exempt from the board composition requirements of this subdivision."

Amend the title as follows:

Page 1, line 5, delete "section" and insert "sections" and after "2" insert "; and 268.53, subdivision 2"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Fjoslien from the Committee on General Legislation and Veterans Affairs to which was referred:

H. F. No. 834, A bill for an act relating to animals; prohibiting the use of a decompression chamber to destroy an animal; imposing a penalty; proposing coding for new law in Minnesota Statutes, chapter 343.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 840, A bill for an act relating to health; authorizing statewide mosquito research; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 144.

Reported the same back with the following amendments:

Page 1, line 9, delete everything after "*statewide*"

Page 1, delete lines 10 and 11 and insert "*research program to determine whether a statewide mosquito management program is advisable and can be conducted in an economically and ecologically sound manner.*"

Page 2, line 7, delete everything after "*research*"

Page 2, line 8, delete "*not limited to field research stations*"

Page 2, line 9, delete everything after "*regions*"

Page 2, line 10, delete "*research and development*" and after the period insert "*The research must utilize existing state institutions and facilities whenever feasible.*"

Page 2, line 27, delete "*biologically*" and insert "*ecologically nondisruptive*"

Page 2, line 28, delete "*compatible*"

Page 2, delete lines 29 and 30 and insert:

"*(6) establish the type and magnitude of impacts of mosquito control activities on nontarget organisms;*"

Page 2, line 33, after "*programs*" insert "*shown to be ecologically nondisruptive*"

Page 2, line 36, after "*materials*" insert "*designed to include an assessment of impact on nontarget organisms*"

Page 4, line 8, delete "*acquire and maintain*" and insert "*establish*"

Page 4, line 12, delete "*acquire*" and insert "*use*"

Page 4, line 22, after "*findings*" insert "*, including the impacts of mosquito management activities on nontarget organisms,*"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Blatz from the Committee on Crime and Family Law to which was referred:

H. F. No. 851, A bill for an act relating to crimes; providing that an individual asked to supply data relating to maltreatment

of minors or vulnerable adults need not be given an informational warning; prohibiting diversion of corporate property; authorizing criminal trials with petit juries composed of six persons for gross misdemeanor prosecutions; changing the crimes of "intrafamilial sexual abuse" to the crimes of "criminal sexual abuse"; eliminating the requirement that a defendant receive a copy of a confession that is to be introduced into evidence; amending Minnesota Statutes 1984, sections 13.04, subdivision 2; 593.01, subdivision 2; 609.364; 609.3641, subdivision 1; 609.3642, subdivision 1; 609.3643, subdivision 1; 609.3644, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 302A; repealing Minnesota Statutes 1984, section 611.033.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [302A.556] [CRIMINAL LIABILITY.]

Subdivision 1. [PROHIBITED ACTS.] *Whoever does any of the following with intent to defraud is guilty of a crime and may be sentenced to imprisonment for not more than three years or to payment of a fine of not more than $10,000, or both:*

(1) diverts corporate property to other objects than those specified in the articles of incorporation;

(2) declares dividends when the funds remaining will not meet the corporate liabilities; or

(3) deceives the public or individuals in relation to the corporation's means or liabilities.

Sec. 2. Minnesota Statutes 1984, section 593.01, subdivision 2, is amended to read:

Subd. 2. The provisions of subdivision 1, as to the number of jurors does not apply to a criminal action where the offense charged is a (GROSS MISDEMEANOR OR A) felony. In that event the petit jury is a body of 12 persons, unless the defendant consents to a jury of six.

Sec. 3. Minnesota Statutes 1984, section 611.033, is amended to read:

611.033 [COPY OF CONFESSION OR ADMISSION.]

A statement, confession, or admission in writing shall not be received in evidence in any criminal proceeding against any defendant unless within a reasonable time of the taking thereof the defendant is furnished with a copy thereof and which state-

ment, confession, or admission shall have endorsed thereon or attached thereto the receipt of the accused or certification of a peace officer which shall state that a copy thereof has been received by or made available to the accused. *Nothing in this section requires that a videotape, audiotape, or a transcript of either of them be given to the defendant at the time the statement, confession, or admission is made, or within a reasonable time thereafter, if the videotape or audiotape is available to the defendant in discovery pursuant to the Rules of Criminal Procedure.*"

Delete the title and insert:

"A bill for an act relating to crime; prohibiting diversion of corporate property; authorizing criminal trials with petit juries composed of six persons for gross misdemeanor prosecutions; limiting the requirement that a defendant receive a copy of a confession that is to be introduced into evidence; amending Minnesota Statutes 1984, sections 593.01, subdivision 2; and 611.033; proposing coding for new law in Minnesota Statutes, chapter 302A."

With the recommendation that when so amended the bill pass.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 860, A bill for an act relating to eminent domain; providing for court determination of and payment for pollution of property subject to condemnation; proposing coding for new law in Minnesota Statutes, chapter 117.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [462.446] [DEFINITIONS.]

Subdivision 1. [CONDEMNING AUTHORITY.] *"Condemning authority" means a housing and redevelopment authority located in a county with a population of over 400,000.*

Subd. 2. [HAZARDOUS SUBSTANCE.] *"Hazardous substance" has the meaning given it in section 115B.02.*

Subd. 3. [RELEASE.] *"Release" has the meaning given it in section 115B.02.*

Subd. 4. [RESPONSIBLE PERSON.] *"Responsible person" has the meaning given it in section 115B.03.*

Subd. 5. [RESPONSE ACTION AND RESPONSE.] *"Response action" means action taken in response to a release. "Response" has the meaning given it in section 115B.02.*

Subd. 6. [OWNER.] *"Owner" has the meaning given it in section 117.025.*

Sec. 2. [462.448] [CONDEMNATION OF PROPERTY AFFECTED BY RELEASE.]

Subdivision 1. [PETITION.] *At the time a petition is presented to a district court for condemnation under chapter 117, or at any time before the proceedings are completed, upon motion and a proper showing by the condemning authority, the court may issue an order determining that all of the following conditions are met:*

(1) there is a release or a threatened release of a hazardous substance in or on the property being condemned;

(2) protection of the public health, welfare, and the environment from the release or threatened release may require that response action be taken;

(3) the condemning authority is not a responsible person for the release or threatened release; and

(4) the owner is or may be a person responsible for the release or threatened release.

Subd. 2. [NOTICE TO POLLUTION CONTROL AGENCY.]

(a) At least 20 days before the condemning authority's motion for an order under subdivision 1 is to be heard, the condemning authority shall serve notice of the motion and a copy of the condemnation petition upon the director of the pollution control agency in the manner required for service of process in a civil action. The director may intervene in the proceedings on behalf of the agency.

(b) At least 20 days before the condemning authority's motion for an order under subdivision 1 is to be heard, the condemning authority shall serve notice of the motion and a copy of the condemnation petition upon all persons known to the condemning authority who may be responsible for the release or threatened release on the property in the manner required for service of process in a civil action. Any such persons may intervene in the proceeding.

(c) The owner may implead any person who may be responsible for the release or threatened release on the property by serving such person in the manner provided for in clause (b).

(d) The condemning authority may prepare and submit to the pollution control agency, the owner, and any other known responsible person a remedial investigation report and a feasibility study report, including analysis of alternative remedial action plans, with respect to the release located at the property subject to the condemnation proceeding. The reports shall be prepared in accordance with the requirements of the agency. The director of the agency, within 90 days after a report is submitted, shall approve or reject the report. If the director rejects a report, he shall state in writing the reasons for his rejection. If the director approves a feasibility report, he shall select the remedial action plan which he determines is feasible and effective to protect the public health, welfare, and the environment. The director shall promptly notify the condemning authority, the owner of the property, and any known responsible persons of his actions under this subdivision. The condemning authority may submit a remedial action plan selected by the director to the agency board for authorization of the planned response actions.

Subd. 3. [DEPOSIT.] *(a) Unless it has previously deposited an amount at least equal to the approved appraisal value of the property to be taken assuming the property to not be subject to a release or threatened release, upon issuance of an order under subdivision 1, the condemning authority may deposit with the court an amount equal to the approved appraisal of value of the property to be taken assuming the property to not be subject to a release or threatened release.*

(b) When the order requested under subdivision 1 is issued and the amount necessary to pay for the response action authorized by the agency is determined by the court, at least 150 percent of the estimated cost of the response action must remain on deposit. The balance shall be paid to the parties which the court determines are entitled to receive the deposit.

(c) When the response action authorized by the agency is completed, the remaining deposit, if any, shall be paid to the entitled parties.

(d) The amount of the deposit shall bear interest at a rate determined by the court.

Subd. 4. [EXPENSES REIMBURSED.] *The condemning authority shall be reimbursed for reasonable expenses, as determined by the court, incurred to investigate, evaluate, design, and implement the response action authorized by the agency. The condemning authority shall have a lien against the funds de-*

posited for the reasonable expenses incurred under this section. The lien is superior to liens created after the effective date of sections 1 to 3, except the lien of real estate taxes or special assessments levied against the property.

Subd. 5. [INSUFFICIENT DEPOSIT.] *If the funds deposited with the court are insufficient to pay the expenses of completing the response action authorized by the agency, the condemning authority may:*

(1) offset the award of damages;

(2) be awarded judgment against the owner; and

(3) apply to the pollution control agency for reimbursement of unpaid expenses pursuant to subdivision 6 after exhaustion of the compensation for the property in condemnation and an effort to obtain contribution or indemnification from the owner and any other known responsible persons.

Subd. 6. [REIMBURSEMENT BY POLLUTION CONTROL AGENCY.] *If the condemning authority applies for reimbursement of response costs under subdivision 5, the pollution control agency may reimburse the condemning authority for part or all of the previously unreimbursed response costs that are reasonable and necessary to implement response actions authorized by the agency under subdivision 2 from the fund established under section 115B.20. For the purpose of making this reimbursement from the fund, the response actions shall be considered actions authorized under section 115B.17. The agency may reimburse for costs under this subdivision only if the release for which the expenses are incurred, as it existed at the time the condemning authority acquired title, is a release for which the agency may take removal or remedial action under section 115B.17, subdivision 1. If the agency reimburses the condemning authority for response costs, the authority shall assign its rights to recover the reimbursed costs in any legal action to the agency, and the agency shall be subrogated to the rights so assigned.*

Subd. 7. [APPEAL.] *Any party to the proceedings may appeal the district court's order under subdivision 1 by filing a petition with the court of appeals within 30 days of the district court's filing of its order.*

Subd. 8. [RESPONSIBLE PERSON FOR RELEASE.] *Notwithstanding section 115B.03, a condemning authority which acquires a right, title, or interest in property under this section and is not a responsible person for the release or threatened release of a hazardous substance from a facility in or on the property under section 115B.03, subdivision 3, does not become a responsible person by acquiring an interest in the property so long as the response action is being implemented or has been im-*

plemented in accordance with the pollution control agency's authorization.

Subd. 9. [RIGHT OF CONTRIBUTION AND INDEMNITY.] *(a) An owner may seek an order of the court for contribution or indemnity against other responsible persons for response costs under chapter 115B, liability for damages to third parties, and any diminishment in the value of the condemned property which may be found to have occurred due to the release or threatened release.*

(b) To the extent it has incurred response costs for which it has not been reimbursed the condemning authority may seek an order of the court for contribution and indemnity for response costs against the owner and other responsible persons.

(c) The issue of the duty of a responsible party other than the owner to contribute or indemnify the owner or the condemning authority shall not be tried before the court-appointed commissioners but shall be determined solely by the court.

Sec. 3. [462.449] [DETERMINATION.]

(a) If the court finds under section 2, subdivision 1, that there is a release or threatened release in or on the condemned property, in addition to all other factors affecting the value of the property, the commissioners shall consider the following:

(1) the cost to implement the response action authorized by the pollution control agency; and

(2) the value of the property after the response action authorized by the pollution control agency is implemented.

(b) The commissioners' award shall specify the cost to complete the response action which was relied upon in determining the award of damages for the taking, and determine the extent of any other reduction in value resulting from the release or threatened release.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective the day after final enactment, and apply to all condemnation petitions filed after that date.

Sec. 5. [SEVERABILITY.]

Sections 1 to 3 are severable. If any section is determined to be unconstitutional or invalid, the remaining sections shall remain enforceable."

Delete the title and insert:

"A bill for an act relating to the environment; providing procedures for certain housing and redevelopment authorities to condemn property affected by a release of a hazardous substance; proposing coding for new law in Minnesota Statutes, chapter 462."

With the recommendation that when so amended the bill pass.

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 911, A bill for an act relating to human services; expanding medical assistance eligibility for young mothers living at home with parents; allowing prenatal services to be delivered to pregnant women living at home; amending Minnesota Statutes 1984, sections 256.99; 256B.02, subdivisions 2 and 3; 256B.06, subdivision 1; 256B.062; and 256B.17, subdivision 6.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 912, A bill for an act relating to human services; increasing incentives for enforcing and collecting child support; amending Minnesota Statutes 1984, sections 256.74, subdivision 5; 256.87, subdivisions 1a and 3; 257.58, subdivision 1; 518.551, subdivision 7; 518.611, subdivisions 2, 4, and 6; and 518.645; repealing Minnesota Statutes 1984, section 518.611, subdivision 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 256.74, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] The amount of assistance which shall be granted to or on behalf of any dependent child and mother or other needy eligible relative caring for the dependent child shall be determined by the county agency in accordance

with rules promulgated by the commissioner and shall be sufficient, when added to all other income and support available to the child, to provide the child with a reasonable subsistence compatible with decency and health. The amount shall be based on the method of budgeting required in Public Law No. 97-35, Section 2315, 42 U.S.C. 602, as amended and federal regulations at 45 C.F.R. Section 233. In making its determination the county agency shall disregard the following from family income:

(1) All of the earned income of each dependent child receiving aid to families with dependent children who is a full-time student or part-time student, and not a full-time employee, attending a school, college, or university, or a course of vocational or technical training designed to fit him for gainful employment;

(2) All educational grants and loans awarded pursuant to a federal law when public assistance was considered in making the award and the award was made on the basis of financial need; and that part of any other educational grant or loan which is used for educational purposes, such as tuition, fees, equipment, transportation and child care expenses necessary for school attendance;

(3) The first $75 of each individual's earned income. In the case of an individual not engaged in full-time employment or not employed throughout the month the commissioner shall prescribe by rule a lesser amount to be disregarded. For self-employed persons, the expenses directly related to producing goods and services and without which the goods and services could not be produced shall be disregarded pursuant to rules promulgated by the commissioner;

(4) An amount equal to the actual expenditures but not to exceed $160 for the care of each dependent child or incapacitated individual living in the same home and receiving aid. In the case of a person not engaged in full-time employment or not employed throughout the month, the commissioner shall prescribe by rule a lesser amount to be disregarded; and

(5) Thirty dollars plus one-third of the remainder of each individual's earned income not already disregarded for individuals found otherwise eligible to receive aid or who have received aid in one of the four months before the month of application. With respect to any month, the county welfare agency shall not disregard under this clause any earned income of any person who has:

(a) Reduced his earned income without good cause within 30 days preceding any month in which an assistance payment is made; or

(b) Refused without good cause to accept an offer of suitable employment; or

(c) Left employment or reduced his earnings without good cause and applied for assistance so that he might later return to employment with the advantage of the income disregard; or

(d) Failed without good cause to make a timely report of earned income in accordance with rules promulgated by the commissioner of human services.

Persons who are already employed and who apply for assistance shall have their needs computed with full account taken of their earned and other income. If earned and other income of the family is less than need, as determined on the basis of public assistance standards, the county agency shall determine the amount of the grant by applying the disregard of income provisions. The county agency shall not disregard earned income for persons in a family if the total monthly earned and other income exceeds their needs, unless for any one of the four preceding months their needs were met in whole or in part by a grant payment.

The disregard of $30 and one-third of the remainder of earned income described in clause (5) shall be applied to the individual's income for a period not to exceed four consecutive months. Any month in which the individual loses this disregard because of the provisions of clause (5)(a) to (5)(d) shall be considered as one of the four months. To again qualify for this earned income disregard, the individual must not be a recipient of aid for a period of 12 consecutive months. If an individual becomes ineligible for aid because this earned income disregard has been applied to income for four consecutive months and will no longer be applied to income, the local agency shall inform the individual of the medical assistance program, its standards of eligibility, and the circumstances under which the individual would be eligible for medical assistance.

(6) The commissioner shall increase the standard of need for persons with earned income in effect on January 1, 1982, by 35 percent for each assistance unit. The maximum amount paid to an assistance unit shall be no more than 74 percent of the increased standard of need. Whenever the commissioner increases the maximum payment amount for all assistance units, the commissioner shall increase the maximum standard of need by an equal percentage.

To determine the amount of assistance to be paid to an assistance unit, net income shall be determined in a manner consistent with this chapter and applicable federal law. Net earned income shall be subtracted from the increased standard of need for an assistance unit of the appropriate size and composition to determine the grant amount, except that the grant shall not exceed the standard of need in effect on January 1, 1982 for an assistance unit of the same size and composition. Unearned income shall be

subtracted from the maximum payment amount for an assistance unit of the appropriate size and composition to determine the grant amount.

Medical assistance eligibility for medically needy persons who are eligible for aid to families with dependent children shall be determined according to the standard of need in effect on January 1, 1982.

The first $50 of periodic support payments collected by the public authority responsible for child support enforcement from a person with a legal obligation to pay support for a member of the assistance unit shall be paid to the assistance unit within 15 days of the collection of such periodic support payments and shall be disregarded in determining the amount of assistance.

Sec. 2. Minnesota Statutes 1984, section 256.74, subdivision 5, is amended to read:

Subd. 5. [ASSIGNMENT OF SUPPORT AND MAINTENANCE RIGHTS.] An applicant for assistance, or a recipient of assistance, under sections 256.72 to 256.87 *or an applicant or recipient for whom foster care maintenance is provided under Title IV-E of the Social Security Act* is considered to have assigned to the public agency responsible for child support enforcement at the time of application all rights to child support and maintenance from any other person the applicant may have in his own behalf or in the behalf of any other family member for whom application is made *under sections 256.72 to 256.87 or Title IV-E*. The assignment:

(1) is effective as to both current and accrued child support and maintenance obligations;

(2) takes effect upon a determination that the applicant is eligible for assistance under sections 256.72 to 256.87 *or that the applicant or family member is eligible for foster care maintenance under Title IV-E of the Social Security Act*;

(3) terminates when an applicant ceases to receive assistance under sections 256.72 to 256.87 *or when the applicant or family member ceases to receive foster care maintenance under Title IV-E of the Social Security Act*, except with respect to the amount of any unpaid support or maintenance obligation, or both, (ACCRUED) under the assignment.

Sec. 3. Minnesota Statutes 1984, section 256.87, subdivision 1a, is amended to read:

Subd. 1a. [CONTINUING SUPPORT CONTRIBUTIONS.] In addition to granting the county or state agency a money judg-

ment, the court may, upon a motion or order to show cause, order continuing support contributions by a parent found able to reimburse the county or state agency. Except as provided in subdivision 4, the order shall be effective for the period of time during which the recipient receives public assistance from any county or state agency and for (90 DAYS) *five months* thereafter the order shall require support according to chapter 518. An order for continuing contributions is reinstated without further hearing upon notice to the parent by any county or state agency that assistance is again being provided for the child of the parent under sections 256.72 to 256.87. The notice shall be in writing and shall indicate that the parent may request a hearing for modification of the amount of support or maintenance.

Sec. 4. Minnesota Statutes 1984, section 256.87, subdivision 3, is amended to read:

Subd. 3. [CONTINUING CONTRIBUTIONS TO FORMER RECIPIENT.] The order for continuing support contributions shall remain in effect following the (90 DAY) *five-month* period after public assistance granted under sections 256.72 to 256.87 is terminated if:

(a) the former recipient files an affidavit with the court within (90 DAYS) *five months* of the termination of assistance requesting that the support order remain in effect;

(b) the public authority serves written notice of the filing by mail on the parent responsible for making the support payments at that parent's last known address and notice that the parent may move the court under section 518.64 to modify the order respecting the amount of support or maintenance; and

(c) the former recipient (MAKES AN APPLICATION TO) *authorizes* use *of* the public authority's collection services.

Sec. 5. Minnesota Statutes 1984, section 257.58, subdivision 1, is amended to read:

Subdivision 1. [ACTIONS FOR CHILDREN WITHOUT A PRESUMED FATHER.] (EXCEPT FOR (A) AN ACTION BROUGHT BY OR ON BEHALF OF A CHILD WHOSE PATERNITY HAS NOT BEEN DETERMINED, AND (B) AN ACTION BROUGHT BY THE PUBLIC AUTHORITY RESPONSIBLE FOR CHILD SUPPORT ENFORCEMENT, IF A CHILD IS OVER THREE YEARS OLD WHEN HE OR SHE FIRST RECEIVES PUBLIC ASSISTANCE IN THE STATE OF MINNESOTA,) An action to determine the existence of the father and child relationship as to a child who has no presumed father under section 257.55 (MAY NOT BE BROUGHT LATER THAN THREE YEARS AFTER THE BIRTH OF THE CHILD, OR LATER THAN THREE YEARS AFTER AUGUST

1, 1980, WHICHEVER IS LATER. AN ACTION BROUGHT BY OR ON BEHALF OF A CHILD WHOSE PATERNITY HAS NOT BEEN DETERMINED) is not barred until one year after the child reaches the age of majority. (IF A CHILD IS OVER THREE YEARS OLD WHEN HE OR SHE FIRST RECEIVES PUBLIC ASSISTANCE IN THE STATE OF MINNESOTA, AN ACTION BROUGHT BY THE PUBLIC AUTHORITY RESPONSIBLE FOR CHILD SUPPORT ENFORCEMENT IS NOT BARRED UNTIL THREE YEARS AFTER THE PUBLIC ASSISTANCE IS FIRST PROVIDED IN THIS STATE.)

Sec. 6. Minnesota Statutes 1984, section 518.551, subdivision 7, is amended to read:

Subd. 7. [SERVICE FEE.] When the public agency responsible for child support enforcement provides child support collection services either to a public assistance recipient or to a party who does not receive public assistance, the public agency may upon written notice to the obligor charge a monthly collection fee equivalent to the full monthly cost to the county of providing collection services, in addition to the amount of the child support which was ordered by the court. The fee shall be deposited in the county general fund. The service fee assessed is limited to ten percent of the monthly court ordered child support and shall not be assessed to obligors who are current in payment of the monthly court ordered child support. (NO FEE SHALL BE IMPOSED ON THE PARTY WHO REQUESTS CHILD SUPPORT COLLECTION SERVICES) *An application fee not to exceed $5 shall be paid by the person who applies for child support and maintenance collection services, except persons who transfer from public assistance to nonpublic assistance status. Fees assessed by state and federal tax agencies for collection of overdue support owed to or on behalf of a person not receiving public assistance must be imposed on the person for whom these services are provided.*

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

Sec. 7. Minnesota Statutes 1984, section 518.611, subdivision 2, is amended to read:

Subd. 2. [NOTICE (TO OBLIGOR) OF (CONDITIONS) *INCOME WITHHOLDING.*] Each order for withholding shall provide for a conspicuous notice to the obligor that:

(a) The obligor shall notify the obligee or the public authority of a change of address within 15 days of the address change.

(b) Withholding (MAY) *shall* result if the obligor fails to make the maintenance or support payments, and that no withholding shall be made until the following conditions are met:

((A)) *(1)* The obligee or the public authority determines that the obligor is at least 30 days in arrears;

((B)) *(2)* The obligee or the public authority serves written notice of *income withholding, showing* its determination of arrearage, on the obligor at least 15 days before service of the (DETERMINATION) *notice of income withholding* and a copy of the court's order for withholding on the payor of funds;

((C)) *(3)* Within the 15-day period, the obligor (HAS EITHER FAILED TO PAY ALL ARREARAGES OR) *fails* to move the court (, UNDER SECTION 518.64, TO MODIFY THE ORDER RESPECTING THE AMOUNT OF MAINTENANCE OR SUPPORT) *to deny withholding on the grounds that an arrearage of at least 30 days does not exist as of the date of the notice of income withholding, or on other grounds limited to mistakes of fact,* and, ex parte, to stay service on the payor of funds until the motion to (MODIFY) *deny withholding* is heard (;). *Within 45 days from the date of the notice of income withholding, the court shall hold the hearing on the motion to deny witholding and notify the parties of its decision;* and

((D)) *(4)* The obligee or the public authority serves a copy of the (DETERMINATION OF ARREARAGE) *notice of income withholding* and a copy of the court's withholding order on the payor of funds (.)*; and*

((E)) *(5)* The obligee (SHALL ALSO SERVE) *serves* on the public authority a copy of the (DETERMINATION OF ARREARAGE) *notice of income withholding,* a copy of the court's withholding order (AND), an application *and the fee* to use the public authority's collection services.

(b) To pay the arrearage specified in the notice of income withholding the employer or payor of funds shall withhold from the obligor's income an additional amount equal to 20 percent of the monthly child support or maintenance obligation until the arrearage is paid.

(c) The obligor may, at any time, waive the written notice required by this subdivision.

(d) The obligor may move the court, under section 518.64, to modify the order respecting the amount of maintenance or support.

Sec. 8. Minnesota Statutes 1984, section 518.611, subdivision 3, is amended to read:

Subd. 3. [(MODIFICATION ORDERS) *WITHHOLDING HEARING.*] (AN ORDER ISSUED AFTER THE HEARING

ON THE MOTION TO MODIFY UNDER SUBDIVISION 2, PARAGRAPH (C), OF THIS SECTION, SHALL PROVIDE THAT PAYMENTS BE MADE OUTRIGHT BY WITHHOLDING. THE CONDITIONS PRECEDENT TO WITHHOLDING OF SUBDIVISION 2 DO NOT APPLY) *At the hearing to deny withholding, if the court finds that there was no mistake of fact, the court shall order income withholding to begin no later than the first pay period that occurs after 14 days following the date of the hearing. If the court finds that an arrearage of at least 30 days existed as of the date of the notice of income withholding, but finds a mistake in the amount of arrearage, the court shall order income withholding, but it shall correct the amount of arrearage to be withheld under subdivision 2.*

Sec. 9. Minnesota Statutes 1984, section 518.611, subdivision 4, is amended to read:

Subd. 4. [EFFECT OF ORDER.] Notwithstanding any law to the contrary, the order is binding on the employer, trustee, or other payor of the funds (UPON) *when* service (UPON HIM OF NOTICE THAT IT) *under subdivision 2* has been made. *Withholding must begin no later than the first pay period that occurs after 14 days following the date of the notice. An employer or other payor of funds in this state is required to withhold income according to court orders for withholding issued by other states or territories.* The payor shall withhold from the income payable to the obligor the amount specified in the order and *amounts required under subdivision 2, paragraph (b) and* shall *remit,* monthly or more frequently (REMIT), the amounts withheld to the public authority. Amounts received by the public authority which are in excess of public assistance expended for the party or for a child shall be remitted to the party. An employer shall not discharge, *or refuse to hire,* or otherwise discipline an employee as a result of a wage or salary withholding authorized by this section. *The employer or other payor of funds shall be liable to the obligee for any amounts required to be withheld.*

Sec. 10. Minnesota Statutes 1984, section 518.611, subdivision 6, is amended to read:

Subd. 6. [PRIORITY.] An order for witholding under this section or execution or garnishment upon a judgment for child support arrearages or preadjudicated expenses shall have priority over an attachment, execution, garnishment, or wage assignment (UNLESS OTHERWISE ORDERED BY THE COURT) and shall not be subject to the statutory limitations on amounts levied against the income of the obligor. *Amounts withheld from an employee's income must not exceed the maximum permitted under the Consumer Credit Protection Act, United States Code, title 15, section 1673(b)(2). If there is more than one withholding order on a single employee, the employer shall put them into effect in the order received up to the maximum allowed in the Consumer Credit Protection Act.*

Sec. 11. Minnesota Statutes 1984, section 518.611, is amended by adding a subdivision to read:

Subd. 9. [FORMS.] *The department of human services shall prepare and make available to courts and obligors a form to be submitted by the obligor in support of a motion to deny withholding under this section. The rule making provisions of chapter 14 shall not apply to the preparation of the form.*

Sec. 12. Minnesota Statutes 1984, section 518.611, is amended by adding a subdivision to read:

Subd. 10. [TERMINATION.] *Whenever an obligation for support of a dependent child or maintenance of a spouse, or both, terminates under the terms of the order or decree establishing the obligation, the public authority shall notify the employer or other payor of funds of the termination and the employer or other payor of funds shall terminate the income withholding. The court may order that income withholding terminate when the support obligation terminates under the terms of the order or decree establishing the support obligation, or by agreement of the parties and the public agency responsible for child support enforcement.*

Sec. 13. Minnesota Statutes 1984, section 518.645, is amended to read:

518.645 [FORM OF ORDER.]

Unless otherwise ordered by the court, an order for withholding of support or maintenance payments issued under this chapter shall be substantially in the following form:

IT IS ORDERED THAT:

1. The sum of ..... per ....., representing child support and/or spousal maintenance, ordered by the Court, shall be withheld from the (Husband/Wife Respondent/Petitioner)'s income on ..... by (his/her) present employer or other payor of funds, ..., and any future employer or other payor of funds, and shall be remitted to:

....., monthly or more frequently, in accordance with the provisions of Minnesota Statutes, Chapter 518. The file number above and the Obligor's name shall be included with each remittance.

2. *An additional amount equal to 20 percent of the amount required to be withheld by paragraph 1 shall be withheld from the income of the Obligor by the employer or payor until the entire arrearage in paragraph 3(b) is paid.*

3. The parties are notified that CHILD SUPPORT AND/OR MAINTENANCE WILL BE WITHHELD FROM INCOME ONLY AFTER ALL OF THE FOLLOWING CONDITIONS HAVE BEEN MET:

(a) ..... or the Obligee determines that the Obligor is at least thirty days in arrears in the payment of child support and/or spousal maintenance;

(b) ..... or the Obligee serves written notice *of income withholding* on the Obligor (OF ITS) *showing the* determination that child support and/or maintenance payments are thirty days in arrears;

(c) Within fifteen days after service of the notice *of income withholding*, the Obligor (EITHER) fails to (PAY ALL PAST DUE PAYMENTS OR TO) move the Court (, MINNESOTA STATUTES, SECTION 518.64, TO MODIFY THE ORDER RESPECTING THE AMOUNT OF CHILD SUPPORT AND/OR SPOUSAL MAINTENANCE) *for a denial of withholding on the ground that an arrearage of at least 30 days does not exist as of the date of the notice of income withholding or on other grounds limited to mistakes of fact*, and, ex parte, to stay service of withholding on the employer or other payor of funds until the motion to (MODIFY) *deny withholding* is heard. *Within 45 days from the date of the notice of income withholding, the court shall hold the hearing on the motion to deny withholding and notify the parties of its decision*; and

(d) Not sooner than (FIFTEEN) *15* days after service of written notice (IN PARAGRAPH (B)) *of income withholding* on the Obligor, ... or the Obligee serves a copy of (ITS DETERMINATION OF A THIRTY-DAY) *the notice of income withholding* (DELINQUENCY) and a copy of the Court's withholding order on the employer or other payor of funds, who will then be obligated to withhold payments from income and forward the amount withheld to .....

(3.) *4.* The parties and the employer or other payor of funds are further notified that NO EMPLOYER MAY DISCHARGE, SUSPEND, OR OTHERWISE PENALIZE OR DISCIPLINE AN EMPLOYEE BECAUSE THE EMPLOYER MUST WITHHOLD SUPPORT OR MAINTENANCE MONEY. Minnesota Statutes, section 518.611.

5. The payments shall begin to be withheld no later than the first pay period that occurs after 14 days following the date of mailing of the notice to the employer or other payor of funds in paragraph 3(d) and from that date the employer or other payor of funds is liable for amounts required to be withheld.

6. This order for withholding takes priority over any attachment, execution, garnishment, or wage assignment levied against the income of the Obligor. Amounts withheld are not subject to other statutory limitations on amounts levied against the income of the Obligor but must not exceed the maximum permitted under the federal Consumer Credit Protection Act, United States Code, title 15, section 1673(b)(2). If there is more than one withholding order on a single Obligor, the employer or other payor of funds shall put them into effect in the order received, up to the maximum allowed under the Consumer Credit Protection Act.

7. When the Obligor's employment is terminated or the periodic payment ends, the employer or other payor of funds is required to notify ..... within 30 days of the termination date. The notice must include the Obligor's home address of record and, if known, the name and address of the Obligor's new employer or other payor of funds.

(4.) *8.* If the Obligee serves the employer or other payor of funds under paragraph (2) *3*(d), the Obligee shall also serve the determination and order on ....., together with an application *and fee* to use collection services.

(5.) *9.* Service of this Order shall be .....

Sec. 14. Minnesota Statutes 1984, section 543.20, is amended to read:

543.20 [PERSONAL JURISDICTION IN SUPPORT ENFORCEMENT CASES AND PATERNITY SUITS.]

Subdivision 1. [SERVICE.] In addition to the methods of service of process provided in the rules of civil procedure, service of a summons, an order to show cause, or an order or judgment within this state may also be made upon an individual by delivering a copy to him or her personally at his or her place of employment *or at a post-secondary education institution in which he or she is enrolled.* The employer shall make the individual available for the purpose of delivering a copy. *The post-secondary education institution must make the individual's class schedule available to the process server or make the individual available for the purpose of delivering a copy.* No employer *or post-secondary education institution* shall deny a process server admittance to the employer's *or post-secondary education institution's* premises for the purpose of making service under this section.

No service shall be allowed under this section unless such service is made personally on the individual.

Subd. 2. [APPLICABILITY.] Service *of an employee* at a place of employment *or of a student at a post-secondary educa-*

tion institution applies only to: (a) summons in an action for dissolution, annulment, legal separation, or under the parentage act and under section 256.87; (b) orders to show cause under both section 256.87 and the revised uniform Reciprocal Enforcement of Support Act as well as for contempt of court for failure to pay child support; (c) petitions under the Domestic Abuse Act; and (d) motions, orders and judgments for the payment of child support when the court orders personal service.

Subd. 3. [RETALIATION PROHIBITED.] An employer shall not discharge or otherwise discipline an employee, *nor shall a post-secondary education institution dismiss or discipline a student* as a result of service under this section.

Subd. 4. [DEFINITION.] *For purposes of this section "post-secondary education institution" means any state university, community college, area vocational technical institution, private college, private post-secondary school, or the University of Minnesota."*

Delete the title and insert:

"A bill for an act relating to human services; increasing incentives for enforcing and collecting child support; amending Minnesota Statutes 1984, sections 256.74, subdivisions 1 and 5; 256.87, subdivisions 1a and 3; 257.58, subdivision 1; 518.551, subdivision 7; 518.611, subdivisions 2, 3, 4, and 6, and by adding subdivisions; 518.645; and 543.20."

With the recommendation that when so amended the bill pass.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 922, A bill for an act relating to economic development; granting certain powers to municipalities; amending Minnesota Statutes 1984, sections 16B.61, subdivision 3; 273.73, subdivisions 9, 12, and by adding a subdivision; 273.74, subdivision 3; 273.75, subdivision 1; 273.76, subdivision 1; 458.16, by adding a subdivision; 462.352, subdivisions 5, 7, 9, 10, 15, and by adding a subdivision; 462.357, subdivision 1; 462.358, subdivision 2a; 472.08, subdivision 1; 472A.03; 474.02, by adding a subdivision; Laws 1980, chapter 595, section 3, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 465; and proposing coding for new law as Minnesota Statutes, chapter 472B.

Reported the same back with the following amendments:

Page 2, line 28, delete ", *or a county or town*"

Page 3, line 16, delete "*chapter 458,*"

Page 3, line 33, delete "*or is owned by the state of Minnesota,*"

Page 4, line 10, delete everything after "*117*" and insert ", *provided that any exercise of the right of eminent domain hereby conferred shall not be for the purpose of preventing the development, mining, and use of mineral resources;*"

Page 4, delete lines 11 to 20

Page 5, line 11, delete everything after the period

Page 5, delete line 12

Page 6, line 19, after "*well*" insert "*and exploratory*"

Page 6, line 21, delete "*potentially*" and insert "*designated*"

Page 16, line 28, after "*charter*" delete "*city,*" and insert "*or*" and delete "*county, or town*"

Page 22, line 8, before the period insert "*; provided the intent of the building code to establish reasonable safeguards for health, safety, welfare, comfort, and security is maintained*"

With the recommendation that when so amended the bill pass.

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 925, A bill for an act relating to health; changing eligibility requirements for catastrophic health expense protection program; appropriating money; amending Minnesota Statutes 1984, sections 62E.52, subdivisions 2, 3, 7, and by adding a subdivision; 62E.53, subdivisions 1, 2, 3, and 4; and 62E.531, subdivisions 1 and 3.

Reported the same back with the following amendments:

Page 4, line 15, after the period insert "*The commissioner may contract with health insurers licensed and operating pursuant to chapters 62A and 62C to provide medical services under the catastrophic health expense protection program.*"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 934, A bill for an act relating to civil commitment; requiring continued commitment of mentally retarded persons to be for a determinate period of time; conforming provisions relating to mentally ill and mentally retarded persons; correcting a cross-reference; amending Minnesota Statutes 1984, sections 253B.12, subdivision 4; and 253B.13, subdivisions 1 and 3; proposing coding for new law in Minnesota Statutes, chapter 253B; repealing Minnesota Statutes 1984, section 253B.13, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 253B.13, subdivision 2, is amended to read:

Subd. 2. [MENTALLY RETARDED PERSONS.] If (THE COURT FINDS UPON REVIEW OF THE TREATMENT REPORT), *at the conclusion of a hearing held pursuant to section 253B.12, it is found* that the person continues to be mentally retarded, (IT) *the court* shall order commitment of the person for an indeterminate period of time, subject to the reviews required by section 253B.03, subdivisions 5 and 7, and subject to the right of the patient to seek judicial review of continued commitment."

Amend the title as follows:

Page 1, line 2, after "requiring" insert "a hearing for the"

Page 1, line 3, delete "to be for a"

Page 1, delete lines 4 and 5

Page 1, line 6, delete "persons; correcting a cross-reference"

Page 1, line 7, delete "sections 253B.12, subdivision"

Page 1, delete lines 8 and 9

Page 1, line 10, delete "repealing Minnesota Statutes 1984,"

With the recommendation that when so amended the bill pass.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 942, A bill for an act relating to the city of Red Wing; permitting the establishment of a port authority.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [PORT AUTHORITY.]

The city of Red Wing and the city of Hastings may, by adoption of an enabling resolution in compliance with the procedural requirements of section 3, each establish a port authority which, subject to the provisions of section 2, shall have the same powers as any port authority established pursuant to Minnesota Statutes, section 458.09, or other law, and any housing and redevelopment authority established pursuant to Minnesota Statutes, chapter 462, or other law and shall constitute an "agency" which may administer one or more municipal development districts pursuant to Minnesota Statutes, section 472A.10. If a city establishes a port authority pursuant to this section, that city shall have all the powers relating to a port authority granted to any city by Minnesota Statutes, chapter 458, or other law and all powers relating to a housing and redevelopment authority granted to any city by Minnesota Statutes, chapter 462, or other law.

Sec. 2. [LIMITATION OF POWERS.]

(a) The enabling resolution may impose the following limitations upon the actions of the port authority:

(1) that the port authority shall not exercise any specified powers contained in Minnesota Statutes, chapters 458 and 462, or that the port authority shall not exercise any such powers without the prior approval of the city council;

(2) that except when previously pledged by the port authority, the city council may, by resolution, require the port authority to transfer any portion of the reserves generated by activities of the port authority which the city council determines is not necessary for the successful operation of the port authority, to the city general fund, to be used for any general purpose of the city;

(3) that the sale of any or all bonds or obligations issued by the port authority be approved by the city council before issuance;

(4) that the port authority follow the budget process for city departments as provided by the city and as implemented by the city council and mayor;

(5) that all official actions of the port authority be consistent with the adopted comprehensive plan of the city of Red Wing, and any official controls implementing the comprehensive plan;

(6) that the port authority submit to the city council for approval by resolution any proposed project as defined in Minnesota Statutes, section 273.73, subdivision 8;

(7) that the port authority submit all planned activities for influencing the action of any other governmental agency, subdivision, or body to the city council for approval;

(8) that the port authority submit its administrative structure and management practices to the city council for approval; and

(9) any other limitation or control established by the city council by such enabling resolution.

(b) The enabling resolution may be modified at any time, subject to clause (5), and provided that any such modification is made in accordance with the procedural requirements of section 3.

(c) Without limiting the right of the port authority to petition the city council at any time, each year, within 60 days of the anniversary date of the initial adoption of the enabling resolution, the port authority shall submit to the city council a report with regard to whether and how the enabling resolution should be modified. Within 30 days of receipt of such recommendation, the city council shall review the enabling resolution, consider the recommendations of the port authority with respect thereto and make any modification it deems appropriate; provided that any modification shall be made in accordance with the procedural requirements of section 3.

(d) A determination by the city council that the limitations imposed pursuant to this section have been complied with by the port authority shall be conclusive.

(e) Limitations imposed pursuant to this section shall not be applied in a manner which impairs the security of any bonds issued or contracts executed prior to the imposition of the limitation. The city council shall not modify any limitations in effect at the time any bonds or obligations are issued or contracts executed to the detriment of the holder of the bonds or obligations or any contracting party.

Sec. 3. [PROCEDURAL REQUIREMENT.]

(a) The creation of a port authority by the city of Red Wing or the city of Hastings shall be by written resolution known as the enabling resolution. Prior to adoption of the enabling resolution, the city council shall conduct a public hearing thereon. Notice of the time and place of hearing, and stating the purpose of the hearing and summary of the resolution shall be published in a newspaper of general circulation within the city once a week for two consecutive weeks. The first publication shall appear not more than 30 days from the date of the public hearing.

(b) All modifications to the enabling resolution shall be by written resolution and shall be adopted upon such notice and after such public hearing as is required for the original adoption of the enabling resolution.

Sec. 4. [NAME.]

Notwithstanding Minnesota Statutes, section 458.10, subdivision 1, or other law, the city may, by its enabling resolution, designate such formal name for the port authority thereby created as it deems appropriate.

Sec. 5. [REMOVAL OF COMMISSIONERS FOR CAUSE.]

For inefficiency or neglect of duty, or misconduct in office, a commissioner of the port authority may be removed by the city council, but a commissioner shall be removed only after a hearing and after he or she shall have been given a copy of the charges at least ten days prior to the hearing and had an opportunity to be heard in person or by counsel. When charges in writing have been preferred against a commissioner, pending final action thereon the city council may temporarily suspend such commissioner, but, if it is found that those charges have not been substantiated, such commissioner shall immediately be reinstated. In the event of the removal of any commissioner, a record of the proceedings, together with the charges and findings thereon, shall be filed in the office of the city clerk.

Sec. 6. [LOCAL APPROVAL.]

This act is effective for the city of Red Wing the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Red Wing.

This act is effective for the city of Hastings the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Hastings."

Delete the title and insert:

"A bill for an act relating to local government; granting the city of Red Wing located in Goodhue county and the city of Hastings located in Dakota county each the authority to establish a port authority; authorizing the port authority to exercise the power of a municipal housing and redevelopment authority; authorizing the city to impose restrictions and limitations upon the powers and procedures of the port authority; permitting the city to choose the name of the port authority; providing for removal of port authority commissioners; requiring local approval."

With the recommendation that when so amended the bill pass.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 944, A bill for an act relating to the city of Roseville; granting the city the powers of a port authority; requiring local approval.

Reported the same back with the following amendments:

Delete lines 11 to 14 and insert:

"Sec. 2. [WHITE BEAR LAKE; PORT AUTHORITY.]

The governing body of the city of White Bear Lake may exercise all the powers of a port authority provided by Minnesota Statutes, chapter 458.

Sec. 3. [LOCAL APPROVAL.]

Section 1 is effective for the city of Roseville the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Roseville.

Section 2 is effective for the city of White Bear Lake the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of White Bear Lake."

Delete the title and insert:

"A bill for an act relating to local government; granting the city of Roseville and the city of White Bear Lake located in

Ramsey county the powers of a port authority; requiring local approval."

With the recommendation that when so amended the bill pass.

The report was adopted.

Pursuant to House Rule No. 9.3, H. F. No. 944 was re-referred to the Committee on Rules and Legislative Administration.

Carlson, D., from the Committee on Transportation to which was referred:

H. F. No. 973, A bill for an act relating to transportation; redesignating portion of trunk highway; amending Minnesota Statutes 1984, section 161.14, subdivision 6.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 89.001, is amended by adding a subdivision to read:

Subd. 14. "State forest road" means a road constructed, acquired, maintained, or administered by the commissioner to provide access to lands for the purpose of multiple use forest management.

Sec. 2. Minnesota Statutes 1984, section 89.19, is amended to read:

89.19 [RULES (AND REGULATIONS).]

The commissioner (SHALL HAVE POWER TO) *may* prescribe (SUCH) rules (AND REGULATIONS) governing the use of state forest lands *and state forest roads*, or any (PART) *parts* thereof, by the public (OR) *and* governing the exercising by holders of leases or permits (UPON) *on* state forest lands *and state forest roads* of all their rights under such leases or permits (AS MAY BE NECESSARY TO CARRY OUT THE PURPOSES OF THIS CHAPTER).

Sec. 3. [89.29] [FOREST ROAD ACCOUNT.]

Subdivision 1. [ACCOUNT CREATED.] *There is created in the state treasury a state forest road account, consisting of funds credited under section 7.*

Subd. 2. [EXPENDITURE.] *Money in the state forest road account may be appropriated by law only for:*

(1) acquisition, development, maintenance, and administration of state forest roads under the jurisdiction of the commissioner of natural resources; and

(2) the commissioner's share of the cost of cooperative maintenance agreements made with other providers of forest roads.

Sec. 4. [89.30] [FOREST ROADS.]

Subdivision 1. [DEDICATION.] *Existing forest roads and bridges administered under section 89.002, subdivision 3, are hereby dedicated as state forest roads to the width of the actual use, unless otherwise specified in a prior easement of record.*

Subd. 2. [RIGHT-OF-WAY.] *Except as otherwise provided, all state forest roads established after July 1, 1985, must have a right-of-way at least four rods in width. Additional right-of-way and easements, including easements needed for drainage, may be acquired by the commissioner by purchase, gift, or condemnation when needed for construction, maintenance, or safety.*

Subd. 3. [CONSTRUCTION, MAINTENANCE.] *The commissioner shall develop specifications for the design and construction of state forest roads and shall establish maintenance schedules for forest roads consistent with their intended use.*

Subd. 4. [POSTING OF MINIMUM-MAINTENANCE FOREST ROADS.] *The commissioner may by order designate a state forest road as a minimum-maintenance forest road if he determines that the road is used only intermittently for vehicular travel. Designation of a state forest road as a minimum-maintenance road is effective on the posting of signs, at entry points to the road and at regular intervals along it, to the effect that the road is a minimum-maintenance forest road and that the public travels on the road at its own risk. Posting of the signs is prima facie evidence that adequate notice of minimum-maintenance status has been given to the public.*

Subd. 5. [LIABILITY ON MINIMUM-MAINTENANCE ROADS.] *The commissioner may maintain a minimum-maintenance forest road at a level to serve intermittent traffic, and such maintenance may be below the level of maintenance given other forest roads. The commissioner and his employees are exempt from liability for any claim by any person arising from travel on a designated minimum-maintenance forest road and related to its maintenance or condition.*

Subd. 6. [RESTRICTIONS ON TRAVEL.] *The commissioner may impose prohibitions and restrictions on travel on*

state forest roads, including travel by vehicles of different classes and different axle weights and gross vehicle weights, and may close a state forest road to all travel, as deemed necessary to protect forest resources or prevent damage to the road.

Sec. 5. Minnesota Statutes 1984, section 161.14, subdivision 6, is amended to read:

Subd. 6. [*VETERANS'* EVERGREEN MEMORIAL DRIVE.] *(a)* That portion of road No. 185, known as trunk highway No. 23 in St. Louis, Pine and Carlton Counties, is hereby named and designated "*Veterans'* Evergreen Memorial Drive" in memory of (WORLD WAR) veterans of St. Louis, Pine, and Carlton counties.

(b) The commissioner shall install a bronze plaque with an inscription to read, "In grateful memory of all men and women from Carlton, Pine, and St. Louis Counties who served in World War I, World War II, Korea, Vietnam, and all other conflicts."

Sec. 6. Minnesota Statutes 1984, section 296.16, subdivision 1, is amended to read:

Subdivision 1. [INTENT.] All gasoline received in this state and all gasoline produced in or brought into this state except aviation gasoline and marine gasoline shall be determined to be intended for use in motor vehicles in this state. Approximately three-fourths of one percent of all gasoline received in this state and three-fourths of one percent of all gasoline produced or brought into this state, except gasoline used for aviation purposes, is being used as fuel for the operation of motor boats on the waters of this state and of the total revenue derived from the imposition of the gasoline fuel tax for uses other than in motor boats, three-fourths of one percent of such revenues is the amount of tax on fuel used in motor boats operated on the waters of this state. Approximately three-fourths of one percent of all gasoline received in and produced or brought into this state, except gasoline used for aviation purposes, is being used as fuel for the operation of snowmobiles in this state, and of the total revenue derived from the imposition of the gasoline fuel tax for uses other than in snowmobiles, three-fourths of one percent of such revenues is the amount of tax on fuel used in snowmobiles operated in this state. *Approximately one-tenth of one percent of all gasoline produced or brought into this state and one-half of one percent of all special fuel produced or brought into this state, except gasoline and special fuel used for aviation purposes, is being used as fuel for the operation of motor vehicles on state forest roads which are not public highways.*

Sec. 7. Minnesota Statutes 1984, section 296.421, is amended by adding a subdivision to read:

Subd. 6. [COMPUTATION AND DISTRIBUTION OF UNREFUNDED TAXES FOR FOREST ROADS.] *The amount of unrefunded tax paid on gasoline and special fuel used to operate motor vehicles on forest roads is equal to the sum of one-tenth of one percent of all revenues derived from the excise tax on gasoline, except gasoline used for aviation purposes, and one-half of one percent of all revenues derived from the excise tax on special fuel, except special fuel used for aviation purposes, together with interest thereon and penalties for delinquent payment. The amount of tax to be computed under this subdivision must be computed for each six-month period beginning July 1, 1985, and must be paid into the state treasury on November 1 and June 1 following each six-month period, and credited to the state forest road account.*

Sec. 8. [REPORT.]

The commissioner of natural resources, the commissioner of transportation, and the commissioner of revenue shall jointly determine, for the fiscal year ending June 30, 1986, the actual amount of unrefunded gasoline and special fuel tax revenue which is attributable to the operation of motor vehicles on state forest roads, and shall jointly submit a report to the legislature containing their findings and a recommendation for amending Minnesota Statutes, section 296.16, subdivision 6, to reflect those findings.

Sec. 9. [EFFECTIVE DATE.]

Section 5 is effective the day following final enactment. Sections 1 to 4 and 6 to 8 are effective July 1, 1985."

Delete the title and insert:

"A bill for an act relating to transportation; declaring the portion of motor fuel taxes which are attributable to vehicles using state forest roads and providing for the disposition of revenues; defining forest roads; creating a forest road account and limiting appropriations therefrom; providing for the establishment, construction, administration, and maintenance of state forest roads; redesignating portion of trunk highway; amending Minnesota Statutes 1984, sections 89.001, by adding a subdivision; 89.19; 161.14, subdivision 6; 296.16, subdivision 1; and 296.421, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 89."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 975, A bill for an act relating to local government; permitting the establishment of commercial service districts; providing taxing and other financial authority; proposing coding for new law as Minnesota Statutes, chapter 429A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [DIVISIONS.]

Subdivision 1. For the purpose of this act the terms defined in this section have the following meanings.

Subd. 2. "City" means the city of Mora.

Subd. 3. "Special services" means all services rendered or contracted for by the city, including, but not limited to:

(a) the repair, maintenance, operation, and construction of any improvements authorized by Minnesota Statutes, section 429.021;

(b) parking services rendered or contracted for by the city; and

(c) any other service provided to the public by the city that is authorized by law or charter provision. Special services do not include any service that is ordinarily provided throughout the city from general fund revenues of the city unless an increased level of the service is provided in the special service district.

Subd. 4. "Special service district" means a defined area within the city where special services are rendered and the costs of the special services are paid from revenues collected from taxes and service charges imposed within that area.

Subd. 5. "Assessed value" means the assessed value as most recently certified by the commissioner of revenue before the effective date of the ordinance or resolution adopted pursuant to section 2 or 3.

Subd. 6. "Land area" means the land area in the district which is subject to property taxation.

Sec. 2. [ESTABLISHMENT OF SPECIAL SERVICE DISTRICT.]

Subdivision 1. [ORDINANCE.] *The governing body of the city may adopt an ordinance establishing a special service district. Only property which is zoned for commercial, business, or industrial use under a municipal zoning ordinance may be included in a district. The ordinance shall describe with particularity the area within the city to be included in the district and the special services to be furnished in the district. The ordinance may not be adopted until after a public hearing has been held on the question. Notice of the hearing shall include:*

(a) the time and place of hearing;

(b) a map showing the boundaries of the proposed district; and

(c) a statement that all persons owning property in the proposed district will be given opportunity to be heard at the hearing.

Subd. 2. [NOTICE.] *Notice of the hearing shall be given by publication in two issues of the official newspaper of the city. The two publications shall be a week apart and the hearing shall be held at least three days after the last publication. Not less than ten days before the hearing, notice shall also be mailed to the owner of each parcel within the area proposed to be included in the district. For the purpose of giving mailed notice, owners shall be those shown on the records of the county auditor. Other records may be used to supply the necessary information. For properties which are tax exempt or subject to taxation on a gross earnings basis in lieu of property tax and are not listed on the records of the county auditor, the owners shall be ascertained by any practicable means and mailed notice given them. At the public hearing any person affected by the proposed district may be heard orally in respect to any issues relevant to the proposed district. The hearing may be adjourned from time to time and the ordinance establishing the district may be adopted at any time within six months after the date of the conclusion of the hearing by a vote of the majority of the governing body of the city.*

Sec. 3. [TAXING AUTHORITY; NOTICE AND HEARING REQUIREMENTS.]

Subdivision 1. [TAXES; HEARING.] *Ad valorem taxes may be levied on taxable nonhomestead property or service charges may be imposed by the city within the special service district at a rate or amount sufficient to produce the revenues required to provide special services within the district. To determine the appropriate mill rate, nonhomestead taxable property or value shall be determined without regard to captured or original assessed value under Minnesota Statutes, section 273.76 or to the distribution or contribution value under Minnesota Statutes,*

section 473F.08. Taxes and service charges shall not be imposed to finance a special service if the service is ordinarily provided by the city from its general fund revenues unless the service is provided in the district at an increased level, in which case only an amount to pay for the increased level may be imposed. A service charge shall not be imposed on the receipts from the sale of intoxicating liquor, food, or lodging. Before the levy of taxes or imposition of service charges in a district, for each calendar year, notice shall be given and hearing shall be held pursuant to section 2 and notice shall also be mailed to any individual or business organization subject to a service charge. For purposes of this section the notice shall also include:

(a) A statement that all interested persons will be given an opportunity to be heard at the hearing regarding a proposed tax levy or service charge.

(b) The estimated cost of improvements to be paid for in whole or in part by taxes or service charges imposed pursuant to this section, the estimated cost of operating and maintaining the improvements during the first year after completion of the improvements, the proposed method and source of financing the improvements, and the annual cost of operating and maintaining the improvements.

(c) The proposed rate or amount of taxes to be extended or the proposed service charge to be imposed in the district during the calendar year and the nature and character of special services to be rendered in the district during the calendar year.

(d) A statement that the petition requirements of section 8 have either been met or do not apply to the proposed taxes or service charge.

Within six months of the public hearing, the city may adopt a resolution levying a tax or imposing a service charge within the district not exceeding the amount or rate expressed in the notice issued pursuant to this section.

Subd. 2. [EXEMPTION OF CERTAIN PROPERTIES FROM TAXES.] *Property exempted from taxation by Minnesota Statutes, section 272.02, is exempt from any ad valorem taxes imposed pursuant to this act.*

Subd. 3. [LEVY LIMIT EXEMPTION.] *Taxes and service charges imposed pursuant to this act shall not be included in the calculation of levies or limits on levies provided by other law or home rule charter provision.*

Subd. 4. [EXCLUSION FROM HOMESTEAD CREDIT.] *Taxes levied under this section shall not be reduced pursuant to Minnesota Statutes, section 273.13, subdivision 6, 7, 7d, or 14a.*

Sec. 4. [ENLARGEMENT OF SPECIAL SERVICE DISTRICTS.]

Boundaries of a special service district may be enlarged only after hearing and notice as provided in sections 2 and 3. Notice shall be served in the original district and in the area proposed to be added to the district. Property added to the district shall be subject to all taxes levied and service charges imposed within the district after the property becomes a part of the district. The petition requirement in section 8 and the veto power in section 9 shall only apply to owners, individuals, and business organizations in the area proposed to be added to the district.

Sec. 5. [COLLECTION OF TAXES.]

Ad valorem taxes levied within a special service district shall be collected and paid over as other ad valorem taxes, but shall be spread only upon the assessed value of property described in the ordinance. Service charges imposed shall be collected as provided by ordinance. Taxes collected pursuant to this act shall not be included in computations under Minnesota Statutes, section 273.76, chapter 473F, or any other law that applies to general ad valorem levies.

Sec. 6. [BONDS.]

At any time after a contract for the construction of all or part of an improvement authorized pursuant to this act has been entered into or the work has been ordered done by day labor, the governing body of the city may issue obligations in the amount it deems necessary to defray in whole or in part the expense incurred and estimated to be incurred in making the improvement, including every item of cost from inception to completion and all fees and expenses incurred in connection with the improvement or the financing. The obligations shall be payable primarily out of the proceeds of the tax levied pursuant to section 3, or from any other special assessment or nontax revenues available to be pledged for their payment under charter or other statutory authority, or from any two or more of such sources. The governing body may, by resolution adopted prior to the sale of obligations, pledge the full faith, credit, and taxing power of the municipality to assure payment of the principal and interest if the proceeds of the tax levy in the district are insufficient to pay the principal and interest. The obligations shall be issued in accordance with Minnesota Statutes, chapter 475, except that an election shall not be required, and the amount of the obligations shall not be included in determining the net debt of the city under the provisions of any law or charter limiting debt.

Sec. 7. [ADVISORY BOARD.]

The governing body of the city may create and appoint an advisory board for each special service district in the city to

advise the governing body in connection with the construction, maintenance, and operation of improvements, and the furnishing of special services in a district. The advisory board shall make recommendations to the governing body on the requests and complaints of owners, occupants, and users of property within the district and members of the public. Before the adoption of any proposal by the governing body to provide services or impose taxes or service charges within the district, the advisory board of the district shall have an opportunity to review and comment upon the proposal.

Sec. 8. [PETITION REQUIRED.]

No action may be taken pursuant to section 2 unless owners of ten percent or more of the land area of the proposed special service district and owners of ten percent or more of the assessed value of the proposed district file a petition requesting a public hearing on the proposed action with the city clerk. No action may be taken pursuant to section 3 to impose an ad valorem tax unless owners of ten percent or more of the land area subject to a proposed tax and owners of ten percent or more of the assessed value subject to a proposed tax file a petition requesting a public hearing on the proposed action with the city clerk. No action may be taken pursuant to section 3 to impose a service charge unless ten percent or more of the individual or business organizations subject to the proposed service charge file a petition requesting a public hearing on the proposed action with the city clerk. If the boundaries of a proposed district are changed or the land area or assessed value subject to a tax or the individuals or business organizations subject to a service charge are changed after the public hearing, a petition meeting the requirements of this section must be filed with the city clerk before the ordinance establishing the district or resolution imposing the tax or service charge may become effective.

Sec. 9. [VETO POWER OF OWNERS.]

Subdivision 1. [NOTICE OF RIGHT TO FILE OBJECTIONS.] *Except as provided in section 10, the effective date of any ordinance or resolution adopted pursuant to sections 2 and 3 shall be at least 45 days after it is adopted. Within five days after adoption of the ordinance or resolution, a copy of the ordinance or resolution shall be mailed to the owner of each parcel included in the special service district and any individual or business organization subject to a service charge in the same manner that notice is mailed pursuant to section 2. The mailing shall include a notice that owners subject to a tax and individuals and business organizations subject to a service charge have a right to veto the ordinance or resolution by filing the required number of objections with the city clerk before the effective date of the ordinance or resolution.*

Subd. 2. [REQUIREMENT FOR VETO.] *If owners of 35 percent of the land area in the district and owners of 35 percent of the assessed value in the district file an objection to the ordinance adopted by the city pursuant to section 2 with the city clerk before the effective date of the ordinance, the ordinance shall not become effective. If owners of 35 percent of the land area subject to a tax and owners of 35 percent of the assessed value subject to a tax file an objection to the resolution adopted levying an ad valorem tax pursuant to section 3 with the city clerk before the effective date of the resolution, the resolution shall not become effective. If 35 percent of individuals and business organizations subject to a service charge file an objection to the resolution adopted imposing a service charge pursuant to section 3 with the city clerk before the effective date of the resolution, the resolution shall not become effective.*

Sec. 10. [EXCLUSION FROM PETITION REQUIREMENTS AND VETO POWER.]

The petition requirement of section 8 and the right of owners and those subject to a service charge to veto a resolution in section 9 do not apply to second or subsequent years' applications of a tax or service charge which is authorized to be in effect for more than one year pursuant to a resolution which has met the petition requirements of section 8 and which has not been vetoed under section 9 for the first year's application. A resolution levying a tax or imposing a service charge for more than one year shall not be adopted unless the notice of public hearing required by section 3 and the notice mailed with the adopted resolution pursuant to section 9 include the following information:

(a) In the case of improvements, the maximum rate or amount of taxes to be levied or the maximum service charge to be imposed in any year and the maximum number of years the taxes will be levied or service charges imposed to pay for the improvement.

(b) In the case of operating and maintenance services, the maximum rate or amount of taxes to be levied or the maximum service charge to be imposed in any year and the maximum number of years, or a statement that the tax will be imposed for an indefinite number of years, the taxes will be levied or service charges imposed to pay for operation and maintenance services.

The resolution may provide that the maximum amount of tax to be levied or maximum service charge to be imposed in any year will increase or decrease from the maximum amount authorized in the preceding year based on an indicator of increased cost or a percentage amount established by the resolution.

Sec. 11. [REPORT TO LEGISLATURE.]

The administrator of the city of Mora shall file a written report with the chairman of the house local and urban affairs committee and the chairman of the senate local and urban government committee on or before January 31, 1986. The report shall apprise the committee as to the activities undertaken pursuant to this act and recommend any changes that should be considered if the legislature were to enact statewide legislation for the establishment of special service districts.

Sec. 12. [EFFECTIVE DATE.]

Sections 1 to 10 are effective for the city of Mora the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Mora."

Delete the title and insert:

"A bill for an act relating to local government; permitting the establishment of special service districts in the city of Mora; providing taxing and other financial authority for Mora."

With the recommendation that when so amended the bill pass.

The report was adopted.

Pursuant to House Rule No. 9.3, H. F. No. 975 was re-referred to the Committee on Rules and Legislative Administration.

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 976, A bill for an act relating to the Minnesota historical society; appropriating money for the institute for invention and innovation.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

H. F. No. 984, A bill for an act relating to civil actions; authorizing aggregation of the fault of multiple defendants in comparative fault actions; amending Minnesota Statutes 1984, section 604.01, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 604.01, subdivision 1, is amended to read:

Subdivision 1. [SCOPE OF APPLICATION.] Contributory fault shall (NOT) bar recovery in an action by any person or his legal representative to recover damages for fault resulting in death or in injury to person or property (,) *only* if the contributory fault was (NOT) greater than the *combined* fault of (THE PERSON) *all persons* against whom recovery is sought, but any damages allowed shall be diminished in proportion to the amount of fault attributable to the person recovering. The court may, and when requested by any party shall, direct the jury to find separate special verdicts determining the amount of damages and the percentage of fault attributable to each party; and the court shall then reduce the amount of damages in proportion to the amount of fault attributable to the person recovering.

Sec. 2. Minnesota Statutes 1984, section 604.02, subdivision 1, is amended to read:

Subdivision 1. When two or more persons are jointly liable, contributions to awards shall be in proportion to the percentage of fault attributable to each, except that each is jointly and severally liable for the whole award. *Provided, however, that a person whose fault is less than that of a claimant is liable to the claimant only for that portion of the judgment that represents the percentage of fault attributable to that person.*

Sec. 3. Minnesota Statutes 1984, section 604.02, subdivision 3, is amended to read:

Subd. 3. In the case of a claim arising from the manufacture, sale, use or consumption of a product, an amount uncollectible from any person in the chain of manufacture and distribution shall be reallocated among all other persons in the chain of manufacture and distribution but not among the claimant or others at fault who are not in the chain of manufacture or distribution of the product. (PROVIDED, HOWEVER, THAT A PERSON WHOSE FAULT IS LESS THAN THAT OF A CLAIMANT IS LIABLE TO THE CLAIMANT ONLY FOR THAT PORTION OF THE JUDGMENT WHICH REPRESENTS THE PERCENTAGE OF FAULT ATTRIBUTABLE TO HIM.)

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective August 1, 1985, and apply to all causes of action arising on or after that date."

Amend the title as follows:

Page 1, line 4, delete "section" and insert "sections"

Page 1, line 5, after "1" insert "; and 604.02, subdivisions 1 and 3"

With the recommendation that when so amended the bill pass.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 1005, A bill for an act relating to water pollution; establishing a program of reimbursement to municipalities that provide or contract for waste water treatment meeting state and federal water quality standards; amending Minnesota Statutes 1984, section 116.16, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 116.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 1018, A bill for an act relating to human services; requiring contribution by the parent of a child for full assistance expenditures; amending Minnesota Statutes 1984, section 256.87, subdivision 1.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Blatz from the Committee on Crime and Family Law to which was referred:

H. F. No. 1029, A bill for an act relating to crimes; requiring health professionals to report suspicious wounds to law enforcement authorities; amending Minnesota Statutes 1984, section 626.52.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 626.52, is amended to read:

626.52 [(PHYSICIANS AND OTHER AIDS TO HEALING TO REPORT INJURIES FROM FIREARMS) *REPORTING OF SUSPICIOUS WOUNDS BY HEALTH PROFESSIONALS.*]

Subdivision 1. [DEFINITIONS.] *(a) The definitions in this subdivision apply to subdivision 2.*

(b) "Health professional" means a physician, surgeon, person authorized to engage in the practice of healing, superintendent or manager of a hospital, nurse, or pharmacist.

Subd. 2. [HEALTH PROFESSIONALS REQUIRED TO REPORT.] (EVERY PHYSICIAN, EVERY SURGEON, EVERY PERSON AUTHORIZED TO ENGAGE IN THE PRACTICE OF HEALING, EVERY SUPERINTENDENT OR MANAGER OF A HOSPITAL, EVERY NURSE AND EVERY PHARMACIST, WHETHER SUCH PHYSICIANS, SURGEONS, PERSONS ENGAGED IN THE PRACTICE OF HEALING, SUPERINTENDENT OR MANAGER OF ANY HOSPITAL, NURSE AND PHARMACIST BE LICENSED OR NOT,) *A health professional* shall immediately report, *as provided under section 626.53, a suspicious wound that the professional is called upon to treat,* to the (PROPER) *local* police (AUTHORITIES, AS HEREIN DEFINED,) *department or county sheriff* all bullet wounds, gunshot wounds, powder burns, or any other injury arising from, or caused by the discharge of any gun, pistol, or any other firearm, which wound he is called upon to treat, dress, or bandage.

A health professional may report to the proper police authorities any wound that the reporter has reasonable cause to believe has been inflicted by a dangerous weapon other than a firearm as defined under section 609.02, subdivision 6.

Sec. 2. Minnesota Statutes 1984, section 626.55, is amended to read:

626.55 [PENALTY.]

Subdivision 1. Any person who violates any *mandatory* provision of sections 626.52 to 626.55 is guilty of a gross misdemeanor.

Subd. 2. Any person reporting in good faith and exercising due care shall have immunity from any liability, civil or criminal, that otherwise might result by reason of his actions pursuant to this section. No cause of action may be brought against any person for not making a report pursuant to this section."

Amend the title as follows:

Page 1, line 4, delete "section" and insert "sections"

Page 1, line 5, before the period insert "; and 626.55"

With the recommendation that when so amended the bill pass.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 1048, A bill for an act relating to occupations and professions; establishing a state board of hearing instrument dispensing; providing for licensure of persons engaged in the sale of hearing instruments; appropriating money; providing penalties; amending Minnesota Statutes 1984, section 214.01, subdivision 3; proposing coding for new law as Minnesota Statutes, chapter 153A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [153A.01] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] *For the purposes of sections 1 to 15, the terms defined in this section have the meanings given to them.*

Subd. 2. [HEARING INSTRUMENT.] *"Hearing instrument" means an instrument designed for or represented as aiding defective human hearing, and its parts, attachments, or accessories, including but not limited to ear molds. Batteries and cords are not parts, attachments, or accessories of a hearing instrument. Surgically implanted hearing instruments are excluded. Assistive listening devices not requiring testing, fitting, or the use of ear molds, and which neither they nor their attachments are worn within the ear canal, are not hearing instruments.*

Subd. 3. [HEARING INSTRUMENT DISPENSER.] *"Hearing instrument dispenser" means a natural person licensed*

by the department to fit and dispense hearing instruments, to assist the consumer in instrument selection, and to sell hearing instruments at retail. The term includes the testing of human hearing in connection with these activities. Nothing contained in this chapter shall be deemed to preclude or limit the testing of hearing by audiologists who are duly certified by the American speech and hearing association to test human hearing.

Subd. 4. [HEARING INSTRUMENT DISPENSING.] *"Hearing instrument dispensing" means fitting and dispensing hearing instruments, assisting the consumer in instrument selection, and selling hearing instruments at retail. The term includes the testing of human hearing in connection with these activities.*

Subd. 5. [COMMISSIONER.] *"Commissioner" means the commissioner of commerce.*

Subd. 6. [DEPARTMENT.] *"Department" means the department of commerce.*

Sec. 2. [153A.02] [POWERS AND DUTIES.]

Subdivision 1. [REGULATION.] *The department shall:*

(1) regulate the practice of hearing instrument dispensing;

(2) regulate the retail fitting, dispensing, and sale of hearing instruments within this state;

(3) examine and license as hearing instrument dispensers all applicants whom it considers qualified;

(4) deny, suspend, revoke, or refuse to renew a license required under this chapter, to any applicant or licensee upon any of the following grounds:

(a) fraud or deception in connection with the securing of a license or in connection with the fitting, dispensing, or sale of hearing instruments;

(b) conviction in any court of a felony;

(c) conviction in any court of an offense involving moral turpitude;

(d) employing, assisting, or enabling in any manner an unlicensed person to engage in hearing instrument dispensing;

(e) violation of any of the provisions of sections 1 to 15 or any of the rules adopted to implement sections 1 to 15;

(5) perform any other duties and exercise other powers required by sections 1 to 15;

(6) ensure that hearing instruments are dispensed in compliance with requirements of the Federal Food and Drug Administration.

For the purposes of clauses (1) to (6) the department shall adopt rules to carry out sections 1 to 15.

Subd. 2. [CONTESTED CASES.] *The department shall comply with the contested case provisions of chapter 14 before it fails to issue, fails to renew, suspends, or revokes any license issued under sections 1 to 15.*

Subd. 3. [REINSTATEMENT OF LICENSE.] *A license that has been suspended or revoked may be reinstated by the department if the holder of the license pays all costs of the proceedings resulting in the suspension or revocation and also pays a fee set by the department.*

Sec. 3. [153A.03] [EXAMINATIONS; FEES.]

The department shall give reasonable notice of all examinations by mail to known applicants for examination. Testing of applicants must occur at least three times annually and at intervals no greater than five calendar months apart. The department shall record the names of all persons licensed as hearing instrument dispensers, together with the grounds upon which the right of each to licensure was claimed. The department may establish the fee for examination. The fee may, in the discretion of the department, be returned to applicants not taking the examination.

Sec. 4. [153A.04] [CONTENTS OF EXAMINATION.]

Testing for licensure as a hearing instrument dispenser must consist of written, oral, and practical tests. The tests must be objective in method and applied in a consistent manner and must include the following subjects: (1) basic physics of sound; (2) the structure and function of hearing instruments; (3) the fitting of hearing instruments; (4) puretone audiometry, including air conduction testing and bone conduction testing; (5) live voice or record voice speech audiometry, or both; (6) recording and evaluation of audiograms and speech audiometry to determine the hearing instrument candidacy; (7) selection and adaptation of hearing instruments; (8) the taking of ear mold impressions; (9) indications suggesting the need for referral to competent medical personnel for diagnosis and treatment of any disease or injury; and (10) knowledge of the federal and state laws regarding hearing instrument dispensing. The examination must not test knowledge of either the diagnosis or the treatment

of any disease or injury to the human body. The commission shall consult with otolaryngologists, audiologists, and hearing instrument dispensers in connection with preparation of the examination.

Sec. 5. [153A.05] [QUALIFICATIONS OF APPLICANTS.]

To be entitled to examination as a hearing instrument dispenser, the applicant must be of good moral character and at least 18 years old and meet educational criteria established for licensure by the department.

Sec. 6. [153A.06] [RECIPROCITY; LICENSURE.]

The department may in its discretion grant licensure without examination to any hearing instrument dispenser licensed by the regulatory agency of another state that gives similar recognition to licensees of this state. The department may grant such licensure if it finds that the requirements for licensure in the other state are equivalent to those provided in sections 1 to 15. The department may set the fee for licensure by rule.

Sec. 7. [153A.07] [RENEWAL FEE; CONTINUING EDUCATION.]

Subdivision 1. [FEE.] *Every person licensed by the department shall pay to the department a renewal fee to be fixed by it. The commissioner may establish by rule a charge to be assessed for the delinquent payment of a fee. It is unlawful for a person who refuses or fails to pay the renewal fee to practice hearing instrument dispensing in this state. Every license expires at the time prescribed in the license.*

Subd. 2. [TASK FORCE ON CONTINUING EDUCATION.] *The commissioner may appoint an advisory task force on continuing education, consisting of not more than ten members, including consumers, hearing instrument dispensers, audiologists, and otolaryngologists to study continuing education programs and requirements and to submit its report and recommendations to the department. The task force expires and the compensation and removal of members are as provided in section 15.059.*

Sec. 8. [153A.08] [REINSTATEMENTS.]

A person who has been licensed as a hearing instrument dispenser and has defaulted in the payment of the renewal fee may be reinstated within two years of default without examination, upon payment of the arrears and upon compliance with education requirements established under section 7, subdivision 2.

Sec. 9. [153A.09] [UNLAWFUL USE OF HEARING INSTRUMENT DISPENSER.]

It is unlawful for any person to falsely assume or pretend to the title of hearing instrument dispenser.

Sec. 10. [153A.10] [BOND REQUIRED.]

A sole proprietor, partnership, association, or corporation engaged in the practice of hearing instrument dispensing shall provide a surety bond in favor of the state of Minnesota in the amount of $10,000 for every five or fewer of its licensees engaged in the practice of hearing instrument dispensing, but a bond in excess of $20,000 is not required of a business entity regardless of the number of licensed persons.

Sec. 11. [153A.11] [EXPENSES.]

The expenses of administering sections 1 to 9 must be paid from the appropriations made to the department.

Sec. 12. [153A.12] [PROHIBITED ACTS.]

No person may:

(1) fit, deliver, dispense, sell, or offer for sale at retail any hearing instrument without first obtaining a license;

(2) receive any portion of the profits from the fitting, dispensing, or sale of hearing instruments at retail unless the person is licensed under this chapter or employs a person licensed under this chapter;

(3) conduct a business engaged in the fitting, dispensing, or sale of hearing instruments at retail without a licensed hearing instrument dispenser or person licensed under chapter 147 in charge;

(4) fit, dispense, assist in selection, or sell a hearing instrument at retail exclusively by means of telephonic or mailed communication, or both; or

(5) prescribe or otherwise recommend to any person the use of a hearing instrument unless the prescription or recommendation is in writing and delivered to the person to whom it relates, and which shall bear the following information in 12 point or larger bold type: HEARING INSTRUMENTS MAY BE PURCHASED FROM ANY LICENSED HEARING INSTRUMENT DISPENSER OR PHYSICIAN. THIS PRESCRIPTION MAY BE FILLED BY THE DISPENSER OR PHYSICIAN OF YOUR CHOICE.

A prescription or written recommendation shall include, upon patient authorization, any audiogram upon which the prescription or recommendation is based.

The attorney general shall enforce this section in the manner provided by section 8.31, but there is no private remedy as provided by section 8.31, subdivision 3a.

Sec. 13. [153A.13] [ADVERTISING.]

The commissioner shall adopt rules respecting advertising of the fitting, dispensing, and sale of hearing instruments. However, the commissioner must not adopt a rule that:

(1) restricts the licensee's use of any medium for advertising;

(2) restricts the licensee's personal appearance or use of his or her voice in any advertisement;

(3) relates to the size or duration of an advertisement by the licensee; or

(4) restricts the licensee's advertisement under a trade name.

Sec. 14. [153A.14] [INTERNSHIP.]

The commissioner shall license as an intern any natural person who has satisfied the department that he or she is of good moral character, is not physically or mentally unfit, and meets the requirements for intern licensure prescribed by the department. The intern's experience must be supervised by a licensed hearing instrument dispenser. No person may be licensed as an intern for more than 12 calendar months, and the license must not be renewed or otherwise extended by the department. No more than three intern licensees shall be permitted to hold an intern license to practice hearing instrument dispensing under the supervision of any single licensed hearing instrument dispenser. A document evidencing the fitting, selection, sale, or delivery of a hearing instrument at retail must bear the name of the supervising licensee in addition to the name of any intern licensee involved in the transaction.

Sec. 15. [153A.15] [VIOLATION A MISDEMEANOR.]

Any person violating sections 1 to 14, or rules adopted under them, is guilty of a misdemeanor.

Sec. 16. [APPLICATION.]

Sections 1 to 15 have no application to persons licensed under Minnesota Statutes, chapter 147 or to audiologists who hold the certificate of clinical competence of the American speech-language-hearing association. The board of medical examiners

shall have jurisdiction to regulate the dispensing of hearing instruments by persons licensed under chapter 147.

Sec. 17. [APPROPRIATION.]

$..... is appropriated from the general fund to the department of commerce to implement sections 1 to 15, to be available until June 30, 1987.

Sec. 18. [EFFECTIVE DATES.]

Sections 1 to 8, 10, 11, 13, 14, and 16 are effective July 1, 1985. Sections 9, 12, and 15 are effective July 1, 1986."

Amend the title as follows:

Page 1, lines 2 and 3, delete "establishing a state board of hearing instrument dispensing;"

Page 1, line 6, delete everything after the semicolon

Page 1, line 7, delete everything before "proposing"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Pursuant to House Rule No. 9.3, H. F. No. 1048 was re-referred to the Committee on Rules and Legislative Administration.

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 1049, A bill for an act relating to human services; allowing the commissioner of human services to participate in a pilot health care program for the uninsured poor; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 256.

Reported the same back with the following amendments:

Page 2, line 22, delete "*250,000*" and insert "*50,000*"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 1128, A bill for an act relating to public safety; motor vehicles; clarifying penalties for failure to provide security for basic reparation benefits; defining terms; requiring certification procedure to obtain tax-exempt passenger vehicle license plates for unmarked vehicle of law enforcement agency; reducing 2,000-pound weight limitation to three-fourths ton for motor vehicles in certain situations; exempting certain returned motor vehicle registration documents from filing fee; regulating format of certain license plates; increasing weight of vehicles which may be operated with class "C" driver's license; prescribing filing period for clerk of district court to forward drivers license applications and fees to department of public safety; requiring revocation of driver's license upon conviction of crime of fleeing from peace officer; expanding definition of misdemeanor for purpose of driver's license revocation; authorizing prima facie evidentiary status for certified department driver records; authorizing commissioner of public safety to promulgate school bus driver qualification rules; authorizing access to certain private vehicle tax information under certain conditions; transferring certain motor carrier enforcement responsibilities and personnel between agencies; prescribing fees; providing for a traffic accident reconstruction system; appropriating money; amending Minnesota Statutes 1984, sections 65B.67, subdivision 4; 168.011, subdivisions 4, 28, and 29; 168.012, subdivision 1, and by adding subdivisions; 168.013, subdivisions 1c, 1e, 1g, and 16; 168.021, subdivision 1; 168.09, by adding a subdivision; 168.27, subdivision 11; 168.29; 168.31, subdivision 4; 168.33, subdivision 7; 169.79; 171.02, subdivision 2; 171.06, subdivision 4; 171.-17; 171.20, by adding a subdivision; 171.21; 171.321, subdivision 2; 297B.12; and Laws 1982, chapter 639, section 10; repealing Minnesota Statutes 1984, sections 168.013, subdivision 1i; and 168.105, subdivision 4.

Reported the same back with the following amendments:

Page 18, lines 1 to 8, reinstate the stricken language and delete the new language

Pages 19 and 20, delete sections 27, 28, and 29 and insert:

"Sec. 27. [STUDY.]

The transportation committees of the house of representatives and the senate shall study and report to the legislature on which state agency should enforce laws relating to motor carriers and transportation of hazardous materials. The report shall recommend placing enforcement responsibility for these laws in one agency. The report must be submitted before January 1, 1986, and shall include proposed legislation necessary to implement the recommendations."

Page 20, delete section 31

Renumber the sections

Amend the title as follows:

Page 1, line 24, delete "transferring"

Page 1, delete line 25

Page 1, line 26, delete "personnel between agencies;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 1134, A bill for an act relating to health; requiring a biennial report concerning health care markets; appropriating money; amending Minnesota Statutes 1984, sections 144.695; 144.70; and 144.703, subdivision 1; repealing Minnesota Statutes 1984, sections 62D.25; 62D.26; 62D.28; 62D.29; and 62E.17.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 1151, A bill for an act relating to occupations and professions; requiring registration with the commissioner of commerce for those who lay out, install, or maintain alarm and communication systems; providing requirements for registration; imposing certain duties upon the commissioner of commerce; providing a penalty; exempting registrants from regulation by other agencies or political subdivisions of the state; providing for the continuance of business for those presently engaged in laying out, installing, or maintaining alarm and communications systems; proposing coding for new law in Minnesota Statutes, chapter 326.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [326.249] [ALARM AND COMMUNICATION SYSTEMS.]

Subdivision 1. [APPLICABILITY.] *Except as provided in subdivision 2, sections 326.241 to 326.248 do not apply to a person who lays out, installs, or maintains class II or class III signaling circuits, fire protective circuits, outside wiring for alarm systems, or communication circuits or systems, as covered by articles 725, 760, 770, 800, 810, and 820 of the National Electrical Code as approved by the United States of America Standards Institute in effect January 1, 1985, and any system designed to transmit communications, intelligence, or data through use of fiber optics technology, provided that the person maintains a bond and insurance in the amounts required under section 326.-242, subdivision 6. No person exempt under this section may be required to obtain any authorization, permit, franchise, or license from, or pay any fee, franchise tax, or other assessment to any agency, department, board, or political subdivision of the state as a condition for performing any work described herein.*

Subd. 2. [CONTRACTOR'S LICENSES.] *No person shall lay out, install, maintain, or repair automatic/manual fire alarm systems or interconnected life safety switching systems or class II or class III signaling circuits, fire protective circuits, outside wiring for alarm systems, or communications circuits or systems in commercial, industrial, or public buildings or in multifamily dwellings larger than duplexes, unless the person is a licensed contractor or an employee thereof. The board of electricity shall issue a contractor's license to any individual, corporation, partnership, sole proprietorship, or other business entity that provides adequate proof that a bond and insurance in the amounts required under section 326.242, subdivision 6, have been obtained by the applicant and that the applicant has two or more years of experience installing or repairing the appropriate systems. The board of electricity shall set the fee for contractor's licenses and disposition of fees shall be as provided in section 326.242, subdivision 3. Installation or repairs regulated by this subdivision shall be subject to inspection as provided in section 326.244.*

Subd. 3. [EXISTING CONTRACTORS.] *Persons in the business of laying out, installing, maintaining, or repairing systems for which a license is required under subdivision 2 on the effective date of this act shall be allowed to continue in that business as if licensed according to this act until final action is taken upon their applications, provided that they make application within 180 days of the effective date of this act.*

Sec. 2. [326.2491] [HAZARDOUS LOCATIONS.]

The provisions of section 1 shall not apply to work performed in hazardous locations as covered by article 500 of the National Electrical Code as approved by the United States of America Standards Institute in effect January 1, 1985.

Sec. 3. [326.2492] [LIMITATION.]

Nothing in section 1 prohibits a unit of local government from charging a franchise fee to the operator of a cable communications system."

Delete the title and insert:

"A bill for an act relating to occupations and professions; regulating persons who lay out, install, or maintain certain systems, or communication circuits or systems; proposing coding for new law in Minnesota Statutes, chapter 326."

With the recommendation that when so amended the bill pass.

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 1175, A bill for an act relating to children; expanding the definition of a medically neglected child; requiring the local agency to report and initiate proceedings in cases of medical neglect; amending Minnesota Statutes 1984, sections 260.015, subdivision 10; 626.556, subdivision 2, and by adding a subdivision.

Reported the same back with the following amendments:

Page 2, line 6, delete *"the"* and insert *"such"*

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Blatz from the Committee on Crime and Family Law to which was referred:

H. F. No. 1205, A bill for an act relating to domestic abuse; providing for service by publication under certain circumstances under the Domestic Abuse Act; clarifying relief and providing for additional relief; amending Minnesota Statutes 1984, section 518B.01, subdivisions 4, 5, 6, and 7.

Reported the same back with the following amendments:

Page 2, line 18, after *"service"* insert *"made by a sheriff"*

Page 3, line 2, before the semicolon insert ". *If the court finds that the safety of the victim or the children will be jeopardized by unsupervised or unrestricted visitation, the court shall condition or restrict visitation as to time, place, duration, or supervision, or deny visitation entirely, as needed to guard the safety of the victim and the children. The court's deliberation under this subdivision shall in no way delay the issuance of an order for protection granting other reliefs provided for in this act*"

Page 3, line 13, delete "*any party*" and insert "*one or both parties*"

Page 3, line 17, before the semicolon insert " *or communicated to the party restrained in open court*"

With the recommendation that when so amended the bill pass.

The report was adopted.

Blatz from the Committee on Crime and Family Law to which was referred:

H. F. No. 1227, A bill for an act relating to crimes; prohibiting sexual contact or penetration based on deception; providing that a psychotherapist who engages in sexual contact or penetration with a patient is guilty of criminal sexual conduct; limiting admissibility of a patient's personal or medical history; amending Minnesota Statutes 1984, sections 609.341, by adding subdivisions; 609.344; 609.345; and 609.347, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, delete section 1

Page 2, after line 5, insert:

"Sec. 4. Minnesota Statutes 1984, section 609.341, is amended by adding a subdivision to read:

Subd. 19. "Emotionally dependent" means that the nature of the patient's or former patient's emotional condition and the nature of the treatment provided by the psychotherapist are such that the patient or former patient is unable to withhold consent to sexual contact or sexual penetration by the psychotherapist.

Sec. 5. Minnesota Statutes 1984, section 609.341, is amended by adding a subdivision to read:

Subd. 20. "Therapeutic deception" means a representation by a psychotherapist that sexual contact or sexual penetration by the psychotherapist is consistent with or part of the patient's treatment."

Page 2, line 27, reinstate the stricken language and delete the new language

Page 3, delete lines 2 to 8

Page 3, line 9, delete "*a defense*" and insert:

"*(f) The actor is a psychotherapist and the complainant is a patient of the psychotherapist and the sexual penetration occurred during the psychotherapy session. Consent by the complainant is not a defense;*

(g) The actor is a psychotherapist and the complainant is a patient or former patient of the psychotherapist and the patient or former patient is emotionally dependent upon the psychotherapist; or

(h) The actor is a psychotherapist and the complainant is a patient or former patient and the sexual penetration occurred by means of therapeutic deception"

Page 3, line 31, reinstate the stricken language and delete the new language

Page 4, delete lines 6 to 12

Page 4, line 13, delete "*defense*" and insert:

"*(f) The actor is a psychotherapist and the complainant is a patient of the psychotherapist and the sexual contact occurred during the psychotherapy session. Consent by the complainant is not a defense;*

(g) The actor is a psychotherapist and the complainant is a patient or former patient of the psychotherapist and the patient or former patient is emotionally dependent upon the psychotherapist; or

(h) The actor is a psychotherapist and the complainant is a patient or former patient and the sexual contact occurred by means of therapeutic deception"

Page 4, line 34, delete "*7*" and insert "*8*"

Renumber the sections in sequence

With the recommendation that when so amended the bill pass.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 1274, A bill for an act relating to economic development; creating a council on biotechnology; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 116J.

Reported the same back with the following amendments:

Page 1, line 22, delete "*compensation*" and insert "*expense reimbursement*"

Page 1, line 23, after the period insert "*Members shall not receive compensation, other than expense reimbursement, for service on the council.*"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 1282, A bill for an act relating to local government; regulating municipal employee residency requirements; exempting certain firefighters; amending Minnesota Statutes 1984, section 415.16, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, delete lines 10 to 13 and insert:

"*Subd. 3. A statutory or home rule charter city or county may impose a reasonable area or response time residency requirement on any person employed as a volunteer or as a member of a nonprofit firefighting corporation if there is a demonstrated, job-related necessity.*"

With the recommendation that when so amended the bill pass.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 1309, A bill for an act relating to the city of Wadena; permitting the establishment of a port authority.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

McDonald from the Committee on Agriculture to which was referred:

H. F. No. 1317, A bill for an act relating to agriculture; requiring reason for lender's refusal to respond with letter of commitment; requiring response to be sent to borrowers; providing filing procedure; authorizing rules; amending Minnesota Statures 1984, sections 514.952, subdivisions 2, 3, 4, and 5; 514.954, subdivision 1; 514.956, subdivision 3, and by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 514.952, subdivision 2, is amended to read:

Subd. 2. [LIEN-NOTIFICATION STATEMENT.] The lien-notification statement must be in a form approved by the secretary of state and disclose the following:

(1) the name and business address of (ANY) *the* lender *that is to receive notification*;

(2) the name and address of the supplier claiming the lien;

(3) a description and the date or anticipated date or dates of the transaction and the retail cost or anticipated costs of the agricultural production input;

(4) the name, residential address, and signature of the person to whom the agricultural production input was furnished;

(5) the name and residential address of the owner and a description of the real estate where the crops to which the lien attaches are growing or are to be grown; or for a lien attaching to livestock, the name and residential address of the owner of the livestock, the location where the livestock will be raised, and a description of the livestock; and

(6) a statement that products and proceeds of the crops or livestock are covered by the agricultural input lien.

Sec. 2. Minnesota Statutes 1984, section 514.952, subdivision 3, is amended to read:

Subd. 3. [RESPONSE OF LENDER TO NOTIFICATION.] *(a)* Within ten calendar days after receiving a lien-notification statement, the lender must respond to the supplier with either:

(1) a letter of commitment for part of all of the amount in the lien-notification statement; or

(2) a written refusal to issue a letter of commitment.

(b) A copy of the response must be mailed to the person for whom the financing was requested.

Sec. 3. Minnesota Statutes 1984, section 514.952, subdivision 4, is amended to read:

Subd. 4. [EFFECT OF RESPONSE.] (a) If a lender responds with a letter of commitment for part or all of the amount in the lien-notification statement, the supplier may not obtain a lien for the amount stated in the letter of (CREDIT) commitment.

(b) If a lender responds with a refusal to provide a letter of (CREDIT) *commitment* the rights of the lender and the supplier are not affected.

Sec. 4. Minnesota Statutes 1984, section 514.952, subdivision 5, is amended to read:

Subd. 5. [EFFECT OF NO RESPONSE.] If a lender does not respond *under subdivision 3* to the supplier within ten calendar days after receiving the lien-notification statement, (AN) *a perfected* agricultural production input lien corresponding to the lien-notification statement has priority over any security interest of the lender in the same crops or livestock or their proceeds for the lesser of:

(1) the amount stated in the lien-notification statement;

(2) the unpaid retail cost of the agricultural production input identified in the lien-notification statement; or

(3) for livestock any limitation in section 514.954, subdivision 2.

Sec. 5. Minnesota Statutes 1984, section 514.954, subdivision 1, is amended to read:

Subdivision 1. [LIEN ON CROPS.] A supplier who furnishes crop production inputs has an agricultural input lien for the unpaid retail cost of the crop production inputs. The lien

attaches to: (1) the existing crops upon the land where a furnished agricultural chemical was applied, or if crops are not planted, to the next production crop within 16 months following the last date on which the agricultural chemical was applied; (2) the crops produced from furnished seed; or (3) the crops produced, harvested, or processed using a furnished petroleum product. If the crops are grown on leased land and the lease provides for payment in crops, the lien does not attach to the lessor's portion of the crops. The lien continues in crop products and proceeds (, EXCEPT THAT THE LIEN DOES NOT CONTINUE IN GRAIN AFTER A CASH SALE UNDER SECTION 223.16).

Sec. 6. Minnesota Statutes 1984, section 514.956, subdivision 3, is amended to read:

Subd. 3. [DUTIES OF FILING OFFICER.] The filing officer shall enter on the lien-notification statement the time of day and date of filing. The filing officer shall file (AND), *amend, terminate,* note the filing of a lien-notification statement, *and charge the fee for filing* under this section in the manner provided by section 336.9-403 for a financing statement. *A lien-notification statement is void and may be removed from the filing system 18 months after the date of filing. The lien-notification statement may be physically destroyed after 30 months from the date of filing.*

Sec. 7. Minnesota Statutes 1984, section 514.956, is amended by adding a subdivision to read:

Subd. 4. [RULES.] *The secretary of state shall adopt rules for the filing, amending, termination, and removal of lien-notification statements.*

Sec. 8. [EFFECTIVE DATE.]

This act is effective the day after enactment."

Amend the title as follows:

Page 1, line 2, delete "reason for"

Page 1, delete line 3

Page 1, line 4, delete everything before the semicolon and insert "response for an agricultural production input lien be sent to borrowers"

With the recommendation that when so amended the bill pass.

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 1366, A bill for an act relating to economic security; providing funding for the displaced homemaker program; amending Minnesota Statutes 1984, section 517.08, subdivisions 1b and 1c.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 1391, A bill for an act relating to economic security; defining temporary housing; deleting a sunset provision; requiring certain followup information on persons assisted; appropriating money; amending Minnesota Statutes 1984, section 268.38, subdivisions 1, 2, 6, 7, and 8.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

H. F. No. 1405, A bill for an act relating to contempt of court; providing penalties for failure to file a complete income tax return pursuant to court order; proposing coding for new law in Minnesota Statutes, chapter 588.

Reported the same back with the following amendments:

Page 1, line 11, after "*court*" insert "*for failure*"

Page 1, line 13, delete "*forfeiture*" and insert "*fine*"

Page 1, line 14, delete "*$5,000*" and insert "*$50*"

Page 1, line 15, after "*continues*" insert a comma and after "*court*" insert a comma

Page 1, line 17, before the period insert "*to the state*" and delete "*also*"

Page 1, line 18, delete "*designed*"

With the recommendation that when so amended the bill pass.

The report was adopted.

McDonald from the Committee on Agriculture to which was referred:

H. F. No. 1426, A bill for an act relating to agriculture; changing the agricultural land preservation pilot county program; amending Minnesota Statutes 1984, sections 40A.03, subdivisions 1 and 2; 40A.15, subdivisions 2 and 4.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 40A.15, subdivision 4, is amended to read:

Subd. 4. [FINANCIAL ASSISTANCE.] The commissioner shall administer grants *to eligible recipients* for up to 50 percent of the cost of the activity to be funded, except that grants to the pilot counties shall be for (100) *80* percent of the cost of preparing new plans and official controls required under this chapter. Grants may not be used to reimburse the recipient for activities that are already completed. Grants may be used to employ and train staff, contract with other units of government or private consultants, and pay other expenses related to promoting and implementing agricultural land preservation and conservation activities. The commissioner shall prepare and publish an inventory of sources of financial assistance. To the extent practicable, the commissioner shall assist recipients in obtaining matching grants from other sources.

Sec. 2. [APPROPRIATION.]

$100,000 is appropriated from the general fund to the department of agriculture for the purpose of implementing the agricultural land preservation pilot county program to be available until June 30, 1987."

Amend the title as follows:

Page 1, line 3, before "amending" insert "appropriating money;"

Page 1, line 4, delete everything after the first comma and insert "section 40A.15, subdivision 4."

Page 1, delete line 5

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 1460, A bill for an act relating to Dakota county; permitting electronic funds transfers.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [373.40] [ELECTRONIC FUNDS TRANSFER.]

Electronic funds transfer is the process of value exchange via mechanical means without the use of checks, drafts, or similar negotiable instruments. A county may make an electronic funds transfer for investment purposes and all county expenditures. The county board shall establish the policies and procedures in regards to all county investments and expenditures."

Delete the title and insert:

"A bill for an act relating to local government; permitting counties to make electronic funds transfers; proposing coding for new law in Minnesota Statutes, chapter 373."

With the recommendation that when so amended the bill pass.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 1468, A bill for an act relating to the city of Breckenridge; permitting the establishment of a port authority; authorizing the port authority to exercise the powers of a municipal housing and redevelopment authority.

Reported the same back with the following amendments:

Page 2, lines 4 to 8, delete section 3

With the recommendation that when so amended the bill pass.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 1497, A bill for an act relating to natural resources; authorizing the commissioner of natural resources to sell certain lands in St. Louis county.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 1498, A bill for an act relating to natural resources; authorizing the commissioner of natural resources to sell certain lands in Koochinching County.

Reported the same back with the following amendments:

Page 1, line 7, delete "KOOCHINCHING" and insert "KOOCHICHING"

Page 1, lines 15, 19, and 24, delete "*Larson*" and insert "*Larsen*"

Page 1, line 15, after "*Larsen*" insert ", *the adjacent landowner,*"

Amend the title as follows:

Page 1, line 4, delete "Koochinching" and insert "Koochiching"

With the recommendation that when so amended the bill pass.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 1503, A bill for an act relating to the city of Bemidji; permitting the city to contribute to a community seed capital fund.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 1506, A bill for an act relating to natural resources; providing for payment of attorney fees for proceedings involving the determination of public waters and wetlands; amending Minnesota Statutes 1984, section 105.391, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [APPROPRIATION.]

$..... is appropriated from the general fund to the attorney general to pay the Todd county hearing unit the legal fees incurred in the state's appeal of the hearing unit decision arising under Department of Natural Resources v. Todd County Hearing Unit, 356 N.W.2d 703, 1984."

Amend the title as follows:

Page 1, line 4, delete "amending" and insert "appropriating money."

Page 1, delete lines 5 and 6

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 1530, A bill for an act relating to natural resources; providing emergency assistance for loggers of state timber who are in serious distress due to abrupt closure of certain timber processing plants; specifying powers and duties of the commissioner of natural resources; appropriating money.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [EMERGENCY ASSISTANCE FOR LOGGERS OF STATE TIMBER.]

Subdivision 1. [LEGISLATIVE FINDINGS.] *The legislature finds as follows: (a) The permanent closing in 1984, without advance warning, of Minnesota and Wisconsin plants that processed aspen, spruce, and tamarack timber, has caused severe distress and hardship to those loggers who depended on those plants to purchase timber from them; and (b) action by the state is necessary to prevent loggers affected by these plant closings from being forced out of business with consequent loss of tax revenues, loss of future income for the permanent school fund and other trust funds, increased unemployment, reduced competition, and deterioration of the public health and welfare.*

Subd. 2. [LOGGERS WHO MAY APPLY.] *Any purchaser of any state timber permit issued before January 1, 1985, in regard to permits covering amounts of aspen or spruce timber, or issued prior to July 1, 1984, in regard to permits covering amounts of tamarack timber, who, on the effective date of this act, has not cut all or any portion of the aspen or spruce or tamarack timber from the lands covered by the permit and who has been adversely affected by the permanent closing in 1984 of any Minnesota or Wisconsin plant that processed aspen, spruce, or tamarack timber, may make written application to the commissioner of natural resources for refund of the 25 percent deposit made at the time of auction sale or refund of the full purchase price made at the time of informal sale and cancellation of any or all obligations to cut and remove any aspen, spruce, or tamarack timber or any other timber species covered by the permit.*

Subd. 3. [TERMS OF APPLICATION.] *The application to the commissioner, which shall be in the form of an affidavit, must show:*

(1) the quantity and timber species covered by the permit for which the permittee seeks release from permit obligations;

(2) the permittee has not cut the timber for which the permittee is requesting release from permit obligations;

(3) the permittee is independent from any company that may have permanently closed a timber processing plant in Minnesota or Wisconsin during 1984;

(4) the permittee had a contract with the company operating the plant or had a history of selling timber to that company;

(5) the permittee has no reasonable prospect that the company will purchase aspen, spruce, or tamarack from the permittee during the life of the permit; and

(6) the permittee has no other profitable market for aspen, spruce, or tamarack.

Subd. 4. [CANCELLATION OF PERMITS.] *If the application meets the requirements of subdivision 2, the commissioner shall grant the application under the following conditions:*

(a) If there has been no cutting of any timber whatsoever, the commissioner shall grant the application, refund either the 25 percent deposit made at the time of auction sale or the full purchase price made at the time of informal sale, and cancel the permit;

(b) If there has been cutting of some but not all of the timber covered by the permit, the commissioner shall grant the application, refund a portion of the 25 percent deposit or a portion of the full purchase price in direct relationship to the value of timber cut, and cancel the permit.

Subd. 5. [DEADLINE FOR APPLICATION TO CANCEL.] *No obligations on any permit may be canceled by the commissioner if the application is not received by the commissioner within 90 days from the effective date of this act.*

Subd. 6. [REIMBURSEMENT OF PERMANENT SCHOOL FUND.] *No permit obligations covering timber to be cut and removed from permanent school fund or other trust fund lands shall be canceled unless the commissioner shall first pay to the permanent school fund or other trust fund all amounts that would otherwise be owed to the respective funds if the timber were cut. The commissioner shall make payment to any affected fund only from money specifically appropriated to the commissioner for that purpose. The sum of $202,000 is appropriated from the general fund to the commissioner to make the payments required by this section to the permanent school fund or other affected trust fund.*

Sec. 2. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Amend the title as follows:

Page 1, line 4, delete "abrupt" and insert "permanent"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 1541, A bill for an act relating to human services; requiring the commissioner of human services to establish ser-

vices for the care of brain damaged adults; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 252B.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [STUDY OF SERVICES FOR PERSONS WITH BRAIN IMPAIRMENT.]

Subdivision 1. [DEFINITION.] *"Brain impairment" means serious traumatic injury to the brain resulting in significant destruction of brain tissue with resultant loss of brain function which requires extensive services over an extended period of time.*

Subd. 2. [FINDINGS.] *The legislature finds that:*

(a) state public policy discriminates against adults with brain damage or degenerative brain disease;

(b) the state has accepted responsibility to ensure that persons who are developmentally disabled receive services necessary to meet their needs and these services are often similar to those needed by persons who suffer from brain impairments;

(c) terminology and nomenclature used to describe brain impairments are varied and confusing, in part because of different medical diagnoses and professional opinions, as well as differences in terminology used by the various funding sources for programs and services; uniformity is required in order to ensure that appropriate programs and services are available throughout the state to serve these persons;

(d) providing the best services to brain impaired adults, their families, and caregivers requires the coordinated services of state departments and community agencies to ensure that no gaps occur in communication, in the availability of programs, or in the provision of services; and

(e) a task force should be appointed to study and make recommendations concerning the provision of appropriate services for persons with brain impairments.

Subd. 3. [TASK FORCE.] *The commissioner of human services shall establish a task force to study the needs of persons with brain impairments. The task force shall consist of no more than 15 persons, two of whom are parents. In addition, the task force shall include representation from physicians specializing in brain impairments, rehabilitation facilities, day programs,*

acute care rehabilitation programs, nursing home programs, community-based residential programs, vocational counselors, the Minnesota chapter of the national head injury foundation, chemical abuse counselors, and other persons who may provide a useful perspective to the task force.

Subd. 4. [DUTIES.] *The commissioner of human services, or his or her designee, shall prepare a report for the legislature with the advice of the task force. The task force shall:*

(a) assess the needs of persons who have brain impairments and their families;

(b) develop a model for a continuum of care to adequately meet the needs described in clause (a), including acute care, intermediate rehabilitation, long-term care, community-based housing, and vocational, social, and community integration;

(c) identify the resources that currently exist to meet the needs of persons who are brain impaired;

(d) identify the gaps in current delivery of services to meet these specialized needs;

(e) determine the feasibility and cost effectiveness of developing new programs for this population or expanding utilization of existing services and programs;

(f) identify potential sources of funding for services for brain impaired persons and describe how present lack of funding has affected the provision of services to the brain impaired population; and

(g) examine the potential for expanding existing criteria and disability definitions to allow persons with brain impairment access to housing, case-management, independent living skills programs, and other similar programs now available to other groups.

The commissioner shall deliver the report and the task force's recommendations to the legislature by January 15, 1986."

Delete the title and insert:

"A bill for an act relating to health; requiring a study and a report on the needs of persons with brain impairments."

With the recommendation that when so amended the bill pass.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 1543, A bill for an act relating to the establishment of a convention center in the city of Duluth; appropriating money.

Reported the same back with the following amendments:

Page 2, line 2, delete "*20,000,000*" and insert a blank

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Pursuant to House Rule No. 9.3, H. F. No. 1543 was re-referred to the Committee on Rules and Legislative Administration.

Fjoslien from the Committee on General Legislation and Veterans Affairs to which was referred:

H. F. No. 1568, A bill for an act relating to elections; making certain changes in the ethics in government act; changing the time when certain campaign bills must be rendered; amending Minnesota Statutes 1984, sections 10A.02, subdivision 11, and by adding a subdivision; 10A.04, subdivision 4a; 10A.18; 10A.20, subdivisions 3, 5, and 12; 10A.24; 10A.27, subdivision 1; and 210A.24; proposing coding for new law in Minnesota Statutes, chapter 10A; repealing Minnesota Statutes 1984, sections 10A.02, subdivision 11a; and 10A.25, subdivision 7.

Reported the same back with the following amendments:

Page 1, after line 13, insert:

"Section 1. Minnesota Statutes 1984, section 10A.01, subdivision 2, is amended to read:

Subd. 2. "Administrative action" means an action by any official, board, commission or agency of the executive branch to adopt, amend, or repeal a rule pursuant to chapter 14 (. "ADMINISTRATIVE ACTION" DOES NOT INCLUDE THE APPLICATION OR ADMINISTRATION OF AN ADOPTED RULE, EXCEPT IN CASES OF RATE SETTING, POWER PLANT AND POWERLINE SITING AND GRANTING OF CERTIFICATES OF NEED UNDER CHAPTER 116J) *or an action pursuant to sections 14.57 to 14.62.*"

Pages 1 to 3, delete section 2 and insert:

"Sec. 3. Minnesota Statutes 1984, section 10A.02, subdivision 11, is amended to read:

Subd. 11. The board may investigate any alleged violation of this chapter. The board shall investigate any violation which is alleged in a written complaint filed with the board and, except for alleged violations of section 10A.25 or 10A.27, shall within 30 days after the filing of the complaint make a public finding of whether or not there is probable cause to believe a violation has occurred. In the case of a written complaint alleging a violation of section 10A.25 or 10A.27, the board shall either enter a conciliation agreement or make a public finding of whether or not there is probable cause, within 60 days of the filing of the complaint. The deadline for action on any written complaint may be extended by majority vote of the board. Within a reasonable time after beginning an investigation of an individual or association, the board shall notify that individual or association of the fact of the investigation. The board shall make no finding of whether or not there is probable cause to believe a violation has occurred without notifying the individual or association of the nature of the allegations and affording an opportunity to answer those allegations. Any hearing or action of the board concerning any complaint or investigation other than a finding concerning probable cause or a conciliation agreement shall be confidential. Until the board makes a public finding concerning probable cause or enters a conciliation agreement:

(a) No member, employee or agent of the board shall disclose to any individual any information obtained by that member, employee or agent concerning any complaint or investigation except as required to carry out the investigation or take action in the matter as authorized by this chapter;

(b) (NO) *After an* individual (WHO) files (OR IS THE SUBJECT OF) any written complaint or supplies information to the board concerning a complaint or investigation, *the individual* shall *not* disclose to any other individual any information supplied to or received from the board concerning the complaint or investigation; (AND)

(c) *Any notification or investigation made under this subdivision must not be made public by the board or by any person without the written consent of the person receiving the notification or the person with respect to whom the investigation is made; and*

(d) Notwithstanding the provisions of clause (b), any individual subject to the provisions of that clause may reveal any information to his attorney or another individual from whom he seeks advice or guidance in the matter, or to any other in-

dividual who is subject to the provisions of clause (b) with respect to the same complaint or investigation; provided that any individual to whom information concerning a complaint or investigation is revealed as provided in this clause shall not disclose that information to any other individual. Any individual who discloses information contrary to the provisions of this subdivision shall be guilty of a misdemeanor. Except as provided in section 10A.28, after the board makes a public finding of probable cause the board shall report that finding to the appropriate law enforcement authorities."

Page 6, line 18, strike "$200" and insert "*$400*"

Pages 7 to 9, delete section 9

Renumber the sections in sequence

Delete the title and insert:

"A bill for an act relating to elections; making certain changes in the ethics in government act; amending Minnesota Statutes 1984, sections 10A.01, subdivision 2; 10A.02, subdivision 11, and by adding a subdivision; 10A.04, subdivision 4a; 10A.18; 10A.20, subdivisions 3, 5, and 12; 10A.24; 10A.27, subdivision 1; and 210A.24; repealing Minnesota Statutes 1984, sections 10A.-02, subdivision 11a; and 10A.25, subdivision 7."

With the recommendation that when so amended the bill pass.

The report was adopted.

Fjoslien from the Committee on General Legislation and Veterans Affairs to which was referred:

H. F. No. 1584, A bill for an act relating to elections; changing certain filing provisions; providing for training of election judges and election officials; requiring publication of certain election guides; excepting certain election judges from receiving compensation; changing certain canvassing procedures; providing for certain recounts; defining terms; changing certain deadlines; changing certain procedures relating to voting machines; appropriating money; amending Minnesota Statutes 1984, sections 204B.09, subdivision 1; 204B.25, subdivision 1; 204B.27, subdivision 5, and by adding a subdivision; 204B.31; 204C.32, subdivision 1; 204C.33, subdivision 1; 204C.35, by adding a subdivision; 206.56, by adding a subdivision; 206.58, subdivision 2 and by adding a subdivision; 206.82, by adding a subdivision; and 206.83.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

H. F. No. 1589, A bill for an act relating to collection and dissemination of data; classifying government data as confidential, private, nonpublic, protected nonpublic, and public; clarifying issues relating to classifications of data, access to data, and classifications of inactive investigative data; refining provisions of the data practices act; amending Minnesota Statutes 1984, sections 13.03, subdivision 3, and by adding a subdivision; 13.32, subdivision 1; 13.37, subdivision 2; 13.39, by adding a subdivision; 13.46, subdivisions 3 and 10; 13.65, subdivision 1; 13.71; 13.72, by adding subdivisions; 13.82, by adding subdivisions; 13.84, subdivisions 1 and 6; proposing coding for new law in Minnesota Statutes, chapter 13; repealing Minnesota Statutes 1984, sections 13.73 and 13.81.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 13.03, subdivision 3, is amended to read:

Subd. 3. [REQUEST FOR ACCESS TO DATA.] Upon request to a responsible authority or designee, a person shall be permitted to inspect and copy public government data at reasonable times and places, and (IF THE PERSON REQUESTS, HE), *upon request,* shall be informed of the data's meaning. *The responsible authority may not require the requesting person to pay a fee to inspect data.* The responsible authority or designee shall provide copies of public government data upon request. The responsible authority may require the requesting person to pay the actual costs of *searching for and retrieving government data and for* making, certifying and compiling the copies *of the data but may not charge for separating public from not public data.* If the responsible authority or designee is not able to provide copies at the time a request is made (HE), *copies* shall (SUPPLY COPIES) *be supplied* as soon as reasonably possible.

When a request under this subdivision involves any person's receipt of copies of public government data that has commercial value and is an entire formula, pattern, compilation, program, device, method, technique, process, data base, or system developed with a significant expenditure of public funds by the agency, the responsible authority may charge a reasonable fee for the information in addition to the costs of making, certifying, and compiling the copies. Any fee charged must be clearly demonstrated by the agency to relate to the actual development costs of the information. The responsible authority, upon the request of any person, shall provide sufficient documentation to explain and justify the fee being charged.

If the responsible authority or designee determines that the requested data is classified so as to deny the requesting person access, the responsible authority or designee shall inform the requesting person of the determination either orally at the time of the request, or in writing as soon after that time as possible, and shall cite the specific statutory section, temporary classification, or specific provision of federal law on which the determination is based. Upon the request of any person denied access to data, the responsible authority or designee shall certify in writing that the request has been denied and cite the specific statutory section, temporary classification, or specific provision of federal law upon which the denial was based.

Sec. 2. Minnesota Statutes 1984, section 13.03, is amended by adding a subdivision to read:

Subd. 6. [DISCOVERABILITY OF NOT PUBLIC DATA.] *If a state agency, political subdivision, or statewide system opposes discovery of government data or release of data pursuant to court order on the grounds that the data are classified as not public, the party that seeks access to the data may bring before the appropriate presiding judicial officer, arbitrator, or administrative law judge an action to compel discovery or an action in the nature of an action to compel discovery.*

The presiding officer shall first decide whether the data are discoverable or releasable pursuant to the rules of evidence and of criminal, civil, or administrative procedure appropriate to the action.

If the data are discoverable the presiding officer shall decide whether the benefit to the party seeking access to the data outweighs any harm to the confidentiality interests of the agency maintaining the data, or of any person who has provided the data or who is the subject of the data, or to the privacy interest of an individual identified in the data. In making the decision, the presiding officer shall consider whether notice to the subject of the data is warranted and, if warranted, what type of notice must be given. The presiding officer may fashion and issue any protective orders necessary to assure proper handling of the data by the parties.

Sec. 3. Minnesota Statutes 1984, section 13.03, is amended by adding a subdivision to read:

Subd. 7. [DATA TRANSFERRED TO ARCHIVES.] *When government data that is classified as not public by this chapter or any other statute, including private data on decedents and confidential data on decedents, is physically transferred to the state archives, the data shall no longer be classified as not public and access to and use of the data shall by governed by section 138.17.*

Sec. 4. Minnesota Statutes 1984, section 13.03, is amended by adding a subdivision to read:

Subd. 8. [CHANGE TO CLASSIFICATION OF DATA NOT ON INDIVIDUALS.] *Except for security information, nonpublic and protected nonpublic data shall become public either ten years after the creation of the data by the government agency or ten years after the data was received or collected by any governmental agency unless the responsible authority for the originating or custodial agency for the data reasonably determines that, if the data were made available to the public or to the data subject, the harm to the public or to a data subject would outweigh the benefit to the public or to the data subject. If the responsible authority denies access to the data, the person denied access may challenge the denial by bringing an action in district court seeking release of the data. The action shall be brought in the district court located in the county where the data are being maintained, or, in the case of data maintained by a state agency, in any county. The data in dispute shall be examined by the court in camera. In deciding whether or not to release the data, the court shall consider the benefits and harms in the same manner as set forth above. The court shall make a written statement of findings in support of its decision.*

Sec. 5. Minnesota Statutes 1984, section 13.08, subdivision 1, is amended to read:

Subdivision 1. [ACTION FOR DAMAGES.] Notwithstanding section 466.03, a political subdivision, responsible authority, *statewide system,* or state agency which violates any provision of this chapter is liable to a person *or representative of a decedent* who suffers any damage as a result of the violation, and the person damaged *or his representative in the case of private data on decedents or confidential data on decedents* may bring an action against the political subdivision, responsible authority, statewide system or state agency to cover any damages sustained, plus costs and reasonable attorney fees. In the case of a willful violation, the political subdivision, statewide system or state agency shall, in addition, be liable to exemplary damages of not less than $100, nor more than $10,000 for each violation. The state is deemed to have waived any immunity to a cause of action brought under this chapter.

Sec. 6. Minnesota Statutes 1984, section 13.08, is amended by adding a subdivision to read:

Subd. 5. [IMMUNITY FROM LIABILITY.] *A state agency, statewide system, political subdivision, or person that releases not public data pursuant to an order under section 2 is immune from civil and criminal liability.*

Sec. 7. Minnesota Statutes 1984, section 13.09, is amended to read:

13.09 [PENALTIES.]

Any person who willfully violates the provisions of (SECTIONS 13.02 TO 13.09) *this chapter* or any (LAWFUL) rules (AND REGULATIONS PROMULGATED THEREUNDER) *adopted under this chapter* is guilty of a misdemeanor. Willful violation of (SECTIONS 13.02 TO 13.09) *this chapter* by any public employee constitutes just cause for suspension without pay or dismissal of the public employee.

Sec. 8. [13.10] [DATA ON DECEDENTS.]

Subdivision 1. [DEFINITIONS.] *As used in this chapter:*

(a) "Confidential data on decedents" means data which, prior to the death of the data subject, were classified by statute, federal law, or temporary classification as confidential data.

(b) "Private data on decedents" means data which, prior to the death of the data subject, were classified by statute, federal law, or temporary classification as private data.

(c) "Representative of the decedent" means the personal representative of the estate of the decedent during the period of administration, or if no personal representative has been appointed or after his discharge, the surviving spouse, any child of the decedent, or, if there is no surviving spouse or children, any other of the decedent's living next of kin within one degree on consanguinity as determined in the order of priority established by the rules of civil law.

Subd. 2. [CLASSIFICATION OF DATA ON DECEDENTS.] *Upon the death of the data subject, private data and confidential data shall become, respectively, private data on decedents and confidential data on decedents. Private data on decedents and confidential data on decedents shall become public when ten years have elapsed from the actual or presumed death of the individual and 30 years have elapsed from the creation of the data. For purposes of this subdivision, an individual is presumed to be dead if either 90 years elapsed since the creation of the data or 90 years have elapsed since the individual's birth, whichever is earlier, except that an individual is not presumed to be dead if readily available data indicate that the individual is still living.*

Subd. 3. [RIGHTS.] *Rights conferred by this chapter on individuals who are the subjects of private or confidential data shall, in the case of private data on decedents or confidential data on decedents, be exercised by the representative of the decedent.*

Nothing in this section may be construed to prevent access to appropriate data by a trustee appointed in a wrongful death action.

Subd. 4. [COURT REVIEW.] *Any person may bring an action in the district court located in the county where the data is being maintained or, in the case of data maintained by a state agency, in any county, to authorize release of private data on decedents or confidential data on decedents. Individuals clearly identified in the data or the representative of the decedent may be given notice if doing so does not cause an undue delay in hearing the matter and, in any event, shall have standing in the court action. The responsible authority for the data being sought or any interested person may provide information regarding the possible harm or benefit from granting the request. The data in dispute shall be examined by the court in camera. The court may order all or part of the data to be released to the public or to the person bringing the action. In deciding whether or not to release the data, the court shall consider whether the harm to the surviving spouse, children, or next of kin of the decedent, the harm to any other individual identified in the data, or the harm to the public outweighs the benefit to the person bringing the action or the benefit of the public. The court shall make a written statement of findings in support of its decision.*

Subd. 5. [ADOPTION RECORDS.] *Notwithstanding any provision of this chapter, adoption records shall be treated as provided in sections 259.21 to 259.49.*

Subd. 6. [RETENTION OF DATA.] *Nothing in this section may be construed to require retention of government data, including private data on decedents or confidential data on decedents, for periods of time other than those established by the procedures provided in section 138.17, or any other statute.*

Sec. 9. Minnesota Statutes 1984, section 13.32, subdivision 1, is amended to read:

Subdivision 1. As used in this section:

(a) "Educational data" means data on individuals maintained by a public educational agency or institution or by a person acting for the agency or institution which relates to a student.

Records of instructional personnel which are in the sole possession of the maker thereof and are not accessible or revealed to any other individual except a substitute teacher, and are destroyed at the end of the school year, shall not be deemed to be government data.

Records of a law enforcement unit of a public educational agency or institution which are maintained apart from education

data and are maintained solely for law enforcement purposes, and are not disclosed to individuals other than law enforcement officials of the jurisdiction are confidential; provided, that education records maintained by the educational agency or institution are not disclosed to the personnel of the law enforcement unit.

Records relating to a student who is employed by a public educational agency or institution which are made and maintained in the normal course of business, relate exclusively to the individual in that individual's capacity as an employee, and are not available for use for any other purpose are classified pursuant to section 13.43.

(b) "Student" (INCLUDES A PERSON) *means an individual* currently or formerly enrolled or registered, (AND) applicants for enrollment or registration at a public educational agency or institution, *or individuals who receive shared time educational services from a public agency or institution.*

(c) "Substitute teacher" means an individual who performs on a temporary basis the duties of the individual who made the record, but does not include an individual who permanently succeeds the maker of the record in his position.

Sec. 10. Minnesota Statutes 1984, section 13.32, is amended by adding a subdivision to read:

Subd. 6. Minnesota post-secondary education institutions, for purposes of reporting and research, may collect on the 1986-1987 admissions form, and disseminate to any public educational agency or institution the following data on individuals: student sex, ethnic background, age, and disabilities. The data shall not be required of any individual and shall not be used for purposes of determining the person's admission to an institution. This section supersedes any inconsistent provision of law.

Sec. 11. Minnesota Statutes 1984, section 13.39, is amended by adding a subdivision to read:

Subd. 3. [INACTIVE INVESTIGATIVE DATA.] *Inactive civil investigative data are public, unless the release of the data would jeopardize another pending civil legal action, and except for those portions of a civil investigative file that are classified as not public data by other law. Any civil investigative data presented as evidence in court or made part of a court record shall be public. Civil investigative data become inactive upon the occurrence of any of the following events:*

(1) a decision by the state agency, political subdivision, or statewide system or by the chief attorney acting for the state

agency, political subdivision, or statewide system not to pursue the civil action;

(2) expiration of the time to file a complaint under the statute of limitations or agreement applicable to the civil action; or

(3) exhaustion of or expiration of rights of appeal by either party to the civil action.

Data determined to be inactive under clause (1) may become active if the state agency, political subdivision, statewide system, or its attorney decides to renew the civil action.

Sec. 12. Minnesota Statutes 1984, section 13.43, subdivision 4, is amended to read:

Subd. 4. All other personnel data is private data on individuals (, EXCEPT) *but may be released* pursuant to a (VALID) court order.

Sec. 13. Minnesota Statutes 1984, section 13.46, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section:

(a) "Individual" means an individual pursuant to section 13.02, subdivision 8, but does not include a vendor of services.

(b) "Program" includes all programs for which authority is vested in a component of the welfare system pursuant to statute or federal law.

(c) "Welfare system" includes the department of human services, county welfare boards, county welfare agencies, human services boards, community mental health center boards, state hospitals, state nursing homes, and persons, agencies, institutions, organizations, and other entities under contract to any of the above agencies to the extent specified in the contract.

(d) "Mental health data" means data on individual clients and patients of community mental health centers, established under section 245.62, or mental health divisions of counties and other providers under contract to deliver mental health services.

Sec. 14. Minnesota Statutes 1984, section 13.46, subdivision 2, is amended to read:

Subd. 2. [GENERAL.] *(a)* Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used, or disseminated

by the welfare system is private data on individuals, and shall not be disclosed except:

((A)) *(1)* pursuant to section 13.05;

((B)) *(2)* pursuant to court order;

((C)) *(3)* pursuant to a statute specifically authorizing access to the private data;

((D)) *(4)* to an agent of the welfare system, including a law enforcement person, attorney, or investigator acting for it in the investigation, prosecution, criminal or civil proceeding relating to the administration of a program;

((E)) *(5)* to personnel of the welfare system who require the data to determine eligibility, amount of assistance, and the need to provide services of additional programs to the individual;

((F)) *(6)* to administer federal funds or programs;

((G)) *(7)* between personnel of the welfare system working in the same program;

((H)) *(8)* the amounts of cash public assistance and relief paid to welfare recipients in this state, including their names and social security numbers, upon request by the department of revenue to administer the property tax refund law, supplemental housing allowance, and the income tax;

((I)) *(9)* to the Minnesota department of economic security for the purpose of monitoring the eligibility of the data subject for unemployment compensation or for any employment or training program administered by that agency, whether alone or in conjunction with the welfare system; (OR)

((J)) *(10)* to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons*; or*

(11) data maintained by residential facilities as defined in section 245.782, subdivision 6, may be disclosed to the protection and advocacy system established in this state pursuant to Part C of Public Law 98-527 to protect the legal and human rights of persons with mental retardation or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person.

(b) (DATA ON INDIVIDUAL CLIENTS OR PATIENTS OF PUBLIC OR PRIVATE COMMUNITY MENTAL HEALTH CENTERS, ESTABLISHED BY SECTION 245.62, OR MENTAL HEALTH DIVISIONS OF COUNTIES AND OTHER PROVIDERS UNDER CONTRACT TO DELIVER MENTAL HEALTH SERVICES) *Mental health data* shall be treated as provided in subdivisions 7, 8, and 9, *but is not subject to the access provisions of subdivision 10, paragraph (b).*

Sec. 15. Minnesota Statutes 1984, section 13.46, subdivision 3, is amended to read:

Subd. 3. [INVESTIGATIVE DATA.] Data on persons, including data on vendors of services, that is collected, maintained, used, or disseminated by the welfare system in an investigation, authorized by statute and relating to the enforcement of rules or law, is confidential data on individuals pursuant to section 13.02, subdivision 3, or protected nonpublic data not on individuals pursuant to section 13.02, subdivision 13, and shall not be disclosed except:

(a) pursuant to section 13.05;

(b) pursuant to statute or valid court order;

(c) to a party named in a civil or criminal proceeding, administrative or judicial, for preparation of defense.

The data referred to in this subdivision shall be classified as public data upon its submission to an administrative law judge or court in an administrative or judicial proceeding. *Inactive welfare investigative data shall be treated as provided in section 11.*

Sec. 16. Minnesota Statutes 1984, section 13.46, subdivision 7, is amended to read:

Subd. 7. [MENTAL HEALTH CENTER DATA.] *(a)* (DATA ON INDIVIDUAL CLIENTS AND PATIENTS OF PUBLIC OR PRIVATE COMMUNITY MENTAL HEALTH CENTERS OR MENTAL HEALTH DIVISIONS OF COUNTIES AND OTHER PROVIDERS UNDER CONTRACT TO DELIVER MENTAL HEALTH SERVICES) *Mental health data* shall not be disclosed, except:

((A)) *(1)* pursuant to section 13.05, *as determined by the responsible authority for the community mental health center, mental health division, or provider*;

((B)) *(2)* pursuant to court order; (OR)

((C)) *(3)* pursuant to a (STATUTES) *statute* specifically authorizing access to or disclosure of (PRIVATE) *mental health* data*; or*

(4) with the consent of the client or patient.

(b) An agency of the welfare system may not require an individual to consent to the release of mental health data as a condition for receiving services or for reimbursing a community mental health center, mental health division of a county, or provider under contract to deliver mental health services.

Sec. 17. Minnesota Statutes 1984, section 13.46, subdivision 10, is amended to read:

Subd. 10. [RESPONSIBLE AUTHORITY.] *(a)* Notwithstanding any other provision of chapter 13 to the contrary, the responsible authority for each component of the welfare system listed in subdivision 1, clause (c), shall be as follows:

((A)) *(1)* The responsible authority for the department of human services, state hospitals, and nursing homes is the commissioner of the department of human services;

((B)) *(2)* The responsible authority of a county welfare agency is the director of the county welfare agency;

((C)) *(3)* The responsible authority for a county welfare board, human services board, or community mental health center board is the chairman of the board; and

((D)) *(4)* The responsible authority of any person, agency, institution, organization, or other entity under contract to any of the components of the welfare system listed in subdivision 1, clause (c), of this section is the person specified in the contract.

(b) A responsible authority shall allow another responsible authority in the welfare system access to data classified as (RESTRICTED) *not public data* when access is necessary for the administration and management of programs, or (IS) *as* authorized or required by statute or federal law.

Sec. 18. [13.61] [INSURANCE TRUST DATA; PRIVATE AND NONPUBLIC DATA.]

The following data collected or created by the league of Minnesota cities insurance trust, association of Minnesota counties insurance trust, or by the Minnesota school board association insurance trust in order to process claims for workers' compensation are classified as either private data in regard to claims when the insured worker is living, or nonpublic data in regard

to claims when the insured worker is deceased: name, address, phone number, and social security account number of the claimant if the claimant is not a public employee; claim number, date of claimed injury, employee's social security number, home phone number, home address, date of birth, sex, and marital status; whether claimed injury caused loss of time from work; whether the employee lost time from work on the day of the claimed injury and the number of hours lost; whether the employee has returned to work; whether full or partial wages were paid for the first day of lost time and the amount paid, time of day, and location where injury occurred; whether the injury occurred on employer's premises; the name, address, and phone number of the treating physician or practitioner; identification of the hospital where treated; nature of the claimed injury or occupational illness; part of body affected; name or type of object involved in causing the injury; nature of injury; type of accident; description of actions taken to prevent reoccurrence; names of co-worker witnesses; and all data collected or created as a result of the investigation of the claim including, but not limited to, physicians' reports; other data on the medical condition of the claimant; data collected from the claimant's physicians; and data collected in interviews of the claimant's employer, co-workers, family members, and neighbors.

Sec. 19. [13.62] [ECONOMIC ASSISTANCE DATA.]

The following data collected by cities in their administration of the city economic development assistance program are classified as nonpublic data:

(1) application data, except company names, addresses, and other data that identify the applicant, until the application is approved by the city;

(2) application data, except company names, addresses, and other data that identify the applicant, that pertain to companies whose applications have been disapproved;

(3) attachments to applications including but, not limited to, business and personal financial records, until the application is approved;

(4) income tax returns, either personal or corporate, that are filed by applicants; and

(5) correspondence between the program administrators and the applicant until the application has been approved or disapproved.

Sec. 20. Minnesota Statutes 1984, section 13.65, subdivision 1, is amended to read:

13.65 [ATTORNEY GENERAL DATA.]

Subdivision 1. [PRIVATE DATA.] The following data created, collected and maintained by the office of the attorney general are classified as private (, PURSUANT TO SECTION 13.02, SUBDIVISION 12) *data on individuals*:

(a) The record, including but not limited to, the transcript and exhibits of all disciplinary proceedings held by a state agency, board or commission, except in those instances where there is a public hearing;

(b) Communications and non-investigative files regarding administrative or policy matters which do not evidence final public actions;

(c) Consumer complaint data, other than that data classified as confidential, including consumers' complaints against businesses and follow-up investigative materials; (AND)

(d) Investigative data, obtained in anticipation of, or in connection with litigation or an administrative proceeding where the investigation is not currently active*; and*

(e) Data collected by the consumer division of the attorney general's office in its administration of the home protection hot line including: the name, address, and phone number of the consumer; the name and address of the mortgage company; the total amount of the mortgage; the amount of money needed to bring the delinquent mortgage current; the consumer's place of employment; the consumer's total family income; and the history of attempts made by the consumer to renegotiate a delinquent mortgage.

Sec. 21. Minnesota Statutes 1984, section 13.71, is amended to read:

13.71 [(SURPLUS LINE INSURANCE) *DEPARTMENT OF COMMERCE* DATA.]

Subdivision 1. [SURPLUS LINE INSURANCE DATA.] All data appearing on copies of surplus line insurance policies collected by the department of commerce pursuant to section 60A.20 are classified as private *data* (, PURSUANT TO SECTION 13.02, SUBDIVISION 12).

Subd. 2. [GROUP WORKERS' COMPENSATION SELF-INSURANCE DATA.] *Financial data relating to nonpublic companies that are submitted to the commissioner of commerce for the purpose of obtaining approval to self insure workers' compensation liability as a group are classified as nonpublic data.*

Subd. 3. [WORKERS' COMPENSATION SELF-INSURANCE DATA.] *Financial documents, including income statements, balance sheets, statements of changes in financial positions, and supporting financial information, submitted by nonpublic companies seeking to self insure their workers' compensation liability or to be licensed as self-insurance plan administrators are classified as nonpublic data.*

Subd. 4. [POLLUTION LIABILITY INSURANCE SURVEY DATA.] *Data that could identify a company that responded to a pollution liability insurance survey taken by the department of commerce are classified as nonpublic data.*

Sec. 22. Minnesota Statutes 1984, section 13.72, is amended by adding a subdivision to read:

Subd. 3. [MOTOR VEHICLE CARRIER INVESTIGATIVE DATA.] *Data collected by the department of transportation as part of an active investigation undertaken for the purpose of pursuing law enforcement action against a person, other than an individual, for a violation of chapter 221, or a rule or order issued pursuant to that chapter, are classified as protected nonpublic data.*

Sec. 23. Minnesota Statutes 1984, section 13.72, is amended by adding a subdivision to read:

Subd. 4. [MOTOR CARRIER ACCIDENT DATA.] *All data submitted to the department of transportation in the form of motor vehicle carrier accident reports, except the portions of the report forms in which the carrier and the driver provide their version of the accident, are classified as nonpublic data with regard to data not on individuals, and private data with regard to data on individuals.*

Sec. 24. Minnesota Statutes 1984, section 13.72, is amended by adding a subdivision to read:

Subd. 5. [MOTOR CARRIER ACCIDENT VERSION DATA.] *Those portions of the motor vehicle carrier accident report forms, that motor vehicle carriers are required to submit to the department of transportation, that contain the carrier's and driver's version of the accident are classified as protected nonpublic data with regard to data not on individuals, and confidential data with regard to data on individuals.*

Sec. 25. [13.76] [DEPARTMENT OF ENERGY AND ECONOMIC DEVELOPMENT DATA.]

All financial information on individuals and business entities including, but not limited to, credit reports, financial statements,

and net worth calculations, that are contained in applications received by the department of energy and economic development in its administration of the certified state development loan program are classified as private data with regard to data on individuals, and as nonpublic data with regard to data not on individuals.

Sec. 26. [13.761] [INDIAN AFFAIRS COUNCIL DATA.]

All financial information on individuals and business entities including, but not limited to, credit reports, financial statements, and net worth calculations, that are contained in applications received by the Indian affairs council in its administration of the Indian business development loan program are classified as private data with regard to data on individuals and as nonpublic data with regard to data not on individuals.

Sec. 27. [13.77] [AGRICULTURAL RESOURCE LOAN BOARD DATA.]

Subdivision 1. [NONPUBLIC DATA.] *Financial information concerning business persons received or prepared by the agriculture resource loan guaranty board in connection with applications for loan guarantees pursuant to Laws 1984, chapter 502, article 10, sections 1 to 12, including, but not limited to, credit reports, financial statements, and net worth calculations, is classified as nonpublic data.*

Subd. 2. [PRIVATE DATA.] *Financial information concerning individuals received or prepared by the agriculture resource loan guaranty board in connection with applications for loan guarantees pursuant to Laws 1984, chapter 502, article 10, sections 1 to 12, including, but not limited to, credit reports, financial statements, and net worth calculations is classified as private data.*

Sec. 28. [13.78] [MINNESOTA EXPORT AUTHORITY DATA.]

Financial information concerning business persons received or prepared by the export authority in connection with applications for financial assistance pursuant to section 17.105, including, but not limited to, credit reports, financial statements, net worth calculations, income and expense projections, and proposed terms of trade and foreign risk coverage, is classified as nonpublic data if it is data not on an individual and as private data if it is data on an individual.

Sec. 29. [13.79] [DEPARTMENT OF LABOR AND INDUSTRY DATA.]

Data that identify complaining employees and that appear on complaint forms received by the department of labor and industry concerning alleged violations of the fair labor standards act or section 181.75 are classified as private data.

Sec. 30. Minnesota Statutes 1984, section 13.82, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION.] This section shall apply to agencies which carry on a law enforcement function, including but not limited to municipal police departments, county sheriff departments, fire departments, the bureau of criminal apprehension, the Minnesota state patrol, *the board of peace officer standards and training*, and the department of commerce.

Sec. 31. Minnesota Statutes 1984, section 13.82, subdivision 5, is amended to read:

Subd. 5. [DATA COLLECTION.] Except for the data defined in subdivisions 2, 3 and 4, investigative data collected or created by a law enforcement agency in order to prepare a case against a person, whether known or unknown, for the commission of a crime or civil wrong is confidential *or protected nonpublic* while the investigation is active. Inactve investigative data is public unless the release of the data would jeopardize another ongoing investigation or would reveal the identity of individuals protected under subdivision 10. Photographs which are part of inactive investigative files and which are clearly offensive to common sensibilities are classified as private *or nonpublic* data, provided that the existence of the photographs shall be disclosed to any person requesting access to the inactive investigative file. An investigation becomes inactive upon the occurrence of any of the following events:

(a) A decision by the agency or appropriate prosecutorial authority not to pursue the case;

(b) Expiration of the time to bring a charge or file a complaint under the applicable statute of limitations, *or 30 years after the commission of the offense, whichever comes earliest;* or

(c) Exhaustion of or expiration of all rights of appeal by (AN INDIVIDUAL) *a person* convicted on the basis of the investigative data.

Any investigative data presented as evidence in court shall be public. Data determined to be inactive under clause (a) may become active if the agency or appropriate prosecutorial authority decides to renew the investigation.

During the time when an investigation is active, any person may bring an action in the district court located in the county

where the data is being maintained to authorize disclosure of investigative data. The court may order that all or part of the data relating to a particular investigation be released to the public or to the person bringing the action. In making the determination as to whether investigative data shall be disclosed, the court shall consider whether the benefit to the person bringing the action or to the public outweighs any harm to the public, to the agency or to any person identified in the data. The data in dispute shall be examined by the court in camera.

Sec. 32. Minnesota Statutes 1984, section 13.82, is amended by adding a subdivision to read:

Subd. 12. [DATA IN ARREST WARRANT INDICES.] *Data in arrest warrant indices are classified as confidential data until the defendant has been taken into custody, served with a warrant, or appears before the court, except when the law enforcement agency determines that the public purpose is served by making the information public.*

Sec. 33. Minnesota Statutes 1984, section 13.82, is amended by adding a subdivision to read:

Subd. 13. [PROPERTY DATA.] *Data that uniquely describe stolen, lost, confiscated, or recovered property or property described in pawn shop transaction records are classified as either private data on individuals or nonpublic data depending on the content of the not public data.*

Sec. 34. Minnesota Statutes 1984, section 13.82, is amended by adding a subdivision to read:

Subd. 14. [REWARD PROGRAM DATA.] *To the extent that the release of program data would reveal the identity of an informant or adversely affect the integrity of the fund, financial records of a program that pays rewards to informants are protected nonpublic data in the case of data not on individuals or confidential data in the case of data on individuals.*

Sec. 35. Minnesota Statutes 1984, section 13.82, is amended by adding a subdivision to read:

Subd. 15. [EXCHANGES OF INFORMATION.] *Nothing in this chapter prohibits the exchange of information by law enforcement agencies provided the exchanged information is pertinent and necessary to the requesting agency in initiating, furthering, or completing an investigation, except not public personnel data.*

Sec. 36. Minnesota Statutes 1984, section 13.82, is amended by adding a subdivision to read:

Subd. 16. [DELIBERATIVE PROCESSES.] *Data that reflect deliberative processes or investigative techniques of law enforcement agencies are confidential data on individuals or protected nonpublic data; provided that information, reports, or memoranda that have been adopted as the final opinion or justification for a decision of a law enforcement agency are public data.*

Sec. 37. Minnesota Statutes 1984, section 13.83, is amended by adding a subdivision to read:

Subd. 9. [CHANGE IN CLASSIFICATION.] *Notwithstanding section 8, data classified as private or confidential by this section shall be classified as public 30 years after the date of death of the decedent.*

Sec. 38. Minnesota Statutes 1984, section 13.84, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] As used in this section "court services data" means data (WHICH IS) *that are* created, collected, used or maintained by a court services department, parole or probation authority, (OR) correctional agency, *or by an agent designated by the court to perform studies or other duties* and (WHICH IS) *that are* on individuals who are or were defendants, parolees or probationers of a municipal, district or county court, participants in diversion programs, petitioners or respondents to a family court, or juveniles adjudicated delinquent and committed, detained prior to a court hearing or hearings, or found to be dependent or neglected and placed under the supervision of the court.

Sec. 39. Minnesota Statutes 1984, section 13.84, subdivision 6, is amended to read:

Subd. 6. [PUBLIC DATA.] The following court services data on adult individuals is public:

(a) Name, age, sex, occupation and the fact that an individual is a parolee, probationer or participant in a diversion program, and if so, at what location;

(b) The offense for which the individual was placed under supervision;

(c) The dates supervision began and ended and the duration of supervision;

(d) Court services data which was public in a court or other agency which originated the data;

(e) Arrest and detention orders, orders for parole *or probation* revocation and the reasons for revocation;

(f) The conditions of parole, probation or participation and the extent to which those conditions have been or are being met;

(g) Identities of agencies, units within agencies and individuals providing supervision; and

(h) The legal basis for any change in supervision and the date, time and locations associated with the change.

Sec. 40. Minnesota Statutes 1984, section 144.335, subdivision 2, is amended to read:

Subd. 2. [PATIENT ACCESS.] *(a)* Upon request a provider shall supply to a patient complete and current information possessed by that provider concerning any diagnosis, treatment and prognosis of the patient in terms and language the patient can reasonably be expected to understand.

(b) Upon a patient's written request, a provider at a reasonable cost to the patient shall furnish to the patient (: (A)) *(1)* copies of the patient's health record, including but not limited to laboratory reports, x-rays, prescriptions, and other technical information used in assessing the patient's health condition (; (B)), *(2)* the pertinent portion of the record relating to a specific condition (;), or ((C)) *(3)* a summary of the record.

(c) If a provider, as defined in subdivision 1, clause (b) (1), reasonably determines that the information is detrimental to the physical or mental health of the patient, or is likely to cause the patient to harm himself or another, he may withhold the information from the patient (.) *and may supply* the information (MAY BE SUPPLIED) to an appropriate third party or to another provider, as defined in subdivision 1, clause (b) (1). The *other* provider or third party may release the information to the patient.

(d) A provider as defined in subdivision 1, clause (b) (2), shall release information upon written request unless, prior to the request, a provider as defined in subdivision 1, clause (b) (1), has designated and described a specific basis for withholding the information as authorized by paragraph (c).

Sec. 41. [144.658] [EPIDEMIOLOGIC DATA DISCOVERY.]

Notwithstanding any law to the contrary, health data on an individual collected by public health officials conducting an epi-

demiologic investigation to reduce morbidity or mortality is not subject to discovery in a legal action.

Sec. 42. [13.89] [DISSEMINATION OF DATA TO PROTECTION AND ADVOCACY SYSTEMS.]

Data on clients and residents of facilities licensed pursuant to 144.50 to 144.58, 245.781 to 245.812, and 252.28, subdivision 2, may be disseminated to the protection and advocacy system established in this state pursuant to Part C of Public Law 98-527 to protect the legal and human rights of persons with mental retardation or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person.

Sec. 43. Minnesota Statutes 1984, section 254A.09, is amended to read:

254A.09 [CONFIDENTIALITY OF RECORDS.]

The department of human services shall assure confidentiality to individuals who are the subject of research by the state authority or *are recipients of alcohol or drug abuse information, assessment, or* treatment (BY AN) *from a licensed or* approved (TREATMENT) program. The commissioner shall withhold from all persons not connected with the conduct of the research (OR TREATMENT) the names or other identifying characteristics of (THE INDIVIDUAL) *a subject of research* unless the individual gives written permission that information relative to his treatment and recovery may be (DISCUSSED WITH A PROSPECTIVE EMPLOYER BY EITHER AN APPROVED TREATMENT PROGRAM STAFF MEMBER OR A QUALIFIED EMPLOYMENT COUNSELOR) *released.* Persons authorized to protect the privacy of (THESE INDIVIDUALS) *subjects of research* may not be compelled in any federal, state or local, civil, criminal, administrative or other proceeding to identify or disclose other confidential information about the individuals. (HOWEVER, A PERSON MAY BE COMPELLED TO IDENTIFY OR DISCLOSE CONFIDENTIAL INFORMATION IN CIVIL INVESTIGATIONS OR PROCEEDINGS RELATED TO NEGLECT OR TERMINATION OF PARENTAL RIGHTS IF) *Identifying information and other confidential information related to alcohol or drug abuse information, assessment, treatment, or aftercare services may be ordered to be released by the court for the purpose of civil or criminal investigations or proceedings if, after review of the records considered for disclosure,* the court determines (GOOD CAUSE EXISTS TO BELIEVE) that the (PERSON CAN DISCLOSE) information (THAT) is relevant to the (FINDINGS WHICH THE COURT IS BEING ASKED TO MAKE) *purpose for which disclosure is requested. The court shall order disclosure of only*

that information which is determined relevant. In determining whether to compel disclosure, the court shall weigh the public interest and the need for disclosure against the injury to the patient, to the treatment relationship (AND TO THE TREATMENT SERVICES) *in the program affected and in other programs similarly situated, and the actual or potential harm to the ability of programs to attract and retain patients* if disclosure occurs. *This section does not exempt any person from the reporting obligations under section 626.556, nor limit the use of information reported in any proceeding arising out of the abuse or neglect of a child. Identifying information and other confidential information related to alcohol or drug abuse information, assessment, treatment, or aftercare services may be ordered to be released by the court for the purpose of civil or criminal investigations or proceedings. No information may be released pursuant to this section that would not be released pursuant to section 595.02, subdivision 2.*

Sec. 44. [GOVERNMENT DATA PRACTICES.]

Subdivision 1. [DEFINITION.] *For purposes of this section, "judiciary" means any office, officer, department, division, board, commission, committee, or agency of the courts of this state, whether or not of record, including but not limited to the board of law examiners, the lawyer's professional responsibility board, the board of judicial standards, the lawyer's trust account board, the state law library, the state court administrator's office, the district court administrator's office, and the office of the clerk of court.*

Subd. 2. [APPLICATION.] *The judiciary shall be governed by Minnesota Statutes, chapter 13, until August 1, 1987, or until the implementation of rules adopted by the supreme court regarding access to data, whichever comes first. Any data made a part of a criminal or civil case shall not be governed by this chapter at any time.*

Sec. 45. [REPEALER.]

Minnesota Statutes 1984, sections 13.73 and 13.81, are repealed.

Sec. 46. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to collection and dissemination of data; classifying government data as confidential, private, nonpublic, protected nonpublic, and public; clarifying issues relating to classifications of data, access to data, the effect of death of

individuals on classifications, and classifications of inactive investigative data; refining provisions of the data practices act; authorizing a court to order the release of certain information; amending Minnesota Statutes 1984, sections 13.03, subdivision 3, and by adding subdivisions; 13.08, subdivision 1, and by adding a subdivision; 13.09; 13.32, subdivision 1, and by adding a subdivision; 13.39, by adding a subdivision; 13.43, subdivision 4; 13.46, subdivisions 1, 2, 3, 7, and 10; 13.65, subdivision 1; 13.71; 13.72, by adding subdivisions; 13.82, subdivisions 1 and 5, and by adding subdivisions; 13.83, by adding a subdivision; 13.84, subdivisions 1 and 6; 144.335, subdivision 2; and 254A.09; repealing Minnesota Statutes 1984, sections 13.73 and 13.81; proposing coding for new law in Minnesota Statutes, chapters 13 and 144."

With the recommendation that when so amended the bill pass.

The report was adopted.

Carlson, D., from the Committee on Transportation to which was referred:

S. F. No. 43, A bill for an act relating to transportation; regulating motor carriers; establishing gross vehicle weight limits for courier service vehicles; providing that hours of service rules do not apply to farm vehicles; exempting certain farm vehicles from the vehicle identification rule; providing for rescission of canceled permits if a carrier has insurance coverage; excluding modular home movers from regulation as building movers; amending Minnesota Statutes 1984, sections 168.013, subdivision 1e; 174A.06; 221.011, subdivisions 13 and 25; 221.025; 221.031, subdivisions 2 and 6; 221.131, by adding a subdivision; 221.161, subdivision 1; 221.185, subdivision 4, and by adding a subdivision; 221.231; 221.291, subdivision 1; 221.65; 221.67; 221.68; 221.81, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 221; repealing Minnesota Statutes 1984, sections 221.296, subdivision 2; 221.61; 221.62; 221.63; 221.64; and 221.66.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 117.075, is amended to read:

117.075 [COURT TO APPOINT COMMISSIONERS.]

Upon proof being filed of the service of such notice, the court, at the time and place therein fixed or to which the hearing may be adjourned, shall hear all competent evidence offered for or

against the granting of the petition, regulating the order of proof as it may deem best. If the proposed taking shall appear to be necessary and such as is authorized by law, the court by an order shall appoint three disinterested commissioners, and at least two alternates, residents of the county, to ascertain and report the amount of damages that will be sustained by the several owners on account of such taking.

Before appointing a commissioner, the court shall inquire whether each prospective commissioner has any relationship, business or otherwise, to any of the parties in the proceeding, or any interest in the proceeding which may constitute a conflict of interest, or which may create the appearance of impropriety should that person be appointed. Responses to this inquiry must be either written or on the record and made available by the court to any party in the proceeding before and after appointment. No person who might have difficulty in rendering an unbiased decision may be appointed to serve. The court, in its discretion, may appoint one registered, practicing attorney to the commission who is knowledgeable in eminent domain matters. All other commissioners appointed must be persons actively engaged in the occupation of real estate sales or real estate appraising or persons knowledgeable in real estate values. The order shall fix the time and place of the first meeting of the three commissioners and prescribe their compensation. (IT) *At the first meeting at the office of the clerk of district court the appointees must be sworn by the clerk or an authorized deputy and shall take and sign the following oath before assuming their duties as commissioners:*

(TITLE OF PROCEEDING)

..... *each for himself/herself does swear under penalty of perjury as follows:*

I will faithfully and justly perform to the best of my ability, all the duties of the office and trust which I now assume as commissioner in the above entiled proceeding. I further swear that, except as disclosed in writing or on the record, I have no interest in any of the lands in the above proceeding or any present or past relationship, business or personal, with any of the parties to the above proceeding or any other actual or potential conflict of interest, and that I will render fair and impartial decisions, so help me God.

The order may, in the discretion of the court, limit the title or easement to be acquired by the petitioner by defining the rights and privileges which the owner of any of the lands may exercise therein in subordination to the public uses to which it is appropriated. In case any (OF THE COMMISSIONERS FAIL) *commissioner fails* to act *or fails to meet the qualifications required by this section,* the court without further notice may appoint another in his *or her* place.

The clerk of court in each county shall post in the courthouse in a prominent place a notice that a qualified person may apply to have his or her name placed upon a list of potential commission appointees for eminent domain proceedings. The notice must contain the language of the oath which the commissioners are required to take upon appointment and shall list the other qualifications set forth in this section. The court shall give due consideration to the names appearing on the list, but is not bound to make appointments from the list.

Sec. 2. Minnesota Statutes 1984, section 161.20, subdivision 2, is amended to read:

Subd. 2. [ACQUISITION OF PROPERTY; BUILDINGS; RELOCATION OF CORNERS; AGREEMENTS WITH RAILROADS; CONTRACTS.] (HE) *The commissioner* is authorized to acquire by purchase, gift, or by eminent domain proceedings as provided by law, in fee or such lesser estate as (HE) *the commissioner* deems necessary, all lands and properties necessary in laying out, constructing, maintaining, and improving the trunk highway system including recreational vehicle lanes; to locate, construct, reconstruct, improve, and maintain the trunk highway system; to purchase all road material, machinery, tools, and supplies necessary for the construction, maintenance, and improvement thereof; to construct necessary buildings, or rent or acquire by purchase, gift, or condemnation, grounds, and buildings necessary for the storing and housing of such material, machinery, tools, and supplies or necessary for office space for employees or for providing for driver license examinations; to maintain, repair, or remodel such buildings as may be necessary; *to acquire by purchase, gift, or condemnation, replacement sites for historically significant buildings or structures and to relocate these buildings or structures onto those sites, reconstructing and maintaining them until disposed of through public sale to the highest responsible bidder;* to make agreements with any county for the relocation or re-establishment, by the county, of section, quarter section, or meander corners originally established by the United States, when such relocation or re-establishment is necessary in order to write land acquisition descriptions or by reason of the construction, reconstruction, improvement, or maintenance of a trunk highway; to contract on an equitable basis with railroad companies for the installation and reinstallation of safety devices at trunk highway-railroad grade crossings, and for the construction, reconstruction and maintenance of bridges and approaches existing or necessary for the separation of grades at railroad and trunk highway intersections; and in carrying out (HIS) duties, to let all necessary contracts in the manner prescribed by law. The commissioner may make agreements with and cooperate with any governmental authority for the purpose of effectuating the provisions of this chapter.

Sec. 3. [161.315] [PROTECTION OF PUBLIC CONTRACTS.]

Subdivision 1. [LEGISLATIVE INTENT.] *Recognizing that the preservation of the integrity of the public contracting process of the department of transportation is vital to the development of a balanced and efficient transportation system and a matter of interest to the people of the state, the legislature hereby determines and declares that:*

(1) the procedures of the department for bidding and awarding department contracts exist to secure the public benefits of free and open competition and to secure the quality of public works;

(2) the opportunity to be awarded department contracts or to supply goods or services to the department is a privilege, not a right; and

(3) the privilege of transacting business with the department or local road authority should be denied to persons convicted of a contract crime in order to preserve the integrity of the public contracting process.

Subd. 2. [DEFINITIONS.] *The terms used in this section have the meanings given them in this subdivision.*

(a) "Affiliate" means a predecessor or successor of a person under the same or substantially the same control, or a group of entities so connected or associated that one entity controls or has the power to control each of the other entities. "Affiliate" includes the affiliate's principals. One person's ownership of a controlling interest in another entity or a pooling of equipment or income among entities is prima facie evidence that one entity is an affiliate of another.

(b) "Contract crime" means a violation occurring after June 30, 1985, of state or federal antitrust law, fraud, theft, embezzlement, bribery, forgery, misrepresentation, making false statements, falsification or destruction of records, or other criminal offense in connection with obtaining, attempting to obtain, or performing a public or private contract or subcontract.

(c) "Conviction" has the meaning given it in section 609.02, subdivision 5.

(d) "Debar" means to disqualify from receiving a contract or from serving as a subcontractor or material supplier.

(e) "Person" means a natural person or a business, corporation, association, partnership, sole proprietorship, or other entity formed to do business as a contractor, subcontractor, or material supplier and includes an affiliate of a person.

(f) "Pooling" means a combination of persons engaged in the same business or combined for the purpose of engaging in a particular business or commercial venture and who all contribute to a common fund or place their holdings of a given stock or other security in the hand and control of a managing member or committee of the combination.

(g) "Suspend" means to temporarily disqualify from receiving a contract or from serving as a subcontractor or material supplier.

Subd. 3. [PROHIBITIONS.] *Except as provided in subdivision 4:*

(1) neither the commissioner nor a county, town, or homerule or statutory city may award or approve the award of a contract for goods or services to a person who is suspended or debarred;

(2) neither the commissioner nor a county, town, or homerule or statutory city may award or approve the award of a contract for goods or services under which a debarred or suspended person will serve as a subcontractor or material supplier; and

(3) a person to whom a contract for goods or services has been awarded may not subcontract with or purchase materials or services from a debarred or suspended person for performance of that contract.

Subd. 4. [EXCEPTIONS.] *The commissioner may terminate a debarment by order, or the commissioner or a county, town, or homerule or statutory city may award a contract to a debarred or suspended person when:*

(1) that person is the sole supplier of a material or service required by the commissioner or a county, town, or homerule or statutory city;

(2) the commissioner determines that an emergency exists as defined in section 161.32, subdivision 3;

(3) the commissioner of administration determines that an emergency exists as defined in section 16B.08, subdivision 6;

(4) in the case of a contract to be awarded by a county, town, or home rule or statutory city, the governing body thereof determines by resolution that an emergency exists that will result in a road, street, or bridge being closed to travel; or

(5) the contract is for purchasing materials or renting equipment for routine road maintenance.

Subd. 5. [DURATION OF DEBARMENT.] *A person who has been convicted of a contract crime must be debarred for a period of not less than one year.*

Subd. 6. [PREEXISTING CONTRACTS.] *The disqualification of a contractor or its affiliate does not affect the contractor's or its affiliate's obligations under any preexisting contract.*

Sec. 4. Minnesota Statutes 1984, section 162.07, subdivision 2, is amended to read:

Subd. 2. [MONEY NEEDS DEFINED.] For the purpose of this section, money needs of each county are defined as the estimated total annual costs of constructing, over a period of 25 years, the county state-aid highway system in that county. Costs incidental to construction, or a specified portion thereof as set forth in the commissioner's rules and regulations may be included in determining money needs. (WHEN A COUNTY STATE-AID HIGHWAY IS LOCATED OVER A STREET IN A CITY HAVING A POPULATION OF 5,000 OR MORE, ONLY THE CONSTRUCTION COSTS OF THE CENTER 24 FEET OF THE STREET SHALL BE INCLUDED IN THE MONEY NEEDS OF THAT COUNTY; PROVIDED, THAT WHEN TRAFFIC VOLUMES WARRANT MULTIPLE OR DIVIDED LANE HIGHWAYS THE CONSTRUCTION COSTS OF THE NECESSARY NUMBER OF 12 FOOT LANES REQUIRED FOR THROUGH TRAFFIC MAY BE INCLUDED IN THE MONEY NEEDS. WHEN A COUNTY STATE-AID HIGHWAY IS LOCATED OVER A STREET IN ANY CITY OF LESS THAN 5,000 POPULATION, THE CONSTRUCTION COSTS OF THE ENTIRE WIDTH OF THE ROADWAY OR STREET SURFACE SHALL BE INCLUDED IN THE MONEY NEEDS OF THAT COUNTY.) To avoid variances in costs due to differences in construction policy, construction costs shall be estimated on the basis of the engineering standards developed cooperatively by the commissioner and the county engineers of the several counties. Any variance granted pursuant to section 162.02, subdivision 3a shall be reflected in the estimated construction costs in determining money needs.

Sec. 5. Minnesota Statutes 1984, section 162.07, subdivision 3, is amended to read:

Subd. 3. [COMPUTATIONS FOR RURAL COUNTIES.] A two-thirds of one mill levy on each rural county's total taxable valuation for the last preceding calendar year shall be computed and shall be subtracted from such county's total estimated construction costs. The result thereof shall be the money needs of such county. For the purpose of this section, rural counties shall be construed to mean all counties having a population of less than (200,000) *175,000.*

Sec. 6. Minnesota Statutes 1984, section 162.07, subdivision 4, is amended to read:

Subd. 4. [COMPUTATION FOR URBAN COUNTIES.] A four-tenths mill levy on each urban county's total taxable valuation for the last preceding calendar year shall be computed and shall be subtracted from such county's total estimated construction costs. The result thereof shall be the money needs of the county. For the purpose of this section urban counties shall be construed to mean all counties having a population of (200,000) *175,000* or more.

Sec. 7. [162.071] [SPECIAL PROVISIONS.]

The following provisions apply to county state-aid apportionments in calendar years 1986 and 1987 only:

(a) In calendar year 1985 for the 1986 apportionment the definition of "money needs" includes 50 percent of the construction costs beyond the center 24 feet of a county state-aid highway located over a street in a city of 5,000 or more population.

(b) In calendar year 1986 for the 1987 apportionment the definition of "money needs" must include 100 percent of the construction costs beyond the center 24 feet of a county state-aid highway located over a street in a city of 5,000 or more population.

(c) Notwithstanding paragraphs (a) and (b), the commissioner shall make no apportionment of county state-aid highway funds for calendar years 1986 and 1987 which would result in any county receiving a lesser apportionment of such funds than was apportioned to it in calendar year 1985.

(d) Notwithstanding paragraphs (a) and (b), the apportionment of county state-aid funds for either calendar year 1986 or 1987 for any county may not exceed the apportionment to that county for the previous calendar year, increased by a percentage which is the sum of the percentage by which the total funds available for apportionment to all counties increased over the total funds available for apportionment for the previous calendar years, plus five percent. If the provisions of this clause result in more funds being available for distribution to all counties than can be distributed under these provisions, the commissioner shall apportion the excess funds to the counties in proportion to each county's approved money needs as defined in section 162.07, subdivision 2.

The provisions of this section do not apply to apportionments for any year in which the amount of county state-aid highway funds available for apportionment to all counties is less than the amount which was available for apportionment to all counties in calendar year 1985.

Sec. 8. Minnesota Statutes 1984, section 168.013, subdivision 1e, is amended to read:

Subd. 1e. [TRUCKS; TRACTORS; COMBINATIONS; EXCEPTIONS.] On trucks and tractors except those in this chapter defined as farm trucks, and urban trucks, and on truck-tractor and semitrailer combinations except those defined as farm combinations and urban combinations and on commercial zone vehicles, the tax based on total gross weight shall be graduated according to the Minnesota base rate schedule prescribed in this subdivision, but in no event less than $120.

Minnesota Base Rate Schedule

Scheduled taxes include five percent surtax provided for in subdivision 14

	TOTAL GROSS WEIGHT IN POUNDS	TAX
A	0 - 1,500	$ 15
B	1,501 - 3,000	20
C	3,001 - 4,500	25
D	4,501 - 6,000	35
E	6,001 - 9,000	45
F	9,001 - 12,000	70
G	12,001 - 15,000	105
H	15,001 - 18,000	145
I	18,001 - 21,000	190
J	21,001 - 26,000	270
K	26,001 - 33,000	360
L	33,001 - 39,000	470
M	39,001 - 45,000	590
N	45,001 - 51,000	710
O	51,001 - 57,000	860
P	57,001 - 63,000	1010
Q	63,001 - 69,000	1180

R	69,001 - 73,280	1320
S	73,281 - 78,000	1520
T	78,001 - 81,000	1620

For each vehicle with a gross weight in excess of 81,000 pounds an additional tax of $50 is imposed for each ton or fraction thereof in excess of 81,000 pounds, subject to subdivision 12.

Truck-tractors except those herein defined as farm and urban truck-tractors and commercial zone vehicles shall be taxed in accord with the foregoing gross weight tax schedule on the basis of the combined gross weight of the truck-tractor and any semitrailer or semitrailers which the applicant proposes to combine with the truck-tractor. In addition (,) to the gross weight tax imposed on the truck-tractor, each semitrailer shall be taxed a fee of $10 for a one-year period or $50 for a five-year period whichever the applicant elects.

Commercial zone trucks include only trucks, truck-tractors, and semitrailer combinations which are:

(1) used by an authorized local cartage carrier operating under a permit issued under section 221.296 and whose gross transportation revenue consists of at least 60 percent obtained solely from local cartage carriage, and are operated solely within an area composed of two contiguous cities of the first class and municipalities contiguous thereto as defined by section 221.011, subdivision 17; or,

(2) operated by an interstate carrier registered under section (221.61 OR 221.62) *23*, or by an authorized local cartage carrier or other carrier receiving operating authority under chapter 221, and operated solely within a zone exempt from regulation by the interstate commerce commission pursuant to United States Code, title 49, section 10526(b).

The license plates issued for commercial zone vehicles shall be plainly marked. A person operating a commercial zone vehicle outside the zone or area in which its operation is authorized is guilty of a misdemeanor and, in addition to the penalty therefor, shall have the registration of the vehicle as a commercial zone vehicle revoked by the registrar and shall be required to reregister the vehicle at 100 percent of the full annual tax prescribed in the Minnesota base rate schedule, and no part of this tax shall be refunded during the balance of the registration year.

On commercial zone trucks the tax shall be based on the total gross weight of the vehicle and during the first eight years of vehicle life shall be 75 percent of the Minnesota base rate schedule. During the ninth and succeeding years of vehicle life the tax

shall be 50 percent of the Minnesota base rate schedule, except as otherwise provided in this subdivision. On commercial zone trucks, during the ninth and succeeding years of vehicle life, the tax shall be:

(a) for the 1982 registration year, 35 percent of the tax imposed in the Minnesota base rate schedule;

(b) for the 1983 registration year, 40 percent of the tax imposed in the Minnesota base rate schedule;

(c) for the 1984 registration year, 45 percent of the tax imposed in the Minnesota base rate schedule;

(d) for the 1985 registration year, and each succeeding year, 50 percent of the tax imposed in the Minnesota base rate schedule.

On trucks, truck-tractors and semitrailer combinations, except those defined as farm trucks and farm combinations, and except for those urban trucks and combinations and commercial zone vehicles specifically provided for in this subdivision, the tax for the first eight years of vehicle life shall be 100 percent of the tax imposed in the Minnesota base rate schedule, and during the ninth and succeeding years of vehicle life, the tax shall be 75 percent of the Minnesota base rate prescribed by this subdivision, except as otherwise provided in this subdivision.

On trucks, truck-tractors and semitrailer combinations, except those defined as farm trucks and farm combinations, and except for those urban trucks and combinations and commercial zone vehicles specifically provided for in this subdivision, during each of the first eight years of vehicle life the tax shall be:

(a) for the registration year 1982, 83 percent of the tax imposed in the Minnesota base rate schedule;

(b) for the registration year 1983, 89 percent of the tax imposed in the Minnesota base rate schedule;

(c) for the registration year 1984, 95 percent of the tax imposed in the Minnesota base rate schedule;

(d) for the registration year 1985, and each succeeding year, 100 percent of the tax imposed in the Minnesota base rate schedule.

Sec. 9. Minnesota Statutes 1984, section 169.872, subdivision 1, is amended to read:

Subdivision 1. [RECORD KEEPING.] A person who weighs goods before or after unloading or a person who loads or

unloads goods on the basis of liquid volume measure shall keep a written record of the origin, weight and composition of each shipment, the date of loading or receipt, the name and address of the shipper, the total number of axles on the vehicle or combination of vehicles, and the registration number of the power unit or some other means of identification by which the shipment was transported. The record shall be retained for 30 days and shall be open to inspection and copying by a state law enforcement officer or motor transport representative, except state conservation officers, upon demand. No search warrant is required to inspect or copy the record. This subdivision does not apply to a person weighing goods who is not involved in the shipping, receiving and transporting of those goods, *or to a person weighing raw and unfinished farm products transported in a single unit vehicle with not more than three axles or by a trailer towed by a farm tractor when the transportation is the first haul of the product.*

Sec. 10. Minnesota Statutes 1984, section 174A.06, is amended to read:

174A.06 [CONTINUATION OF RULES (OF PUBLIC SERVICE COMMISSION, PUBLIC UTILITIES COMMISSION, AND DEPARTMENT OF TRANSPORTATION).]

Orders and directives heretofore in force, issued or promulgated by the public service commission, public utilities commission, or the department of transportation under authority of chapters 216A, 218, 219, and 221 remain and continue in force and effect until repealed, modified, or superseded by duly authorized orders or directives of the transportation regulation board. Rules adopted by the public service commission, public utilities commission or the department of transportation under authority of the following sections are transferred to the transportation regulation board and continue in force and effect until repealed, modified, or superseded by duly authorized rules of the transportation regulation board:

(1) section 218.041 except rules related to the form and manner of filing railroad rates, railroad accounting rules, and safety rules;

(2) section 219.40;

(3) rules relating to rates or tariffs, or the granting, limiting, or modifying of permits or certificates of convenience and necessity under section 221.031, subdivision 1;

(4) rules relating to the sale, assignment, pledge, or other transfer of a stock interest in a corporation holding authority to operate as a permit carrier as prescribed in section 221.151, subdivision 1, or a local cartage carrier under section 221.296, subdivision 8;

(5) rules relating to rates, charges, and practices under section 221.161, subdivision 4; and

(6) rules relating to rates, tariffs, or the granting, limiting, or modifying of permits *under sections 221.121, 221.151, and 221.296* or certificates of convenience and necessity under section (221.296, SUBDIVISION 2) *221.071.*

The board shall review the transferred rules, orders, and directives and, when appropriate, develop and adopt new rules, orders, or directives within 18 months of July 1, 1985.

Sec. 11. Minnesota Statutes 1984, section 221.011, subdivision 13, is amended to read:

Subd. 13. "Interstate carrier" means any person engaged in transporting property or passengers *for hire* in interstate commerce *in Minnesota,* from or into Minnesota, or between any point in the state of Minnesota and the Dominion of Canada.

Sec. 12. Minnesota Statutes 1984, section 221.011, subdivision 25, is amended to read:

Subd. 25. "Courier services carrier" means any person who offers expedited door-to-door transportation of packages and articles less than 100 pounds in weight in vehicles with a (MANUFACTURER'S NOMINAL RATING CAPACITY) *registered gross vehicle weight and gross vehicle weight rating* not exceeding (ONE TON) *15,000 pounds.*

Sec. 13. Minnesota Statutes 1984, section 221.025, is amended to read:

221.025 [EXEMPTIONS.]

Except as provided in sections 221.031 and 221.033, the provisions of this chapter do not apply to the transportation described below:

(a) the transportation of students to or from school or school activities in a school bus inspected and certified under section 169.451;

(b) the transportation of rubbish as defined in section 443.27;

(c) a commuter van as defined in section 221.011, subdivision 27;

(d) authorized emergency vehicles as defined in section 169.01, subdivision 5, including ambulances, and tow trucks

when picking up and transporting disabled or wrecked motor vehicles and when carrying proper and legal warning devices;

(e) the transportation of grain samples under conditions prescribed by the board;

(f) the delivery of agricultural lime;

(g) the transportation of dirt and sod within an area having a 50-mile radius from the home post office of the person performing the transportation;

(h) a person while exclusively engaged in the transportation of sand, gravel, bituminous asphalt mix, concrete ready mix, concrete blocks or tile, or crushed rock to or from the point of loading or a place of gathering within an area having a 50-mile radius from that person's home post office or a 50-mile radius from the site of construction or maintenance of public roads and streets;

(i) the transportation of pulpwood, cordwood, mining timber, poles, posts, decorator evergreens, wood chips, sawdust, shavings, and bark from the place where the products are produced to the point where they are to be used or shipped;

(j) a person while engaged exclusively in transporting fresh vegetables from farms to canneries or viner stations, from viner stations to canneries, or from canneries to canneries during the harvesting, canning, or packing season, or transporting potatoes, sugar beets, wild rice, or rutabagas from the field of production to the first place of delivery or unloading, including a processing plant, warehouse, or railroad siding;

(k) a person engaged in transporting property or freight, other than household goods and petroleum products in bulk, entirely within the corporate limits of a city or between contiguous cities except as provided in section 221.296;

(l) the transportation of unprocessed dairy products in bulk within an area having a 100-mile radius from the home post office of the person providing the transportation;

(m) a person engaged in transporting agricultural, horticultural, dairy, livestock, or other farm products within an area having a 25-mile radius from the person's home post office. The carrier may transport other commodities within the 25-mile radius if the destination of each haul is a farm. (THE OWNER OF A TRUCK OPERATING UNDER THIS PROVISION SHALL IMPRINT THE OWNER'S NAME AND ADDRESS IN PROMINENT VISIBLE LETTERS ON THE OUTSIDE OF THE CAB OF THE TRUCK.)

Sec. 14. Minnesota Statutes 1984, section 221.031, subdivision 2, is amended to read:

Subd. 2. [PRIVATE CARRIERS.] (a) Private carriers operating vehicles licensed and registered for a gross weight of more than 12,000 pounds, shall comply with rules adopted under this section applying to maximum hours of service of drivers, safe operation of vehicles, equipment, parts and accessories, leasing of vehicles or vehicles and drivers, and inspection, repair, and maintenance.

(b) In addition to the requirements in paragraph (a), private carriers operating vehicles licensed and registered for a gross weight in excess of 26,000 pounds shall comply with rules adopted under this section relating to driver qualifications.

(c) The requirements as to driver qualifications and maximum hours of service for drivers do not apply to private carriers who are (1) public utilities as defined in section 216B.02, subdivision 4; (2) cooperative electric associations organized under chapter 308; (3) telephone companies as defined in section 237.01, subdivision 2; or (4) who are engaged in the transportation of construction materials, tools and equipment from shop to job site or job site to job site, for use by the private carrier in the new construction, remodeling, or repair of buildings, structures or their appurtenances.

(d) The driver qualification rule (DOES) *and the hours of service rules do* not apply to vehicles controlled by a farmer and operated by a farmer or farm employee to transport agricultural products or farm machinery or supplies to or from a farm if the vehicle is not used in the operations of a motor carrier and not carrying hazardous materials of a type or quantity that requires the vehicle to be marked or placarded in accordance with section 221.033.

Sec. 15. Minnesota Statutes 1984, section 221.031, subdivision 6, is amended to read:

Subd. 6. [VEHICLE IDENTIFICATION RULE.] The following carriers shall comply with the vehicle identification rule of the commissioner:

(1) motor carriers, regardless of the weight of the vehicle;

(2) private carriers operating vehicles licensed and registered for a gross weight of 12,000 pounds or more; and

(3) vehicles providing transportation described in section 221.025 which are licensed and registered for a gross weight of 12,000 pounds or more except those providing transportation described in section 221.025, clauses (a), (c), and (d).

The vehicle identification rule of the commissioner may not be more stringent than the marking requirements imposed on private carriers by the United States department of transportation under Code of Federal Regulations, title 49, section 397.21, clauses (b) and (c).

Vehicles described in clauses (2) and (3) that are operated by farmers or farm employees and have four or fewer axles are not required to comply with the vehicle identification rule of the commissioner.

Sec. 16. Minnesota Statutes 1984, section 221.033, is amended to read:

221.033 [REGULATION OF HAZARDOUS MATERIALS.]

Subdivision 1. [REQUIREMENTS.] *Except as provided in subdivisions 2 and 3,* no person may transport or have transported or shipped within the state of Minnesota a hazardous material, hazardous substance, or hazardous waste except in compliance with United States Code, title 49, sections 1801 to 1811 and the provisions of Code of Federal Regulations, title 49, sections 171 to 199.

Subd. 2. [EXCEPTION.] *Farmers or their employees transporting diesel fuel, gasoline, agricultural chemicals, or agricultural fertilizers for use on the transporter's farm are not required to comply with the driver qualification rules of the commissioner or with the shipping paper requirements of the Code of Federal Regulations, title 49, parts 172.200 and 177.817 or with part 397.7(B) or 397.9(A) of the Federal Motor Carrier Safety Regulations when:*

(1) transporting diesel fuel or gasoline in motorized tank truck vehicles of less than 1,500 gallon capacity or in tanks securely mounted in other motor vehicles with a gross vehicle weight of less than 12,000 pounds and owned by the transporter; or

(2) transporting agricultural chemicals and agricultural fertilizers.

Subd. 3. [VARIANCE, RULES.] *The commissioner shall adopt rules which provide a procedure for granting a variance from those regulations adopted under subdivision 1 which prescribe specifications for tank motor vehicles used to transport gasoline. The variance may be granted only to persons who transport gasoline in tank motor vehicles with a capacity of 3,000 gallons or less which were manufactured between 1950 and 1975 according to American society of mechanical engineers specifications in effect at the time of manufacture. The commissioner shall prescribe alternative requirements to assure the safety of*

the tank motor vehicles operated under the variance, and shall register each tank motor vehicle operated under the variance.

Sec. 17. Minnesota Statutes 1984, section 221.131, is amended by adding a subdivision to read:

Subd. 6. [COURIER SERVICE CARRIERS; IDENTIFICATION CARDS.] *The commissioner shall issue distinct annual identification cab cards for vehicles that provide courier service under a permit issued by the board. A courier service identification cab card may not be issued for a vehicle that has a registered gross vehicle weight or gross vehicle weight rating in excess of 15,000 pounds.*

Sec. 18. Minnesota Statutes 1984, section 221.161, subdivision 1, is amended to read:

Subdivision 1. [FILING; HEARING UPON BOARD INITIATIVE.] Every permit carrier, including a livestock carrier *but not including a local cartage carrier,* shall file and maintain with the commissioner a (SCHEDULE OF) *tariff showing* rates and charges for the transportation of persons or property. The filing with and acceptance by the commissioner of these tariffs, in accordance with the rules relating to the (SCHEDULES) *tariffs,* constitutes notice to the public and interested parties of the contents of the tariffs. (SCHEDULES) *Tariffs* must be prepared and filed in accordance with the rules and regulations of the commissioner. The commissioner shall not accept for filing (SCHEDULES) *tariffs* which are unjust and unreasonable or unjustly discriminatory or unduly preferential or prejudicial or otherwise in violation of the provisions of this section. If the (SCHEDULES) *tariffs* appear to be unjust or unreasonable or unjustly discriminatory or unduly preferential or prejudicial or otherwise in violation of this section, the board after notification and investigation by the department may suspend and postpone the effective date of the (SCHEDULES) *tariffs* and assign the (SCHEDULES) *tariffs* for hearing upon notice to the permit carrier filing the proposed (SCHEDULES) *tariffs* and to other interested parties, including users of the service and competitive carriers by motor vehicle and rail. At the hearing, the burden of proof is on the permit carrier filing the proposed (SCHEDULE OF RATES AND CHARGES) *tariff* to sustain the validity of the proposed schedule of rates and charges. (SCHEDULES OF RATES AND CHARGES) *Tariffs* for the transportation of livestock are not subject to rejection, suspension, or postponement by the board, except as provided in subdivisions 2 and 3. The tariffs and subsequent supplements to them or reissues of them must state the effective date, which may not be less than ten days following the date of filing, unless the period of time is reduced by special permission of the (BOARD) *commissioner.*

Sec. 19. Minnesota Statutes 1984, section 221.185, subdivision 4, is amended to read:

Subd. 4. [FAILURE TO COMPLY.] *Except as provided in subdivision 5a,* failure to comply with the requirements of sections 221.141 and 221.296 relating to bonds and insurance, 221.-131 relating to permit renewal, 221.071, 221.131, or 221.296 relating to annual vehicle registration or permit renewal, or to request a hearing within 45 days of the date of suspension, is deemed an abandonment of the motor carrier's permit or certificate and the permit or certificate must be canceled by the commissioner.

Sec. 20. Minnesota Statutes 1984, section 221.185, is amended by adding a subdivision to read:

Subd. 5a. [REINSTATEMENT AFTER CANCELLATION.] *A motor carrier whose permit or certificate is canceled for failure to comply with sections 221.141 and 221.296 relating to bonds and insurance may ask the board to review the cancellation. Upon review, the board shall rescind the cancellation if: (1) the motor carrier presents evidence showing that before the effective date of the notice of cancellation issued under section 221.185, subdivision 5, the motor carrier had obtained and paid for the insurance required by sections 221.141 and 221.296, and the rules of the commissioner, and (2) the commissioner informs the board that the motor carrier has complied with the requirements of sections 221.141 and 221.296 and the rules of the commissioner.*

Sec. 21. Minnesota Statutes 1984, section 221.231, is amended to read:

221.231 [RECIPROCAL AGREEMENTS.]

The commissioner may enter into reciprocal agreements with the regulatory bodies of other states and the provinces of the Dominion of Canada, whereby the payment of the (VEHICLE FEE) *fees* provided in section (221.131 HEREOF) *14* may be waived in whole or in part (AS TO RESIDENTS OF OR CORPORATIONS OR PARTNERSHIPS) *for motor carriers* having an established place of business in (THE) *that* state or province (, ENTERING INTO THE RECIPROCAL AGREEMENT WITH THE COMMISSIONER,) *;* provided that reciprocal privileges are extended under (SUCH) *the* agreement to (RESIDENTS) *motor carriers* of this state (AND TO CORPORATIONS OR PARTNERSHIPS WHO HAVE AN ESTABLISHED PLACE OF BUSINESS IN THIS STATE).

Sec. 22. Minnesota Statutes 1984, section 221.291, subdivision 1, is amended to read:

Subdivision 1. [VIOLATION.] Except as provided in subdivisions 3 and 4, a person who commits, procures, aids or abets or conspires to commit, or attempts to commit, aid or abet in the violation of a provision of this chapter or a valid order or rule of the commissioner or board issued hereunder, whether individually or in connection with one or (OTHER) more persons or as principal, agent, or accessory, shall be guilty of a misdemeanor, and every person who falsely, fraudulently, forcibly, or willfully induces, causes, coerces, requires, permits, or directs another to violate a provision of this chapter, is likewise guilty of a misdemeanor. Every distinct violation is a separate offense.

Sec. 23. [221.60] [REGISTRATION OF INTERSTATE CARRIERS.]

Subdivision 1. [PROCEDURE.] *A motor carrier may transport persons or property for hire in interstate commerce in Minnesota only if it first:*

(1) complies with section 221.141;

(2) either registers with the commissioner the Interstate Commerce Commission operating authority that it intends to exercise, or registers and describes the transportation it performs under an exemption contained in the Interstate Commerce Act, United States Code, title 49; and

(3) purchases an interstate identification stamp or an interstate registration trip permit for each vehicle to be used in interstate transportation in Minnesota.

Subd. 2. [FORM AND FEES.] *A motor carrier engaged in interstate commerce shall register its interstate transportation authority or exemption before February 1 of each year on a form prescribed by the commissioner. The fee for the initial registration is $25. The fee for each identification stamp is $5; however, a lesser fee may be collected pursuant to a reciprocal agreement authorized by section 24. No fee may be collected from a local cartage carrier that provides interstate transportation only within the zone described in United States Code, title 49, section 10526(b)(1) (1984). A local cartage carrier shall register its interstate transportation each year when it pays the local cartage carrier permit or annual renewal fee.*

Subd. 3. [FAILURE TO REGISTER.] *Failure to register for three consecutive years cancels the carrier's registration. The commissioner must give 30 days notice of the cancellation to the carrier at the carrier's last known address.*

Subd. 4. [CAB CARD.] *A carrier required to register under this section shall obtain the National Association of*

Regulatory Utility Commissioners cab card described in Code of Federal Regulations, title 49, section 1023.36, and affix the stamp to the cab card. A cab card bearing a current Minnesota interstate identification stamp must be carried in the cab of a vehicle operated for hire in interstate commerce in Minnesota.

Subd. 5. [TEMPORARY INTERSTATE REGISTRATION.] *An interstate registration trip permit valid for ten days from the date of issue may be issued to a motor carrier engaged in interstate commerce that:*

(1) complies with section 221.141;

(2) either registers its interstate operating authority or registers and describes the transportation it performs under an exemption contained in the Interstate Commerce Act, United States Code, title 49; and

(3) pays a state fee of $5 for each permit.

Subd. 6. [TRANSFER OF AUTHORIZATION DOCUMENT.] *A motor carrier engaged in interstate commerce may not transfer or sell or allow another carrier to use its interstate identification stamp, its interstate registration trip permit, or its cab card. However, a cab card and identification stamp may be transferred to a leased vehicle operated under the authority of the motor carrier to whom the cab card and identification stamp were issued.*

Sec. 24. Minnesota Statutes 1984, section 221.65, is amended to read:

221.65 [RECIPROCAL AGREEMENTS.]

Nothing in (SECTIONS 221.61 TO 221.68) *this chapter* shall be construed to impair the authority of the commissioner to enter into reciprocal agreements with the regulatory bodies of other states and the provinces of the Dominion of Canada, as provided in section 221.231.

For the purposes of section 221.231, the commissioner shall be deemed to be the successor of the department of public service. The commissioner may exercise any power, duty or function heretofore conferred by law or agreement upon the department of public service to the extent necessary to preserve any reciprocal agreement heretofore concluded under the provisions of section 221.231. Nothing in this section shall be construed to prevent the negotiation of new or replacement agreements as conditions and circumstances may warrant.

Sec. 25. Minnesota Statutes 1984, section 221.67, is amended to read:

221.67 [SERVICE OF PROCESS.]

The use of any of the public highways of this state for the transportation of persons or property for compensation by a motor carrier in interstate commerce shall be deemed an irrevocable appointment by the carrier of the secretary of state to be his true and lawful attorney upon whom may be served all legal process in any action or proceeding brought under (SECTION 221.66) *this chapter* against him or his executor, administrator, personal representative, heirs, successors or assigns. This use is a signification of agreement by the interstate motor carrier that any process in any action against him or his executor, administrator, personal representative, heirs, successors, or assigns which is so served shall be of the same legal force and validity as if served upon him personally. Service shall be made by serving a copy thereof upon the secretary of state or by filing a copy in his office, together with payment of a fee of $15, and the service shall be sufficient service upon the absent motor carrier if notice of the service and a copy of the process are within ten days thereafter sent by mail by the plaintiff to the defendant at his last known address and the plaintiff's affidavit of compliance with the provisions of *this section and* sections (221.61 TO 221.68) *23, 24, and 26* is attached to the summons.

Sec. 26. Minnesota Statutes 1984, section 221.68, is amended to read:

221.68 [VIOLATIONS; PENALTIES.]

Any person who violates or procures, aids, or abets violation of, or fails to comply with, the provisions of sections (221.61 TO 221.68) *23 to 25* or any valid order or rule of the commissioner or board issued hereunder shall be guilty of a misdemeanor; and, additionally, shall be subject to a penalty of $50 for each and every day of such failure to so comply, to be recovered for the state in a civil action. Each distinct violation shall be a separate offense.

Sec. 27. Minnesota Statutes 1984, section 221.81, subdivision 1, is amended to read:

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

(a) "Building mover" means a person, corporation, or other entity who raises, supports off the foundation, and moves buildings on and over public streets and highways. Building mover does not include a person who moves manufactured homes *or modular homes,* farmers moving their own farm buildings, or persons moving buildings which are less than 16 feet wide by 20 feet long.

(b) "Political subdivision" means a city, town, or county.

(c) "Road authority" has the meaning given it in section 160.02, subdivision 9.

Sec. 28. Minnesota Statutes 1984, section 505.18, is amended to read:

505.18 [MINNESOTA COORDINATE SYSTEM.]

The system of plane coordinates which has been established by the *National Ocean Survey/National Geodetic Survey, formerly the* United States Coast and Geodetic Survey *or its successors,* for defining and stating the *geographic* positions or locations of points on the surface of the earth within the state of Minnesota is hereafter to be known and designated as the "Minnesota Coordinate System *of 1927 and the Minnesota Coordinate System of 1983.*"

For the purpose of the use of this system the state is divided into a "North Zone," a "Central Zone," and a "South Zone."

The area now included in the following counties shall constitute the North Zone: Beltrami, Clearwater, Cook, Itasca, Kittson, Koochiching, Lake, Lake of the Woods, Mahnomen, Marshall, Norman, Pennington, Polk, Red Lake, Roseau, and Saint Louis.

The area now included in the following counties shall constitute the Central Zone: Aitkin, Becker, Benton, Carlton, Cass, Chisago, Clay, Crow Wing, Douglas, Grant, Hubbard, Isanti, Kanabec, Mille Lacs, Morrison, Otter Tail, Pine, Pope, Stearns, Stevens, Todd, Traverse, Wadena, and Wilkin.

The area now included in the following counties shall constitute the South Zone: Anoka, Big Stone, Blue Earth, Brown, Carver, Chippewa, Cottonwood, Dakota, Dodge, Faribault, Fillmore, Freeborn, Goodhue, Hennepin, Houston, Jackson, Kandiyohi, Lac qui Parle, Le Sueur, Lincoln, Lyon, McLeod, Martin, Meeker, Mower, Murray, Nicollet, Nobles, Olmsted, Pipestone, Ramsey, Redwood, Renville, Rice, Rock, Scott, Sherburne, Sibley, Steele, Swift, Wabasha, Waseca, Washington, Watonwan, Winona, Wright, and Yellow Medicine.

Sec. 29. Minnesota Statutes 1984, section 505.19, is amended to read:

505.19 [ZONES; LAND DESCRIPTIONS.]

As established for use in the North Zone, the Minnesota Coordinate System *of 1927 or the Minnesota Coordinate System of 1983* shall be named, and in any land description in which it is

used it shall be designated, the "Minnesota Coordinate System *of 1927,* North Zone *or the Minnesota Coordinate System of 1983, North Zone.*"

As established for use in the Central Zone, the Minnesota Coordinate System *of 1927 or the Minnesota Coordinate System of 1983* shall be named, and in any land description in which it is used it shall be designated, the "Minnesota Coordinate System *of 1927,* Central Zone *or the Minnesota Coordinate System of 1983, Central Zone.*"

As established for use in the South Zone, the Minnesota Coordinate System *of 1927 or the Minnesota Coordinate System of 1983* shall be named, and in any land description in which it is used it shall be designated, the "Minnesota Coordinate System *of 1927,* South Zone *or the Minnesota Coordinate System of 1983, South Zone.*"

Sec. 30. Minnesota Statutes 1984, section 505.20, is amended to read:

505.20 [X- *AND* Y-COORDINATES.]

The plane (COORDINATES OF) *coordinate values for* a point on the earth's surface, to be used (IN EXPRESSING) *to express* the *geographic* position or location of such point in the appropriate zone of this system, shall consist of two distances, expressed in *U.S. Survey* feet and decimals of a foot *when using the Minnesota Coordinate System of 1927 and expressed in meters and decimals of a meter when using the Minnesota Coordinate System of 1983.* One of these distances, to be known as the "x-coordinate," shall give the position in an east-and-west direction; the other, to be known as the "y-coordinate," shall give the position in a north-and-south direction. These coordinates shall be made to depend upon and conform to (THE COORDINATES, ON THE MINNESOTA COORDINATE SYSTEM, OF THE TRIANGULATION AND TRAVERSE STATIONS OF THE UNITED STATES COAST AND GEODETIC SURVEY WITHIN THE STATE OF MINNESOTA, AS THOSE COORDINATES HAVE BEEN DETERMINED BY THE SAID SURVEY) *plane rectangular coordinate values for the monumented horizontal control stations of the North American Horizontal Geodetic Control Network as published by the National Ocean Survey/National Geodetic Survey (NOS/NGS) or its successors and whose plane coordinates have been computed on the systems defined in this chapter. The station may be used for establishing a survey connection to either Minnesota Coordinate System, 1927 or 1983.*

Sec. 31. Minnesota Statutes 1984, section 505.22, is amended to read:

505.22 [(DEFINITION OF) MINNESOTA COORDINATE (SYSTEM) *SYSTEMS DEFINED.*]

(a) For purposes of more precisely defining the Minnesota Coordinate System *of 1927*, the following definition by the (UNITED STATES COAST AND) *National Ocean Survey/National* Geodetic Survey is adopted:

The Minnesota Coordinate System *of 1927*, North Zone, is a Lambert conformal *conic* projection of the Clarke spheroid of 1866, having standard parallels at north latitudes 47 degrees 02 minutes and 48 degrees 38 minutes, along which parallels the scale shall be exact. The origin of coordinates is at the intersection of the meridian 93 degrees 06 minutes west of Greenwich and the parallel 46 degrees 30 minutes north latitude. This origin is given the coordinates: x equals 2,000,000 feet and y equals 0 feet.

The Minnesota Coordinate System *of 1927*, Central Zone, is a Lambert conformal *conic* projection of the Clarke spheroid of 1866, having standard parallels at north latitudes 45 degrees 37 minutes and 47 degrees 03 minutes, along which parallels the scale shall be exact. The origin of coordinates is at the intersection of the meridian 94 degrees 15 minutes west of Greenwich and the parallel 45 degrees 00 minutes north latitude. This origin is given the coordinates: x equals 2,000,000 feet and y equals 0 feet.

The Minnesota Coordinate System *of 1927*, South Zone, is a Lambert conformal *conic* projection of the Clarke spheroid of 1866, having standard parallels at north latitudes 43 degrees 47 minutes and 45 degrees 13 minutes, along which parallels the scale shall be exact. The origin of coordinates is at the intersection of the meridian 94 degrees 00 minutes west of Greenwich with the parallel 43 degrees 00 minutes north latitude, such origin being given the coordinates: x equals 2,000,000 feet and y equals 0 feet.

(b) (THE POSITION OF THE MINNESOTA COORDINATE SYSTEM SHALL BE AS MARKED ON THE GROUND BY TRIANGULATION OR TRAVERSE STATIONS ESTABLISHED IN CONFORMITY WITH STANDARDS ADOPTED BY THE UNITED STATES COAST AND GEODETIC SURVEY FOR FIRST-ORDER AND SECOND-ORDER WORK, WHOSE GEODETIC POSITIONS HAVE BEEN RIGIDLY ADJUSTED ON THE NORTH AMERICAN DATUM OF 1927, AND WHOSE COORDINATES HAVE BEEN COMPUTED ON THE SYSTEM HEREIN DEFINED. ANY SUCH STATION MAY BE USED FOR ESTABLISHING A SURVEY CONNECTION WITH THE MINNESOTA COORDINATE SYSTEM) *For purposes of more precisely defining the Minnesota Coordinate System of 1983, the following definition by the National Ocean Survey/National Geodetic Survey is adopted:*

The Minnesota Coordinate System of 1983, North Zone, is a Lambert conformal conic projection of the North American Geocentric Datum of 1983, having standard parallels at north latitudes 47 degrees 02 minutes and 48 degrees 38 minutes, along which parallels the scale shall be exact. The origin of coordinates is at the intersection of the meridian 93 degrees 06 minutes west of Greenwich with the parallel 46 degrees 30 minutes north latitude. This origin is given the coordinates: x equals 800,000 meters and y equals 100,000 meters.

The Minnesota Coordinate System of 1983, Central Zone, is a Lambert conformal conic projection of the North American Geocentric Datum of 1983, having standard parallels at north latitudes 45 degrees 37 minutes and 47 degrees 03 minutes, along which parallels the scale shall be exact. The origin of coordinates is at the intersection of the meridian 94 degrees 15 minutes west of Greenwich with the parallel 45 degrees 00 minutes north latitude. This origin is given the coordinates: x equals 800,000 meters and y equals 100,000 meters.

The Minnesota Coordinate System of 1983, South Zone, is a Lambert conformal conic projection of the North American Geocentric Datum of 1983, having standard parallels at north latitudes 43 degrees 47 minutes and 45 degrees 13 minutes, along which parallels the scale shall be exact. The origin of coordinates is at the intersection of the meridian 94 degrees 00 minutes west of Greenwich with the parallel 43 degrees 00 minutes north latitude. This origin is given the coordinates: x equals 800,000 meters and y equals 100,000 meters.

Sec. 32. Minnesota Statutes 1984, section 505.23, is amended to read:

505.23 [WHERE COORDINATES RECORDED.]

No coordinates based on the Minnesota Coordinate System, purporting to define the position of a point on a land boundary, shall be presented to be recorded in any public land records or deed records unless such point is within one-half mile of a (TRIANGULATION OR TRAVERSE) *horizontal control* station established in conformity with the standards prescribed in section (505.25) *505.20*; provided that said one-half mile limitation may be modified by a duly authorized state agency to meet local conditions.

Sec. 33. Minnesota Statutes 1984, section 505.24, is amended to read:

505.24 [LIMITATION OF USE.]

The use of the term "Minnesota Coordinate System *of 1927, North, Central, or South Zone or Minnesota Coordinate System*

of 1983, North, Central, or South Zone" on any map, report of survey, or other document, shall be limited to coordinates based on the Minnesota Coordinate System *as defined in this chapter.*

Sec. 34. [505.28] [LAST USE OF 1927 COORDINATE SYSTEM.]

The Minnesota Coordinate System of 1927 must not be used after December 31, 1992. The Minnesota Coordinate System of 1983 is the sole coordinate system that may be used after that date.

Sec. 35. [REPEALER.]

Minnesota Statutes 1984, sections 221.296, subdivision 2; 221.-61; 221.62; 221.63; 221.64; and 221.66, are repealed. Section 7 is repealed January 1, 1988.

Sec. 36. [EFFECTIVE DATE.]

Sections 1, 2, 8, 9, 10, 13, 14, 15, 16, 19, 20, 21, 22, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, and 34 are effective the day following final enactment. Section 3 is effective June 1, 1985. Section 4 is effective January 1, 1988. Sections 5, 6, and 7 are effective January 1, 1986."

Delete the title and insert:

"A bill for an act relating to transportation; removing the 24-foot restriction on county state-aid money needs; changing the definition of urban and rural counties; providing for apportionments in calendar years 1986 and 1987; establishing conflict of interest requirements for court-appointed commissioners in condemnation; providing for relocation and disposal of historically significant buildings or structures; denying certain contracts to persons convicted of contract crimes; providing certain exemptions from weight record requirements; establishing gross vehicle weight limits for courier service vehicles; providing that hours of service rules do not apply to farm vehicles; exempting certain farm vehicles from the vehicle identification rule; exempting certain persons from certain hazardous material rules and allowing variances; providing for rescission of canceled permits if a carrier has insurance coverage; excluding modular home movers from regulation as building movers; creating a new state-surveying coordinate system; amending Minnesota Statutes 1984, sections 117.075; 161.20, subdivision 2; 162.07, subdivisions 2, 3, and 4; 168.013, subdivision 1e; 169.872, subdivision 1; 174A.06; 221.011, subdivisions 13 and 25; 221.025; 221.031, subdivisions 2 and 6; 221.033; 221.131, by adding a subdivision; 221.161, subdivision 1; 221.185, subdivision 4, and by adding a subdivision; 221.231; 221.291, subdivision 1; 221.65; 221.67; 221.68; 221.81, subdivision 1; 505.18; 505.19; 505.20;

505.22; 505.23; 505.24; proposing coding for new law in Minnesota Statutes, chapters 161, 162, 221, and 505; repealing Minnesota Statutes 1984, sections 221.296, subdivision 2; 221.61; 221.-62; 221.63; 221.64; and 221.66."

With the recommendation that when so amended the bill pass.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

S. F. No. 63, A bill for an act relating to the city of Fergus Falls located in Otter Tail county and the city of Detroit Lakes located in Becker county; granting the cities the powers of a port authority; authorizing the port authority to exercise the powers of a municipal housing and redevelopment authority; permitting the cities to choose the name of the port authority; requiring local approval.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

S. F. No. 279, A bill for an act relating to natural resources; eliminating the mandatory shooting by conservation officers of dogs pursuing deer; restricting the shooting by others; increasing the penalty for owners of dogs that kill deer; amending Minnesota Statutes 1984, sections 100.29, subdivision 19; and 347.01.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 100.29, subdivision 19, is amended to read:

Subd. 19. (ANY PERSON MAY, AND IT SHALL BE THE DUTY OF EVERY CONSERVATION OFFICER TO, KILL ANY DOG PURSUING OR KILLING DEER OR MOOSE, AND NO ACTION FOR DAMAGES SHALL BE MAINTAINED AGAINST THE PERSON FOR THE KILLING. THE OWNER OF ANY DOG WHICH IS FOUND PURSUING OR KILLING DEER, MOOSE, OR DOMESTIC LIVESTOCK

SHALL BE GUILTY OF A PETTY MISDEMEANOR) *A dog that is known to have killed or which is observed wounding, killing, or pursuing in a manner which endangers a big game animal may be killed by a peace officer or conservation officer, or, between January 1 and July 14, by any person. The officer or person is not liable for damages for killing the dog. The owner of the dog is guilty of a petty misdemeanor and is subject to a civil penalty of up to $500 for each violation.*

Sec. 2. Minnesota Statutes 1984, section 347.01, is amended to read:

347.01 [OWNER'S LIABILITY; *PENALTY.*]

(a) Owners or keepers of any dog or dogs, that kill, wound, or worry any domestic animal or animals, shall be jointly and severally liable to the owner of such animal or animals for all damages done by such dog or dogs, without proving notice to or knowledge by any such owner or keeper of such dog or dogs, that any or either of them was mischievous or disposed to kill or worry any domestic animal.

(b) The owner of any dog that kills or pursues domestic livestock is guilty of a petty misdemeanor."

With the recommendation that when so amended the bill pass.

The report was adopted.

Blatz from the Committee on Crime and Family Law to which was referred:

S. F. No. 448, A bill for an act relating to crimes; providing penalty for assault of firefighters or emergency medical services personnel; amending Minnesota Statutes 1984, section 609.2231.

Reported the same back with the following amendments:

Page 1, line 10, before "Whoever" insert "*Subdivision 1.* [PEACE OFFICERS.]"

Page 1, line 12, after "law" delete the new language

Page 1, lines 13, 14, and 15, delete the new language

Page 1, after line 18, insert:

"*Subd. 2.* [FIREFIGHTERS AND EMERGENCY MEDICAL PERSONNEL.] *Whoever assaults a member of a municipal or volunteer fire department or emergency medical services*

personnel unit in the performance of his or her duties, or assaults an employee of the department of natural resources who is engaged in forest fire activities, and inflicts demonstrable bodily harm is guilty of a gross misdemeanor."

With the recommendation that when so amended the bill pass.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

S. F. No. 455, A bill for an act relating to uniform acts; enacting the Uniform Conservation Easement Act; proposing coding for new law as Minnesota Statutes, chapter 84C.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

S. F. No. 542, A bill for an act relating to local improvements; providing for advertisement for bids in certain publications; amending Minnesota Statutes 1984, section 429.041, subdivision 1.

Reported the same back with the following amendments:

Page 1, after line 7, insert:

"Section 1. Minnesota Statutes 1984, section 331A.02, subdivision 1, is amended to read:

Subdivision 1. [QUALIFICATION.] No newspaper in this state shall be entitled to any compensation or fee for publishing any public notice unless it is qualified as a medium of official and legal publication. To be qualified as a medium of official and legal publication, a newspaper shall:

(a) Be printed in the English language in newspaper format and in column and sheet form equivalent in printed space to at least 1,000 square inches;

(b) If a daily, be distributed at least five days each week, or if not a daily, be distributed at least once each week, for 50 weeks

each year. In any week in which a legal holiday is included, not more than four issues of a daily paper are necessary;

(c) In at least half of its issues each year, have no more than 75 percent of its printed space comprised of advertising material and paid public notices. In all of its issues each year, have 25 percent, if published more often than weekly, or 50 percent, if weekly, of its news columns devoted to news of local interest to the community which it purports to serve. Not more than 25 percent of its total nonadvertising column inches in any issue may wholly duplicate any other publication unless the duplicated material is from recognized general news services;

(d) Be circulated in the local public corporation which it purports to serve, *and either* have at least 500 copies regularly delivered to paying subscribers and (EITHER) have entry as second class matter in its local post office, or have at least 500 copies regularly distributed without charge to local residents;

(e) Have its known office of issue established in either the county in which lies, in whole or in part, the local public corporation which the newspaper purports to serve, or in an adjoining county;

(f) File a copy of each issue immediately with the state historical society;

(g) Be made available at single or subscription prices to any person, corporation, partnership, or other unincorporated association requesting the newspaper and making the applicable payment, or be distributed without charge to local residents;

(h) Have complied with all the foregoing conditions of this subdivision for at least one year immediately preceding the date of the notice publication;

(i) The newspaper must before January 1 of each year publish and submit to the secretary of state a sworn United States Post Office second-class statement of ownership and circulation or a statement of ownership and circulation verified by a recognized independent circulation auditing agency.

Sec. 2. Minnesota Statutes 1984, section 331A.06, subdivision 2, is amended to read:

Subd. 2. [FEES FOR PUBLICATION.] Notwithstanding subdivision 1, no newspaper may increase its rates for publication of public notices by more than ten percent per year (OVER), *as compared to* the maximum rate actually charged by the newspaper in (1984) *the previous year* for publication of public notices, and in any case the new rate shall not exceed the rate

described in subdivision 1 of this section. Nothing in this section shall be interpreted to mean that such an increase is required."

Page 2, after line 29, insert:

"Sec. 4. [EFFECTIVE DATE.]

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

Renumber the sections in sequence.

Amend the title as follows:

Page 1, line 2, after the semicolon insert "clarifying procedures for publication of public notices; clarifying fees for publication;"

Page 1, line 4, delete "section" and insert "sections 331A.02, subdivision 1; 331A.06, subdivision 2; and"

With the recommendation that when so amended the bill pass.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

S. F. No. 623, A bill for an act relating to marriage dissolution; clarifying factors to consider in awarding maintenance; amending Minnesota Statutes 1984, sections 518.552; and 518.64, subdivision 2.

Reported the same back with the following amendments:

Page 3, after line 35, insert:

"Sec. 3. Minnesota Statutes 1984, section 518.17, subdivision 4, is amended to read:

Subd. 4. [CHILD SUPPORT.] The court may order either or both parents owing a duty of support to a child of the marriage to pay an amount reasonable or necessary for his support, without regard to marital misconduct, after (CONSIDERING ALL RELEVANT FACTORS INCLUDING) *the court makes findings as to the following*:

(a) The financial resources and needs of the child;

(b) The financial resources and needs of the custodial parent; *and*

(c) *The financial resources and needs of the noncustodial parent.*

The court may consider all relevant factors in determining child support including:

(1) The standard of living the child would have enjoyed had the marriage not been dissolved;

((D)) *(2)* The physical and emotional condition of the child, and his educational needs (; AND)

((E) THE FINANCIAL RESOURCES AND NEEDS OF THE NONCUSTODIAL PARENT).

Sec. 4. Minnesota Statutes 1984, section 518.551, subdivision 5, is amended to read:

Subd. 5. [NOTICE TO PUBLIC AUTHORITY; GUIDELINES.] The petitioner shall notify the public authority of all proceedings for dissolution, legal separation, determination of parentage or for the custody of a child, if either party is receiving aid to families with dependent children or applies for it subsequent to the commencement of the proceeding. After receipt of the notice, the court shall set child support by multiplying the obligor's net income by the percentage indicated by the following guidelines:

Net Income Per Month of Obligor	Number of Children						
	1	2	3	4	5	6	7 or more
$400 and Below	Order based on the ability of the obligor to provide support at these income levels, or at higher levels, if the obligor has the earning ability.						
$401 - 500	14%	17%	20%	22%	24%	26%	28%
$501 - 550	15%	18%	21%	24%	26%	28%	30%
$551 - 600	16%	19%	22%	25%	28%	30%	32%
$601 - 650	17%	21%	24%	27%	29%	32%	34%
$651 - 700	18%	22%	25%	28%	31%	34%	36%

$701 - 750	19%	23%	27%	30%	33%	36%	38%
$751 - 800	20%	24%	28%	31%	35%	38%	40%
$801 - 850	21%	25%	29%	33%	36%	40%	42%
$851 - 900	22%	27%	31%	34%	38%	41%	44%
$901 - 950	23%	28%	32%	36%	40%	43%	46%
$951 -1000	24%	29%	34%	38%	41%	45%	48%
$1001-6000	25%	30%	35%	39%	43%	47%	50%

Guidelines for support for an obligor with a monthly income of $6001 or more shall be the same dollar amounts as provided for in the guidelines for an obligor with a monthly income of $6000.

Net Income defined as:

Total monthly income less	*(1)	Federal Income Tax
	*(2)	State Income Tax
*Standard	(3)	Social Security Deductions
Deductions apply—	(4)	Mandatory Pension Deductions
use of tax tables	(5)	Union Dues
recommended	(6)	Cost of Dependent Health Insurance Coverage
	(7)	Cost of Individual Health/ Hospitalization Coverage or an Equivalent Amount for Actual Medical Expenses.

(a) The child support payment guidelines take into consideration the following criteria:

(1) all earnings, income, and resources of the obligor including real and personal property;

(2) the basic living needs of the obligor;

(3) the *court findings of* financial (NEEDS) *need* of the *obligor, the obligee, and of the* child or children to be supported *as required under section 518.17, subdivision 4*; and

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

(b) In establishing a support obligation, the court may consider debts owed to private creditors, but only if:

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

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

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

(4) the court determines that the debt was legitimately incurred for the necessary support of the child or obligee or for the necessary generation of income.

Any schedule prepared under paragraph (b), clause (3), shall contain a statement that the debt will be fully paid after the number of months shown in the schedule, barring emergencies beyond the party's control.

The court shall order child support in accordance with the guidelines and any departure therefrom. Any further departure below the guidelines that is based on a consideration of debts owed to private creditors shall not exceed 18 months in duration, after which the support shall increase automatically to the level ordered by the court. Nothing in this section shall be construed to prohibit one or more step increases in support to reflect debt retirement during the 18-month period.

Where payment of debt is ordered pursuant to this section, the payment shall be ordered to be in the nature of child support.

(c) Previous support orders and maintenance orders may be considered if the obligor is paying them.

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

(e) The above guidelines are binding in each case unless the court makes express findings of fact as to the reason for departure below the guidelines in that case in which the court orders support that so deviates from the guidelines. It may also increase the amount of child support by more than the guidelines without making express findings by agreement of the parties or by making further findings.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective the day following final enactment."

Amend the title as follows:

Page 1, line 4, after "sections" insert "518.17, subdivision 4; 518.551, subdivision 5;"

With the recommendation that when so amended the bill pass.

The report was adopted.

McDonald from the Committee on Agriculture to which was referred:

House Resolution No. 23, A house resolution stating the sense of the House of Representatives that adequate funding for the Soil Conservation Service and the Agricultural Stabilization and Conservation Service should be restored.

Reported the same back with the recommendation that the resolution be adopted.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 346, 384, 495, 568, 584, 592, 594, 693, 743, 806, 834, 851, 860, 911, 912, 922, 934, 942, 984, 1018, 1029, 1128, 1151, 1205, 1227, 1282, 1309, 1317, 1405, 1460, 1468, 1497, 1498, 1503, 1541, 1568 and 1589 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 1045, 43, 63, 279, 448, 455, 542 and 623 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Knuth, Valento, Kostohryz, Stanius and Rose introduced:

H. F. No. 1611, A bill for an act relating to Ramsey county; authorizing the issuance of bonds for the construction of library buildings and an annual levy for debt retirement.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Kahn introduced:

H. F. No. 1612, A bill for an act relating to the city of Minneapolis; directing the charter commission to propose certain organizational changes; requiring a report to the legislature.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Dyke, Redalen, Quist, Tunheim and Sparby introduced:

H. F. No. 1613, A resolution memorializing the President and Congress of the United States to eliminate the adverse effect on agriculture of the cargo preference law.

The bill was read for the first time and referred to the Committee on Agriculture.

HOUSE ADVISORIES

The following House Advisory was introduced:

Rose, Munger, Pauly, Onnen and Hartinger introduced:

H. A. No. 19, A proposal to study unresolved issues associated with the management of solid waste.

The advisory was referred to the Committee on Environment and Natural Resources.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 112, A bill for an act relating to veterans; authorizing certain American Legion officers and employees to elect state employee benefit coverage at their own expense; amending Minnesota Statutes 1984, section 43A.27, subdivision 2.

H. F. No. 335, A bill for an act relating to corrections; removing certain information from the certified record for commitment of persons convicted of a felony or gross misdemeanor; amending Minnesota Statutes 1984, section 243.49.

H. F. No. 511, A bill for an act relating to crimes; clarifying the elements of the crime of assault in the second degree; amending Minnesota Statutes 1984, section 609.222.

H. F. No. 517, A bill for an act relating to insurance; authorizing the use of funding agreements; prescribing powers of the commissioner; proposing coding for new law in Minnesota Statutes, chapter 61A.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 928, A bill for an act relating to the registration of snowmobiles; correcting an erroneous repealer; amending Minnesota Statutes 1984, section 84.82, by adding a subdivision; repealing Minnesota Statutes 1984, section 84.82, subdivision 9.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Thiede moved that the House concur in the Senate amendments to H. F. No. 928 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 928, A bill for an act relating to recreational vehicles; requiring registration of snowmobiles; exemption; abolishing special registration requirements for collector's snowmobiles; amending Minnesota Statutes 1984, section 84.82, subdivision 6, and by adding a subdivision; repealing Minnesota Statutes 1984, section 84.82, subdivision 9.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 117 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Elioff	Kostohryz	Pappas	Sparby
Backlund	Erickson	Krueger	Pauly	Stanius
Battaglia	Fjoslien	Levi	Peterson	Staten
Beard	Forsythe	Lieder	Piepho	Sviggum
Becklin	Frederick	Marsh	Piper	Thiede
Begich	Frederickson	McDonald	Poppenhagen	Thorson
Bennett	Frerichs	McEachern	Price	Tjornhom
Bishop	Greenfield	McKasy	Quinn	Tomlinson
Blatz	Gruenes	McLaughlin	Quist	Tompkins
Boerboom	Gutknecht	Metzen	Redalen	Tunheim
Boo	Halberg	Miller	Rees	Uphus
Brandl	Hartinger	Minne	Rest	Valan
Brinkman	Hartle	Munger	Rice	Valento
Brown	Haukoos	Murphy	Riveness	Vanasek
Burger	Heap	Nelson, D.	Rodosovich	Vellenga
Carlson, D.	Himle	Nelson, K.	Rose	Voss
Carlson, J.	Jacobs	Neuenschwander	Sarna	Waltman
Carlson, L.	Jaros	Norton	Schafer	Welle
Clark	Jennings, L.	O'Connor	Schoenfeld	Wenzel
Clausnitzer	Johnson	Ogren	Seaberg	Zaffke
Cohen	Kelly	Olsen, S.	Segal	Spk. Jennings, D.
Dempsey	Kiffmeyer	Onnen	Sherman	
DenOuden	Knickerbocker	Otis	Skoglund	
Dyke	Knuth	Ozment	Solberg	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendment to:

S. F. No. 118, A bill for an act relating to public employee labor relations; regulating public employee mediation; regulating mediation and strikes concerning teachers; providing for arbitration awards in principal and assistant principal disputes; providing penalties; amending Minnesota Statutes 1984, sections 179A.14, subdivision 1; 179A.15; 179A.16, subdivision 7; 179A.-17, subdivision 1; 179A.18, subdivisions 2 and 3; and 179A.20, subdivision 3.

And the Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee Messrs. Nelson, Dicklich and Mehrkens.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

Sviggum moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 118. The motion prevailed.

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 1231.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 1231, A resolution memorializing the President and Congress of the United States to take immediate steps to reduce acid deposition.

The bill was read for the first time.

SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Rose moved that the rule therein be suspended and an urgency be declared so that S. F. No. 1231 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Rose moved that the rules of the House be so far suspended that S. F. No. 1231 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 1231 was read for the second time.

S. F. No. 1231, A resolution memorializing the President and Congress of the United States to take immediate steps to reduce acid deposition.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 124 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Dyke	Kostohryz	Ozment	Skoglund
Anderson, R.	Elioff	Krueger	Pappas	Solberg
Backlund	Ellingson	Kvam	Pauly	Sparby
Battaglia	Erickson	Levi	Peterson	Stanius
Beard	Fjoslien	Lieder	Piepho	Staten
Becklin	Forsythe	Marsh	Piper	Sviggum
Begich	Frederick	McDonald	Poppenhagen	Thiede
Bennett	Frederickson	McEachern	Price	Thorson
Bishop	Frerichs	McLaughlin	Quinn	Tjornhom
Blatz	Greenfield	McPherson	Quist	Tomlinson
Boerboom	Gruenes	Metzen	Redalen	Tompkins
Boo	Gutknecht	Miller	Rees	Tunheim
Brandl	Hartle	Minne	Rest	Uphus
Brinkman	Haukoos	Munger	Rice	Valan
Brown	Heap	Murphy	Riveness	Valento
Burger	Himle	Nelson, D.	Rodosovich	Vanasek
Carlson, D.	Jacobs	Nelson, K.	Rose	Vellenga
Carlson, J.	Jaros	Neuenschwander	Sarna	Voss
Carlson, L.	Jennings, L.	Norton	Schafer	Waltman
Clark	Johnson	O'Connor	Scheid	Welle
Clausnitzer	Kahn	Ogren	Schoenfeld	Wenzel
Cohen	Kelly	Olsen, S.	Schreiber	Wynia
Dempsey	Kiffmeyer	Onnen	Seaberg	Zaffke
DenOuden	Knickerbocker	Osthoff	Segal	Spk. Jennings, D.
Dimler	Knuth	Otis	Sherman	

Those who voted in the negative were:

Richter

The bill was passed and its title agreed to.

CONSENT CALENDAR

H. F. No. 823, A bill for an act relating to Ramsey county; placing the position of law clerk investigator and law clerks in the unclassified service; amending Minnesota Statutes 1984, section 383A.29, subdivision 6.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Elioff	Krueger	Pappas	Solberg
Anderson, R.	Ellingson	Kvam	Pauly	Sparby
Backlund	Erickson	Levi	Peterson	Stanius
Battaglia	Fjoslien	Lieder	Piepho	Staten
Beard	Forsythe	Marsh	Piper	Sviggum
Becklin	Frederick	McDonald	Poppenhagen	Thiede
Begich	Frederickson	McEachern	Price	Thorson
Bennett	Frerichs	McKasy	Quinn	Tjornhom
Bishop	Greenfield	McLaughlin	Quist	Tomlinson
Blatz	Gruenes	McPherson	Redalen	Tompkins
Boerboom	Gutknecht	Metzen	Rees	Tunheim
Boo	Hartinger	Miller	Rest	Uphus
Brandl	Hartle	Minne	Rice	Valan
Brinkman	Haukoos	Munger	Richter	Valento
Brown	Heap	Murphy	Riveness	Vanasek
Burger	Himle	Nelson, D.	Rodosovich	Vellenga
Carlson, D.	Jacobs	Nelson, K.	Rose	Voss
Carlson, J.	Jaros	Neuenschwander	Sarna	Waltman
Carlson, L.	Jennings, L.	Norton	Schafer	Welle
Clark	Johnson	O'Connor	Scheid	Wenzel
Clausnitzer	Kahn	Ogren	Schoenfeld	Wynia
Cohen	Kelly	Olsen, S.	Schreiber	Zaffke
Dempsey	Kiffmeyer	Onnen	Seaberg	Spk. Jennings, D.
DenOuden	Knickerbocker	Osthoff	Segal	
Dimler	Knuth	Otis	Sherman	
Dyke	Kostohryz	Ozment	Skoglund	

The bill was passed and its title agreed to.

S. F. No. 783 was reported to the House.

There being no objection S. F. No. 783 was continued on the Consent Calendar for one day.

H. F. No. 1374, A bill for an act relating to mines and minerals; prescribing fencing of unused mine pits and shafts; providing exceptions to tort liability in regard to certain water access sites relating to mining areas; providing for a study and report; providing penalties; amending Minnesota Statutes 1984, sections 3.736, subdivision 3; 180.03, subdivisions 2, 3, and 4; 180.10; and 466.03, by adding a subdivision.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 123 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Begich	Brandl	Clark	Dyke
Anderson, R.	Bennett	Brinkman	Clausnitzer	Elioff
Backlund	Bishop	Brown	Cohen	Ellingson
Battaglia	Blatz	Carlson, D.	Dempsey	Erickson
Beard	Boerboom	Carlson, J.	DenOuden	Fjoslien
Becklin	Boo	Carlson, L.	Dimler	Forsythe

Frederick	Knuth	O'Connor	Richter	Thorson
Frederickson	Kostohryz	Ogren	Riveness	Tjornhom
Frerichs	Krueger	Olsen, S.	Rodosovich	Tomlinson
Greenfield	Kvam	Onnen	Rose	Tompkins
Gruenes	Levi	Osthoff	Sarna	Tunheim
Gutknecht	Lieder	Otis	Schafer	Uphus
Halberg	McDonald	Ozment	Scheid	Valan
Hartle	McEachern	Pappas	Schoenfeld	Valento
Haukoos	McLaughlin	Pauly	Schreiber	Vanasek
Heap	McPherson	Peterson	Seaberg	Vellenga
Himle	Metzen	Piepho	Segal	Voss
Jacobs	Miller	Piper	Sherman	Waltman
Jaros	Minne	Poppenhagen	Skoglund	Welle
Jennings, L.	Munger	Price	Solberg	Wenzel
Johnson	Murphy	Quinn	Sparby	Wynia
Kahn	Nelson, D.	Quist	Stanius	Zaffke
Kelly	Nelson, K.	Redalen	Staten	Spk. Jennings, D.
Kiffmeyer	Neuenschwander	Rees	Sviggum	
Knickerbocker	Norton	Rest	Thiede	

Those who voted in the negative were:

Rice

The bill was passed and its title agreed to.

S. F. No. 379, A bill for an act relating to nonprofit corporations; requiring the articles of incorporation to contain a mailing address; amending Minnesota Statutes 1984, sections 317.02, by adding a subdivision; 317.08, subdivision 2; and 317.19, subdivision 2.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 123 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dempsey	Jacobs	Metzen	Piper
Anderson, R.	DenOuden	Jaros	Miller	Poppenhagen
Backlund	Dimler	Jennings, L.	Minne	Price
Battaglia	Dyke	Johnson	Munger	Quinn
Beard	Elioff	Kahn	Murphy	Quist
Becklin	Ellingson	Kelly	Nelson, D.	Redalen
Begich	Erickson	Kiffmeyer	Nelson, K.	Rees
Bennett	Fjoslien	Knickerbocker	Neuenschwander	Rest
Bishop	Forsythe	Knuth	Norton	Rice
Blatz	Frederick	Kostohryz	O'Connor	Richter
Boerboom	Frederickson	Krueger	Ogren	Riveness
Boo	Frerichs	Kvam	Olsen, S.	Rodosovich
Brandl	Greenfield	Levi	Onnen	Rose
Brinkman	Gruenes	Lieder	Osthoff	Sarna
Brown	Gutknecht	Marsh	Otis	Schafer
Carlson, D.	Hartinger	McDonald	Ozment	Scheid
Carlson, L.	Hartle	McEachern	Pappas	Schoenfeld
Clark	Haukoos	McKasy	Pauly	Seaberg
Clausnitzer	Heap	McLaughlin	Peterson	Segal
Cohen	Himle	McPherson	Piepho	Sherman

Skoglund	Thiede	Tunheim	Vellenga	Wynia
Solberg	Thorson	Uphus	Voss	Zaffke
Sparby	Tjornhom	Valan	Waltman	Spk. Jennings, D.
Stanius	Tomlinson	Valento	Welle	
Sviggum	Tompkins	Vanasek	Wenzel	

The bill was passed and its title agreed to.

S. F. No. 437, A bill for an act relating to insurance; providing for the regulation of fraternal benefit societies; amending Minnesota Statutes 1984, section 61B.02, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 64B; repealing Minnesota Statutes 1984, sections 64A.01 to 64A.48.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Kvam	Pappas	Skoglund
Anderson, R.	Fjoslien	Levi	Pauly	Solberg
Backlund	Forsythe	Lieder	Peterson	Sparby
Battaglia	Frederick	Long	Piepho	Stanius
Beard	Frederickson	Marsh	Piper	Staten
Becklin	Frerichs	McDonald	Poppenhagen	Sviggum
Begich	Greenfield	McEachern	Price	Thiede
Bennett	Gruenes	McKasy	Quinn	Thorson
Bishop	Gutknecht	McLaughlin	Quist	Tjornhom
Blatz	Halberg	McPherson	Redalen	Tomlinson
Boerboom	Hartinger	Metzen	Rees	Tompkins
Boo	Hartle	Miller	Rest	Tunheim
Brinkman	Haukoos	Minne	Rice	Uphus
Brown	Heap	Munger	Richter	Valan
Carlson, D.	Himle	Murphy	Riveness	Valento
Carlson, J.	Jacobs	Nelson, D.	Rodosovich	Vanasek
Carlson, L.	Jaros	Nelson, K.	Rose	Vellenga
Clark	Jennings, L.	Neuenschwander	Sarna	Voss
Clausnitzer	Johnson	Norton	Schafer	Waltman
Cohen	Kahn	O'Connor	Scheid	Welle
Dempsey	Kelly	Ogren	Schoenfeld	Wenzel
DenOuden	Kiffmeyer	Olsen, S.	Schreiber	Wynia
Dimler	Knickerbocker	Onnen	Seaberg	Zaffke
Dyke	Knuth	Osthoff	Segal	Spk. Jennings, D.
Elioff	Kostohryz	Otis	Shaver	
Ellingson	Krueger	Ozment	Sherman	

The bill was passed and its title agreed to.

H. F. No. 886, A resolution memorializing the governments of the United States and Sweden that the State of Minnesota adopts the County of Kronoberg as a sister state.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 122 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Kvam	Ozment	Skoglund
Anderson, R.	Fjoslien	Levi	Pappas	Solberg
Backlund	Forsythe	Lieder	Pauly	Sparby
Battaglia	Frederick	Long	Peterson	Stanius
Beard	Frederickson	Marsh	Piepho	Sviggum
Becklin	Frerichs	McDonald	Piper	Thorson
Begich	Greenfield	McEachern	Poppenhagen	Tjornhom
Bennett	Gruenes	McKasy	Price	Tomlinson
Bishop	Gutknecht	McLaughlin	Quinn	Tompkins
Blatz	Halberg	McPherson	Quist	Tunheim
Boerboom	Hartle	Metzen	Redalen	Uphus
Boo	Haukoos	Miller	Rees	Valan
Brandl	Heap	Minne	Rest	Valento
Brinkman	Himle	Munger	Rice	Vanasek
Brown	Jacobs	Murphy	Richter	Vellenga
Carlson, D.	Jaros	Nelson, D.	Riveness	Voss
Carlson, J.	Jennings, L.	Nelson, K.	Rodosovich	Waltman
Carlson, L.	Johnson	Neuenschwander	Rose	Welle
Clark	Kahn	Norton	Sarna	Wenzel
Clausnitzer	Kelly	O'Connor	Schafer	Wynia
Cohen	Kiffmeyer	Ogren	Scheid	Zaffke
Dempsey	Knickerbocker	Olsen, S.	Schoenfeld	Spk. Jennings, D.
Dimler	Knuth	Onnen	Schreiber	
Dyke	Kostohryz	Osthoff	Shaver	
Elioff	Krueger	Otis	Sherman	

Those who voted in the negative were:

Hartinger	Seaberg	Staten

The bill was passed and its title agreed to.

H. F. No. 1113, A bill for an act relating to state lands; authorizing conveyance by commissioner of transportation of certain state lands for historical preservation purposes.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Boerboom	Dempsey	Frederickson	Himle
Anderson, R.	Boo	DenOuden	Frerichs	Jacobs
Backlund	Brandl	Dimler	Greenfield	Jaros
Battaglia	Brinkman	Dyke	Gruenes	Jennings, L.
Beard	Brown	Elioff	Gutknecht	Johnson
Becklin	Carlson, D.	Ellingson	Halberg	Kahn
Begich	Carlson, L.	Erickson	Hartinger	Kelly
Bennett	Clark	Fjoslien	Hartle	Kiffmeyer
Bishop	Clausnitzer	Forsythe	Haukoos	Knickerbocker
Blatz	Cohen	Frederick	Heap	Knuth

Kostohryz
Krueger
Kvam
Levi
Lieder
Long
Marsh
McDonald
McEachern
McPherson
Metzen
Miller
Minne
Munger
Murphy
Nelson, D.
Nelson, K.
Neuenschwander
Norton
O'Connor
Ogren
Olsen, S.
Omann
Onnen
Otis
Ozment
Pappas
Pauly
Peterson
Piepho
Piper
Poppenhagen
Price
Quinn
Quist
Redalen
Rees
Rest
Rice
Richter
Riveness
Rodosovich
Rose
Sarna
Schafer
Scheid
Schoenfeld
Schreiber
Seaberg
Segal
Shaver
Sherman
Skoglund
Solberg
Sparby
Stanius
Staten
Sviggum
Thiede
Thorson
Tjornhom
Tomlinson
Tompkins
Tunheim
Uphus
Valan
Valento
Vanasek
Vellenga
Voss
Waltman
Welle
Wenzel
Wynia
Zaffke
Spk. Jennings, D.

The bill was passed and its title agreed to.

S. F. No. 46, A bill for an act relating to commerce; changing a cross reference relating to undistributed property after dissolution of a cooperative; amending Minnesota Statutes 1984, section 308.14, subdivision 3b.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.
Anderson, R.
Backlund
Battaglia
Beard
Becklin
Begich
Bennett
Bishop
Blatz
Boerboom
Boo
Brandl
Brinkman
Brown
Carlson, D.
Carlson, J.
Carlson, L.
Clark
Clausnitzer
Cohen
Dempsey
DenOuden
Dimler
Dyke
Elioff
Ellingson
Erickson
Fjoslien
Forsythe
Frederick
Frederickson
Frerichs
Greenfield
Gruenes
Gutknecht
Halberg
Hartinger
Hartle
Haukoos
Heap
Himle
Jacobs
Jaros
Jennings, L.
Johnson
Kahn
Kelly
Kiffmeyer
Knickerbocker
Knuth
Kostohryz
Krueger
Kvam
Levi
Lieder
Long
Marsh
McDonald
McEachern
McLaughlin
McPherson
Metzen
Miller
Minne
Munger
Murphy
Nelson, D.
Nelson, K.
Neuenschwander
Norton
O'Connor
Ogren
Olsen, S.
Omann
Onnen
Osthoff
Otis
Ozment
Pappas
Pauly
Peterson
Piepho
Piper
Poppenhagen
Price
Quinn
Quist
Redalen
Rees
Rest
Rice
Richter
Riveness
Rodosovich
Rose
Sarna
Scheid
Schoenfeld
Schreiber
Seaberg
Segal
Shaver
Sherman
Skoglund
Solberg
Sparby
Stanius
Staten
Sviggum
Thiede
Thorson
Tjornhom
Tomlinson
Tompkins
Tunheim
Uphus
Vanasek
Vellenga
Voss
Waltman
Welle
Wenzel
Wynia
Zaffke
Spk. Jennings, D.

The bill was passed and its title agreed to.

S. F. No. 143 was reported to the House.

Dempsey moved that S. F. No. 143 be continued on the Consent Calendar for one day. The motion prevailed.

H. F. No. 863, A bill for an act relating to transportation; specifying the method of payment for landscape contractors providing goods or services to the department of transportation; amending Minnesota Statutes 1984, section 161.32, by adding a subdivision.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Elioff	Kostohryz	Otis	Skoglund
Anderson, R.	Ellingson	Krueger	Ozment	Solberg
Backlund	Erickson	Kvam	Pappas	Sparby
Battaglia	Fjoslien	Levi	Pauly	Stanius
Beard	Forsythe	Lieder	Peterson	Staten
Becklin	Frederick	Long	Piepho	Sviggum
Begich	Frederickson	Marsh	Piper	Thiede
Bennett	Frerichs	McDonald	Poppenhagen	Thorson
Bishop	Greenfield	McEachern	Price	Tjornhom
Blatz	Gruenes	McLaughlin	Quist	Tomlinson
Boerboom	Gutknecht	McPherson	Redalen	Tompkins
Boo	Halberg	Metzen	Rees	Tunheim
Brandl	Hartinger	Miller	Rest	Uphus
Brinkman	Hartle	Minne	Rice	Valan
Brown	Haukoos	Munger	Richter	Valento
Burger	Heap	Murphy	Riveness	Vanasek
Carlson, D.	Himle	Nelson, D.	Rodosovich	Vellenga
Carlson, J.	Jacobs	Nelson, K.	Rose	Voss
Carlson, L.	Jaros	Neuenschwander	Sarna	Waltman
Clark	Jennings, L.	Norton	Scheid	Wenzel
Clausnitzer	Johnson	O'Connor	Schoenfeld	Wynia
Cohen	Kahn	Ogren	Schreiber	Zaffke
Dempsey	Kelly	Olsen, S.	Seaberg	Spk. Jennings, D.
DenOuden	Kiffmeyer	Omann	Segal	
Dimler	Knickerbocker	Onnen	Shaver	
Dyke	Knuth	Osthoff	Sherman	

Those who voted in the negative were:

Quinn

The bill was passed and its title agreed to.

H. F. No. 1570, A bill for an act relating to agriculture; creating an exception to the corporate farming law; amending Minnesota Statutes 1984, section 500.24, subdivision 3.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Levi	Pauly	Sparby
Anderson, R.	Fjoslien	Lieder	Peterson	Stanius
Backlund	Forsythe	Long	Piepho	Staten
Battaglia	Frederickson	Marsh	Piper	Sviggum
Beard	Frerichs	McDonald	Price	Thiede
Becklin	Greenfield	McEachern	Quinn	Thorson
Begich	Gruenes	McLaughlin	Quist	Tjornhom
Bennett	Gutknecht	McPherson	Redalen	Tomlinson
Bishop	Halberg	Metzen	Rees	Tompkins
Blatz	Hartinger	Miller	Rest	Tunheim
Boerboom	Hartle	Minne	Rice	Uphus
Boo	Haukoos	Munger	Richter	Valan
Brandl	Heap	Murphy	Riveness	Valento
Brinkman	Himle	Nelson, D.	Rodosovich	Vanasek
Brown	Jacobs	Nelson, K.	Rose	Vellenga
Carlson, D.	Jaros	Neuenschwander	Sarna	Voss
Carlson, J.	Jennings, L.	Norton	Schafer	Waltman
Carlson, L.	Johnson	O'Connor	Scheid	Welle
Clark	Kahn	Ogren	Schoenfeld	Wenzel
Clausnitzer	Kelly	Olsen, S.	Schreiber	Wynia
Cohen	Kiffmeyer	Omann	Seaberg	Zaffke
Dempsey	Knickerbocker	Onnen	Segal	Spk. Jennings, D.
DenOuden	Knuth	Osthoff	Shaver	
Dyke	Kostohryz	Otis	Sherman	
Elioff	Krueger	Ozment	Skoglund	
Ellingson	Kvam	Pappas	Solberg	

The bill was passed and its title agreed to.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 118:

Sviggum, McPherson and Nelson, K.

CALENDAR

S. F. No. 70 was reported to the House and given its third reading.

UNANIMOUS CONSENT

Dimler requested unanimous consent to offer an amendment. The request was granted.

Dimler moved to amend S. F. No. 70, as follows:

Page 1, line 16, delete "*corridor*" and insert "*right-of-way*"

Page 2, line 5, after "*federal*" insert "*or state*"

Page 2, line 8, delete "*corridor*" and insert "*right-of-way*"

Page 2, line 15, delete "*the council determines*"

Amend the title as follows:

Page 1, line 6, delete "corridor" and insert "right-of-way"

The motion prevailed and the amendment was adopted.

S. F. No. 70, A bill for an act relating to real property; local and metropolitan government; transportation; providing for acquisition and relocation assistance in cases of hardship to owners of homestead property located in a proposed state highway corridor; amending Minnesota Statutes 1984, section 473.-167, subdivision 3, and by adding a subdivision.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Elioff	Krueger	Ozment	Skoglund
Anderson, R.	Ellingson	Kvam	Pappas	Solberg
Backlund	Erickson	Levi	Pauly	Sparby
Battaglia	Fjoslien	Lieder	Peterson	Stanius
Beard	Forsythe	Long	Piepho	Staten
Becklin	Frederick	Marsh	Piper	Sviggum
Begich	Frederickson	McDonald	Poppenhagen	Thiede
Bennett	Frerichs	McEachern	Price	Thorson
Bishop	Greenfield	McLaughlin	Quinn	Tjornhom
Blatz	Gruenes	McPherson	Quist	Tomlinson
Boerboom	Gutknecht	Metzen	Redalen	Tompkins
Boo	Halberg	Miller	Rees	Tunheim
Brandl	Hartinger	Minne	Rest	Uphus
Brinkman	Hartle	Munger	Rice	Valan
Brown	Haukoos	Murphy	Richter	Valento
Burger	Heap	Nelson, D.	Riveness	Vanasek
Carlson, D.	Himle	Nelson, K.	Rodosovich	Vellenga
Carlson, J.	Jacobs	Neuenschwander	Rose	Voss
Carlson, L.	Jaros	Norton	Sarna	Waltman
Clark	Jennings, L.	O'Connor	Schafer	Welle
Clausnitzer	Johnson	Ogren	Scheid	Wenzel
Cohen	Kahn	Olsen, S.	Schoenfeld	Wynia
Dempsey	Kelly	Omann	Schreiber	Zaffke
DenOuden	Kiffmeyer	Onnen	Seaberg	Spk. Jennings, D.
Dimler	Knickerbocker	Osthoff	Segal	
Dyke	Kostohryz	Otis	Sherman	

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

H. F. No. 368 was reported to the House and given its third reading.

DenOuden moved that H. F. No. 368 be temporarily laid over on the Calendar. The motion prevailed.

H. F. No. 399, A bill for an act relating to education; the permanent school fund; requiring exchange for land in state parks and waysides; requiring an inventory of other permanent school fund lands; stating the goal of the permanent school fund; proposing coding for new law in Minnesota Statutes, chapters 92 and 120.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Elioff	Kostohryz	Otis	Shaver
Anderson, R.	Ellingson	Krueger	Ozment	Sherman
Backlund	Erickson	Kvam	Pappas	Skoglund
Battaglia	Fjoslien	Levi	Pauly	Solberg
Beard	Forsythe	Lieder	Peterson	Sparby
Becklin	Frederick	Long	Piepho	Stanius
Begich	Frederickson	Marsh	Piper	Staten
Bennett	Frerichs	McDonald	Poppenhagen	Sviggum
Bishop	Greenfield	McEachern	Price	Thiede
Blatz	Gruenes	McLaughlin	Quinn	Thorson
Boerboom	Gutknecht	McPherson	Quist	Tjornhom
Boo	Halberg	Metzen	Redalen	Tomlinson
Brandl	Hartinger	Miller	Rees	Tompkins
Brinkman	Hartle	Minne	Rest	Tunheim
Brown	Haukoos	Munger	Rice	Uphus
Burger	Heap	Murphy	Richter	Valan
Carlson, D.	Himle	Nelson, D.	Riveness	Valento
Carlson, J.	Jacobs	Nelson, K.	Rodosovich	Vanasek
Carlson, L.	Jaros	Neuenschwander	Rose	Vellenga
Clark	Jennings, L.	Norton	Sarna	Voss
Clausnitzer	Johnson	O'Connor	Schafer	Waltman
Cohen	Kahn	Ogren	Scheid	Welle
Dempsey	Kelly	Olsen, S.	Schoenfeld	Wenzel
DenOuden	Kiffmeyer	Omann	Schreiber	Wynia
Dimler	Knickerbocker	Onnen	Seaberg	Zaffke
Dyke	Knuth	Osthoff	Segal	Spk. Jennings, D.

The bill was passed and its title agreed to.

H. F. No. 418, A bill for an act relating to local government; excluding firefighter and peace officer job classes from certain aspects of pay equity requirements; amending Minnesota Statutes 1984, section 179A.16, by adding a subdivision; 471.992; 471.993, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 471; repealing Minnesota Statutes 1984, section 471.9965.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 90 yeas and 31 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dimler	Kahn	Otis	Seaberg
Backlund	Dyke	Kiffmeyer	Ozment	Shaver
Battaglia	Elioff	Knickerbocker	Pappas	Sherman
Beard	Ellingson	Knuth	Pauly	Sparby
Becklin	Erickson	Kostohryz	Peterson	Stanius
Begich	Fjoslien	Kvam	Piepho	Thiede
Blatz	Frederick	Levi	Poppenhagen	Thorson
Boerboom	Frederickson	Lieder	Price	Tjornhom
Brinkman	Frerichs	Marsh	Quist	Tompkins
Brown	Gruenes	McDonald	Redalen	Tunheim
Burger	Gutknecht	McEachern	Rees	Uphus
Carlson, D.	Halberg	McLaughlin	Rest	Valan
Carlson, J.	Hartinger	McPherson	Rice	Valento
Carlson, L.	Heap	Metzen	Richter	Voss
Clark	Himle	Munger	Riveness	Waltman
Cohen	Jaros	Nelson, K.	Rose	Wenzel
Dempsey	Jennings, L.	Omann	Sarna	Zaffke
DenOuden	Johnson	Onnen	Schafer	Spk. Jennings, D.

Those who voted in the negative were:

Anderson, R.	Haukoos	Neuenschwander	Scheid	Staten
Bishop	Kelly	O'Connor	Schoenfeld	Sviggum
Boo	Krueger	Olsen, S.	Schreiber	Tomlinson
Brandl	Long	Osthoff	Segal	Vanasek
Clausnitzer	Minne	Piper	Skoglund	Vellenga
Greenfield	Murphy	Rodosovich	Solberg	Wynia
Hartle				

The bill was passed and its title agreed to.

H. F. No. 449, A bill for an act relating to attachments; providing procedures for the prejudgment seizure of property; amending Minnesota Statutes 1984, sections 570.01; 570.02; 570.08; 570.11; 570.12; and 570.14; repealing Minnesota Statutes 1984, sections 570.013; 570.03; 570.04; 570.05; 570.06; 570.07; 570.09; 570.093; and 570.13; proposing coding for new law in Minnesota Statutes, chapter 570.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Battaglia	Begich	Blatz	Brandl
Anderson, R.	Beard	Bennett	Boerboom	Brinkman
Backlund	Becklin	Bishop	Boo	Brown

Burger	Hartinger	McPherson	Poppenhagen	Sparby
Carlson, D.	Hartle	Metzen	Price	Stanius
Carlson, J.	Heap	Miller	Quinn	Staten
Carlson, L.	Himle	Minne	Quist	Sviggum
Clark	Jacobs	Munger	Redalen	Thiede
Clausnitzer	Jaros	Murphy	Rees	Thorson
Cohen	Jennings, L.	Nelson, D.	Rest	Tjornhom
Dempsey	Johnson	Nelson, K.	Rice	Tomlinson
DenOuden	Kahn	Neuenschwander	Richter	Tompkins
Dimler	Kelly	Norton	Riveness	Tunheim
Dyke	Kiffmeyer	O'Connor	Rodosovich	Uphus
Elioff	Knickerbocker	Ogren	Rose	Valan
Ellingson	Knuth	Olsen, S.	Sarna	Valento
Erickson	Kostohryz	Omann	Schafer	Vanasek
Fjoslien	Krueger	Onnen	Scheid	Vellenga
Forsythe	Kvam	Osthoff	Schoenfeld	Voss
Frederick	Levi	Otis	Schreiber	Waltman
Frederickson	Lieder	Ozment	Seaberg	Wenzel
Frerichs	Long	Pappas	Segal	Wynia
Greenfield	Marsh	Pauly	Shaver	Zaffke
Gruenes	McDonald	Peterson	Sherman	Spk. Jennings, D.
Gutknecht	McEachern	Piepho	Skoglund	
Halberg	McLaughlin	Piper	Solberg	

The bill was passed and its title agreed to.

H. F. No. 507, A bill for an act relating to Hennepin county; setting the form in which county board members' salaries must be stated; amending Laws 1982, chapter 577, section 14.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 121 yeas and 4 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dyke	Kostohryz	Ozment	Skoglund
Anderson, R.	Elioff	Krueger	Pappas	Solberg
Backlund	Ellingson	Kvam	Pauly	Sparby
Battaglia	Erickson	Levi	Peterson	Stanius
Beard	Fjoslien	Lieder	Piepho	Sviggum
Becklin	Frederick	Marsh	Piper	Thiede
Begich	Frederickson	McDonald	Poppenhagen	Thorson
Bennett	Frerichs	McEachern	Price	Tjornhom
Bishop	Greenfield	McLaughlin	Quinn	Tomlinson
Blatz	Gruenes	McPherson	Quist	Tompkins
Boerboom	Gutknecht	Metzen	Redalen	Tunheim
Boo	Halberg	Miller	Rees	Uphus
Brandl	Hartinger	Minne	Rest	Valan
Brinkman	Hartle	Munger	Richter	Valento
Brown	Haukoos	Murphy	Riveness	Vanasek
Burger	Heap	Nelson, D.	Rodosovich	Vellenga
Carlson, D.	Himle	Nelson, K.	Rose	Waltman
Carlson, J.	Jacobs	Neuenschwander	Sarna	Wenzel
Carlson, L.	Jaros	Norton	Schafer	Wynia
Clark	Jennings, L.	O'Connor	Schoenfeld	Zaffke
Clausnitzer	Johnson	Ogren	Schreiber	Spk. Jennings, D.
Cohen	Kelly	Olsen, S.	Seaberg	
Dempsey	Kiffmeyer	Omann	Segal	
DenOuden	Knickerbocker	Onnen	Shaver	
Dimler	Knuth	Otis	Sherman	

Those who voted in the negative were:

Osthoff Rice Staten Voss

The bill was passed and its title agreed to.

H. F. No. 558, A bill for an act relating to metropolitan government; providing conditions for the disposal of certain sports facilities property; requiring the metropolitan mosquito control district to establish a research program to evaluate the effects of its control program on other fauna; amending Minnesota Statutes 1984, sections 473.556, subdivision 6; and 473.704, by adding a subdivision.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 124 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Elioff	Knuth	Onnen	Segal
Anderson, R.	Ellingson	Kostohryz	Otis	Shaver
Backlund	Erickson	Krueger	Ozment	Sherman
Battaglia	Fjoslien	Kvam	Pappas	Skoglund
Beard	Forsythe	Levi	Pauly	Solberg
Becklin	Frederick	Lieder	Peterson	Sparby
Begich	Frederickson	Long	Piepho	Stanius
Bennett	Frerichs	Marsh	Piper	Staten
Bishop	Greenfield	McDonald	Poppenhagen	Sviggum
Blatz	Gruenes	McEachern	Price	Thorson
Boerboom	Gutknecht	McLaughlin	Quinn	Tjornhom
Boo	Halberg	McPherson	Quist	Tomlinson
Brandl	Hartinger	Metzen	Redalen	Tompkins
Brinkman	Hartle	Miller	Rees	Tunheim
Brown	Haukoos	Minne	Rest	Uphus
Carlson, D.	Heap	Munger	Rice	Valan
Carlson, J.	Himle	Murphy	Richter	Valento
Carlson, L.	Jacobs	Nelson, D.	Riveness	Vellenga
Clark	Jaros	Nelson, K.	Rodosovich	Voss
Clausnitzer	Jennings, L.	Neuenschwander	Rose	Waltman
Cohen	Johnson	Norton	Sarna	Wenzel
Dempsey	Kahn	O'Connor	Schafer	Wynia
DenOuden	Kelly	Ogren	Schoenfeld	Zaffke
Dimler	Kiffmeyer	Olsen, S.	Schreiber	Spk. Jennings, D.
Dyke	Knickerbocker	Omann	Seaberg	

Those who voted in the negative were:

Osthoff Vanasek

The bill was passed and its title agreed to.

S. F. No. 625, A bill for an act relating to energy; delaying the effective date of energy efficiency ratings for certain devices

sold in Minnesota; amending Minnesota Statutes 1984, section 116J.19, subdivision 13.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 122 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Elioff	Kostohryz	Otis	Shaver
Anderson, R.	Ellingson	Krueger	Ozment	Sherman
Backlund	Erickson	Kvam	Pappas	Solberg
Battaglia	Fjoslien	Levi	Pauly	Sparby
Beard	Forsythe	Lieder	Peterson	Stanius
Becklin	Frederick	Long	Piepho	Sviggum
Begich	Frederickson	Marsh	Piper	Thiede
Bennett	Frerichs	McDonald	Poppenhagen	Thorson
Bishop	Gruenes	McEachern	Price	Tjornhom
Blatz	Gutknecht	McPherson	Quinn	Tomlinson
Boerboom	Halberg	Metzen	Quist	Tompkins
Boo	Hartinger	Miller	Redalen	Tunheim
Brandl	Hartle	Minne	Rees	Uphus
Brinkman	Haukoos	Munger	Rest	Valan
Brown	Heap	Murphy	Richter	Valento
Carlson, D.	Himle	Nelson, D.	Riveness	Vanasek
Carlson, J.	Jacobs	Nelson, K.	Rodosovich	Vellenga
Carlson, L.	Jaros	Neuenschwander	Rose	Waltman
Clark	Jennings, L.	Norton	Sarna	Wenzel
Clausnitzer	Johnson	O'Connor	Schafer	Wynia
Cohen	Kahn	Ogren	Scheid	Zaffke
Dempsey	Kelly	Olsen, S.	Schoenfeld	Spk. Jennings, D.
DenOuden	Kiffmeyer	Omann	Schreiber	
Dimler	Knickerbocker	Onnen	Seaberg	
Dyke	Knuth	Osthoff	Segal	

Those who voted in the negative were:

Greenfield	Rice	Skoglund	Staten	Vose
McLaughlin				

The bill was passed and its title agreed to.

H. F. No. 368 which was temporarily laid over earlier today on the Calendar was again reported to the House and given its third reading.

UNANIMOUS CONSENT

Kelly requested unanimous consent to offer an amendment. The request was granted.

Kelly moved to amend H. F. No. 368, the second engrossment, as follows:

Page 1, line 14, after "609.535" insert ", *and a description of the penalties contained in these sections,*"

Page 2, line 9, after "609.535" insert ", *and a description of the penalties contained in these sections,*"

Page 3, line 3, after "*to*" insert "*and a description of the penalties in*"

The motion prevailed and the amendment was adopted.

UNANIMOUS CONSENT

Kelly requested unanimous consent to offer an amendment. The request was granted.

Kelly moved to amend H. F. No. 368, the second engrossment, as amended, as follows:

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

Page 2, line 2, after "*checks*" insert "*which do not exceed $15 or the actual cost of collection but in no case more than $30,*"

The motion prevailed and the amendment was adopted.

H. F. No. 368, A bill for an act relating to crimes; requiring notice of dishonor for issuing a worthless check to cite laws creating civil and criminal liability; amending Minnesota Statutes 1984, sections 332.50, subdivisions 2 and 3; and 609.535, subdivision 3.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 124 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Brown	Ellingson	Haukoos	Kvam
Anderson, R.	Burger	Erickson	Heap	Levi
Backlund	Carlson, D.	Fjoslien	Himle	Lieder
Battaglia	Carlson, J.	Forsythe	Jacobs	Marsh
Beard	Carlson, L.	Frederick	Jaros	McDonald
Becklin	Clark	Frederickson	Jennings, L.	McEachern
Begich	Clausnitzer	Frerichs	Johnson	McKasy
Bennett	Cohen	Greenfield	Kahn	McLaughlin
Bishop	Dempsey	Gruenes	Kelly	McPherson
Blatz	DenOuden	Gutknecht	Kiffmeyer	Metzen
Boerboom	Dimler	Halberg	Knuth	Miller
Boo	Dyke	Hartinger	Kostohryz	Minne
Brinkman	Elioff	Hartle	Krueger	Munger

Murphy	Ozment	Rest	Sherman	Uphus
Nelson, D.	Pappas	Richter	Skoglund	Valan
Nelson, K.	Pauly	Riveness	Solberg	Valento
Neuenschwander	Peterson	Rodosovich	Sparby	Vanasek
Norton	Piepho	Rose	Stanius	Vellenga
O'Connor	Piper	Sarna	Sviggum	Voss
Ogren	Poppenhagen	Schafer	Thiede	Waltman
Olsen, S.	Price	Schoenfeld	Thorson	Wenzel
Omann	Quinn	Schreiber	Tjornhom	Wynia
Onnen	Quist	Seaberg	Tomlinson	Zaffke
Osthoff	Redalen	Segal	Tompkins	Spk. Jennings, D.
Otis	Rees	Shaver	Tunheim	

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

SPECIAL ORDERS

H. F. No. 1263 was reported to the House.

Rose moved that H. F. No. 1263 be returned to its author. The motion prevailed.

H. F. No. 9 was reported to the House.

Piepho moved that H. F. No. 9 be continued on Special Orders for one day.

POINT OF ORDER

Vanasek raised a point of order pursuant to rule 1.9 relating to the number of votes required to continue a bill on Special Orders. The Speaker ruled the point of order not well taken.

Vanasek appealed the decision of the Chair.

A roll call was requested and properly seconded.

CALL OF THE HOUSE

On the motion of Levi and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Anderson, G.	Brinkman	Ellingson	Hartle	Kostohryz
Anderson, R.	Burger	Erickson	Haukoos	Krueger
Backlund	Carlson, J.	Fjoslien	Heap	Kvam
Battaglia	Carlson, L.	Forsythe	Himle	Levi
Beard	Clark	Frederick	Jacobs	Lieder
Begich	Clausnitzer	Frederickson	Jaros	Long
Bennett	Cohen	Frerichs	Jennings, L.	Marsh
Bishop	Dempsey	Greenfield	Johnson	McDonald
Blatz	DenOuden	Gruenes	Kahn	McEachern
Boerboom	Dimler	Gutknecht	Kelly	McKasy
Boo	Dyke	Halberg	Kiffmeyer	McLaughlin
Brandl	Elioff	Hartinger	Knuth	McPherson

Metzen	Osthoff	Rest	Shaver	Tompkins
Miller	Otis	Rice	Sherman	Tunheim
Munger	Ozment	Richter	Simoneau	Uphus
Murphy	Pappas	Riveness	Skoglund	Valan
Nelson, D.	Pauly	Rodosovich	Solberg	Vanasek
Nelson, K.	Peterson	Rose	Sparby	Vellenga
Neuenschwander	Piepho	Sarna	Stanius	Voss
Norton	Piper	Schafer	Staten	Waltman
O'Connor	Poppenhagen	Scheid	Sviggum	Welle
Ogren	Price	Schoenfeld	Thiede	Wenzel
Olsen, S.	Quinn	Schreiber	Thorson	Wynia
Omann	Quist	Seaberg	Tjornhom	Zaffke
Onnen	Rees	Segal	Tomlinson	Spk. Jennings, D.

Levi moved that further proceedings of the roll call be dispensed with and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

The vote was taken on the question "Shall the decision of the Speaker stand as the judgment of the House?" and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 69 yeas and 59 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dimler	Heap	Onnen	Sherman
Backlund	Dyke	Himle	Ozment	Stanius
Becklin	Erickson	Johnson	Pauly	Sviggum
Bennett	Fjoslien	Kiffmeyer	Piepho	Thiede
Bishop	Forsythe	Knickerbocker	Poppenhagen	Thorson
Blatz	Frederick	Kvam	Quist	Tjornhom
Boerboom	Frederickson	Levi	Redalen	Tompkins
Boo	Frerichs	Marsh	Rees	Uphus
Burger	Gruenes	McDonald	Richter	Valan
Carlson, D.	Gutknecht	McKasy	Rose	Valento
Carlson, J.	Halberg	McPherson	Schafer	Waltman
Clausnitzer	Hartinger	Miller	Schreiber	Zaffke
Dempsey	Hartle	Olsen, S.	Seaberg	Spk. Jennings, D.
DenOuden	Haukoos	Omann	Shaver	

Those who voted in the negative were:

Anderson, G.	Greenfield	Minne	Piper	Solberg
Battaglia	Jacobs	Murphy	Price	Sparby
Beard	Jennings, L.	Nelson, D.	Quinn	Staten
Begich	Kahn	Nelson, K.	Rice	Tomlinson
Brandl	Knuth	Neuenschwander	Riveness	Tunheim
Brinkman	Kostohryz	Norton	Rodosovich	Vanasek
Brown	Krueger	O'Connor	Sarna	Vellenga
Carlson, L.	Lieder	Ogren	Scheid	Voss
Clark	Long	Osthoff	Schoenfeld	Welle
Cohen	McEachern	Otis	Segal	Wenzel
Elioff	McLaughlin	Pappas	Simoneau	Wynia
Ellingson	Metzen	Peterson	Skoglund	

So it was the judgment of the House that the decision of the Speaker should stand.

The question recurred on the Piepho motion to continue H. F. No. 9 on the Special Orders calendar for one day. The motion did not prevail.

Vanasek moved to amend H. F. No. 9, the first engrossment, as follows:

Amend the title as follows:

Page 1, line 2, delete everything after "memorializing" and insert "the President and Congress of the United States to adopt a balanced budget for fiscal year 1987."

Page 1, delete lines 3 to 5

The motion prevailed and the amendment was adopted.

H. F. No. 9 was read for the third time, as amended.

Piepho moved that H. F. No. 9, as amended, be returned to its author. The motion prevailed.

H. F. No. 450 was reported to the House.

Greenfield moved to amend H. F. No. 450, the second engrossment, as follows:

Pages 1 and 2, delete sections 1 and 2

Page 3, line 3, delete "*4 to 7*" and insert "*1 to 4*"

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

Page 3, line 22, delete "*4*" and insert "*2*"

Page 3, line 30, delete "*sections 6 and 7*" and insert "*section 4*"

Page 4, line 6, delete "*5*" and insert "*3*"

Page 4, line 9, delete "*6*" and insert "*4*"

Page 4, line 11, delete "*5*" and insert "*3*"

Page 4, line 13, delete "*6*" and insert "*4*"

Page 4, line 19, delete "*4*" and insert "*2*"

Page 5, line 14, delete "*4 to 7*" and insert "*1 to 4*"

Page 7, line 12, delete "*4 to 7*" and insert "*1 to 4*"

Page 7, after line 17, insert:

"Sec. 5. [APPROPRIATION.]

$800,000 is appropriated annually from the general fund to the commissioner of human services for the implementation of sections 1 to 4."

Pages 7 to 9, delete sections 7, 8, 9, 10, and 11

Renumber the sections in sequence

Delete the title and insert:

"A bill for an act relating to children; establishing a child abuse prevention trust fund; providing for disbursement of funds for child abuse prevention; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 257."

A roll call was requested and properly seconded.

The question was taken on the Greenfield amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 63 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jacobs	Minne	Piper	Solberg
Battaglia	Jaros	Munger	Price	Sparby
Beard	Jennings, L.	Murphy	Quinn	Staten
Begich	Kahn	Nelson, D.	Rest	Tomlinson
Brandl	Kelly	Nelson, K.	Rice	Tunheim
Brinkman	Knuth	Neuenschwander	Riveness	Vanasek
Brown	Kostohryz	Norton	Rodosovich	Vellenga
Carlson, L.	Krueger	O'Connor	Sarna	Voss
Clark	Lieder	Ogren	Scheid	Welle
Cohen	Long	Osthoff	Schoenfeld	Wenzel
Elioff	McEachern	Otis	Segal	Wynia
Ellingson	McLaughlin	Pappas	Simoneau	
Greenfield	Metzen	Peterson	Skoglund	

Those who voted in the negative were:

Anderson, R.	Boerboom	Dempsey	Forsythe	Halberg
Backlund	Boo	DenOuden	Frederick	Hartinger
Becklin	Burger	Dimler	Frederickson	Hartle
Bennett	Carlson, D.	Dyke	Frerichs	Haukoos
Bishop	Carlson, J.	Erickson	Gruenes	Heap
Blatz	Clausnitzer	Fjoslien	Gutknecht	Himle

Johnson	McPherson	Poppenhagen	Seaberg	Tompkins
Kiffmeyer	Miller	Quist	Shaver	Uphus
Knickerbocker	Olsen, S.	Redalen	Sherman	Valan
Kvam	Omann	Rees	Stanius	Valento
Levi	Onnen	Richter	Sviggum	Waltman
Marsh	Ozment	Rose	Thiede	Zaffke
McDonald	Pauly	Schafer	Thorson	Spk. Jennings, D.
McKasy	Piepho	Schreiber	Tjornhom	

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

Greenfield moved to amend H. F. No. 450, the second engrossment, as follows:

Pages 1 and 2, delete sections 1 and 2

Page 3, line 3, delete "*4 to 7*" and insert "*1 to 5*"

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

Page 3, line 22, delete "*4*" and insert "*2*"

Page 3, line 30, delete "*6 and 7*" and insert "*4 and 5*"

Page 4, line 6, delete "*5*" and insert "*3*"

Page 4, line 9, delete "*6*" and insert "*4*"

Page 4, line 11, delete "*5*" and insert "*3*"

Page 4, line 19, delete "*4*" and insert "*2*"

Page 5, line 14, delete "*4 to 7*" and insert "*1 to 5*"

Page 7, line 12, delete "*4 to 7*" and insert "*1 to 4*"

Page 7, after line 17, insert:

"Sec. 5. [290.432] [CHILD ABUSE PREVENTION CHECKOFF.]

For any taxable year beginning after December 31, 1984, and until the state treasurer certifies to the commissioner of revenue that the assets in the child abuse prevention trust fund, established in section 2, exceed $20,000,000, any individual who files an income tax return or a property tax refund claim form may designate on his or her original return or form that $1 or more shall be added to the tax or deducted from the return or refund otherwise payable by or to that individual and paid into the child abuse prevention trust fund. The commissioner of revenue shall, on the income tax return and the property tax refund claim

form, notify filers of their right to designate that portion of their tax or refund that shall be paid into the child abuse prevention trust fund.

Upon certification by the state treasurer that the assets in the trust fund exceed $20,000,000, the checkoff provisions shall be discontinued for all taxable years beginning after December 31 of the year in which certification is made."

Pages 7, 8, and 9, delete sections 7, 8, and 9

Page 9, line 17, delete "10" and insert "6"

Page 9, delete lines 23 to 25

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon

Page 1, line 3, delete everything before "a" and insert "establishing"

Page 1, line 7, delete everything after the semicolon

Page 1, delete lines 8 and 9

Page 1, line 10, delete "subdivision 3;"

Page 1, line 11, delete "; repealing"

Page 1, line 12, delete everything before the period

A roll call was requested and properly seconded.

The question was taken on the Greenfield amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 58 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Brown	Ellingson	Kahn	Long
Battaglia	Carlson, L.	Greenfield	Kelly	McEachern
Beard	Clark	Jacobs	Kostohryz	Metzen
Begich	Cohen	Jaros	Krueger	Minne
Brinkman	Elioff	Jennings, L.	Lieder	Munger

Murphy	Osthoff	Rice	Simoneau	Vanasek
Nelson, D.	Otis	Riveness	Skoglund	Vellenga
Nelson, K.	Pappas	Rodosovich	Solberg	Voss
Neuenschwander	Peterson	Sarna	Sparby	Welle
Norton	Piper	Scheid	Staten	Wenzel
O'Connor	Price	Schoenfeld	Tomlinson	
Ogren	Quinn	Segal	Tunheim	

Those who voted in the negative were:

Anderson, R.	Dyke	Johnson	Ozment	Sviggum
Backlund	Erickson	Kiffmeyer	Pauly	Thiede
Becklin	Fjoslien	Knickerbocker	Piepho	Thorson
Bennett	Forsythe	Knuth	Poppenhagen	Tjornhom
Bishop	Frederick	Kvam	Quist	Tompkins
Blatz	Frederickson	Levi	Redalen	Uphus
Boerboom	Frerichs	Marsh	Rees	Valan
Boo	Gruenes	McDonald	Rest	Valento
Burger	Gutknecht	McKasy	Richter	Waltman
Carlson, D.	Halberg	McLaughlin	Rose	Wynia
Carlson, J.	Hartinger	McPherson	Schafer	Zaffke
Clausnitzer	Hartle	Miller	Schreiber	Spk. Jennings, D.
Dempsey	Haukoos	Olsen, S.	Seaberg	
DenOuden	Heap	Omann	Shaver	
Dimler	Himle	Onnen	Sherman	

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

Wynia moved to amend H. F. No. 450, the second engrossment.

A roll call was requested and properly seconded.

Levi requested a divison of the Wynia amendment.

Wynia requested that the House vote first on the second portion of the Wynia amendment.

The second portion of the Wynia amendment to H. F. No. 450 reads as follows:

"Sec. 5. [CHILD ABUSE PREVENTION APPROPRIATION.]

$4,200,000 is appropriated from the general fund to the commissioner of human services for the purposes of prevention of child abuse, to be available until June 30, 1986. $4,600,000 is appropriated from the general fund to the commissioner of human services for the purposes of prevention of child abuse, to be available until June 30, 1987."

Delete the title and insert:

"A bill for an act relating to appropriations; establishing an income tax or property tax checkoff for the Minnesota racing

commission, the charitable gambling control board, the horticultural society, and the arts board; providing funds for the prevention of child abuse; appropriating money; proposing coding for new law in Minnesota Statutes 1984, chapter 290."

A roll call was requested and properly seconded.

The question was taken on the second portion of the Wynia amendment and the roll was called. There were 61 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jacobs	Minne	Piper	Sparby
Battaglia	Jaros	Munger	Price	Staten
Beard	Jennings, L.	Murphy	Quinn	Tomlinson
Begich	Kahn	Nelson, D.	Rest	Tunheim
Brandl	Kelly	Nelson, K.	Rice	Vanasek
Brinkman	Knuth	Neuenschwander	Riveness	Vellenga
Brown	Kostohryz	Norton	Rodosovich	Voss
Carlson, L.	Krueger	O'Connor	Scheid	Welle
Clark	Lieder	Ogren	Schoenfeld	Wynia
Cohen	Long	Osthoff	Segal	
Elioff	McEachern	Otis	Simoneau	
Ellingson	McLaughlin	Pappas	Skoglund	
Greenfield	Metzen	Peterson	Solberg	

Those who voted in the negative were:

Anderson, R.	Dyke	Himle	Ozment	Stanius
Backlund	Erickson	Johnson	Pauly	Sviggum
Becklin	Fjoslien	Kiffmeyer	Piepho	Thiede
Bennett	Forsythe	Knickerbocker	Poppenhagen	Thorson
Bishop	Frederick	Kvam	Quist	Tjornhom
Blatz	Frederickson	Levi	Redalen	Tompkins
Boerboom	Frerichs	Marsh	Rees	Uphus
Boo	Gruenes	McDonald	Richter	Valan
Burger	Gutknecht	McKasy	Rose	Valento
Carlson, D.	Halberg	McPherson	Schafer	Waltman
Carlson, J.	Hartinger	Miller	Schreiber	Wenzel
Clausnitzer	Hartle	Olsen, S.	Seaberg	Zaffke
Dempsey	Haukoos	Omann	Shaver	Spk. Jennings, D.
DenOuden	Heap	Onnen	Sherman	

The motion did not prevail and the second portion of the Wynia amendment was not adopted.

Wynia withdrew the first portion of her amendment to H. F. No. 450, the second engrossment.

Long; Kahn; Otis; Nelson, D.; Schoenfeld; Munger; Staten; Tunheim; Kelly; Price and Segal offered an amendment to H. F. No. 450, the second engrossment.

POINT OF ORDER

Levi raised a point of order pursuant to rule 3.9 that the Long et al. amendment was not in order. The Speaker ruled the point of order well taken and the Long et al. amendment out of order.

Long appealed the decision of the Chair.

A roll call was requested and properly seconded.

The vote was taken on the question "Shall the decision of the Speaker stand as the judgment of the House?" and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 81 yeas and 42 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Erickson	Knickerbocker	Poppenhagen	Thiede
Backlund	Fjoslien	Krueger	Quist	Thorson
Becklin	Forsythe	Kvam	Redalen	Tjornhom
Bishop	Frederick	Levi	Rees	Tompkins
Blatz	Frederickson	Marsh	Rest	Uphus
Boerboom	Frerichs	McDonald	Richter	Valan
Boo	Gruenes	McKasy	Rose	Valento
Brandl	Gutknecht	McPherson	Schafer	Vellenga
Brinkman	Halberg	Miller	Scheid	Waltman
Burger	Hartinger	Munger	Schreiber	Welle
Carlson, D.	Hartle	Nelson, K.	Seaberg	Wenzel
Carlson, J.	Haukoos	Olsen, S.	Shaver	Zaffke
Clausnitzer	Heap	Omann	Sherman	Spk. Jennings, D.
Dempsey	Himle	Onnen	Skoglund	
DenOuden	Jennings, L.	Ozment	Sparby	
Dimler	Johnson	Pauly	Stanius	
Dyke	Kiffmeyer	Piepho	Sviggum	

Those who voted in the negative were:

Battaglia	Jacobs	Minne	Piper	Simoneau
Beard	Kahn	Murphy	Price	Staten
Begich	Kelly	Nelson, D.	Quinn	Tomlinson
Carlson, L.	Knuth	Norton	Rice	Vanasek
Clark	Kostohryz	O'Connor	Riveness	Voss
Cohen	Lieder	Ogren	Rodosovich	Wynia
Elioff	Long	Osthoff	Sarna	
Ellingson	McEachern	Otis	Schoenfeld	
Greenfield	McLaughlin	Peterson	Segal	

So it was the judgment of the House that the decision of the Speaker should stand and that the Long et al. amendment was not in order.

Carlson, D., and Segal were excused for the remainder of today's session.

H. F. No. 450 was read for the third time.

POINT OF ORDER

Kahn raised a point of order pursuant to rule 5.7 that H. F. No. 450 be re-referred to the Committee on Appropriations. The Speaker ruled the point of order not well taken.

POINT OF ORDER

Vanasek raised a point of order pursuant to rule 5.8 that H. F. No. 450 be re-referred to the Committee on Governmental Operations.

The Speaker submitted the following question to the House: "Is it the judgment of the House that the Vanasek point of order is well taken?"

A roll call was requested and properly seconded.

The question was taken on the Vanasek point of order and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 61 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jaros	Munger	Price	Staten
Battaglia	Jennings, L.	Murphy	Quinn	Tomlinson
Beard	Kahn	Nelson, D.	Rest	Tunheim
Begich	Kelly	Nelson, K.	Rice	Vanasek
Brandl	Knuth	Neuenschwander	Riveness	Vellenga
Brinkman	Kostohryz	Norton	Rodosovich	Voss
Carlson, L.	Krueger	O'Connor	Sarna	Welle
Clark	Lieder	Ogren	Scheid	Wenzel
Cohen	Long	Osthoff	Schoenfeld	Wynia
Elioff	McEachern	Otis	Simoneau	
Ellingson	McLaughlin	Pappas	Skoglund	
Greenfield	Metzen	Peterson	Solberg	
Jacobs	Minne	Piper	Sparby	

Those who voted in the negative were:

Anderson, R.	Dyke	Himle	Ozment	Stanius
Backlund	Erickson	Johnson	Pauly	Sviggum
Becklin	Fjoslien	Kiffmeyer	Piepho	Thiede
Bennett	Forsythe	Knickerbocker	Poppenhagen	Thorson
Bishop	Frederick	Kvam	Quist	Tjornhom
Blatz	Frederickson	Levi	Redalen	Tompkins
Boerboom	Frerichs	Marsh	Rees	Uphus
Boo	Gruenes	McDonald	Richter	Valan
Burger	Gutknecht	McKasy	Rose	Valento
Carlson, J.	Halberg	McPherson	Schafer	Waltman
Clausnitzer	Hartinger	Miller	Schreiber	Zaffke
Dempsey	Hartle	Olsen, S.	Seaberg	Spk. Jennings, D.
DenOuden	Haukoos	Omann	Shaver	
Dimler	Heap	Onnen	Sherman	

It was the judgment of the House that the Vanasek point of order relating to rule 5.8 on H. F. No. 450 was not well taken.

McEachern was excused for the remainder of today's session.

H. F. No. 450, A bill for an act relating to children; replacing the state election campaign fund with a child abuse prevention trust fund; providing for disbursement of funds for child abuse prevention; creating a tax return checkoff to fund the child abuse prevention trust fund; appropriating money; amending Minnesota Statutes 1984, sections 10A.25, subdivision 10, and by adding a subdivision; 290.06, subdivision 11; and 290.39, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 257 and 290; repealing Minnesota Statutes 1984, sections 10A.30 to 10A.335.

The bill was placed upon its final passage.

The question was taken on the passage of the bill and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 70 yeas and 59 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dyke	Himle	Ozment	Stanius
Backlund	Erickson	Johnson	Pauly	Sviggum
Becklin	Fjoslien	Kiffmeyer	Piepho	Thiede
Bennett	Forsythe	Knickerbocker	Poppenhagen	Thorson
Bishop	Frederick	Kvam	Quist	Tjornhom
Blatz	Frederickson	Levi	Redalen	Tompkins
Boerboom	Frerichs	Marsh	Rees	Tunheim
Boo	Gruenes	McDonald	Richter	Uphus
Burger	Gutknecht	McKasy	Rose	Valan
Carlson, J.	Halberg	McPherson	Schafer	Valento
Clausnitzer	Hartinger	Miller	Schreiber	Waltman
Dempsey	Hartle	Olsen, S.	Seaberg	Wenzel
DenOuden	Haukoos	Omann	Shaver	Zaffke
Dimler	Heap	Onnen	Sherman	Spk. Jennings, D.

Those who voted in the negative were:

Anderson, G.	Greenfield	Metzen	Pappas	Simoneau
Battaglia	Jacobs	Minne	Peterson	Skoglund
Beard	Jaros	Munger	Piper	Solberg
Begich	Jennings, L.	Murphy	Price	Sparby
Brandl	Kahn	Nelson, D.	Quinn	Staten
Brinkman	Kelly	Nelson, K.	Rest	Tomlinson
Brown	Knuth	Neuenschwander	Rice	Vanasek
Carlson, L.	Kostohryz	Norton	Riveness	Vellenga
Clark	Krueger	O'Connor	Rodosovich	Voss
Cohen	Lieder	Ogren	Sarna	Welle
Elioff	Long	Osthoff	Scheid	Wynia
Ellingson	McLaughlin	Otis	Schoenfeld	

The bill was passed and its title agreed to.

CALL OF THE HOUSE LIFTED

Levi moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

GENERAL ORDERS

Levi moved that the bills on General Orders for today be continued one day. The motion prevailed.

MOTIONS AND RESOLUTIONS

Johnson moved that the name of Kalis be added as an author on H. F. No. 251. The motion prevailed.

Pauly moved that her name be stricken as an author and that the name of Schreiber be added as chief author on H. F. No. 495. The motion prevailed.

Johnson moved that the names of Carlson, D., and Lieder be added as authors on H. F. No. 1155. The motion prevailed.

Bishop moved that the name of Vellenga be added as an author on H. F. No. 1391. The motion prevailed.

Quist moved that the name of Kiffmeyer be added as an author on H. F. No. 1604. The motion prevailed.

Wenzel moved that the names of Begich, Neuenschwander, Krueger and O'Connor be added as authors on H. F. No. 1606. The motion prevailed.

Sviggum moved that H. F. No. 1607 be recalled from the Committee on Local and Urban Affairs and be re-referred to the Committee on Taxes. The motion prevailed.

Nelson, K., moved that H. F. No. 1288 be recalled from the Committee on Local and Urban Affairs and be re-referred to the Committee on Taxes. The motion prevailed.

Uphus moved that H. F. No. 134, now on General Orders, be re-referred to the Committee on Appropriations.

Norton moved to amend the Uphus motion as follows:

Delete "Appropriations" and insert "Rules and Legislative Administration."

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

The question recurred on the Uphus motion that H. F. No. 134, now on General Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

Frederick moved that S. F. No. 597 be recalled from the Committee on Local and Urban Affairs and together with H. F. No. 693, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

Forsythe moved that H. F. No. 961, now on General Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

Olsen, S., moved that H. F. No. 1400 be returned to its author. The motion prevailed.

Rodosovich moved that H. F. No. 1447 be returned to its author. The motion prevailed.

Ogren moved that H. F. No. 515 be returned to its author. The motion prevailed.

Ogren moved that H. F. No. 1003 be returned to its author. The motion prevailed.

Frerichs introduced:

House Resolution No. 27, A house resolution commending Mr. Harold Johnson for his outstanding record of public service.

The resolution was referred to the Committee on Rules and Legislative Administration.

House Resolution No. 23 was reported to the House.

HOUSE RESOLUTION NO. 23

A house resolution stating the sense of the House of Representatives that adequate funding for the Soil Conservation Service and the Agricultural Stabilization and Conservation Service should be restored.

Whereas, agriculture is the major industry in Minnesota and directly affects the major part of our soil and water resources; and

Whereas, the National Resources Inventory identified that 13.5 million acres of our 23 million acres of cropland in Minnesota needs conservation treatment; and

Whereas, the Soil Conservation Service and the Agricultural Stabilization and Conservation Service are the two primary programs for preserving our invaluable cropland and preserving the quality of our waters; and

Whereas, the Soil Conservation Service provides technical assistance to landowners to ensure the protection of those resources; and

Whereas, the Agricultural Stabilization and Conservation Service provides the information and funding to enable landowners to install the practices needed to protect their soil; *Now, Therefore,*

Be It Resolved by the House of Representatives of the State of Minnesota that the people of Minnesota need the Soil Conservation Service expertise, personnel, and programs to protect the productivity of our soil and the quality of our water resources. We also need the assistance of the Agricultural Stabilization and Conservation Service through the ACP program to ensure implementation of these resource protection measures. Adequate funding for the Soil Conservation Service and the Agricultural Stabilization and Conservation Service should be restored.

Redalen moved that House Resolution No. 23 be now adopted. The motion prevailed and House Resolution No. 23 was adopted.

ADJOURNMENT

Levi moved that when the House adjourns today it adjourn until 2:00 p.m., Wednesday, April 24, 1985. The motion prevailed.

Levi moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:00 p.m., Wednesday, April 24, 1985.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-FOURTH SESSION – 1985

FORTY-THIRD DAY

SAINT PAUL, MINNESOTA, TUESDAY, APRIL 23, 1985

The Senate met on Tuesday, April 23, 1985, which was the Forty-third Day of the Seventy-fourth Session of the Minnesota State Legislature. The House of Representatives did not meet on this date.

STATE OF MINNESOTA

SEVENTY-FOURTH SESSION – 1985

FORTY-FOURTH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, APRIL 24, 1985

The House of Representatives convened at 2:00 p.m. and was called to order by David M. Jennings, Speaker of the House.

Prayer was offered by Father John Parkos, Church of St. Joseph, West St. Paul, Minnesota.

The roll was called and the following members were present:

Anderson, G.	Ellingson	Kvam	Pappas	Skoglund
Anderson, R.	Erickson	Levi	Pauly	Solberg
Backlund	Fjoslien	Lieder	Peterson	Sparby
Battaglia	Forsythe	Long	Piepho	Stanius
Beard	Frederick	Marsh	Piper	Staten
Becklin	Frederickson	McDonald	Poppenhagen	Sviggum
Begich	Frerichs	McEachern	Price	Thiede
Bennett	Greenfield	McKasy	Quinn	Thorson
Bishop	Gruenes	McLaughlin	Quist	Tjornhom
Blatz	Gutknecht	McPherson	Redalen	Tomlinson
Boerboom	Halberg	Metzen	Rees	Tompkins
Boo	Hartinger	Miller	Rest	Tunheim
Brandl	Hartle	Minne	Rice	Uphus
Brinkman	Haukoos	Munger	Richter	Valan
Brown	Heap	Murphy	Riveness	Valento
Burger	Himle	Nelson, D.	Rodosovich	Vanasek
Carlson, D.	Jacobs	Nelson, K.	Rose	Vellenga
Carlson, J.	Jaros	Neuenschwander	Sarna	Voss
Carlson, L.	Johnson	Norton	Schafer	Waltman
Clark	Kahn	O'Connor	Scheid	Welle
Clausnitzer	Kalis	Ogren	Schoenfeld	Wenzel
Cohen	Kelly	Olsen, S.	Schreiber	Wynia
Dempsey	Kiffmeyer	Olson, E.	Seaberg	Zaffke
DenOuden	Knickerbocker	Onnen	Segal	Spk. Jennings, D.
Dimler	Knuth	Osthoff	Shaver	
Dyke	Kostohryz	Otis	Sherman	
Elioff	Krueger	Ozment	Simoneau	

A quorum was present.

Omann was excused.

Jennings, L., was excused until 3:35 p.m.

The Chief Clerk proceeded to read the Journals of the preceding days. Kelly moved that further reading of the Journals

be dispensed with and that the Journals be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 584, 594, 693, 743, 806, 834, 911, 1018, 1309, 1497, 1503, 495, 922, 934, 942, 984, 1151, 1205, 1227, 1282, 1317, 346, 592, 860, 912, 1405, 1468, 851, 1029, 1128, 1460, 1498, 1568, 1589, 384, 568, 1541 and 368 and S. F. Nos. 1231, 43, 279, 448, 542 and 623 have been placed in the members' files.

S. F. No. 597 and H. F. No. 693, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Frederick moved that S. F. No. 597 be substituted for H. F. No. 693 and that the House File be indefinitely postponed. The motion prevailed.

CALL OF THE HOUSE

On the motion of Levi and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Backlund	Frederick	Levi	Piper	Thiede
Beard	Frederickson	Lieder	Poppenhagen	Thorson
Becklin	Gruenes	Long	Quinn	Tompkins
Bennett	Gutknecht	McDonald	Rees	Tunheim
Burger	Hartinger	McKasy	Richter	Uphus
Carlson, J.	Hartle	McLaughlin	Riveness	Valan
Carlson, L.	Haukoos	McPherson	Rodosovich	Vellenga
Clausnitzer	Heap	Metzen	Rose	Waltman
Cohen	Jacobs	Miller	Schafer	Wenzel
DenOuden	Johnson	Murphy	Seaberg	Zaffke
Dyke	Kalis	Nelson, D.	Sherman	Spk. Jennings, D.
Elioff	Kelly	Olson, E.	Simoneau	
Erickson	Kiffmeyer	Otis	Solberg	
Fjoslien	Knuth	Ozment	Stanius	
Forsythe	Kostohryz	Peterson	Sviggum	

Levi moved that further proceedings of the roll call be dispensed with and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

April 19, 1985

The Honorable David M. Jennings
Speaker of the House
The State of Minnesota

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House Files:

H. F. No. 85, relating to the town of Santiago; authorizing the establishment of a detached banking facility.

H. F. No. 422, relating to the city of West Saint Paul; changing the municipal election day and extending the terms of certain elected officials.

H. F. No. 796, relating to Ramsey county; exempting county highways from seasonal load restrictions unless posted by the county authority; proposing coding for new law in Minnesota Statutes, chapter 383A.

H. F. No. 991, relating to local government; regulating certain municipal dissolutions and annexations; amending Minnesota Statutes 1984, sections 412.091; 414.033, by adding subdivisions; and 414.061, by adding a subdivision.

Sincerely,

RUDY PERPICH
Governor

STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
ST. PAUL 55155

April 19, 1985

The Honorable David M. Jennings
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1985 Session of the State Legislature have been received from the office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	*H.F. No.*	*Session Laws Chapter No.*	*Date Approved 1985*	*Date Filed 1985*
177		24	April 19	April 19
635		25	April 19	April 19
679		26	April 19	April 19
	85	27	April 19	April 19
	422	28	April 19	April 19
	796	29	April 19	April 19
	991	30	April 19	April 19

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

REPORTS OF STANDING COMMITTEES

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 442, A bill for an act relating to drainage; recodifying the drainage law with some modifications; appropriating money; imposing penalties; proposing coding for new law as Minnesota Statutes, chapter 106A; repealing Minnesota Statutes 1984, chapter 106.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"DRAINAGE

Section 1. [106A.005] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] *The definitions in this section apply to this chapter.*

Subd. 2. [AFFECTED.] *"Affected" means benefited or damaged by a drainage system.*

Subd. 3. [AUDITOR.] *"Auditor" means the auditor of the county where the petition for a drainage system was properly filed.*

Subd. 4. [BOARD.] *"Board" means the board of commissioners of the county where the drainage system is located.*

Subd. 5. [COMMISSIONER.] *"Commissioner" means the commissioner of natural resources.*

Subd. 6. [DIRECTOR.] *"Director" means the director of the division of waters in the department of natural resources.*

Subd. 7. [DISMISSAL OF PROCEEDINGS.] *"Dismissal of proceedings" means that the petition and proceedings related to the petition are dismissed.*

Subd. 8. [DITCH.] *"Ditch" means an open channel to conduct the flow of water.*

Subd. 9. [DRAINAGE AUTHORITY.] *"Drainage authority" means the board or joint county drainage authority having jurisdiction over a drainage system.*

Subd. 10. [DRAINAGE LIEN.] *"Drainage lien" means a recorded lien against property for drainage proceedings and construction costs and interest on the lien as provided under this chapter.*

Subd. 11. [DRAINAGE SYSTEM.] *"Drainage system" means a ditch and tile system to drain property, including laterals, improvements, and improvements of outlets, that is proposed to, established by, or constructed by a drainage authority. "Drainage system" includes the improvement of a natural waterway used in the construction of a drainage system, and any part of a flood control plan proposed by the United States or its agencies in the drainage system.*

Subd. 12. [ENGINEER.] *"Engineer" means the county highway engineer of a county where affected property is located or a professional engineer registered under state law.*

Subd. 13. [ESTABLISHED.] *"Established" means the drainage authority has made the final order to construct the drainage system.*

Subd. 14. [LATERAL.] *"Lateral" means any drainage construction by branch or extension, or a system of branches and extensions, that connects property with an established drainage system.*

Subd. 15. [MUNICIPALITY.] *"Municipality" means a statutory or home rule charter city or a town having urban powers under section 368.01, subdivision 1 or 1a.*

Subd. 16. [NOTICE BY MAIL.] *"Notice by mail" means a notice mailed and addressed to each person entitled to receive the notice, if the address is known to the auditor or can be determined by the county treasurer of the county where the affected property is located.*

Subd. 17. [PERSON.] *"Person" means an individual, firm, partnership, association, or private corporation.*

Subd. 18. [POLITICAL SUBDIVISIONS.] *"Political subdivisions" means statutory and home rule charter cities, counties, towns, school districts, and other political subdivisions.*

Subd. 19. [PROCEEDING.] *"Proceeding" means a procedure under this chapter for or related to drainage that begins with filing a petition and ends by dismissal or establishment of a drainage system.*

Subd. 20. [PROPERTY.] *"Property" means real property.*

Subd. 21. [PUBLICATION.] *"Publication" means a notice published at least once a week for three successive weeks in a legal newspaper in general circulation in each county affected by the notice.*

Subd. 22. [PUBLIC HEALTH.] *"Public health" includes an act or thing that tends to improve the general sanitary condition of the community by drainage, relieving low wetland or stagnant and unhealthful conditions, or preventing the overflow of any property that produces or tends to produce unhealthful conditions.*

Subd. 23. [PUBLIC WATERS.] *"Public waters" has the meaning given in section 105.37, subdivision 14.*

Subd. 24. [PUBLIC WELFARE OR PUBLIC BENEFIT.] *"Public welfare" or "public benefit" includes an act or thing that tends to improve or benefit the general public, either as a whole or as to any particular community or part, including works contemplated by this chapter, that drain or protect roads from overflow, protect property from overflow, or reclaim and render property suitable for cultivation that is normally wet and needing drainage or subject to overflow.*

Subd. 25. [RESIDENT OWNER.] *"Resident owner" means an owner of property or buyer under a contract for deed who resides in the state.*

Subd. 26. [ROAD.] *"Road" means any road used by the public for transportation purposes.*

GENERAL DRAINAGE PROVISIONS

Sec. 2. [106A.011] [DRAINAGE AUTHORITY POWERS.]

Subdivision 1. [GENERALLY.] *The drainage authority may make orders to:*

(1) construct and maintain drainage systems;

(2) deepen, widen, straighten, or change the channel or bed of a natural waterway that is part of the drainage system or is located at the outlet of a drainage system;

(3) extend a drainage system into or through a municipality for a suitable outlet; and

(4) construct necessary dikes, dams, and control structures and power appliances, pumps, and pumping machinery as provided by law.

Subd. 2. [DRAINAGE OF WATERBASINS AND WATERCOURSES.] *A drainage authority may not drain a water body or begin work or activity regulated by section 105.42 in a watercourse until the commissioner determines that the water body or watercourse is not public waters. If a water body or watercourse is determined to be public waters, the drainage proceedings are subject to section 105.391, subdivision 3, relating to replacing public waters and the water bank program.*

Subd. 3. [PERMISSION OF COMMISSIONER FOR WORK IN PUBLIC WATERS; APPLICATION.] *(a) The drainage authority must receive permission from the commissioner to:*

(1) remove, construct, or alter a dam affecting public waters;

(2) establish, raise, or lower the level of public waters; or

(3) drain any portion of a public water.

(b) The petitioners for a proposed drainage system or the drainage authority may apply to the commissioner for permission to do work in public waters or for the determination of public waters status of a water body or watercourse.

Subd. 4. [FLOOD CONTROL.] *The drainage authority may construct necessary dams, structures, and improvements and maintain them to impound and release flood water to prevent damage. The dams, structures, and improvements may be constructed with or without a drainage system. For a water body or watercourse that is not public waters the drainage authority may:*

(1) lower, or establish the height of water in the water body or watercourse to control flood waters;

(2) build structures and improvements to maintain a water body or watercourse for flood control or other public purposes; and

(3) construct dikes or dams in a water body to maintain water at the height designated by the drainage authority and to drain part of the water body.

Sec. 3. [106A.015] [CONSIDERATIONS BEFORE DRAINAGE WORK IS DONE.]

Subdivision 1. [ENVIRONMENTAL AND LAND USE CRITERIA.] *Before establishing a drainage system the drainage authority must consider:*

(1) private and public benefits and costs of the proposed drainage system;

(2) the present and anticipated agricultural land acreage availability and use in the drainage system;

(3) the present and anticipated land use within the drainage system;

(4) flooding characteristics of property in the drainage system;

(5) the waters to be drained and alternative measures to conserve, allocate, and develop the waters;

(6) the effect on water quality of constructing the proposed drainage system;

(7) fish and wildlife resources affected by the proposed drainage system;

(8) shallow groundwater availability, distribution, and use in the drainage system; and

(9) the overall environmental impact of all the above criteria.

Subd. 2. [DETERMINING PUBLIC UTILITY, BENEFIT, OR WELFARE.] *In any proceeding to establish a drainage system, or in the construction of or other work affecting a public drainage system under any law, the drainage authority or other authority having jurisdiction of the proceeding must give proper consideration to conservation of soil, water, forests, wild animals,*

and related natural resources, and to other public interests affected, together with other material matters as provided by law in determining whether the project will be of public utility, benefit, or welfare.

Sec. 4. [106A.021] [DITCHES MUST BE PLANTED WITH PERMANENT GRASS.]

Subdivision 1. [SPOIL BANKS MUST BE SPREAD AND GRASS PLANTED.] *In any proceeding to establish, construct, improve, or do any work affecting a public drainage system under any law that appoints viewers to assess benefits and damages, the authority having jurisdiction of the proceeding shall order spoil banks to be spread consistent with the plan and function of the drainage system. The authority shall order that permanent grass, other than a noxious weed, be planted on the banks and on a strip 16-1/2 feet in width or to the crown of the leveled spoil bank, whichever is the greater, on each side of the top edge of the channel of the ditch. The acreage and additional property required for the planting must be acquired by the authority having jurisdiction.*

Subd. 2. [RESEEDING AND HARVESTING GRASS.] *The authority having jurisdiction over the repair and maintenance of the drainage system shall supervise all necessary reseeding. The permanent grass must be maintained in the same manner as other drainage system repairs. Harvest of the grass from the grass strip in a manner not harmful to the grass or the drainage system is the privilege of the fee owner or assigns. The county drainage inspector shall establish regulations for the fee owner and assigns to harvest the grass.*

Subd. 3. [AGRICULTURAL PRACTICES PROHIBITED.] *Agricultural practices, other than those required for the maintenance of a permanent growth of grass, are not permitted on any portion of the property acquired for planting.*

Sec. 5. [106A.025] [PROCEDURE FOR DRAINAGE PROJECT THAT AFFECTS STATE LAND OR WATER AREA USED FOR CONSERVATION.]

Subdivision 1. [AREAS SUBJECT TO THIS SECTION.] *If a land or water area owned by the state and held or used to protect or propagate wild animals, provide hunting or fishing for the public, or for any other purpose relating to the conservation, development, or use of soil, water, forests, wild animals, or related natural resources will be affected by any public project or proceeding for drainage under any law, all procedures relating to the project or proceeding are subject to this section, if applicable.*

Subd. 2. [CONDITIONS TO TAKE OR DAMAGE STATE LAND AND WATER AREAS.] *(a) Any part of the state land or water area may be taken or damaged for a public project after payment of just compensation as provided by law and under the provisions of this subdivision.*

(b) The authority having jurisdiction of the drainage project or proceeding shall first find and determine that there is public necessity for the taking or damage that is greater than the public interest in the purposes for which the affected land and water areas are held or used by the state.

(c) In determining the compensation to be paid for the taking or damage, the authority must give proper consideration to the value of the land and water area for the purposes it is held or used by the state and other material elements of value.

(d) Public waters may not be taken, damaged, or impaired except as otherwise expressly authorized by law, and a provision of any other law for the protection or conservation of public waters may not be abridged or superseded by this subdivision.

Subd. 3. [CONSIDERATIONS IN DETERMINING BENEFITS.] *In determining benefits to the state land or water area in any proceeding to levy assessments or offset benefits against damages, proper consideration must be given to the value of the area for the purpose it is held or used by the state, with other material elements of value.*

Subd. 4. [AMOUNTS PAID TO STATE.] *Any amounts paid to the state for taking or damaging the state land or water area in a proceeding must be credited to the proper account for acquisition, development, or maintenance of the areas, and the amount is appropriated to the commissioner for those purposes to remain available until expended.*

Subd. 5. [MONEY TO PAY ASSESSMENTS.] *Assessments for benefits made against the state land or water area in a proceeding must be paid out of money appropriated and available to pay assessments as provided by law.*

Sec. 6. [106A.031] [CONNECTION WITH DRAINS IN ADJOINING STATES.]

Subdivision 1. [PROCEDURE.] *If it is necessary to construct a drainage system at or near the boundary between this state and another state or country and the work cannot be done in a proper manner without extending the drainage system into the adjoining state or country, the drainage authority may join with the board or tribunal of the adjoining state or country having jurisdiction to plan and construct public drainage systems.*

The drainage authority in this state may enter into contracts or arrangements with the board or tribunal of the adjoining state or country to construct the drainage system. The proceeding and construction related to property in this state and, as applicable, the drainage authority in relation to the joint drainage work, are governed by this chapter.

Subd. 2. [PAYMENT OF COSTS.] *The adjoining county or district in another state or country must pay its proper share of the necessary costs of the construction of any drainage work including damages. If the benefits to property in the adjoining state or country are not sufficient to pay all the costs of construction of the drainage system in that state or country, including damages, the drainage authority may authorize or direct the affected counties to contribute sufficient funds to complete the construction of the drainage system in the adjoining state or country, if the construction will be of sufficient benefit to the affected property in this state to warrant the contribution.*

Sec. 7. [106A.035] [DEFECTIVE NOTICE.]

If notice is required under this chapter and proper notice has been given to some parties but the notice is defective or not given to other parties, the drainage authority has jurisdiction of all parties that received proper notice. The proceedings may be continued by order of the drainage authority for the time necessary to publish, post, or mail a new notice. The new notice needs only be given to those not properly notified by the first notice.

Sec. 8. [106A.041.] [PERSONAL SERVICE IN LIEU OF OTHER METHODS OF NOTICE.]

If notice is to be given under this chapter, personal service at least ten days before the date of hearing may be given in lieu of the manner provided. The notice must be served in the manner provided for the service of summons in a civil action in district court.

Sec. 9. [106A.045] [FAILURE OF DRAINAGE AUTHORITY TO ATTEND HEARINGS.]

If an order has been made and notice for a hearing given under this chapter, and the drainage authority does not appear at the time and place specified for any reason, the auditor shall continue the hearing to a date set by the auditor. The auditor shall notify the drainage authority of the continuance and the date of hearing. The jurisdiction is continued until the date set by the auditor.

Sec. 10. [106A.051] [DEFECTIVE PROCEEDINGS.]

(a) A party may not take advantage of an error in a drainage proceeding or an informality, error, or defect appearing in the record of the proceeding or construction, unless the party complaining is directly affected. The modification of the benefits or damages to any property, or the enjoining of collection of any assessment, does not affect any other property or the collection of any assessment on other property.

(b) If a drainage system has been established and a contract awarded in good faith, without collusion, and at a reasonable price:

(1) a defect or lack of notice in awarding, making, or executing the contract does not affect the enforcement of an assessment; and

(2) if the contract is performed in good faith in whole or in part, a defect does not invalidate the contract.

Sec. 11. [106A.055] [REIMBURSEMENT OF COST OF FORMER SURVEYS WHEN USED LATER.]

If after a proceeding has begun a survey has been made and a proceeding to establish a drainage system has been dismissed or the drainage system has not been established, and all or a part of the former survey is used by the engineer for a drainage proceeding in the same area, the amount saved in the subsequent proceedings must be paid to the proper parties according to this section. If the parties who paid the expense of the former survey make a petition, the drainage authority shall:

(1) determine the amount of benefit that was derived by the subsequent proceedings from the former survey;

(2) order the amount of the benefit to be paid to the proper parties; and

(3) charge the amount paid as a cost of the subsequent drainage proceeding.

Sec. 12. [106A.061] [RIGHT OF ENTRY.]

In proceedings under this chapter, the engineer, the engineer's assistants, the viewers, and the viewers' assistants may enter any property to make a survey, locate a drain, examine the property, or estimate the benefits and damages.

Sec. 13. [106A.065] [DRAINAGE INSPECTORS.]

In counties where constructed drainage systems have an aggregate cost of more than $50,000, the board shall appoint a compe-

tent person as county drainage inspector. The inspector may be the county highway engineer. The inspector shall examine the drainage systems designated by the board. The board shall specify the appointment period and compensation.

Sec. 14. [106A.071] [COUNTY ATTORNEY.]

The county attorney shall represent the county in all drainage proceedings and related matters without special compensation. A county attorney, the county attorney's assistant, or any attorney associated with the county attorney in business, may not otherwise appear in any drainage proceeding for any interested person.

Sec. 15. [106A.075] [OBSTRUCTION OF DRAINAGE SYSTEM.]

Subdivision 1. [NOTIFICATION TO RESPONSIBLE PARTY.] *If the board determines that a drainage system has been obstructed, including by the installation of bridges or culverts of insufficient hydraulic capacity, the board shall notify the person or public authority responsible for the obstruction as soon as possible and direct the responsible party to remove the obstruction or show the board why the obstruction should not be removed. The board must set a time and location in the notice for the responsible person to appear before the board.*

Subd. 2. [OBSTRUCTION ON PRIVATE PROPERTY.] *If the obstruction is on private property, the owner is responsible for the obstruction unless the owner proves otherwise. The owner must be notified by certified mail at least ten days before the hearing.*

Subd. 3. [OBSTRUCTION HEARING.] *The board shall hear all interested parties and if the board determines that the drainage system has been obstructed by a person or public authority, the board shall order the obstruction removed by the responsible party within a reasonable time set in the order. If the obstruction is not removed by the prescribed time, the board shall have the obstruction removed and the auditor shall make a statement of the removal cost. The statement must be filed in the county recorder's office as a lien on the property where the obstruction is located or against the responsible party. The lien must be enforced and collected as liens for drainage repairs under this chapter, except that a lien may not be filed against private property if the board determines that the owner of the property is not responsible for the obstruction. The lien may be enforced against the responsible party by civil action.*

Sec. 16. [106A.081] [CRIMES RELATED TO DRAINAGE SYSTEMS; PENALTIES.]

Subdivision 1. [UNAUTHORIZED DRAIN OUTLETTING INTO DRAINAGE SYSTEM.] *A person may not cause or construct a drain that outlets into a lawfully constructed drainage system except as provided in this chapter.*

Subd. 2. [OBSTRUCTION OR DAMAGE OF A DRAINAGE SYSTEM.] *A person may not willfully obstruct or damage a drainage system.*

Subd. 3. [ALTERING ENGINEER'S MARKING OR STAKES.] *A person may not willfully change the location or alter markings of stakes set by the engineer in a drainage system.*

Subd. 4. [PENALTY.] *Violation of this section is a misdemeanor.*

Sec. 17. [106A.085] [ENFORCEMENT.]

Subdivision 1. [WARRANTS AND ARRESTS.] *The commissioner, director of the fish and game division, game refuge patrolmen, and conservation officers may execute and serve warrants, and arrest persons detected in actual violation of sections 1 to 92 as provided in section 97.50, subdivision 1.*

Subd. 2. [PROSECUTION.] *The county attorney shall prosecute all criminal actions arising under this chapter.*

Sec. 18. [106A.091] [APPEALS.]

Subdivision 1. [GROUNDS FOR APPEAL.] *A party may appeal to the district court from a recorded order of a drainage authority made in a drainage proceeding that determines:*

(1) the amount of benefits;

(2) the amount of damages;

(3) fees or expenses allowed; or

(4) whether the environmental and land use requirements and criteria of section 3, subdivision 1, are met.

Subd. 2. [PROCEDURE FOR APPEALS RELATED TO BENEFITS AND DAMAGES.] *(a) A person who appeals the amount of benefits or damages may include benefits and damages affecting property not owned by the appellant. Notice of the appeal must be served to the auditor and to the owner or occupant of property included in the appeal or to the attorney representing the property owner in the proceedings.*

(b) The appellant must file a notice of appeal with the auditor within 30 days after the order to be appealed is filed. The

notice must state the particular benefits or damages appealed and the basis for the appeal. Within 30 days after the notice is filed, the auditor must file the original notice with the clerk of the district court.

Subd. 3. [PROCEDURE FOR APPEAL RELATED TO ALLOWANCE OF FEES OR EXPENSES.] *An appeal related to the allowance of fees or expenses may be to the district court of any county where the affected property is located. The appeal must be made within 30 days after the order allowing or disallowing the claim and is governed as applicable by the provisions of subdivision 4.*

Subd. 4. [APPEAL TRIAL.] *(a) The issues in the appeal must be tried by a jury at the next term of the district court after the appeal is filed held within the county where the drainage proceeding was pending.*

(b) If the appellant requests it, the trial must be held at the next term of the district court of the county where the affected property is located. The clerk of the district court where the appeal is first filed shall make, certify, and file with the clerk of the district court of the county where the trial is transferred, a transcript of the papers and documents on file in the clerk's office in the proceedings related to the matters of the appeal. After the final determination of the appeal, the clerk of the district court that tried the appeal shall certify and return the verdict to the district court of the county where the drainage proceedings were filed.

(c) The appeal shall take precedence over all other civil court matters. If there is more than one appeal to be tried in one county, the court may, on its own motion or the motion of an interested party, consolidate two or more appeals and try them together, but the rights of the appellants must be determined separately. If the appellant does not prevail, the cost of the trial must be paid by the appellant.

(d) The clerk of the district court where the appeal is filed shall file a certified copy of the final determination of the appeal with the auditor of the affected counties.

Subd. 5. [EFFECT OF DETERMINATION.] *For all appeals, the amount awarded by the jury as a determination of the issue appealed shall replace the amount that was appealed.*

Sec. 19. [106A.095] [APPEAL FROM ORDERS DISMISSING OR ESTABLISHING DRAINAGE SYSTEMS.]

Subdivision 1. [NOTICE OF APPEAL.] *A party may appeal an order made by the board that dismisses drainage proceedings or establishes or refuses to establish a drainage system*

to the district court of the county where the drainage proceedings are pending. The appellant must serve notice of the appeal to the auditor within 30 days after the order is filed. After notice of the appeal is served, the appeal may be brought to trial by the appellant or the drainage authority after notifying the other party at least ten days before the trial date.

Subd. 2. [TRIAL.] *The appeal must be tried by the court without a jury. The court shall examine the entire drainage proceeding and related matters and receive evidence to determine whether the findings made by the board can be sustained. At the trial the findings made by the board are prima facie evidence of the matters stated in the findings, and the board's order is prima facie reasonable. If the court finds that the order appealed is lawful and reasonable, it shall be affirmed. If the court finds that the order appealed is arbitrary, unlawful, or not supported by the evidence, it shall make an order, justified by the court record, to take the place of the appealed order, or remand the order to the board for further proceedings. After the appeal has been determined by the court, the board shall proceed in conformity with the court order.*

Subd. 3. [DETERMINATION OF BENEFITS AND DAMAGES AFTER COURT ORDER.] *If the order establishing a drainage system is appealed, the trial of appeals related to benefits or damages in the drainage proceeding must be stayed until the establishment appeal is determined. If the order establishing the drainage system is affirmed, appeals related to benefits and damages must then be tried.*

Subd. 4. [PROCEDURE IF APPEAL ORDER ESTABLISHES DRAINAGE SYSTEM.] *If an order refusing to establish a drainage system is appealed, and the court, by order, establishes the drainage system, the auditor shall give notice by publication of the filed order. The notice is sufficient if it refers to the drainage system by number or other descriptive designation, states the meaning of the order, and states the date the court order was filed. A person may appeal the establishment order to the district court as provided in this section.*

Subd. 5. [APPEAL OF APPELLATE ORDER.] *A party aggrieved by a final order or judgment rendered on appeal to the district court may appeal as in other civil cases. The appeal must be made and perfected within 30 days after the filing of the order or entry of judgment.*

Sec. 20. [106A.101] [DRAINAGE PROCEEDING AND CONSTRUCTION RECORDS.]

Subdivision 1. [DOCUMENTS ARE PUBLIC RECORDS.] *All maps, plats, charts, drawings, plans, specifications, and other documents that have been filed, received in evidence, or used in*

connection with a drainage proceeding or construction are subject to the provisions on public records in section 15.17.

Subd. 2. [RECORD REQUIREMENTS.] *All maps, plats, profiles, plans, and specifications prepared and used in relation to a proceeding must:*

(1) be uniform;

(2) have each sheet bound and marked to identify the proceeding by the drainage system number;

(3) show the name of the person preparing the sheet;

(4) show the date the sheet was prepared; and

(5) conform to rules and standards prescribed by the director of the division of waters.

Subd. 3. [INDEX OF PROCEEDINGS AND RECORDS.] *The auditor shall keep all orders, exhibits, maps, charts, profiles, plats, plans, specifications, and records of the proceedings. These records may not be removed except when the board makes a written order to remove them. The auditor shall keep an accurate index of the proceedings and related documents in a bound book.*

Subd. 4. [ENGINEER'S DOCUMENTS.] *All original plats, profiles, records, and field books made by the engineer during the proceedings or the construction of a drainage system are public records and the property of the drainage authority. These public records must be filed with the auditor under the direction of the drainage authority when construction is completed or when the engineer stops acting for the drainage system, whichever is earlier.*

Subd. 5. [FILING AND STORAGE FACILITIES.] *County boards shall provide the auditor with necessary filing and storage facilities to protect the files and records of all proceedings. The county boards may provide for the copying and filing of the documents and records of proceedings by photographic devices as provided for public records under section 15.17. In the event of loss of the originals, the photographic copies are originals after authentication by the auditor.*

Subd. 6. [RECORDS ARE PRIMA FACIE EVIDENCE.] *The record of proceedings under this chapter and of orders made by the drainage authority or the district court in the proceedings, or a certified copy of a record or order, is prima facie evidence of the facts stated in the record or order and of the regularity of all proceedings prior to the making of the order.*

PROCEDURE TO ESTABLISH DRAINAGE SYSTEMS

Sec. 21. [106A.201] [NEW DRAINAGE SYSTEMS.]

Subdivision 1. [PROCEDURE.] *To establish a new drainage system under this chapter, the petitioners and drainage authority must proceed according to this section and the provisions applicable to establishment of drainage systems.*

Subd. 2. [FILING PETITION AND BOND.] *A petition for a new drainage system and a bond must be filed with the auditor. If a drainage system is within two or more counties, the petition must be filed with the auditor of the county with the greatest area of property that the proposed drainage system passes over.*

Subd. 3. [SIGNATURES ON PETITION.] *The petition must be signed by a majority of the resident owners of the property that the proposed drainage system described in the petition passes over, or by the property owners of at least 60 percent of the area that the proposed drainage system passes over, excluding areas in and holders of easements for electric or telephone transmission and distribution lines. The petition may be signed by the commissioner of transportation or by a political subdivision, when property affected by or assessed for the proposed drainage system is in their jurisdiction. The signature of each entity counts as one signature on the petition.*

Subd. 4. [PETITION REQUIREMENTS.] *The petition must:*

(1) describe the property where the proposed drainage system passes over;

(2) describe the starting point, the general course, and the terminus of the proposed drainage system;

(3) state why the proposed drainage system is necessary;

(4) state that the proposed drainage system will benefit and be useful to the public and will promote public health; and

(5) state that the petitioners will pay all costs of the proceedings, if the proceedings are dismissed or the contract for the construction of the proposed drainage system is not awarded.

Subd. 5. [WITHDRAWAL OF A PETITIONER.] *After a petition has been filed, a petitioner may not withdraw from the petition except with the written consent of all other petitioners on the filed petition.*

Sec. 22. [106A.205] [PETITIONERS' BOND.]

One or more petitioners must file a bond with the petition for at least $10,000 that is payable to the county where the petition is filed, or for a petition for a proposed joint county drainage system that is payable to all of the counties named in the petition. The bond must have adequate surety and be approved by the auditor. The bond must be conditioned to pay the costs incurred if the proceedings are dismissed or a contract is not awarded to construct the proposed drainage system in the petition.

Sec. 23. [106A.211] [EXPENSES NOT TO EXCEED BOND.]

The costs incurred before the proposed drainage system is established may not exceed the amount of the petitioners' bond. A claim for expenses greater than the amount of the bond may not be paid unless an additional bond is filed. If the drainage authority determines that the cost of the proceeding will be greater than the petitioners' bond before the proposed drainage system is established, the drainage authority must require an additional bond to cover all costs to be filed within a prescribed time. The proceeding must be stopped until the additional bond prescribed by the drainage authority is filed. If the additional bond is not filed within the time prescribed, the proceeding may be dismissed.

Sec. 24. [106A.215] [IMPROVEMENT OF DRAINAGE SYSTEM.]

Subdivision 1. [PROCEDURE.] *The procedure in this section must be used to improve an established and constructed drainage system by tiling, enlarging, or extending.*

Subd. 2. [DEFINITION.] *In this section "improvement" means the tiling, enlarging, extending, straightening, or deepening of an established and constructed drainage system including construction of ditches to reline or replace tile and construction of tile to replace a ditch.*

Subd. 3. [LIMIT OF EXTENSION.] *An improvement may only extend a drainage system downstream to a more adequate outlet and the extension may not exceed one mile.*

Subd. 4. [PETITION.] *(a) To start an improvement proceeding, a petition must be signed by:*

(1) at least 26 percent of the resident owners of the property affected by the proposed improvement;

(2) at least 26 percent of the resident owners of property that the proposed improvement passes over;

(3) the owners of at least 26 percent of the property area affected by the proposed improvement; or

(4) the owners of at least 26 percent of the property area that the proposed improvement passes over.

(b) The petition must be filed with the auditor or, for a drainage system in more than one county, with the auditor of the county having the largest area of property the improvement is located on.

(c) The provisions of section 21, subdivision 3, regarding signatures of public officials apply to this subdivision.

(d) The petition must:

(1) designate the drainage system proposed to be improved by number or another description that identifies the drainage system;

(2) state that the drainage system has insufficient capacity or needs enlarging or extending to furnish sufficient capacity or a better outlet;

(3) describe the starting point, general course, and terminus of any extension;

(4) state that the proposed improvement will be of public utility and promote the public health; and

(5) contain an agreement by the petitioners that they will pay all costs and expenses that may be incurred if the improvement proceedings are dismissed.

Subd. 5. [SUBSEQUENT PROCEEDINGS.] *When a petition and the bond required by section 22 are filed, the auditor shall present the petition to the board at its next meeting or, for a joint county drainage system, to the joint county drainage authority within ten days after the petition is filed. The drainage authority shall appoint an engineer to examine the drainage system and make an improvement report. The improvement proceedings must proceed under this chapter as provided for the original proceedings for the establishment of a drainage system. The benefits and damages determined must be as a result of the proposed improvement. Assessments for the repair of the improvement must be based on the benefits determined for the improvement.*

Subd. 6. [PETITION FOR SEPARABLE PART OF THE DRAINAGE SYSTEM NEEDING REPAIR.] *(a) If the existing drainage system needs repair and the petition for the improvement is for a separable part only of the existing drainage*

system, the engineer may include in the detailed survey report a statement showing the proportionate estimated cost of the proposed improvement required to repair the separable part of the existing system and the estimated proportionate cost of the added work required for the improvement. The notice of hearing on the detailed survey report must be given by publication and mailing to all persons owning property affected by the existing drainage system. The hearing may be held at the same time and location as the establishment hearing for the improvement.

(b) At the hearing, if the drainage authority determines that only a separable portion of the existing drainage system will be improved and that the portion needs repair, the drainage authority shall determine and assess, by order, the proportionate cost of the improvement that would be required to repair the separable portion of the drainage system to be improved. The order must direct that:

(1) the repair portion is allocated as repairs and assessed against all property benefited by the entire drainage system, as provided by section 86; and

(2) the balance of the cost of the improvement is assessed in addition to the repair assessment against the property benefited by the improvement.

Sec. 25. [106A.221] [IMPROVEMENT OF OUTLETS.]

Subdivision 1. [CONDITIONS FOR IMPROVEMENT OF OUTLETS.] *If a public or private, proposed or existing drainage system has waters draining into an existing drainage system, watercourse, or body of water, and the construction or proposed construction of the drainage system causes an overflow of the existing drainage system, watercourse, or body of water on adjoining property, an affected county or the owners of the overflowed property may start outlet improvement proceedings under this section.*

Subd. 2. [PETITION.] *(a) A petition must be signed by the board of an affected county, by at least 26 percent of the resident owners of adjoining overflowed property, or by the owners of at least 26 percent of the area of the overflowed property. The petition must:*

(1) describe the property that has been or is likely to be overflowed;

(2) state in general terms by number or otherwise the drainage systems that have caused or are likely to cause the overflow;

(3) describe the location of the overflowed drainage system, watercourse, or body of water and the outlet;

(4) show the necessity of the improvement by enlarging the system or controlling the waters by off-take ditches, additional outlets, or otherwise;

(5) show that the outlet improvement will protect the adjoining property from overflow;

(6) state that the improvement will be of public benefit and utility and improve the public health; and

(7) state that the petitioners will pay all costs incurred if the proceedings are dismissed or a contract for the construction outlet improvement is not awarded.

(b) The petitioners, except for a petition made by the board, shall give the bond required by section 22.

Subd. 3. [FILING OF PETITION.] *The petition shall be filed with the county auditor. If the board makes the petition, it must be addressed to the drainage authority and filed with the auditor. If the improvement and the overflowed property are located in more than one county, the petition must be filed with the joint county drainage authority.*

Subd. 4. [JURISDICTION OF BOARD AND DISTRICT COURT.] *After the petition is filed, the board or joint county drainage authority where the petition is filed, has jurisdiction of the petition, the improvement, the affected property, and all proceedings for the establishment and construction of the outlet improvement and the assessment of property benefited by the outlet improvement, as provided for establishment and construction of a drainage system under this chapter.*

Subd. 5. [PRELIMINARY SURVEY REPORT REQUIREMENTS.] *In the preliminary survey report, the engineer shall show the existing or proposed drainage systems that cause the overflow, the property drained or to be drained by the drainage system, and the names of affected property owners.*

Subd. 6. [BENEFITED PROPERTY TO BE DETERMINED BY VIEWERS.] *If, after the preliminary survey report hearing, a detailed survey is ordered and viewers appointed, the viewers shall determine and report the benefits to all property from the outlet improvement including property drained or to be drained by the existing or proposed drainage system.*

Sec. 26. [106A.225] [LATERALS.]

Subdivision 1. [PETITION.] *(a) Persons that own property in the vicinity of an existing drainage system may petition for a lateral that connects their property with the drainage sys-*

tem. The petition must be signed by at least 26 percent of the resident owners of the property or by the owners of at least 26 percent of the area of the property traversed by the lateral. The petition must be filed with the auditor, or for property in more than one county, the petition must be filed with the auditor of the county with the largest property area traversed by the lateral. The petition must:

(1) describe in general terms the starting point, general course, and terminus of the proposed lateral;

(2) describe the property traversed by the lateral;

(3) state the necessity to construct the lateral;

(4) state that, if constructed, the lateral will be of public benefit and utility and promote the public health;

(5) request that the lateral be constructed and connected with the drainage system; and

(6) provide that the petitioners will pay all costs incurred if the proceedings are dismissed or if a contract for the construction of the lateral is not awarded.

(b) The petitioners shall give the bond required by section 22.

Subd. 2. [ESTABLISHMENT PROCEDURE.] *After the petition is filed, the procedure to establish and construct the lateral is the same as that provided in this chapter to establish a new drainage system.*

Subd. 3. [AUTHORITY NECESSARY FOR PROPERTY NOT ASSESSED.] *A lateral may not be constructed to drain property that is not assessed benefits for the existing public drainage system until express authority for the use of the existing system as an outlet for the lateral has been obtained under section 52.*

Sec. 27. [106A.231] [DISMISSAL OF PROCEEDINGS BY PETITIONERS.]

A proceeding under this chapter may be dismissed by a majority of the petitioners if they own at least 60 percent of the area owned by all of the petitioners as described in the petition. The proceeding may be dismissed at any time before the proposed drainage system is established after payment of the cost of the proceeding. The drainage authority shall determine the cost of the proceeding. After the proceeding is dismissed any other

action on the proposed drainage system must begin with a new petition.

Sec. 28. [106A.235] [DRAINAGE SYSTEM IN TWO OR MORE COUNTIES.]

Subdivision 1. [DESIGNATION.] *A petition for a proposed drainage system in two or more counties must be designated as a joint county drainage system with a number assigned by the auditor of the county with the largest area of property in the drainage system.*

Subd. 2. [JOINT COUNTY DRAINAGE AUTHORITY.] *The board where a petition for a proposed joint county drainage system is filed shall notify the board of each county where property is affected by the drainage system and request the boards to meet jointly and consider the petition. The boards shall select five of their members at the meeting to be the drainage authority. At least one member must be from each board. The drainage authority shall be known as the joint county drainage authority with a joint county drainage system number. A vacancy in the membership of the joint county drainage authority must be filled by joint action of the boards.*

Subd. 3. [TRANSFER OF DRAINAGE SYSTEMS TO WATERSHED DISTRICTS NOT AFFECTED.] *This section does not affect the transfer of a drainage system to the board of managers of a watershed district under section 112.65.*

Sec. 29. [106A.241] [ENGINEER.]

Subdivision 1. [APPOINTMENT.] *Within 30 days after filing the petition and bond, the drainage authority shall, by order, appoint an engineer to make a preliminary survey within a prescribed time. The engineer is the engineer for the drainage system throughout the proceeding and construction unless otherwise ordered. Each appointed engineer must file an oath and bond. The engineer may be removed by the drainage authority at any time. If the engineer position is vacant, the drainage authority shall appoint another engineer as soon as possible.*

Subd. 2. [OATH; BOND.] *An appointed engineer must subscribe to an oath to faithfully perform the assigned duties in the best manner possible and file a bond with the auditor. Within ten days after being appointed, the drainage authority shall set an amount of at least $5,000 for the bond. The bond must have adequate surety and be payable to the county where the petition is filed, or for a proposed joint county drainage system to all counties in the petition. The bond must be conditioned to pay any person or the drainage authority for damages and injuries resulting from negligence of the engineer while the engineer is*

acting in the proceedings or construction, and provide that the engineer will diligently and honestly perform the engineer's duties. The bond is subject to approval by the auditor. The aggregate liability of the surety for all damages may not exceed the amount of the bond.

Subd. 3. [ASSISTANTS; COMPENSATION.] *The engineer may appoint assistant engineers and hire help necessary to complete the engineer's duties. The engineer is responsible for the assistant engineers and may remove them. The compensation of the engineer, assistant engineers, and other employees is provided by section 76.*

Subd. 4. [ENGINEER'S REPORTS.] *The engineer shall make an expense report every two weeks after the beginning of the engineer's work until the construction contract is awarded. The report must show costs incurred by the engineer and expenses incurred under the engineer's direction relating to the proceeding, and include the names of the engineer, engineer assistants, and employees and the time each was employed, and every item of expense incurred by the engineer. The engineer must file this report with the auditor as soon as possible and may not incur expenses for the proceeding greater than the petitioners' bond.*

Subd. 5. [CONSULTING ENGINEER.] *After the engineer is appointed and before construction of the drainage system is finished, the drainage authority may employ an engineer as a consulting engineer for the proceeding and construction. A consulting engineer shall advise the engineer and drainage authority on engineering matters and problems that may arise related to the proceeding and construction of the drainage system. The drainage authority shall determine the compensation for the consulting engineer.*

Sec. 30. [106A.245] [PRELIMINARY SURVEY AND PRELIMINARY SURVEY REPORT.]

Subdivision 1. [SURVEY.] *The engineer shall proceed promptly to:*

(1) examine the petition and order;

(2) make a preliminary survey of the area likely to be affected by the proposed drainage system to enable the engineer to determine whether the proposed drainage system is necessary and feasible with reference to the environmental and land use criteria in section 3, subdivision 1;

(3) examine and gather information related to determining whether the proposed drainage system substantially affects areas that are public waters; and

(4) if the proposed drainage system requires construction of an open channel, examine the nature and capacity of the outlet and any necessary extension.

Subd. 2. [LIMITATION OF SURVEY.] *The engineer shall restrict the preliminary survey to the drainage area described in the petition, except that to secure an outlet the engineer may run levels necessary to determine the distance for the proper fall. The preliminary survey must consider the impact of the proposed drainage system on the environmental and land use criteria in section 3, subdivision 1. The drainage authority may have other areas surveyed after:*

(1) giving notice by mail of a hearing to survey additional areas, to be held at least ten days after the notice is mailed, to the petitioners and persons liable on the petitioners' bond;

(2) holding the hearing;

(3) obtaining consent of the persons liable on the petitioners' bond; and

(4) ordering the additional area surveyed by the engineer.

Subd. 3. [ADOPTION OF FEDERAL PROJECT.] *The engineer may approve and include as a part of the report, a project of the United States relating to drainage or flood control that is within the proposed drainage system area, and may accept data, plats, plans, or information relating to the project furnished by United States engineers. The engineer does not need to make the preliminary survey if the material furnished by the United States is sufficient for the engineer to make the preliminary survey report.*

Subd. 4. [PRELIMINARY SURVEY REPORT.] *The engineer shall report the proposed drainage system plan or recommend a different practical plan. The report must give sufficient information, in detail, to inform the drainage authority on issues related to feasibility, and show changes necessary to make the proposed plan practicable and feasible including extensions, laterals, and other work. If the engineer finds the proposed drainage system in the petition is feasible and complies with the environmental and land use criteria in section 3, subdivision 1, the engineer shall include in the preliminary survey report a preliminary plan of the proposed system showing the proposed ditches, tile, laterals, and other improvements, the outlet of the system, the watershed of the drainage system, and the property likely to be affected and its known owners. The plan must show:*

(1) the elevation of the outlet and the controlling elevations of the property likely to be affected referenced to standard sea level datum, if practical;

(2) the probable size and character of the ditches and laterals necessary to make the plan practicable and feasible;

(3) the character of the outlet and whether it is sufficient;

(4) the probable cost of the drains and improvements shown on the plan;

(5) all other information and data necessary to disclose the practicability, necessity, and feasibility of the proposed drainage system;

(6) consideration of the project under the environmental and land use criteria in section 3, subdivision 1, of the proposed drainage system; and

(7) other information as ordered by the drainage authority.

Sec. 31. [106A.251] [FILING PRELIMINARY SURVEY REPORT.]

The engineer shall file the completed preliminary survey report in duplicate with the auditor. The auditor shall send one copy of the report to the director. If the proposed drainage system involves a joint county drainage system, a copy of the report must be filed with the auditor of each affected county.

Sec. 32. [106A.255] [COMMISSIONER'S PRELIMINARY ADVISORY REPORT.]

The commissioner shall make a preliminary advisory report to the drainage authority with an opinion about the adequacy of the preliminary survey report. The commissioner shall state any additional investigation and evaluation that should be done under the public waters determination in section 105.37, and the environmental and land use criteria in section 3, subdivision 1, and cite specific portions of the preliminary survey report that are inadequate. The commissioner shall file an initial preliminary advisory report with the auditor before the date of the preliminary hearing. The commissioner may request additional time for review and evaluation of the preliminary survey report if additional time is necessary for proper evaluation. A request for additional time for filing the commissioner's preliminary advisory report may not be made more than five days after the date of the notice by the auditor that a date is to be set for the preliminary hearing. An extension of time may not exceed two weeks after the date of the request.

Sec. 33. [106A.261] [PRELIMINARY HEARING.]

Subdivision 1. [NOTICE.] *When the preliminary survey report is filed, the auditor shall promptly notify the drainage authority. The drainage authority in consultation with the auditor shall set a time, by order, not more than 30 days after the date of the order, for a hearing on the preliminary survey report. At least ten days before the hearing, the drainage authority after consulting with the auditor shall give notice by mail of the time and location of the hearing to the petitioners, owners of property, and political subdivisions likely to be affected by the proposed drainage system in the preliminary survey report.*

Subd. 2. [HEARING.] *The engineer shall attend the preliminary hearing and provide necessary information. The petitioners and all other interested parties may appear and be heard. The commissioner's advisory report on the preliminary plan must be publicly read and included in the record of proceedings.*

Subd. 3. [SUFFICIENCY OF PETITION.] *(a) The drainage authority shall first examine the petition and determine if it meets the legal requirements.*

(b) If the petition is not signed by the requisite number of owners of property described in the petition, the hearing shall be adjourned and the petition referred back to the petitioners. The petitioners, by unanimous action, may amend the petition. They may obtain signatures of additional property owners as added petitioners.

(c) If the petition does not meet legal requirements other than the requisite number of property owners in paragraph (b), the proceedings must be dismissed and the hearing adjourned.

Subd. 4. [DISMISSAL.] *(a) The drainage authority shall dismiss the proceedings if it determines that:*

(1) the proposed drainage system is not feasible;

(2) the adverse environmental impact is greater than the public benefit and utility after considering the environmental and land use criteria in section 3, subdivision 1, and the engineer has not reported a plan to make the proposed drainage system feasible and acceptable;

(3) the proposed drainage system is not of public benefit or utility; or

(4) the outlet is not adequate.

(b) If the proceedings are dismissed, any other action on the proposed drainage system must begin with a new petition.

Subd. 5. [FINDINGS AND ORDER.] *(a) The drainage authority shall state, by order, its findings and any changes that must be made in the proposed drainage system from those outlined in the petition, including changes necessary to minimize or mitigate adverse impact on the environment, if it determines that:*

(1) the proposed drainage system outlined in the petition, or modified and recommended by the engineer, is feasible;

(2) there is necessity for the proposed drainage system;

(3) the proposed drainage system will be of public benefit and promote the public health, after considering the environmental and land use criteria in section 3, subdivision 1; and

(4) the outlet is adequate.

(b) Changes may be stated by describing them in general terms or filing a map that outlines the changes in the proposed drainage system with the order. The order and accompanying documents must be filed with the auditor.

Subd. 6. [OUTLET IS EXISTING DRAINAGE SYSTEM.] *If the outlet is an existing drainage system, the drainage authority may determine that the outlet is adequate and obtain permission to use the existing drainage system as an outlet. The drainage authority shall assign a number to the proposed drainage system and proceed under section 52 to act in behalf of the proposed drainage system.*

Subd. 7. [EFFECT OF FINDINGS.] *(a) For all further proceedings, the order modifies the petition and the order must be considered with the petition.*

(b) The findings and order of the drainage authority at the preliminary hearing are conclusive only for the signatures and legal requirements of the petition, the nature and extent of the proposed plan, and the need for a detailed survey, and only for the persons or parties shown by the preliminary survey report as likely to be affected by the proposed drainage system. All questions related to the practicability and necessity of the proposed drainage system are subject to additional investigation and consideration at the final hearing.

Sec. 34. [106A.265] [ORDER FOR DETAILED SURVEY AND DETAILED SURVEY REPORT.]

Subdivision 1. [ORDER.] *When the preliminary hearing order is filed with the auditor, the drainage authority shall order the engineer to make a detailed survey with plans and specifica-*

tions for the proposed drainage system and submit a detailed survey report to the drainage authority as soon as possible.

Subd. 2. [WAIVER.] *The drainage authority may waive the order for and the detailed survey if it determines that adequate data, plans, and specifications have been furnished by a United States engineer.*

Sec. 35. [106A.271] [DETAILED SURVEY.]

Subdivision 1. [SURVEY AND EXAMINATION.] *When an order for a detailed survey is filed, the engineer shall proceed to survey the lines of the proposed drainage system in the preliminary hearing order, and survey and examine affected property.*

Subd. 2. [SURVEY REQUIREMENTS.] *All drainage lines must be surveyed in 100 foot stations and elevations must be based on standard sea level datum, if practical. Bench marks must be established on permanent objects along the drainage line, not more than one mile apart. Field notes made by the engineer must be entered in bound field books and preserved by the engineer until they are filed with the auditor.*

Sec. 36. [106A.275] [ENGINEER'S VARIANCE FROM DRAINAGE AUTHORITY ORDER.]

(a) In planning a proposed drainage system, the engineer may vary from the starting point and the line and plan described by the preliminary hearing order if necessary to drain the property likely to be assessed in the proposed drainage system.

(b) The engineer may:

(1) survey and recommend the location of additional necessary ditches;

(2) where better results will be accomplished and more desirable outlets secured, provide for the extension of the outlet; and

(3) provide for different parts of the drainage to flow in different directions with more than one outlet.

(c) The open ditches do not have to connect if they drain the area to be affected in the petition. The variance must be reported with similar information in the detailed survey report.

Sec. 37. [106A.281] [SOIL SURVEY.]

The engineer shall make a soil survey if: (1) the drainage authority orders a soil survey; (2) the commissioner requests a

soil survey; or (3) the engineer determines a soil survey is necessary. The soil survey must show the nature and character of the soil in the proposed drainage area and include the engineer's findings from the soil survey. The report on the soil survey must be included in the detailed survey report or reported and filed separately before the final hearing.

Sec. 38. [106A.285] [DETAILED SURVEY REPORT.]

Subdivision 1. [REPORT AND INFORMATION REQUIRED.] *The engineer shall prepare a detailed survey report that includes the data and information in this section.*

Subd. 2. [MAP.] *A complete map of the proposed drainage system must be drawn to scale, showing:*

(1) the terminus and course of each drain and whether it is ditch or tile, and the location of other proposed drainage works;

(2) the location and situation of the outlet;

(3) the watershed of the proposed drainage system and the sub-watershed of main branches, if any, with the location of existing highway bridges and culverts;

(4) all property affected, with the names of the known owners;

(5) public roads and railways affected;

(6) the outline of any lake basin, wetland, or public water body affected; and

(7) other physical characteristics of the watershed necessary to understand the proposed drainage system.

Subd. 3. [PROFILE OF DRAINAGE LINES.] *A profile of all proposed drainage lines must be presented showing, graphically, the elevation of the ground and gradient at each 100 foot station, and the station number at each section line and at each property line. The profile must show information necessary to understand it, including, in the case of an open ditch, the bottom width and side slope and, in the case of a tiled ditch, the size of tile.*

Subd. 4. [BRIDGE AND CULVERT PLANS.] *Plans for private bridges and culverts to be constructed by and as a part of the proposed drainage system and plans for other works to be constructed for the proposed drainage system must be presented. A list must be made that shows the required minimum hydraulic capacity of bridges and culverts at railways and highways that*

cross ditches, and at other prospective ditch crossings where bridges and culverts are not specified to be constructed as part of the proposed drainage system. Plans and estimates of the cost of highway bridges and culverts must be prepared for the viewers to determine benefits and damages.

Subd. 5. [TABULAR STATEMENT OF EXCAVATION, CONSTRUCTION, AND COST.] *A tabular statement must be prepared showing:*

(1) the number of cubic yards of excavation, linear feet of tile, and average depth on each tile line;

(2) the bridges, culverts, and works to be constructed under the plans for the system; and

(3) the estimated unit cost of each item, a summary of the total cost, and an estimate of the total cost of completing the proposed drainage system that includes supervision and other costs.

Subd. 6. [RIGHT-OF-WAY ACREAGE.] *The acreage must be shown that will be taken for ditch right-of-way on each government lot, 40 acre tract, or fraction of a lot or tract under separate ownership.*

Subd. 7. [DRAIN TILE SPECIFICATIONS.] *Specifications for drain tile must be given that comply with the requirements of the American Society for Testing Materials standard specifications for drain tile, except where the engineer requires tile of a special, higher quality for certain tile depths or soil conditions.*

Subd. 8. [SOIL SURVEY REPORT.] *If required under section 37, the report on the soil survey must be included in the detailed survey report or reported and filed separately before the final hearing.*

Subd. 9. [RECOMMENDATION FOR DIVISION OF WORK.] *If construction of the proposed drainage system would be more economical, the engineer may recommend: (1) that the work be divided into sections and contracted separately; (2) that the ditch and tile work or tile and labor on the system be contracted separately, or (3) the time and manner for the work to be completed.*

Subd. 10. [OTHER INFORMATION ON PRACTICABILITY AND NECESSITY OF DRAINAGE SYSTEM.] *Other data and information to inform the drainage authority of the practicability and necessity of the proposed drainage system must be made available including a comprehensive examination and*

the recommendation by the engineer regarding the environmental and land use criteria in section 3, subdivision 1.

Subd. 11. [OUTLET IN ANOTHER STATE.] *If an outlet is only practical in an adjoining state, the engineer shall describe the right-of-way needed and the cost of obtaining the right-of-way and constructing the outlet.*

Subd. 12. [COMPLETION.] *The engineer shall prepare the detailed survey and complete the detailed survey report, in duplicate, as specified in this section.*

Sec. 39. [106A.291] [FILING DETAILED SURVEY REPORT.]

The engineer must file the detailed survey report with the auditor where the proceedings are pending and the auditor must deliver a copy of the detailed survey report to the commissioner. The engineer must also file copies of the detailed survey report with the auditors of any affected counties.

Sec. 40. [106A.295] [REVISION OF ENGINEER'S DETAILED SURVEY REPORT AFTER ACCEPTANCE.]

After the final acceptance of the proposed drainage system, the engineer shall revise the plan, profiles, and designs of structures to show the project as actually constructed on the original tracings. The engineer shall file the revised detailed survey report with the auditor. The auditor shall forward the original or a copy to the director as a permanent record.

Sec. 41. [106A.301] [COMMISSIONER'S FINAL ADVISORY REPORT.]

(a) The commissioner shall examine the detailed survey report and within 30 days of receipt make a final advisory report to the drainage authority. The final advisory report must state whether the commissioner:

(1) finds the detailed survey report is incomplete and not in accordance with the provisions of this chapter, specifying the incomplete or nonconforming provisions;

(2) approves the detailed survey report as an acceptable plan to drain the property affected;

(3) does not approve the plan and recommendations for changes;

(4) finds the proposed drainage system is not of public benefit or utility under the environmental and land use criteria

in section 8, subdivision 1, specifying the facts and evidence supporting the findings; or

(5) finds a soil survey is needed, and, if it is, makes a request to the engineer to make a soil survey.

(b) The commissioner shall direct the final advisory report to the drainage authority and file it with the auditor.

Sec. 42. [106A.305] [VIEWERS' APPOINTMENT AND QUALIFICATION.]

Subdivision 1. [APPOINTMENT.] *When the order for a detailed survey is made, the drainage authority shall, by order, appoint viewers consisting of three disinterested resident property owners of the counties affected by the proposed drainage system.*

Subd. 2. [AUDITOR'S ORDER FOR FIRST MEETING.] *Within five days after the detailed survey report is filed, the auditor shall, by order, designate the time and location for the first meeting of the viewers, and issue a copy to the viewers of the auditor's order and a certified copy of the order appointing the viewers.*

Subd. 3. [FIRST MEETING.] *At the first meeting and before beginning their duties, the viewers shall subscribe to an oath to faithfully perform their duties. If an appointed viewer does not qualify for any reason, the auditor shall designate another qualified person to take the disqualified viewer's place.*

Sec. 43. [106A.311] [VIEWERS' DUTIES.]

The viewers, with or without the engineer, shall determine the benefits and damages to all property affected by the proposed drainage system and make a viewers' report.

Sec. 44. [106A.315] [ASSESSMENT OF DRAINAGE BENEFITS AND DAMAGES.]

Subdivision 1. [STATE LAND.] *Property owned by the state must have benefits and damages reported in the same manner as taxable lands subject to the provisions relating to conservation areas in section 3, subdivision 2.*

Subd. 2. [GOVERNMENT PROPERTY.] *The viewers shall report the benefits and damages to the state, counties, and municipalities from the proposed drainage system.*

Subd. 3. [PUBLIC ROADS.] *If a public road or street is benefited or damaged, the state, county, or political subdivision*

that is the governmental unit with the legal duty of maintaining the road or street, must be assessed benefits or damages to the road or street, except that benefits and damages for bridges and culverts must be assessed to the governmental unit that has the legal duty to construct and maintain the bridge or culvert under section 60.

Subd. 4. [RAILWAY AND OTHER UTILITIES.] *The viewers shall report the benefits and damages to railways and other utilities, including benefits and damages to property used for railway or other utility purposes.*

Subd. 5. [EXTENT OF BENEFITS.] *The viewers shall determine the amount of benefits to all property benefited, whether the property is benefited immediately by the construction of the proposed drainage system or the proposed drainage system can become an outlet for drainage, makes an outlet more accessible, or otherwise directly benefits the property.*

Subd. 6. [BENEFITS FOR PROPOSED DRAINAGE SYSTEM AS OUTLET.] *(a) If the proposed drainage system furnishes an outlet to an existing drainage system and benefits the property drained by the existing system, the viewers shall equitably determine and assess:*

(1) the benefits of the proposed drainage system to each tract or lot drained by the existing drainage system;

(2) a single amount as an outlet benefit to the existing drainage system; or

(3) benefits on a watershed acre basis.

(b) Assessments that conform with the provisions in this subdivision are valid. If a single sum is assessed as an outlet benefit, the lien for the assessment must be prorated on all property benefited by the existing drainage system in proportion to the benefits determined in the existing drainage system proceeding.

Sec. 45. [106A.321] [VIEWERS' REPORT.]

Subdivision 1. [REQUIREMENTS.] *The viewers' report must show, in tabular form, for each lot, 40 acre tract, and fraction of a lot or tract under separate ownership that is benefited or damaged:*

(1) a description of the lot or tract, under separate ownership, that is benefited or damaged;

(2) the names of the owners as they appear on the current tax records of the county;

(3) the number of acres in each tract or lot;

(4) the number and value of acres added to a tract or lot by the proposed drainage of meandered lakes;

(5) the damage, if any, to riparian rights; and

(6) the amount that each tract or lot will be benefited or damaged.

Subd. 2. [DISAGREEMENT OF VIEWERS.] *If the viewers are unable to agree, each viewer shall separately state findings on the disagreed issue. A majority of the viewers may perform the required duties under this chapter.*

Subd. 3. [FILING.] *When the viewers complete their duties, they shall file the viewers' report with the auditor of each affected county. A detailed statement must be filed with the viewers' report showing the actual time the viewers were engaged and the costs incurred. The viewers shall perform their duties and complete the viewers' report as soon as possible after their first meeting.*

Sec. 46. [106A.325] [FINAL HEARING.]

Subdivision 1. [TIME.] *Promptly after the filing of the viewers' report and the commissioner's final advisory report, the drainage authority after consulting with the auditor shall set a time and location for the final hearing on the petition, the detailed survey report, and the viewers' report. The hearing must be set 25 to 50 days after the date of the final hearing notice.*

Subd. 2. [NOTICE.] *(a) The final hearing notice must state:*

(1) that the petition is pending;

(2) that the detailed survey report is filed;

(3) that the viewers' report is filed;

(4) the time and place set for the final hearing;

(5) a brief description of the proposed drainage system, giving in general terms the starting point, terminus, and general course of the main ditch and branches;

(6) a description of property benefited and damaged, and the names of the owners of the property; and

(7) the municipal and other corporations affected by the proposed drainage system as shown by the detailed survey report and viewers' report.

(b) Names may be listed in a narrative form and property affected may be separately listed in narrative form by governmental sections or otherwise.

(c) For a joint county proceeding, separate notice may be prepared for each county affected, showing the portion of the proposed drainage system and the names and descriptions of affected property in the county.

Subd. 3. [METHOD OF NOTICE.] *The auditor shall notify the drainage authority, auditors of affected counties, and all interested persons of the time and location of the final hearing by publication, posting, and mail. A printed copy of the final hearing notice for each affected county must be posted at least three weeks before the date of the final hearing at the front door of the courthouse in each county. Within one week after the first publication of the notice, the auditor shall give notice by mail of the time and location of the final hearing to the commissioner, all property owners, and others affected by the proposed drainage system and listed in the detailed survey report and the viewers' report.*

Subd. 4. [DEFECTIVE NOTICE.] *If the final hearing notice is not given or is not legally given, the auditor shall properly publish, post, and mail the notice or provide the notice under the provisions to cure defective notice in section 7.*

Sec. 47. [106A.331] [JURISDICTION OF PROPERTY BY DRAINAGE AUTHORITY.]

After the final hearing notice is given, the drainage authority has jurisdiction of all property described in the detailed survey report and viewers' report, of the persons and municipalities named in the reports, and of persons having an interest in a mortgage, lien, or encumbrance against property described in the reports.

Sec. 48. [106A.335] [PROCEEDINGS AT THE FINAL HEARING.]

Subdivision 1. [CONSIDERATION OF PETITION AND REPORTS.] *At the time and location for the final hearing specified in the notice, or after the hearing adjourns, the drainage authority shall consider the petition for the drainage system, with all matters pertaining to the detailed survey report, the viewers' report, and the commissioner's final advisory report. The drainage authority shall hear and consider the testimony presented by all interested parties. The engineer or the engineer's*

assistant and at least one viewer shall be present. The director may appear and be heard. If the director does not appear personally, the final advisory report shall be read during the hearing. The final hearing may be adjourned and reconvened as is necessary.

Subd. 2. [CHANGES IN DRAINAGE PLAN.] *If the drainage authority determines that the general plan reported by the engineer may be improved by changes, or that the viewers have made an inequitable assessment of benefits or damages to any property, the drainage authority may amend the detailed survey report or the viewers' report, and make necessary and proper findings in relation to the reports. The drainage authority may resubmit matters to the engineer or to the viewers for immediate consideration. The engineer or viewers shall proceed promptly to reconsider the resubmitted matters and shall make and file the amended findings and reports. The amended reports are a part of the original reports.*

Subd. 3. [REEXAMINATION.] *If the drainage authority determines that property not included in the notice should be included and assessed or that the engineer or viewers, or both, should reexamine the proposed drainage system or the property benefited or damaged by the system, the drainage authority may resubmit the reports to the engineer and viewers. If a report is resubmitted the final hearing may be continued as is necessary to make the reexamination and reexamination report. If the reexamination report includes property not included in the original report, the drainage authority may, by order, adjourn the hearing and direct the auditor to serve or publish, post, and mail a final hearing notice with reference to all property not included in the previous notice. The jurisdiction of the drainage authority continues in the property given proper notice, and new or additional notice is not required for that property.*

Sec. 49. [106A.341] [DRAINAGE AUTHORITY FINAL ORDER.]

Subdivision 1. [DISMISSAL OF PROCEEDINGS.] *The drainage authority must dismiss the proceedings and petition, by order, if it determines that:*

(1) the benefits of the proposed drainage system are less than the total cost, including damages awarded;

(2) the proposed drainage system will not be of public benefit and utility; or

(3) the proposed drainage system is not practicable after considering the environmental and land use criteria in section 3, subdivision 1.

Subd. 2. [ESTABLISHMENT OF PROPOSED DRAINAGE SYSTEM.] *(a) The drainage authority shall establish, by order, a proposed drainage system if it determines that:*

(1) the detailed survey report and viewers' report have been made and other proceedings have been completed under this chapter;

(2) the reports made or amended are complete and correct;

(3) the damages and benefits have been properly determined;

(4) the estimated benefits are greater than the total estimated cost, including damages;

(5) the proposed drainage system will be of public utility and benefit, and will promote the public health; and

(6) the proposed drainage system is practicable.

(b) The order must contain the drainage authority's findings, adopt and confirm the viewers' report as made or amended, and establish the proposed drainage system as reported and amended.

Sec. 50. [106A.345] [APPORTIONMENT OF COST FOR JOINT COUNTY DRAINAGE SYSTEMS.]

For joint county proceedings, the auditor where the petition is filed shall file a certified copy of the viewers' report with the auditor of each affected county within 20 days after the date of the final order establishing the system. When the final order to establish the drainage system is made, the drainage authority shall determine and order the percentage of the cost of the drainage system to be paid by each affected county. The cost shall be in proportion to the benefits received, unless there is a contrary reason. An auditor of an affected county may petition the drainage authority after the final order is made to determine and order the percentage of costs to be paid by the affected counties. The drainage authority shall hold a hearing five days after giving written notice to the auditor of each affected county. After giving the notice to the auditors of the affected counties, the drainage authority may, at any time that it is necessary, modify an order or make an additional order to allocate the cost among the affected counties.

Sec. 51. [106A.351] [REDETERMINATION OF BENEFITS.]

Subdivision 1. [CONDITIONS TO REDETERMINE BENEFITS; APPOINTMENT OF VIEWERS.] *If the drainage au-*

thority determines that the original benefits determined in a drainage proceeding do not reflect reasonable present day land values or that the benefited areas have changed, or if more than 50 percent of the property owners benefited by a drainage system petition for correction of an error that was made at the time of the proceedings that established the drainage system, the drainage authority may appoint three viewers to redetermine and report the benefits and the benefited areas.

Subd. 2. [HEARING AND PROCEDURE.] *The drainage authority shall hold a hearing on the report and confirm the benefits and benefited areas. The redetermination of benefits shall proceed as provided for viewers and the viewers' report in sections 43 to 45, and for the final hearing under sections 46, 48, and 49.*

Subd. 3. [REDETERMINED BENEFITS REPLACE ORIGINAL BENEFITS.] *The redetermined benefits and benefited areas must be used in place of the original benefits and benefited areas in all subsequent proceedings relating to the drainage system.*

Subd. 4. [APPEAL.] *A person aggrieved by the redetermination of benefits and benefited areas may appeal from the order confirming the benefits and benefited areas under section 18.*

OUTLETS FOR DRAINAGE SYSTEMS

Sec. 52. [106A.401] [USE OF DRAINAGE SYSTEM AS AN OUTLET.]

Subdivision 1. [COMMISSIONER MUST RECOGNIZE DRAINAGE OUTLET PROCEEDINGS WHEN PURCHASING WETLANDS.] *If the commissioner purchases wetlands under section 97.481, the commissioner must recognize that when a majority of landowners or owners of a majority of the land in the watershed, petition for a drainage outlet, the state should not interfere with or unnecessarily delay the drainage proceedings if the proceedings are conducted according to this chapter.*

Subd. 2. [EXPRESS AUTHORITY NECESSARY.] *After the construction of a drainage system, a public or private drainage system that drains property not assessed for benefits for the established drainage system may not be constructed to use the established drainage system as an outlet without: (1) obtaining express authority from the drainage authority, or (2) for a drainage system that is located entirely within one county and the property for the outlet is located in another county, express authority must be obtained from the district court where the drainage system is located. This section is applicable to the con-*

struction of a public or private drainage system that outlets water into an established drainage system regardless of actual physical connection.

Subd. 3. [PETITION.] *A person who needs authority to use an established drainage system as an outlet must petition the drainage authority. When the petition is filed, the drainage authority in consultation with the auditor shall set a time and location for a hearing on the petition and shall give notice by mail and notice by publication of the hearing. The auditor must be paid a fee of $5 plus 30 cents for each notice mailed in excess of ten.*

Subd. 4. [HEARING.] *At the hearing the drainage authority shall consider the capacity of the outlet drainage system. If express authority is given to use the drainage system as an outlet, the drainage authority shall state, by order, the terms and conditions for use of the established drainage system as an outlet and shall set the amount to be paid as an outlet fee. The order must describe the property to be benefited by the drainage system and must state the amount of benefits to the property for the outlet. The property benefited is liable for assessments levied after that time in the drainage system, on the basis of the benefits as if the benefits had been determined in the order establishing the drainage system.*

Subd. 5. [PRIVATE DRAINAGE SYSTEM MAY NOT BE CONSTRUCTED WITHOUT PAYMENT OF OUTLET FEE.] *A private drainage system may not be constructed to use the established drainage system as an outlet until the outlet fee, set by order, is paid by the petitioner to the county treasurer where petitioner's property is located.*

Subd. 6. [PAYMENT OF OUTLET FEE.] *The outlet fee for a proposed drainage system is a part of the cost of the proposed drainage system and is to be paid by assessment against the property benefited by the proposed drainage system, under section 67, and credited to the established drainage system account.*

Sec. 53. [106A.405] [OUTLETS IN ADJOINING STATES.]

In any drainage proceeding, at the hearing on the detailed survey report and viewers' report, if the drainage authority determines that a proper outlet for the drainage system does not exist, except through property in an adjoining state, the drainage authority may adjourn the hearing. If the hearing is adjourned the drainage authority shall require the auditor or, for a joint county drainage system, the auditors of affected counties to procure an option to acquire the needed right-of-way at an expense not exceeding the estimated cost specified in the detailed survey report.

The order establishing the drainage system may not be made until the option is procured. If the option is procured and the drainage system established, the option shall be exercised and the cost of the right-of-way shall be paid as a part of the cost of the drainage system.

Sec. 54. [106A.411] [DRAINAGE SYSTEM AS OUTLET FOR MUNICIPALITY.]

Subdivision 1. [PETITION.] *A municipality may use a drainage system as an outlet for its municipal drainage system or the overflow from the system under the provisions of this section. The municipality must petition to the drainage authority to use the drainage system. The petition must:*

(1) show the necessity for the use of the drainage system as an outlet;

(2) show that the use of the drainage will be of public benefit and utility and promote the public health;

(3) be accompanied by a plat showing the location of the drainage system and the location of the municipal drainage system; and

(4) be accompanied by specifications showing the plan of connection from the municipal drainage system to the drainage system.

Subd. 2. [APPROVAL BY POLLUTION CONTROL AGENCY.] *The plan for connecting the municipal drainage system to the drainage system must be approved by the pollution control agency.*

Subd. 3. [FILING; NOTICE.] *(a) If proceedings to establish the drainage system to be used as an outlet are pending, the petition must be filed with the auditor. The municipal drainage system petition must be presented to the drainage authority at the final hearing to consider the detailed survey report and viewers' report. Notice of the municipal drainage system petition must be included in the final hearing notice.*

(b) If the drainage system to be used as an outlet is established, the municipal drainage system petition must be filed with the auditor. When the petition is filed, the drainage authority in consultation with the auditor shall, by order, set a time and place for hearing on the petition. Notice of the hearing must be given by publication and by mailed notice to the auditor of each affected county.

Subd. 4. [HEARING AND ORDER.] *(a) At the hearing the drainage authority may receive all evidence of interested*

parties for or against the granting of the petition. The drainage authority, by order, may authorize the municipality to use the drainage system as an outlet, subject to the conditions that are necessary and proper to protect the rights of the parties and safeguard the interests of the general public, if the drainage authority determines:

(1) that a necessity exists for the use of the drainage system as an outlet for the municipal drainage system or the overflow from the system;

(2) that use of the drainage system will be of public utility and promote the public health; and

(3) that the proposed connection conforms to the requirements of the pollution control agency and provides for the construction and use of proper disposal works.

(b) The drainage authority must, by order, make the municipality a party to the drainage proceedings and determine the benefits from using the drainage system as an outlet.

Subd. 5. [BENEFITS AND ASSESSMENTS IF DRAINAGE SYSTEM IS ESTABLISHED.] *If the drainage system is established, the drainage authority must determine the amount the municipality must pay for the privilege of using the drainage system as an outlet. The amount must be paid to the affected counties and credited to the account of the drainage system used as an outlet. The municipality is liable for all subsequent liens and assessments for the repair and maintenance of the drainage system in proportion to the benefits, as though the benefits were determined in the order establishing the drainage system.*

CONSTRUCTION OF DRAINAGE SYSTEM

Sec. 55. [106A.501] [CONTRACT AND BOND.]

Subdivision 1. [PREPARATION.] *The county attorney, the engineer, and the attorney for the petitioners shall prepare the contract and bond. The contract and bond must include the provisions required by this chapter and section 574.26 for bonds given by contractors for public works and must be conditioned as provided by section 574.26 for the better security of the contracting counties and parties performing labor and furnishing material in performance of the contract. The prepared contract and bond must be attached and provided to the contractor for execution.*

Subd. 2. [CONTRACTOR'S BOND.] *The contractor shall file a bond with the auditor for an amount not less than 75 percent of the contract price of the work. The bond must have adequate surety and be approved by the auditor. The bond must pro-*

vide that the surety for the bond is liable for all damages resulting from a failure to perform work under the contract, whether the work is resold or not, and that any person or political subdivision showing damages from the failure to perform work under the contract may maintain an action against the bond in their own names. Actions may be successive in favor of all persons injured, but the aggregate liability of the surety for all the damages may not exceed the amount of the bond. The surety is liable for the tile work guaranteed by the contractor. The contractor is considered a public officer and the bond an official bond within the meaning of section 574.24 construing the official bonds of public officers as security to all persons and providing for actions on the bonds by a party that is damaged.

Subd. 3. [CONTRACT.] *The contract must contain a specific description of the work to be done, either expressly or by reference to the plans and specifications, and must provide that the work must be done and completed as provided in the plans and specifications and subject to the inspection and approval of the engineer. The contract must provide that time is of the essence of the contract, and that if there is a failure to perform the work according to the terms of the contract within the time given in the original contract or as extended, the contractors shall forfeit and pay counties an amount stated in the contract as liquidated damages. The amount must be fixed by the auditor for each day that the failure of performance continues.*

Subd. 4. [CONTRACT PROVISIONS FOR CHANGES DURING CONSTRUCTION.] *The contract must give the engineer the right, with the consent of the drainage authority, to modify the detailed survey report, plans, and specifications as the work proceeds and as circumstances require. The contract must provide that the increased cost resulting from the changes will be paid by the drainage authority to the contractor at a rate not greater than the amount for similar work in the contract. A change may not be made that will substantially impair the usefulness of any part of the drainage system, substantially alter its original character, or increase its total cost by more than ten percent of the total original contract price. A change may not be made that will cause the cost to exceed the total estimated benefits found by the drainage authority, or that will cause any detrimental effects to the public interest under section 3, subdivision 1.*

Subd. 5. [CONTRACT WITH FEDERAL UNIT.] *If any portion of the work is to be done by the United States or an agency of the United States, a bond or contract is not necessary for that portion of the work, except that a contract must be made if the United States or its agencies require a contract with the local governmental units. The contract must contain the terms, conditions, provisions, and guaranties required by the United States or its agencies to proceed with the work.*

Subd. 6. [GUARANTY OF TILE WORK.] *If tile is used to construct any part of the drainage system, a majority of the persons affected may file a written request with the auditor to contract the tile work separately. The request must be filed before advertising for the sale of the work has begun. If the request is properly made, the tile work must be contracted separately. The contractor must guarantee the tile work under the contract for three years after its completion against any fault or negligence on the part of the contractor. The advertisement for bids must include this requirement.*

Subd. 7. [MODIFICATION OF CONTRACT BY AGREEMENT.] *This chapter does not prevent the persons with property affected by the construction of a drainage system from uniting in a written agreement with the contractor and the surety of the contractor's bond to modify the contract as to the manner or time when any portion of the drainage system is constructed, if the modification is recommended, in writing, by the engineer and approved by the drainage authority.*

Sec. 56. [106A.505] [AWARDING THE CONSTRUCTION CONTRACT.]

Subdivision 1. [AUDITORS AND DRAINAGE AUTHORITY TO PROCEED.] *Thirty days after the order establishing a drainage system is filed, the auditor and the drainage authority or, for a joint county drainage system, a majority of the auditors of the affected counties shall proceed to award the contract to construct the drainage system.*

Subd. 2. [PENDING APPEAL OF BENEFITS AND DAMAGES.] *If an appeal regarding the determination of benefits and damages is made within 30 days after the order establishing the drainage system has been filed, a contract may not be awarded until the appeal has been determined, unless the drainage authority orders the contract awarded. The auditor of an affected county or an interested person may request the drainage authority to make the order. If the request is not made by an affected auditor, the auditors of affected counties must be given notice five days before the hearing on the request.*

Subd. 3. [NOTICE OF CONTRACT AWARDING.] *The auditor of an affected county shall give notice of the awarding of the contract by publication in a newspaper in the county. The notice must state the time and location for awarding the contract. For a joint county drainage system the auditors shall award the contract at the office of the auditor where the proceedings are pending. If the estimated cost of construction is more than $3,000, the auditor must also place a notice in a drainage construction trade paper. The trade paper notice must state:*

(1) the time and location for awarding the contract;

(2) the approximate amount of work and its estimated cost;

(3) that bids may be for the work as one job, or in sections, or separately, for bridges, ditches and open work, tile, or tile construction work, if required or advisable;

(4) that each bid must be accompanied by a certified check or a bond furnished by an approved surety corporation payable to the auditors of affected counties for ten percent of the bid, as security that the bidder will enter into a contract and give a bond as required by section 55; and

(5) that the drainage authority reserves the right to reject any and all bids.

Subd. 4. [ENGINEER SHALL ATTEND AWARDING OF CONTRACT.] *The engineer shall attend the meeting to award the contract. A bid may not be accepted without the engineer's approval of compliance with plans and specifications.*

Subd. 5. [HOW CONTRACT MAY BE AWARDED.] *The contract may be awarded in one job, in sections, or separately for labor and material and must be let to the lowest responsible bidder.*

Subd. 6. [BIDS EXCEEDING 30 PERCENT OF ESTIMATED COST NOT ACCEPTED.] *Bids that in the aggregate exceed the total estimated cost of construction by more than 30 percent may not be accepted.*

Subd. 7. [AFFECTED COUNTIES CONTRACT THROUGH AUDITOR.] *The chairman of the drainage authority and the auditor of each affected county shall contract, in the names of their respective counties, to construct the drainage system in the time and manner and according to the plans and specifications and the contract provisions in this chapter.*

Subd. 8. [WORK DONE BY FEDERAL GOVERNMENT.] *If any of the drainage work is to be done by the United States or its agencies, a notice of awarding that contract does not need to be published and a contract for that construction is not necessary. Affected municipalities may contract or arrange with the United States or its agencies for cooperation or assistance in constructing, maintaining, and operating the drainage system, for control of waters in the district, or for making a survey and investigation or reports on the drainage system. The municipalities may provide required guaranty and protection to the United States or its agencies.*

Sec. 57. [106A.511] [PROCEDURE FOR EXCESSIVE BIDS OR COSTS.]

Subdivision 1. [CONDITIONS TO USE PROCEDURE IN THIS SECTION.] *The procedure in this section may be used if after a drainage system is established:*

(1) the only bids received are for more than 30 percent in excess of the engineer's estimated cost, or in excess of the benefits, less damages and other costs; or

(2) a contract is awarded, but due to unavoidable delays not caused by the contractor, the contract cannot be completed for an amount equal to or less than the benefits, less damages and other costs.

Subd. 2. [PETITION AFTER COST ESTIMATE ERROR OR CHANGE TO LOWER COST.] *Persons interested in the drainage system may petition the drainage authority if they determine that the engineer made an error in the estimate of the drainage system cost or that the plans and specifications could be changed in a manner materially affecting the cost of the drainage system without interfering with the efficiency. The petition must state the determinations and request that the detailed survey report and viewers' report be referred back to the engineer and to the viewers for additional consideration.*

Subd. 3. [PETITION AFTER EXCESSIVE COST DUE TO INFLATION.] *(a) A person may petition the drainage authority for an order to reconsider the detailed survey report and viewers' report if the person determines:*

(1) that bids were received only for a price more than 30 percent in excess of the detailed survey report estimate because inflation increased the construction cost between the time of the detailed survey cost estimate and the time of awarding the contract; or

(2) that after the contract was awarded there was unavoidable delay not caused by the contractor, and between the time of awarding the contract and completion of construction inflation increased construction costs resulting in the contract not being completed for an amount equal to or less than the assessed benefits.

(b) The person may request in the petition that the drainage authority reconsider the original cost estimate in the detailed survey report and viewers' report and adjust the cost estimate consistent with the increased construction cost.

Subd. 4. [HEARING ORDERED AFTER RECEIPT OF PETITION.] *After receiving a petition, the drainage au-*

thority shall order a hearing. The order must designate the time and place of the hearing and direct the auditor to give notice by publication.

Subd. 5. [HEARING ON COST PETITION.] *(a) At the hearing the drainage authority shall consider the petition and hear all interested parties.*

(b) The drainage authority may, by order, authorize the engineer to amend the detailed survey report, if the drainage authority determines that:

(1) the detailed survey report cost estimate was erroneous and should be corrected;

(2) the plans and specifications could be changed in a manner materially affecting the cost of the drainage system without interfering with the efficiency; and

(3) with the correction or modification a contract could be awarded within the 30 percent limitation and equal to or less than benefits.

(c) If the drainage authority determines that the amended changes affect the amount of benefits or damages to any property or that the benefits should be reexamined because of inflated land values or inflated construction costs, it shall refer the viewers' report to the viewers to reexamine the benefits and damages.

(d) The drainage authority may, by order, direct the engineer and viewers to amend their detailed survey report and viewers' report to consider the inflationary cost increases if the drainage authority determines that:

(1) bids were not received; or

(2) because of inflationary construction cost increases, construction under the awarded contract cannot be completed for 30 percent or less over the detailed survey cost estimate or in excess of the benefits, less damages and other costs.

(e) The drainage authority may continue the hearing to give the engineer or viewers additional time to amend the reports. The jurisdiction of the drainage authority continues at the adjourned hearing.

(f) The drainage authority has full authority to consider the amended reports and make findings and orders. A party may appeal to the district court under section 18, subdivision 1.

Sec. 58. [106A.515] [DAMAGES, PAYMENT.]

The board of each county where the damaged property is located must order the awarded damages to be paid, less any assessment against the property, before the property is entered for construction of the drainage system. If a county or a municipality that is awarded damages requests it, the assessment may not be deducted. If there is an appeal, the damages may not be paid until the final determination. If it is not clear who is entitled to the damages, the board may pay the damages to the clerk of the district court of the county. The court shall direct the clerk, by order, to pay the parties entitled to the damages.

Sec. 59. [106A.521] [SUPERVISION OF CONSTRUCTION.]

The drainage authority shall require the engineer to supervise and inspect the construction under contract. The drainage authority shall cause the contracts under this chapter to be performed properly.

Sec. 60. [106A.525] [CONSTRUCTION AND MAINTENANCE OF BRIDGES AND CULVERTS.]

Subdivision 1. [HYDRAULIC CAPACITY.] *A public or private bridge or culvert may not be constructed or maintained across or in a drainage system with less hydraulic capacity than specified in the detailed survey report, except with the written approval of the director of the division of waters. If the detailed survey report does not specify the hydraulic capacity, a public or private bridge or culvert in or across a drainage system ditch may not be constructed without the director's approval of the hydraulic capacity.*

Subd. 2. [ROAD AUTHORITY RESPONSIBLE FOR CONSTRUCTION.] *Bridges and culverts on public roads required by the construction or improvement of a drainage system must be constructed and maintained by the road authority responsible for keeping the road in repair, except as provided in this section.*

Subd. 3. [NOTICE; CHANGING COST.] *The auditor shall notify the state and each railroad company, corporation, or political subdivision that they are to construct a required bridge or culvert on a road or right-of-way under its jurisdiction, within a reasonable time in the notice. If the work is not done within the prescribed time, the drainage authority may order the bridge or culvert constructed as part of the drainage system construction. The cost must be deducted from the damages awarded to the corporation or collected from it as an assessment for benefits. If the detailed survey report or viewers' report shows that the construction of the bridge or culvert is necessary, the drainage authority may, by order, retain an amount to secure the con-*

struction of the bridge or culvert from amounts to be paid to a railroad, corporation, or political subdivision.

Subd. 4. [CONSTRUCTION ON LINE BETWEEN TWO CITIES PAID EQUALLY.] *The costs of constructing a bridge or culvert that is required by construction of a drainage system on a public road that is not a state trunk highway on the line between two statutory or home rule charter cities, whether in the same county or not, must be paid jointly, in equal shares, by the cities. The cities shall pay jointly, in equal shares, for the cost of maintaining the bridge or culvert.*

Subd. 5. [CONSTRUCTION ON TOWN AND COUNTY LINES.] *The cost of constructing and maintaining bridges and culverts on a town or county road across a drainage system ditch constructed along the boundary line between towns or counties, with excavated material deposited on the boundary line or within 33 feet of the line, must be paid equally by the town or county where the bridge or culvert is located and the other town or county adjoining the boundary.*

Sec. 61. [106A.531] [INSPECTION OF DRAINAGE CONSTRUCTION AND PARTIAL PAYMENTS.]

Subdivision 1. [INSPECTION AND REPORT.] *The engineer shall inspect and require the work as it is being completed to be done in accordance with the plans, specifications, and contract for construction. Each month during the work, the engineer shall report to the drainage authority, in writing, showing the work completed since the previous report and all materials furnished under the contract.*

Subd. 2. [PRELIMINARY CERTIFICATE.] *The engineer shall issue with the monthly report a preliminary certificate for work done and approved or materials delivered. The certificate must contain the station numbers of the work covered by the certificate and the total value of all work done and the materials furnished according to the contract. For each ditch section, the certificate must show the actual volume, in cubic yards, of the excavation completed. For joint county drainage systems the certificate must also show the percentage of the total value to be paid by each county in the proportion fixed by the drainage authority order. Each certificate must show that a loss will not occur as a result of a partial payment. A duplicate of the certificate must be delivered to the auditor of each affected county.*

Subd. 3. [PARTIAL PAYMENT.] *The affected counties must pay the contractor, based on the certificate, 90 percent of the total value of work done and approved and 90 percent of the total value of material furnished and delivered. The materials may only be delivered as required in the course of construction and authorized by the engineer.*

Sec. 62. [106A.535] [PARTIAL PAYMENT OF RETAINED CONTRACT AMOUNTS.]

Subdivision 1. [PETITION FOR PARTIAL PAYMENT OF RETAINED VALUE.] *If a single contract exceeds $50,000, and the contract, exclusive of materials furnished and not installed, is one-half or more complete and the contractor is not in default, the contractor may file a verified petition with the auditor stating these facts and requesting that an order be made to pay 40 percent of the retained value of work and material.*

Subd. 2. [NOTICE OF HEARING.] *When the petition is filed, the auditor shall set a time and location for a hearing on the petition before the drainage authority. At least five days before the date of hearing, the auditor shall give notice by mail of the date and location of hearing to the engineer, the attorney for the petitioners, the surety of the contractor's bond, and auditors of the affected counties.*

Subd. 3. [HEARING.] *At the hearing the drainage authority shall hear all parties interested. If the drainage authority determines that the facts in the petition are correct, the work has been performed in a satisfactory manner, and a portion of the retained percentage may be released without endangering the interests of affected counties, the drainage authority shall state the findings and may order not more than 40 percent of the retained value of work and material to be paid.*

Sec. 63. [106A.541] [EXTENSION OF TIME ON CONTRACTS.]

The auditors of affected counties may extend the time for the performance of a contract as provided in this section. The contractor may apply, in writing, for an extension of the contract. Notice of the application must be given to: (1) the engineer and the attorney for the petitioners; and (2) for a joint county drainage system, to the auditors of the affected counties. The auditors may grant an extension if sufficient reasons are shown. The extension does not affect a claim for liquidated damages that may arise after the original time expires and before an extension or a claim that may arise after the time for the extension expires.

Sec. 64. [106A.545] [REDUCTION OF CONTRACTOR'S BOND.]

Subdivision 1. [APPLICATION TO DRAINAGE AUTHORITY.] *The contractor, at the end of each season's work and before the contract is completed, may make a verified application to the drainage authority to reduce the contractor's bond and file the application with the auditor. The application must state:*

(1) the work certified as completed by the engineer;

(2) the certified work's value;

(3) the amount of money received by the contractor and the amount retained;

(4) the amount unpaid by the contractor for labor or material furnished on the contract; and

(5) a request for an order to reduce the amount of the contractor's bond.

The application must be filed with the auditor.

Subd. 2. [NOTICE FOR HEARING.] *When an application is filed, the auditor, by order, shall set the time and location for a hearing on the application. Ten days before the hearing, notice of the hearing must be published in each affected county and notice by mail given to the engineer, the attorney for the petitioners, and the auditor of each affected county. The contractor must pay the cost of the hearing notice by publication.*

Subd. 3. [HEARING; REDUCTION OF BOND.] *The drainage authority may, by order, reduce the contractor's bond if it determines that the contractor is not in default and that a loss will not result from reducing the bond. The bond may be reduced to an amount sufficient to protect the affected counties from loss and damage, but the reduction:*

(1) may not be more than 35 percent of the amount already paid to the contractor;

(2) may not affect the remaining amount of the bond;

(3) does not affect liability incurred on the bond before the reduction; and

(4) does not affect a provision for a three-year guaranty of tile work.

Sec. 65. [106A.551] [CONTRACTOR'S DEFAULT.]

Subdivision 1. [NOTICE.] *If a contractor defaults in the performance of the contract, the auditor shall mail a notice of the default to the contractor, the surety of the contractor's bond, the engineer, and the auditors of the affected counties. The notice must specify the default and state that if the default is not promptly removed and the contract completed, the unfinished portion of the contract will be awarded to another contractor.*

Subd. 2. [COMPLETION OF CONTRACT BY SURETY.] *If the surety of the contractor's bond promptly proceeds with the completion of the contract, the affected auditors may grant an extension of time. If the contract is completed by the surety, the balance due on the contract must be paid to the surety, less damages incurred by the affected counties from the default.*

Subd. 3. [AWARDING OF CONTRACT; RECOVERY ON BOND.] *If the surety of the contractor's bond does not undertake the completion of the contract or does not complete the contract within the time specified or extended, auditors of the affected counties shall advertise for bids to complete the contract in the manner provided in the original awarding of contracts. The successful bidder shall comply with contract and bond provisions for the original contract. The drainage authority may recover the increased amounts paid to a subsequent contractor after reselling the work, and damages incurred by affected counties, from the first contractor's bond.*

Sec. 66. [106A.555] [ACCEPTANCE OF CONTRACT.]

Subdivision 1. [ENGINEER'S REPORT AND NOTICE.] *When a contract is completed, the engineer shall make a report to the drainage authority showing the contract price, the amount paid on certificates, the unpaid balance, and the work that is completed under the contract. When the report is filed, the auditor shall set a time and location for a hearing on the report. The auditor shall give notice of the hearing by publication or notice by mail at least ten days before the hearing to the owners of affected property. The notice must state that the report is filed, the time and location for the hearing, and that a party objecting to the acceptance of the contract may appear and be heard.*

Subd. 2. [HEARING.] *At the hearing the drainage authority may, by order, direct payment of the balance due if it determines that the contract has been completed in accordance with the plans and specifications. If good cause is shown, the drainage authority may waive any part of the liquidated damages accruing under the contract. When the order is filed, the auditor shall draw a warrant on the treasurer of the county for the balance due on the contract. For a joint county drainage system the auditor shall make an order to the auditors of the affected counties to pay for their proportionate shares of the balance due on the contract. After receiving the order, the auditor of each affected county shall draw a warrant on the treasurer of the county for the amount specified in the order.*

FUNDING, COLLECTION, AND PAYMENT
OF DRAINAGE SYSTEM COSTS

Sec. 67. [106A.601] [DRAINAGE LIEN STATEMENT.]

Subdivision 1. [DETERMINATION OF PROPERTY LIABILITY.] *When the contract for the construction of a drainage system is awarded, the auditor of an affected county shall make a statement showing the total cost of the drainage system with the estimated cost of all items required to complete the work. The cost must be prorated to each tract of property affected in direct proportion to the benefits. The cost, less any damages, is the amount of liability for each tract for the drainage system. The property liability must be shown in the tabular statement opposite the property owner's name and description of each tract of property. The amount of liability on a tract of property for establishment and construction of a drainage system may not exceed the benefits determined in the proceedings that accrue to the tract.*

Subd. 2. [DRAINAGE LIEN STATEMENT.] *The auditor of each affected county shall make a lien statement in tabular form showing:*

(1) the names of the property owners, corporate entities, or political subdivisions of the county benefited or damaged by the construction of the drainage system in the viewers' report as approved by the final order for establishment;

(2) the description of the property in the viewers' report, and the total number of acres in each tract according to the county tax lists;

(3) the number of acres benefited or damaged in each tract shown in the viewers' report;

(4) the amount of benefits and damages to each tract of property as stated in the viewers' report and confirmed by the final order that established the drainage system unless the order is appealed and a different amount is set; and

(5) the amount each tract of property will be liable for and must pay into the county treasury for the establishment and construction of the drainage system.

Subd. 3. [SUPPLEMENTAL DRAINAGE LIEN STATEMENT.] *If any items of the cost of the drainage system have been omitted from the original drainage lien statement, a supplemental drainage lien statement with the omitted items must be made and recorded in the same manner provided for a drainage lien statement. The total amount of the original drainage lien and any supplemental drainage liens may not exceed the benefits.*

Subd. 4. [RECORDING DRAINAGE LIEN STATEMENT.] *The drainage lien statement and supplemental drainage lien statements must be certified by the auditor and recorded by the county recorder of the county where the tract is located. The*

county recorder's fees for recording must be paid on allowance by the board. The drainage lien statement and any supplemental drainage lien statements, after recording, must be returned and preserved by the auditor.

Sec. 68. [106A.605] [EFFECT OF FILED DRAINAGE LIEN.]

The amount recorded on the drainage lien statement and supplemental drainage lien statement that each tract of property will be liable for, and the interest allowed on that amount, is a drainage lien on the property. The drainage lien is a first and paramount lien until fully paid, and has priority over all mortgages, charges, encumbrances, and other liens unless the board subordinates the drainage lien to easements of record. The recording of the drainage lien statement or a supplemental drainage lien statement is notice to all parties of the existence of the drainage lien.

Sec. 69. [106A.611] [PAYMENT OF DRAINAGE LIENS AND INTEREST.]

Subdivision 1. [PAYMENT OF DRAINAGE LIEN PRINCIPAL.] *(a) Drainage liens against property benefited under this chapter are payable to the treasurer of the county in 20 or less equal annual installments. The first installment of the principal is due on or before November 1 after the drainage lien statement is recorded, and each subsequent installment is due on or before November 1 of each year afterwards until the principal is paid.*

(b) The drainage authority may, by order, direct the drainage lien to be paid by 1/15 of the principal on or before five years from November 1 after the lien statement is recorded, and 1/15 on or before November 1 of each year afterwards until the principal is paid.

(c) The drainage authority may order that the drainage lien must be paid by one or two installments, notwithstanding paragraphs (a) and (b), if the principal amount of a lien against a lot or tract of property or against a county or municipality is less than $50.

Subd. 2. [INTEREST.] *(a) Interest is an additional drainage lien on all property until paid. The interest rate on the drainage lien principal must be set by the board, but may not exceed seven percent per year from the date the drainage lien statement is recorded.*

(b) Before the tax lists for the year are given to the county treasurer, the auditor shall compute the interest on the unpaid balance of the drainage lien at the rate set by the board. The

amount of interest must be computed on the entire unpaid principal from the date the drainage lien was recorded to August 15 of the next calendar year, and afterwards from August 15 to August 15 of each year.

(c) Interest is due and payable after November 1 of each year the drainage lien principal or interest is due and unpaid.

Subd. 3. [COLLECTION OF PAYMENTS.] *Interest and any installment due must be entered on the tax lists for the year. The installment and interest must be collected in the same manner as real estate taxes for that year by collecting one-half of the total of the installment and interest with and as a part of the real estate taxes on or before May 15 and one-half on or before October 15 of the next year.*

Subd. 4. [PREPAYMENT OF INTEREST.] *Interest may be paid at any time, computed to the date of payment, except that after the interest is entered on the tax lists for the year, it is due as entered, without a reduction for prepayment.*

Subd. 5. [PAYMENT OF DRAINAGE LIENS WITH BONDS.] *The board may direct the county treasurer to accept any outstanding bond that is a legal obligation of the county under this chapter issued on account of a drainage lien in payment of drainage liens under the provisions of this chapter. The bonds must be accepted at their par value plus accrued interest.*

Subd. 6. [DRAINAGE LIEN RECORD.] *The auditor shall keep a drainage lien record for each drainage system showing the amount of the drainage lien remaining unpaid against each tract of property.*

Subd. 7. [COLLECTION AND ENFORCEMENT OF DRAINAGE LIENS.] *The provisions of law that exist relating to the collection of real estate taxes are adopted to enforce payment of drainage liens. If there is a default, a penalty may not be added to an installment of principal and interest, but each defaulted payment, principal, and interest draws interest from the date of default until paid at seven percent per year.*

Sec. 70. [106A.615] [ENFORCEMENT OF ASSESSMENTS.]

Subdivision 1. [MUNICIPALITIES.] *Assessments filed for benefits to a municipality are a liability of the municipality and are due and payable with interest in installments on November 1 of each year as provided in section 69. If the installments and interest are not paid on or before November 1, the amount due with interest added as provided in section 69 must be extended by the county auditor against all property in the municipality that is liable to taxation. A levy must be made and the amount*

due must be paid and collected in the same manner and time as other taxes.

Subd. 2. [COUNTY OR STATE-AID ROAD.] *If a public road benefited is a county or state-aid road, the assessment filed is against the county and must be paid out of the road and bridge fund of the county.*

Subd. 3. [STATE TRUNK HIGHWAY.] *An assessment against the state for benefits to trunk highways is chargeable to and payable out of the trunk highway fund. The commissioner of transportation shall pay assessments from the trunk highway fund after receipt of a certified copy of the assessment against the state for benefits to a trunk highway.*

Subd. 4. [ASSESSMENT FOR VACATED TOWN ROADS.] *If a town is assessed for benefits to a town road in a drainage system proceeding under this chapter and the town road is later vacated by the town board under section 164.07, the town board may petition the drainage authority to cancel the assessment. The drainage authority may cancel the assessment if it finds that the town road for which benefits are assessed has been vacated under section 164.07.*

Subd. 5. [STATE PROPERTY.] *State property, including rural credit property, is assessable for benefits received. The assessment must be paid by the state from funds appropriated and available for drainage assessments after the state officer having jurisdiction over the assessed property certifies the assessment to the commissioner of finance.*

Subd. 6. [ASSESSMENTS ON WILDLIFE LANDS TO BE PAID FROM WILDLIFE ACQUISITION FUND.] *An assessment against state land acquired for wildlife habitat shall be paid from the wildlife acquisition fund as provided in section 97.484.*

Subd. 7. [RAILROAD AND UTILITY PROPERTY.] *Property owned by a railroad or other utility corporation benefited by a drainage system is liable for the assessments of benefits on the property as other taxable property. From the date the drainage lien is recorded, the amount of the assessment with interest is a lien against all property of the corporation within the county. Upon default the assessment may be collected by civil action or the drainage lien may be foreclosed by action in the same manner as provided by law for the foreclosure of mortgage liens. The county where the drainage lien is filed has the right of action against the corporation to enforce and collect the assessment.*

Sec. 71. [106A.621] [SATISFACTION OF LIENS.]

When a drainage lien with the accumulated interest is fully paid, the auditor shall issue a certificate of payment with the

auditor's official seal and record the certificate with the county recorder. The recorded certificate releases and discharges the drainage lien. The auditor may collect 25 cents for each description in the certificate. The auditor's fee and the fee of the county recorder must be paid from the account for the drainage system.

Sec. 72. [106A.625] [SUBDIVISION BY PLATTING MUST HAVE LIENS APPORTIONED.]

A tract of property with a drainage lien that is subdivided by platting is not complete and the plat may not be recorded until the drainage liens against the tracts are apportioned and the apportionment filed with the county recorder of the county where the tract is located.

Sec. 73. [106A.631] [APPORTIONMENT OF LIENS.]

Subdivision 1. [PETITION.] *A person who has an interest in property that has a drainage lien attached to it may petition the drainage authority to apportion the lien among specified portions of the tract if the payments of principal and interest on the property are not in default.*

Subd. 2. [NOTICE.] *When the petition is filed, the drainage authority shall, by order, set a time and location for a hearing on the petition. The drainage authority shall give notice of the hearing by personal service to the auditor, the occupants of the tract, and on all parties having an interest in the tract as shown by the records in the county recorder's office. The service must be made at least ten days before the hearing. If personal service cannot be made to all interested persons, notice may be given by publication. The petitioner shall pay the costs for service or publication.*

Subd. 3. [HEARING.] *The drainage authority shall hear all related evidence and, by order, apportion the lien. A certified copy of the order must be recorded in the county recorder's office and filed with the auditor.*

Sec. 74. [106A.635] [DRAINAGE BOND ISSUES.]

Subdivision 1. [AUTHORITY.] *After the contract for the construction of a drainage system is awarded, the board of an affected county may issue the bonds of the county in an amount necessary to pay the cost of establishing and constructing the drainage system.*

Subd. 2. [SINGLE ISSUE FOR TWO OR MORE DRAINAGE SYSTEMS.] *The board may include two or more drainage systems in a single drainage bond issue. The total amount of*

the drainage bond issue may not exceed the total cost, including expenses, to be assessed to pay for the drainage systems. The total cost to be assessed must be determined or estimated by the board when the drainage bonds are issued.

Subd. 3. [SECURITY AND SOURCE OF PAYMENT.] *The drainage bonds must be issued in accordance with chapter 475 and must pledge the full faith, credit, and resources of the county for the prompt payment of the principal and interest of the drainage bonds. The drainage bonds are primarily payable from the funds of the drainage systems financed by the bonds or from the common drainage bond redemption fund of the county. The common drainage bond redemption fund may be created by resolution of the county board as a debt redemption fund for the payment of drainage bonds issued under this chapter.*

Subd. 4. [PAYMENT PERIOD AND INTEREST ON DRAINAGE BONDS.] *(a) The board shall determine, by resolution:*

(1) the time of payment for the drainage bonds not exceeding 23 years from their date;

(2) the rates of interest for the drainage bonds, with the net average rate of interest over the term of the bonds not to exceed seven percent per year; and

(3) whether the drainage bonds are payable annually or semi-annually.

(b) The board shall determine the years and amounts of principal maturities that are necessary by the anticipated collections of the drainage systems assessments, without regard to any limitations on the maturities imposed by section 475.54.

Subd. 5. [TEMPORARY DRAINAGE BONDS MATURING IN TWO YEARS OR LESS.] *The board may issue and sell temporary drainage bonds under this subdivision maturing not more than two years after their date of issue, instead of bonds under subdivision 4. The county shall issue and sell definitive drainage bonds before the maturity of bonds issued under this subdivision and use the proceeds to pay for the temporary drainage bonds and interest to the extent that the temporary bonds are not paid for by assessments collected or other available funds. The holders of temporary drainage bonds and the taxpayers of the county have and may enforce by mandamus or other appropriate proceedings:*

(1) all rights respecting the levy and collection of assessments sufficient to pay the cost of drainage proceedings and construction financed by the temporary drainage bonds that are granted by law to holders of other drainage bonds, except the

right to require levies to be collected before the temporary drainage bonds mature; and

(2) the right to require the offering of definitive drainage bonds for sale, or to require the issuance of definitive drainage bonds in exchange for the temporary drainage bonds, on a par for par basis, bearing interest at the rate of seven percent per year if the definitive drainage bonds have not been sold and delivered before the maturity of the temporary drainage bonds.

Subd. 6. [DEFINITIVE DRAINAGE BONDS.] *The definitive drainage bonds issued in exchange for an issue of temporary drainage bonds must be numbered and mature serially at times and in amounts to allow the principal and interest to be paid when due by the collection of assessments levied for the drainage systems financed by the temporary bond issue. The definitive bonds are subject to redemption and prepayment on any interest payment date by each definitive bondholder who has registered their name and address with the county treasurer; these bondholders must be notified by mail 30 days before the interest payment date. The definitive bonds must be delivered in order of their serial numbers, lowest numbers first, to the holders of the temporary drainage bonds in order of the serial numbers of the bonds held by them.*

Subd. 7. [SALE OF DEFINITIVE DRAINAGE BONDS.] *The board must sell and negotiate the definitive drainage bonds for at least their par value. The definitive bonds must be sold at public sale after advertised notice under chapter 475.*

Subd. 8. [COUNTY INVESTMENT, PURCHASE, AND SELLING OF TEMPORARY DRAINAGE BONDS.] *(a) Funds of the issuing county may be invested in temporary drainage bonds under sections 471.56 and 475.66, except that the temporary drainage bonds may be:*

(1) purchased by the county when the temporary drainage bonds are initially issued;

(2) purchased only out of funds that the board determines will not be required for other purposes before the temporary drainage bonds mature; and

(3) resold before the temporary drainage bonds mature only if there is an unforeseen emergency.

(b) If a temporary drainage bond purchase is made from money held in a sinking fund for other bonds of the county, the holders of the other bonds may enforce the county's obligation to sell definitive bonds at or before the maturity of the temporary drainage bonds, or exchange the other bonds, in the same manner as holders of the temporary drainage bonds.

Subd. 9. [DELIVERY OF BONDS AS DRAINAGE WORK PROCEEDS.] *The board may provide in the contract for the sale of drainage bonds, temporary drainage bonds, and definitive drainage bonds, that the bonds are delivered as the drainage work proceeds and the money is needed, and that interest is paid only from the date of delivery.*

Subd. 10. [BOND RECITAL.] *Each drainage bond, temporary drainage bond, and definitive drainage bond must contain a recital that it is issued by authority of and in strict accordance with this chapter. The recital is conclusive in favor of the holders of the bonds as against the county, that the drainage system has been properly established, that property within the county is subject to assessment for benefits in an amount not less than the amount of the bonds, and that all proceedings and construction relative to the drainage systems financed by the bonds have been or will be made according to law.*

Subd. 11. [HOW BONDS MAY BE PAID.] *The board may pay drainage bonds, temporary drainage bonds, and definitive drainage bonds issued under this chapter from any available funds in the county treasury if the money in the common drainage bond redemption fund or in the drainage fund for the issued bonds is insufficient. The county treasury funds that money is transferred from must be reimbursed, with interest at a rate of seven percent per year for the time the money is actually needed, from assessments on the drainage systems or from the sale of drainage funding bonds.*

Sec. 75. [106A.641] [DRAINAGE FUNDING BONDS.]

Subdivision 1. [AUTHORITY.] *The board may issue drainage funding bonds under the conditions and terms in this section.*

Subd. 2. [CONDITIONS FOR ISSUANCE.] *Drainage funding bonds may be issued if:*

(1) money in a drainage system account or in the common drainage bond redemption fund will not be sufficient to pay the principal and interest of the drainage bonds payable from the funds and becoming due within one year afterwards; or

(2) the county has paid any of the principal or interest on any of its drainage bonds from county funds other than the fund from which the bonds are payable, or by the issuance of county warrants issued and outstanding.

Subd. 3. [AUDITOR'S CERTIFICATE.] *(a) Before drainage funding bonds are authorized or issued under this section, the county auditor shall first sign and seal a certificate and present the certificate to the board. The board shall enter the cer-*

tificate in its records. The certificate must state in detail, for each of the several drainage systems:

(1) the amount that will be required to pay an existing shortage under subdivision 2; and

(2) the probable amount that will be required to pay the principal and interest of the county's outstanding drainage bonds that become due within one year afterwards.

(b) The certificate is conclusive evidence that the county has authority to issue bonds under the provisions of this section in an amount that does not exceed the aggregate amount specified in the auditor's certificate.

Subd. 4. [ISSUANCE OF BONDS.] *When the auditor's certificate is entered in the board's records, the board may issue and sell, from time to time, county drainage funding bonds for the same drainage purposes as the funds listed in the certificate were used. The bonds must be designated drainage funding bonds. The board shall authorize issuance of the drainage funding bonds by resolution. The drainage funding bonds must be sold, issued, bear interest, and obligate the county as provided in section 74 for drainage bonds. The drainage funding bonds must mature serially in annual installments that are payable within 15 years.*

Subd. 5. [APPLICATION OF BOND PROCEEDS.] *The proceeds of drainage funding bonds that are paid into the treasury must be applied to the purpose for which they are issued.*

Subd. 6. [COUNTY BOND OBLIGATION.] *Drainage funding bonds are general obligations of the county but are not included in determining the county's net indebtedness under any law.*

Sec. 76. [106A.645] [ALLOWANCE AND PAYMENT OF FEES AND EXPENSES.]

Subdivision 1. [FEES AND EXPENSES.] *The fees and expenses in this section are allowed and must be paid for services provided under this chapter.*

Subd. 2. [ENGINEER, ENGINEER'S ASSISTANTS, AND OTHER EMPLOYEES.] *The compensation of the engineer, the engineer's assistants, and other employees is on a per diem basis and must be set by order of the drainage authority. The order setting compensation must provide for payment of the actual and necessary expenses of the engineer, the engineer's assistants, and other employees, including the cost of the engineer's bond.*

Subd. 3. [VIEWERS.] *Each viewer may be paid for every necessary day the viewer is engaged on a per diem basis and for the viewer's actual and necessary expenses. The compensation must be set by the drainage authority.*

Subd. 4. [BOARD MEMBERS.] *Each member of the board may be paid a per diem under section 375.055, subdivision 1, and actual and necessary expenses incurred while actually employed in drainage proceedings or construction, or in the inspection of any drainage system if the board member is appointed to a committee for that purpose.*

Subd. 5. [AUDITOR, ATTORNEY FOR THE PETITIONERS, AND OTHER COUNTY OFFICIALS.] *The county auditor and the attorney for the petitioners must each be paid reasonable compensation for services actually provided as determined by the drainage authority. The fees and compensation of all county officials in drainage proceedings and construction are in addition to other fees and compensation allowed by law.*

Subd. 6. [PETITIONERS' BOND.] *The cost of the petitioners' bond must be allowed and paid.*

Subd. 7. [PAYMENT.] *The fees and expenses provided for in this chapter for a drainage system in one county must be audited, allowed, and paid by order of the board or for a drainage system in more than one county must be audited, allowed, and paid by order of the drainage authority after ten days' written notice to each affected county. The notice must be given by the auditor to the auditors of affected counties. The notice must state the time and location of the hearing and that all bills on file with the auditor at the date of the notice must be presented for hearing and allowance.*

Sec. 77. [106A.651] [DRAINAGE SYSTEM ACCOUNT.]

Subdivision 1. [FUNDS FOR DRAINAGE SYSTEM COSTS.] *The board shall provide funds to pay the costs of drainage systems.*

Subd. 2. [DRAINAGE SYSTEM ACCOUNT.] *The auditor shall keep a separate account for each drainage system. The account must be credited with all money from the sale of bonds and bond premiums and all money received from interest, liens, assessments, and other sources for the drainage system. The account must be debited with every item of expense made for the drainage system.*

Subd. 3. [INVESTMENT OF SURPLUS FUNDS.] *If a drainage system account or the common drainage bond redemption fund has a surplus over the amount required for payment of obligations presently due and payable from the account or*

fund, the board may invest any part of the surplus in bonds or certificates of indebtedness of the United States or of the state.

Subd. 4. [DORMANT DRAINAGE SYSTEM ACCOUNT TRANSFERRED TO GENERAL REVENUE FUND.] *If a surplus has existed in a drainage system account for a period of 20 years or more and there have not been any expenditures from the account during the period, the board, by a unanimous resolution, may transfer the surplus remaining in the drainage system account to the county general revenue fund of the county.*

Sec. 78. [106A.655] [PAYMENT OF DRAINAGE SYSTEM COSTS.]

Subdivision 1. [PAYMENT MADE FROM DRAINAGE SYSTEM ACCOUNT.] *The costs for a drainage system proceeding and construction must be paid from the drainage system account by drawing on the account.*

Subd. 2. [INSUFFICIENT FUNDS; TRANSFER FROM OTHER ACCOUNTS.] *If money is not available in the drainage system account on which the warrant is drawn, the board may, by unanimous resolution, transfer funds from any other drainage system account under its jurisdiction or from the county general revenue fund to the drainage system account. If the board transfers money from another account or fund to a drainage system account, the money plus interest must be reimbursed from the proceeds of the drainage system that received the transfer. The interest must be computed for the time the money is actually needed at the same rate per year charged on drainage liens and assessments.*

Subd. 3. [WARRANT ON ACCOUNT WITH INSUFFICIENT FUNDS; INTEREST ON WARRANT.] *If a warrant is issued by the auditor under this chapter and there is not enough money in the drainage system account to pay the warrant when it is presented, the county treasurer shall endorse the warrant "Not paid for want of funds," with the date and sign the endorsement. Interest on the warrant must be at the rate of six percent per year and paid annually from available funds until the warrant is called in and paid by the treasurer. Interest may not be paid on a warrant after money is available to the treasurer to pay the warrants. The warrant is a general obligation of the county issuing the warrant.*

Sec. 79. [106A.661] [ESTABLISHMENT OF DRAINAGE SYSTEM ACCOUNTS BY STATE AUDITOR.]

Subdivision 1. [STATE AUDITOR MUST ESTABLISH ACCOUNTS UPON APPLICATION.] *A county may apply, by resolution, to the state auditor to examine the accounts and records of any or all drainage systems in the county. The auditor*

must establish a system of accounts for each drainage system applied for in the county.

Subd. 2. [PAYMENT OF EXPENSES.] *The compensation and travel and hotel expenses of the examining accountant must be audited, allowed, and paid into the state treasury by the board. The money must be credited to the revolving fund of the state auditor. The county auditor shall apportion the expenses among the drainage systems in the county.*

PROCEDURE TO REPAIR DRAINAGE SYSTEMS

Sec. 80. [106A.701] [REPAIRS.]

Subdivision 1. [DEFINITION.] *The term "repair," as used in this section, means to restore all or a part of a drainage system as nearly as practicable to the same condition as when originally constructed or subsequently improved, including resloping of ditches and leveling of waste banks if necessary to prevent further deterioration, and routine operations that may be required to remove obstructions and maintain the efficiency of the drainage system.*

Subd. 2. [REPAIR OF TOWN DITCHES.] *The town board has the power of a drainage authority to repair a town drainage system located within the town.*

Subd. 3. [BRIDGES AND CULVERTS.] *(a) Highway bridges and culverts constructed on a drainage system established on or after March 25, 1947, must be maintained by the road authority charged with the duty of maintenance under section 60.*

(b) Private bridges or culverts constructed as a part of a drainage system established by proceedings that began on or after March 25, 1947, must be maintained by the drainage authority as part of the drainage system. Private bridges or culverts constructed as a part of a drainage system established by proceedings that began before March 25, 1947, may be maintained, repaired, or rebuilt and any portion paid for as part of the drainage system by the drainage authority.

(c) For a repair of a drainage system that has had redetermination of benefits under section 51, the drainage authority may repair or rebuild existing bridges or culverts on town and home rule charter and statutory city roads constructed as part of the drainage system and any portion of the cost may be paid by the drainage system.

Sec. 81. [106A.705] [REPAIR PROCEDURE.]

Subdivision 1. [INSPECTION.] *After the construction of a drainage system has been completed, the drainage authority*

shall maintain the drainage system that is located in its jurisdiction and provide the repairs necessary to make the drainage system efficient. The drainage authority shall have the drainage system inspected annually by an inspection committee of the drainage authority or a drainage inspector appointed by the drainage authority.

Subd. 2. [DRAINAGE INSPECTOR REPORT.] *For each drainage system that the board designates and requires the drainage inspector to examine, the drainage inspector shall make a drainage inspection report in writing to the board after examining a drainage system, designating portions that need repair and the location and nature of the repair. The board shall consider the drainage inspection report at its next meeting and may repair all or any part of the drainage system as provided under this chapter.*

Subd. 3. [INSPECTION REPORT TO DRAINAGE AUTHORITY.] *If the inspection committee or drainage inspector reports, in writing, to the drainage authority that repairs are necessary on a drainage system and the report is approved by the drainage authority, the repairs must be made under this section.*

Subd. 4. [REPAIRS LESS THAN $20,000.] *If the drainage authority finds that the estimated cost of repairs and maintenance of one drainage system for one year will be less than $20,000, it may have the repair work done by hired labor and equipment without advertising for bids or entering into a contract for the repair work.*

Subd. 5. [ANNUAL REPAIR ASSESSMENT LEVY LIMITS.] *The drainage authority may give notice of and hold a hearing on the repair levy before ordering the levy of an assessment for repairs. In one calendar year the drainage authority may not levy an assessment for repairs or maintenance on one drainage system for more than 20 percent of the benefits of the drainage system or $20,000, except for a repair made after a disaster under subdivision 6 or under the petition procedure.*

Subd. 6. [REPAIR AND CONSTRUCTION AFTER DISASTER.] *The drainage authority may repair and reconstruct the drainage system without advertising for bids and without regard to the $20,000 limitation if:*

(1) a drainage system is destroyed or impaired by floods, natural disaster, or unforeseen circumstances;

(2) the area where the drainage system is located has been declared a disaster area by the President of the United States and federal funds are available for repair or reconstruction; and

(3) the public interests would be damaged by repair or reconstruction being delayed.

Sec. 82. [106A.711] [COST APPORTIONMENT FOR JOINT COUNTY DRAINAGE SYSTEMS.]

Subdivision 1. [REPAIR COST STATEMENT.] *For a joint county drainage system the auditor of a county that has made repairs may present a repair cost statement at the end of each year, or other convenient period after completion, to each affected county. The repair cost statement must show the nature and cost of the repairs to the drainage systems and must be based on the original apportionment of cost following the establishment of the drainage system. If a board approves the repair costs, the statement must be paid to the county submitting the statement.*

Subd. 2. [REPAIR COST STATEMENT NOT PAID.] *(a) If a county does not pay the repair cost statement, the board of an affected county may petition the joint county drainage authority. The petition must:*

(1) show the nature and necessity of the repairs made to the drainage system in the county during the period;

(2) show the cost of the repairs; and

(3) request the drainage authority to apportion the costs, by order, among the affected counties.

(b) When the petition is filed, the drainage authority shall, by order, set a time and location for a hearing to apportion the costs, and direct the auditor to give notice of the hearing to each affected county by publication and notice by mail to its auditor. At or before the hearing, the auditor of each affected county, except the petitioner, shall file with the drainage authority a statement showing:

(1) all repairs made to the drainage system in that county, not previously reimbursed;

(2) the nature and necessity of the repairs; and

(3) the cost of the repairs.

(c) The drainage authority has jurisdiction over the affected counties and shall hear all interested parties. The drainage authority shall determine which repairs were necessary and reasonable and proper costs. For the allowed repairs the drainage authority shall balance the accounts among the affected counties, by charging each county with its proportionate share of the cost of all repairs made and crediting each county with the amount

paid for the repairs. The drainage authority shall order a just reimbursement among the affected counties. A certified copy of the order must be filed by the auditor with the auditors of affected counties, and the boards shall make the required reimbursement.

Sec. 83. [106A.715] [PROCEDURE FOR REPAIR BY PETITION.]

Subdivision 1. [REPAIR PETITION.] *An individual or an entity interested in or affected by a drainage system may file a petition to repair the drainage system. The petition must state that the drainage system needs repair. The auditor shall present the petition to the board at its next meeting or, for a joint county drainage system, to the drainage authority within ten days after the petition is filed.*

Subd. 2. [ENGINEER AND REPAIR REPORT.] *If the drainage authority determines that the drainage system needs repair, the drainage authority shall appoint an engineer to examine the drainage system and make a repair report. The report must show the necessary repairs, the estimated cost of the repairs, and all details, plans, and specifications necessary to prepare and award a contract for the repairs. The drainage authority may give notice and order a hearing on the petition before appointing the engineer.*

Subd. 3. [NOTICE OF HEARING.] *When the repair report is filed, the auditor shall promptly notify the drainage authority. The drainage authority in consultation with the auditor shall set a time, by order, not more than 30 days after the date of the order for a hearing on the repair report. At least ten days before the hearing, the auditor shall give notice by mail of the time and location of the hearing to the petitioners, owners of property, and political subdivisions likely to be affected by the repair in the repair report.*

Subd. 4. [HEARING ON REPAIR REPORT.] *(a) The drainage authority shall make findings and order the repair to be made if:*

(1) the drainage authority determines from the repair report and the evidence presented that the repairs recommended are necessary for the best interests of the affected property owners; or

(2) the repair petition is signed by the owners of at least 26 percent of the property area affected by and assessed for the original construction of the drainage system, and the drainage authority determines that the drainage system is in need of repair so that it no longer serves its original purpose and the cost

of the repair will not exceed the total benefits determined in the original drainage system proceeding.

(b) The order must direct the auditor and the chairman of the board or, for a joint county drainage system, the auditors of the affected counties to proceed and prepare and award a contract for the repair of the drainage system. The contract must be for the repair in the repair report and as determined necessary by the drainage authority, and be prepared in the manner provided in this chapter for the original drainage system construction.

Subd. 5. [APPORTIONMENT OF REPAIR COST FOR JOINT COUNTY DRAINAGE SYSTEM.] *For the repair of a joint county drainage system, the drainage authority shall, by order, apportion the repair cost among affected counties in the same manner required in the original construction of the drainage system.*

Subd. 6. [REPAIR BY RESLOPING DITCHES, LEVELING WASTE BANKS, AND REMOVING TREES.] *(a) For a drainage system that is to be repaired by resloping ditches, leveling waste banks, or removing trees, before ordering the repair, the drainage authority must examine the drainage system and appoint viewers to assess and report on damages and benefits if it determines:*

(1) that the resloping, leveling, and tree removal will require the taking of any property not contemplated and included in the original proceeding for the establishment of the drainage system; and

(2) that any waste bank leveling will directly benefit property where the bank leveling is specified.

(b) The viewers shall assess and report damages and benefits as provided by sections 44 and 45 and the drainage authority shall hear and determine the damages and benefits as provided in sections 46, 48, and 49. Damages must be paid as provided by section 44 as a part of the cost of the repair, and benefits must be added to the benefits previously determined as the basis for the pro rata assessment for the repair of the drainage system for the repair proceeding only.

Sec. 84. [106A.721] [REPLACEMENT AND HYDRAULIC CAPACITY OF BRIDGES AND CULVERTS.]

Subdivision 1. [REPORT ON HYDRAULIC CAPACITY.] *If the engineer determines in a drainage system repair that because of added property under section 88 or otherwise, a bridge constructed or replaced or culvert installed or replaced as a*

part of a drainage system provides inadequate hydraulic capacity for the efficient operation of the drainage system to serve its original purpose, the engineer shall make a hydraulic capacity report to the drainage authority. The hydraulic capacity report must include plans and specifications for the recommended replacement bridges and culverts, the necessary details to make and award a contract, and the estimated cost.

Subd. 2. [NOTICE.] *When the hydraulic capacity report is filed, the auditor shall promptly notify the drainage authority. The drainage authority in consultation with the auditor shall, by order, set a time not more than 30 days after the date of the order, for a hearing on the report. At least ten days before the hearing, the auditor shall give notice by mail of the time and location of the hearing to the petitioners, owners of property, and political subdivisions likely to be affected by the repair in the repair report. The notice may be given in conjunction with and as a part of the repair report notice, but the notice must specifically state that increasing the hydraulic capacity will be considered by the drainage authority at the hearing.*

Subd. 3. [REPORT HEARING.] *At the hearing on the hydraulic capacity report, the drainage authority shall hear all interested parties. If the drainage authority finds that existing bridges and culverts provide insufficient hydraulic capacity for the efficient operation of the drainage system as originally constructed or subsequently improved, the drainage authority shall make findings accordingly, and may order that the hydraulic capacity be increased by constructing bridges or installing culverts of a sufficient capacity. The drainage authority shall determine and include in the order the type and plans for the replacement bridges or culverts. The order must direct the state, political subdivision, railroad company, or other entity to construct bridges or culverts required by the order for its road right-of-way within a reasonable time stated in the order. The auditor shall notify the state, political subdivision, railroad company, or other entity to construct the bridges and culverts in accordance with the order.*

Subd. 4. [CONSTRUCTION NOT COMPLETED WITHIN SPECIFIED TIME.] *If the work is not done within the time specified, the board may order the bridges and culverts built and the cost collected as an assessment for benefits.*

Subd. 5. [REQUEST FOR CULVERT OR BRIDGE TO BE INSTALLED AS PART OF REPAIR.] *If a political subdivision, railroad company, or other entity, at the hearing or when notified to construct a bridge or install a culvert, requests that the bridge or culvert be installed as part of the repair of the drainage system, the drainage authority may, by order, direct the cost of the construction and installation assessed and collected from the political subdivision, railroad company, or other entity in the manner provided by section 86.*

Sec. 85. [106A.725] [COST OF REPAIR.]

All fees and costs incurred for proceedings relating to the repair of a drainage system, including inspections, engineering, viewing, and publications, are costs of the repair and must be assessed against the property and entities benefited.

Sec. 86. [106A.731] [ASSESSMENT; BONDS.]

Subdivision 1. [APPORTIONMENT OF ASSESSMENTS.] *If there is not enough money in the drainage system account to make a repair, the board shall apportion and assess the costs of the repairs pro rata on all property and entities that have been assessed benefits for the drainage system.*

Subd. 2. [NUMBER OF INSTALLMENTS.] *The assessments may be paid in annual installments specified in the assessment order. If the assessments are not more than 50 percent of the original cost of the drainage system, the installments may not exceed ten. If the assessments are greater than 50 percent of the original cost of the drainage system, the board may order the assessments to be paid in 15 or less installments.*

Subd. 3. [INTEREST ON ASSESSMENTS.] *If the order provides for payment in installments, interest on unpaid assessments from the date of the order for assessments must be set by the board in the order. The interest rate may not exceed seven percent per year and must be collected with each installment.*

Subd. 4. [COLLECTION OF ASSESSMENTS.] *If the assessment is not payable in installments, a lien does not need to be filed, and the assessment, plus interest from the date of the order to August 15 of the next calendar year, must be entered on the tax lists for the year. The assessment and interest are due and payable with and as a part of the real estate taxes for the year. If an assessment is levied and payable in installments, the auditor shall file for the record in the county recorder's office an additional tabular statement in substance as provided in section 67, and all the provisions of sections 68, 69, and 70 relating to collection and payment must apply to the assessment. Upon the filing of the tabular statement, the installment and interest are due and payable and must be entered on the tax lists and collected in the same manner as the original lien.*

Subd. 5. [CONDITIONS TO SELL BONDS FOR REPAIR.] *If a contract for drainage system repair has been entered into under this chapter or the repair has been ordered to be constructed by hired labor and equipment, and the board has ordered the assessments to be paid in installments, the board may issue and sell bonds, as provided by section 74.*

Subd. 6. [REPAIR OF STATE DRAINAGE SYSTEM WHEN NO BENEFITS WERE ASSESSED.] *For the repair*

of a drainage system established by the state where benefits were not assessed to the property, the drainage authority shall proceed to appoint viewers to determine the benefits resulting from the repair and collect assessments for the repair as provided in this chapter.

Sec. 87. [106A.735] [DRAINAGE SYSTEM REPAIR FUND.]

Subdivision 1. [AUTHORITY AND LIMITS OF FUND.] *To create a repair fund for a drainage system to be used only for repairs, the drainage authority may apportion and assess an amount against all property and entities assessed for benefits in proceedings for establishment of the drainage system, including property not originally assessed and subsequently found to be benefited according to law. The fund may not exceed 20 percent of the assessed benefits of the drainage system or $40,000, whichever is greater. If the account in a fund for a drainage system exceeds the larger of 20 percent of the assessed benefits of the drainage system or $40,000, assessments for the fund may not be made until the account is less than the larger of 20 percent of the assessed benefits or $40,000. Assessments must be made pro rata according to the determined benefits. Assessments may be made payable, by order, in equal annual installments. The auditor shall file a tabular statement as provided in section 86, subdivision 4, with the county recorder. Assessments must be collected as provided in section 86.*

Subd. 2. [TRANSFER OF DRAINAGE SYSTEM.] *If a drainage system within the county has been taken over by a watershed district under section 112.65, subdivision 1, or if responsibility for repair and maintenance of the drainage system has been assumed by any other governing body, the board may transfer any remaining surplus of the drainage system repair fund to the repair fund of the watershed district or to the appropriate fund of any existing governing body having responsibility for repair and maintenance of the drainage system.*

Sec. 88. [106A.741] [INCLUSION OF PROPERTY THAT HAS NOT BEEN ASSESSED BENEFITS.]

Subdivision 1. [CONSIDERATION BY ENGINEER.] *In a proceeding to repair a drainage system, if the engineer determines or is made aware that property that was not assessed for benefits for construction of the drainage system has been drained into the drainage system or has otherwise benefited from the drainage system, the engineer shall submit a map with the repair report. The map must show all public and private main ditches and drains that drain into the drainage system, all property affected or otherwise benefited by the drainage system, and the names of the property owners to the extent practicable. The property owners must be notified of the hearing on the re-*

pair report at least ten days before the hearing. The auditor must give notice of the time and location of the hearing by mail.

Subd. 2. [APPOINTMENT OF VIEWERS.] *At the hearing on the repair report, if the drainage authority determines that property not assessed for benefits for the construction of the drainage system has been benefited by the drainage system, the drainage authority shall appoint viewers as provided by section 42 before the repair contract is awarded. The viewers shall determine the benefits to all property and entities benefited by the original contruction of the drainage system and not assessed for benefits arising from its construction. The viewers shall make a viewers' repair report to the drainage authority as provided by section 44. When the viewers' repair report is filed, the auditor shall give notice of a hearing as required by section 46 and the drainage authority has jurisdiction of each tract of property described in the viewers' report as provided in section 47.*

Subd. 3. [VIEWERS' REPAIR REPORT HEARING.] *At the hearing on the viewers' repair report, the drainage authority shall hear all interested parties and determine the benefits to property and entities benefited by the original construction of the drainage system and not assessed for benefits.*

Subd. 4. [APPEAL OF ASSESSMENT ORDER.] *A person may appeal from the order determining the assessments as provided by section 18.*

Subd. 5. [PROPERTY BENEFITED IN HEARING ORDER INCLUDED IN FUTURE PROCEEDINGS.] *For the repair of a drainage system and in all future proceedings relating to the repair, cleaning, improvement, or alteration of the drainage system, the property benefited in the viewers' report hearing is part of the property benefited by the drainage system and must be assessed in the same manner provided for the assessment of the property originally assessed for and included in the drainage system.*

Sec. 89. [106A.745] [COST OF REPAIR EXCEEDING BENEFITS.]

If the cost of the repair of a drainage system exceeds the benefits determined in the original proceedings for the establishment of the drainage system, the requirements of section 24 for improvements of drainage systems apply if:

(1) the repair will result in the drainage of 100 or more acres of public waters in Anoka county;

(2) the public waters have existed for 15 or more years;

(3) the drainage system has not been substantially repaired for more than 25 years; and

(4) the physical repair was not started before July 1, 1980.

CONSOLIDATION, DIVISION, AND ABANDONMENT OF DRAINAGE SYSTEMS

Sec. 90. [106A.801] [CONSOLIDATION OR DIVISION OF DRAINAGE SYSTEMS.]

Subdivision 1. [AUTHORITY TO CONSOLIDATE OR DIVIDE.] *After the benefited area of a drainage system has been redetermined by the drainage authority under section 51 or in connection with drainage proceedings, the drainage authority may divide one system into two or more separate systems, consolidate two or more systems, transfer part of one system to another, or attach a part of a system that has been abandoned as provided in section 91 or 92 to another system to provide for the efficient administration of the system consistent with the redetermination of the benefited area.*

Subd. 2. [INITIATION OF ACTION.] *The consolidation or division may be initiated by the drainage authority on its own motion or by any party interested in or affected by the drainage system filing a petition. If the system is under the jurisdiction of a drainage authority, the petition must be filed with the auditor. If the system is under the jurisdiction of a watershed board, the petition must be filed with the secretary of the board.*

Subd. 3. [HEARING.] *(a) When a drainage authority or watershed board directs by resolution or a petition is filed, the drainage authority in consultation with the auditor or secretary shall set a time and location for a hearing. The auditor or secretary shall give notice by publication to all persons interested in the drainage system. The drainage authority may consolidate or divide drainage systems, by order, if it determines that the division of one system into two or more separate systems, the consolidation of two or more systems, the transfer of part of one system to another, or the attachment of a previously abandoned part of a system to another system:*

(1) is consistent with the redetermination of the benefited areas of the drainage system;

(2) would provide for the efficient administration of the drainage system; and

(3) would be fair and equitable.

(b) An order to consolidate or divide drainage systems does not release property from a drainage lien or assessment filed

for costs incurred on account of a drainage system before the date of the order.

Sec. 91. [106A.805] [REMOVAL OF PROPERTY FROM AND PARTIAL ABANDONMENT OF A DRAINAGE SYSTEM.]

Subdivision 1. [PETITION.] *After the construction of a drainage system, the owner of benefited property may petition the drainage authority to remove property from the drainage system or abandon any part of the drainage system that is not of public benefit and utility and does not serve a substantial useful purpose to property remaining in the system if:*

(1) waters are diverted from property assessed for benefits so that the drainage from the property does not use or affect the drainage system; or

(2) a dam authorized by law is constructed in the drainage system so that the property above the dam cannot use or receive benefits from the drainage system.

Subd. 2. [FILING.] *If the drainage system is under the jurisdiction of a drainage authority, the petition must be filed with the auditor. If the system is under the jurisdiction of a watershed district, the petition must be filed with the secretary of the district.*

Subd. 3. [HEARING.] *(a) When the petition is filed, the drainage authority in consultation with the auditor or the secretary shall set a time and location for a hearing on the partial abandonment petition and shall give notice by publication of the hearing to all persons interested in the drainage system.*

(b) At the hearing, the drainage authority shall make findings and shall direct, by order, that the petitioners' property is removed from the drainage system if the drainage authority determines:

(1) that the waters from the petitioners' property have been diverted from the drainage system, or that a dam has been lawfully constructed and the property cannot use the drainage system;

(2) that the property is not benefited by the drainage system and does not use or affect the drainage system; and

(3) that removing the property from the drainage system will not prejudice the property owners and property remaining in the system.

(c) The drainage authority shall make findings and direct, by order, that part of the drainage system be abandoned if the drainage authority determines that part of the drainage system does not serve a substantial useful purpose to any property remaining in the system and is not of a substantial public benefit and utility.

Subd. 4. [EFFECT OF REMOVING PROPERTY FROM DRAINAGE SYSTEM.] *The property that has been removed from the drainage system is not affected by the drainage system at any later proceeding for the repair or improvement of the drainage system and a drainage lien or assessment for repairs or improvements may not be made against the property that has been removed on or after the date of the order.*

Subd. 5. [LIENS AND ASSESSMENTS ON PROPERTY REMOVED OR ABANDONED.] *An order under this section does not release the property from a drainage lien filed on account of the drainage system before the date of the order. An order under this section does not release the property from any assessment or a drainage lien filed on or after the date of the order for costs incurred on account of the drainage system before the date of the order.*

Sec. 92. [106A.811] [ABANDONMENT OF DRAINAGE SYSTEM.]

Subdivision 1. [DRAINAGE LIEN PAYMENT PERIOD MUST EXPIRE.] *After the period originally fixed or subsequently extended to pay the assessment of the drainage liens expires, a drainage system may be abandoned as provided in this section.*

Subd. 2. [PETITIONERS.] *A petition must be signed by at least 51 percent of the resident property owners assessed for the construction of the drainage system or by the owners of not less than 51 percent of the area of the property assessed for the drainage system. For the purpose of the petition, the county is the resident owner of all tax forfeited property held by the state and assessed benefits for the drainage system, and the board may execute the petition for the county as a resident owner.*

Subd. 3. [PETITION.] *The petition must designate the drainage system proposed to be abandoned and show that the drainage system is not of public benefit and utility because the agricultural property that used the drainage system has been generally abandoned or because the drainage system has ceased to function and its restoration is not practical.*

Subd. 4. [FILING PETITION; JURISDICTION.] *If all property assessed for benefits in the drainage system is in one*

county, the petition must be filed with the auditor unless the petition is signed by the board, in which case the petition must be made to the district court of the county and filed with the clerk of court. If property assessed for benefits is in two or more counties, the petition must be filed with the auditor. When the petition is filed, the drainage authority in consultation with the auditor, or the clerk with the approval of the court, shall set a time and location for a hearing on the petition. The auditor or clerk shall give notice by publication of the time and location of the abandonment hearing to all persons interested. The drainage authority or the district court where the petition is properly filed has jurisdiction of the petition.

Subd. 5. [ABANDONMENT HEARING.] *(a) At the hearing, the drainage authority or court shall examine the petition and determine whether it is sufficient and shall hear all interested parties.*

(b) If a property owner assessed benefits for the drainage system appears and makes a written objection to the abandonment of the drainage system, the drainage authority or court shall appoint three disinterested persons as viewers to examine the property and report to the drainage authority or court. The hearing must be adjourned to make the examination and report. The viewers, if appointed, shall proceed to examine the property of the objecting owner and report as soon as possible to the drainage authority or court with the description and situation of the property and whether the drainage system drains or otherwise affects the property.

(c) At the adjourned hearing, the drainage authority or court shall consider the viewers' report and all evidence offered, and:

(1) if the drainage authority determines that the drainage system serves any useful purpose to any property or the general public, the petition for abandonment must be denied; or

(2) if the drainage authority determines that the drainage system does not serve any useful purpose to any affected property and is not of public benefit and utility, the drainage authority or court shall make findings and shall, by order, abandon the drainage system.

Subd. 6. [EFFECT OF ABANDONMENT.] *After abandonment of a drainage system, a repair petition for the drainage system may not be accepted and the responsibility of the drainage authority for the maintenance of the drainage system ends.*

Sec. 93. Minnesota Statutes 1984, section 40.072, subdivision 3, is amended to read:

Subd. 3. [PRELIMINARY PROGRAM PLANS; APPLICATION FOR FEDERAL OR OTHER AID; COOPERATION WITH OTHER AGENCIES; REPORT AND RECOMMENDATIONS TO THE COUNTY BOARD; ADOPTION OF IMPROVEMENT WORK PLAN.] After adoption of the resolution recommending the improvement work unit and program as provided in subdivision 2, with amendments thereto, if any, the board or boards, when the board or boards of county commissioners by resolution so directs, may make or cause to be made such further surveys and studies as may be necessary and thereupon make or cause to be made a preliminary general plan for carrying out the program for the improvement work unit as set forth in the resolution or any part thereof, with cost estimates therefor. The board or boards, at the direction of the county board or boards, may make application for federal aid, state aid, or aid available from any other source for the works embraced in the program or any part thereof under Public Law 566 or any act amendatory thereof or supplementary thereto or any other applicable federal or state law, and may take all steps necessary to determine whether such aid will be available and the amount thereof. The board may consider how the cost of the works of improvement or any part thereof above prospective federal or other aid may be met from the funds of the district or from the proceeds of assessments on benefited property or otherwise, and make estimates therefor. If the cooperation or joint action of any adjacent soil and water conservation district or any other public agency is desirable for any purpose under the program or in connection therewith, the board, at the direction of the county board or boards, may negotiate with the authorities concerned for such cooperation or joint action as authorized in this chapter, and acts amendatory thereof, or as otherwise provided by law. Upon completion of the foregoing steps as far as necessary, the board or boards may make and file a report, summarizing its findings thereon and its recommendations for further action on the program or any part thereof. The board or boards shall make the plan together with the preliminary general plan for the improvement work unit available to the county board or boards and to all other public agencies and persons concerned, and may give such publicity thereto as the district board deems advisable. The report shall contain substantially the same engineering information required by section 112.49, subdivisions 1 and 2. The board or boards shall transmit a copy of the report and preliminary plan to any regional development agency created by Minnesota law for the region in which each project is located, and in those cases where the plan involves a project for which a permit is required from the commissioner of natural resources under chapter 105, or for which proceedings will be instituted under (CHAPTER 106) *sections 1 to 92*, to the commissioner of natural resources and to the water resources board. The water resources board shall review the report and plan and, if it concludes that the plan is inconsistent with systematic administration of state water policy, shall report its conclusion to the board or boards and the commissioner of natural resources within 60 days after receiving the report and plan. Thereafter the

board or boards may modify and retransmit the report and preliminary plan to the water resources board, or may request a hearing on the report and plan before the water resources board. The water resources board shall hear the matter in the same manner, and follow the same procedures, as provided in sections 105.76 to 105.79, for the hearing of cases where it consents to intervention proceedings. Except where the water resources board concludes that the report and plan are inconsistent with state water policy, the district board or boards, with the approval of the county board or boards, may adopt and sponsor the improvement work unit and a program of work for the unit.

Sec. 94. Minnesota Statutes 1984, section 40.072, subdivision 4, is amended to read:

Subd. 4. [ACTION ON WORK PROJECT PURSUANT TO REPORT; PETITION AND HEARING.] The county board or boards, acting jointly under section 471.59, may take action on a project within the improvement work unit for construction or installation of works of improvement or part thereof pursuant to the recommendations in the report only upon a petition for a project signed by at least 25 percent of the owners of the land over which the proposed improvement work passes or upon which it is located, or by the owners of at least 30 percent of the area of such land, describing such land and requesting the county board or joint county board to hold a hearing on the practicability and desirability of carrying out the project in accordance with the preliminary plan and the recommendations in the report of the district board or boards. If the report specifies that any part of the cost of the project is to be paid from the proceeds of assessments on benefited property, one or more of the petitioners, upon the filing of the petition and before any action is taken thereon, shall file a bond to the county or counties acting jointly conditioned as provided by section (106.041) *22* in the case of a county drainage system, to be approved by the chairman of the board. The county board or joint county board shall set a time and place for the hearing on the petition, and cause notice thereof to be given as provided in section (106.101) *33*, subdivision 1. If upon the hearing the county board or joint county board finds that the carrying out of the project as requested in the petition will be feasible, in accordance with the recommendations of the report, and in furtherance of the objectives and purposes therein set forth, and that the estimated cost will not exceed the funds which may reasonably be expected to be available for payment thereof, the county board or joint county board may adopt a resolution so determining and directing further action on the project as hereinafter provided. By such resolution the county board or joint county board shall determine the amount to be paid from the respective sources of available or potentially available funds, including federal aid, district funds, assessments on benefited property, and other funds, if any. The amount payable from district funds may be commensurate with but shall not exceed the value of the general

public benefit of the project to the district as determined by the board or boards.

Sec. 95. Minnesota Statutes 1984, section 40.072, subdivision 5, is amended to read:

Subd. 5. [ACTION ON PROJECT WITHOUT ASSESSMENTS.] If no part of the project cost is to be paid from assessments on benefited property, the county board or joint county board may proceed with complete surveys and detailed plans and specifications and make its order establishing the project. The order shall contain findings substantially conforming to those required by section (106.201) *49, subdivision 2*. Notice summarizing the findings and order shall be served upon those persons entitled to receive notice of a county drainage project pursuant to section (106.171) *46*, in the manner therein provided unless such notice is waived in writing by each person entitled to receive such notice. The waiver of notice shall be filed with the county auditor. Unless an appeal is taken within 30 days after the notice is given, the county board or joint county board may proceed to acquire necessary rights or property, procure materials, let contracts, and take any other steps appropriate to complete the project. The county board or joint county board may delegate its duties and powers under this subdivision to the district board or joint district board provided that the district board or joint district board shall not exercise the power of eminent domain.

Sec. 96. Minnesota Statutes 1984, section 40.072, subdivision 6, is amended to read:

Subd. 6. [ACTION ON PROJECT WITH ASSESSMENTS.] If any part of the cost of the project is to be paid from the proceeds of assessments on benefited property, viewers shall be appointed as provided in section (106.141) *42*, and shall report as required by sections (106.151 AND 106.161) *43, 44, and 45*. The board or joint board of county commissioners shall direct the petitioners or, with its consent, the board or joint board of supervisors, to provide such engineering services as may be necessary to produce final plans adequate for the construction of the proposed improvement. The county board or joint county board shall then give notice of and conduct a final hearing substantially in accordance with sections (106.171) *46* to (106.191) *49* inclusive, as in the case of a county drainage proceeding, so far as these sections are consistent with this chapter, and acts amendatory thereof. If it is determined that the total benefits to property are not as much as the amount payable from the proceeds of assessments as specified in the report of the board or boards under subdivision 3, the petition shall be dismissed and further action on the project discontinued except as hereinafter provided, unless the county board or joint county board shall determine that the deficiency may be met by increasing the

amount payable from district funds or other funds, subject to the limitations hereinbefore prescribed, in which case further action for completion of the project may be taken as herein provided. If it is determined that the total benefits to property are as much as or more than the amount payable from the proceeds of assessments as specified in the report and that the other applicable requirements of law have been complied with, the county board or joint county board shall by order containing such findings establish the project as reported or amended and adopt and confirm the viewers' report as made or amended. If the total amount of benefits to be assessed upon property pursuant to the viewers' report as so adopted and confirmed is greater than the amount specified as payable from such assessments in the report of the board or boards under subdivision 3, the county board or joint county board may reduce the amounts payable from other sources of funds accordingly in such proportions as it may determine. Further action shall be taken thereon as provided in (CHAPTER 106) *sections 1 to 92*, so far as appropriate, except that each tract of land affected shall be assessed for the full amount of benefits, less damages, if any, as shown by the viewers' report as adopted and confirmed, unless the total amount of such benefits, less damages, exceeds the total actual cost of the project to be paid from the proceeds of assessments, in which case such cost shall be prorated for assessment purposes as provided in section (106.341) *67*. Upon filing of the viewers' report as provided in this section the county board of each county affected shall provide funds to meet its proportionate share of the total cost of the improvement, as shown by the report and order of the county board or joint county board, and for such purposes is authorized to issue bonds of the county in such amount as may be necessary in the manner provided in section (106.411) *74*.

The provision of section (106.411) *74* requiring the county board to let a contract for construction before issuing bonds shall not be applicable to bonds issued to provide the funds required to be furnished by this section.

The county board or joint county board, pursuant to agreement with the district board or boards, may by resolution direct the district to undertake, construct, install, maintain, and operate the work of improvement upon terms mutually agreed upon. However, if it is necessary to acquire property by eminent domain, the county, or the counties acting jointly, shall exercise the power of eminent domain and shall convey the property to the district or districts pursuant to the agreement.

If, pursuant to an agreement, the responsibility for a work of improvement is vested in a district or districts, the respective county treasurers shall transmit the proceeds of all related assessments or bond issues, when collected, to the treasurer of the district, who shall credit the same to the proper funds under the direction of the district board.

Sec. 97. Minnesota Statutes 1984, section 40.072, subdivision 9, is amended to read:

Subd. 9. [REPAIR.] The term "repair" used in this section means restoring the project works of improvement or any part thereof as nearly as practicable to the same condition as when originally constructed or subsequently improved.

After the construction of a project has been completed and accepted by the board of the county or district having authority over the project, the board shall maintain the same or such part thereof as lies within its jurisdiction and provide the repairs required to render it efficient to answer its purpose. This board shall have, exercise, and perform the powers and duties of the (COUNTY BOARD) *drainage authority* under (SECTION 106.471) *sections 80 to 89*, except as follows. If this board is a board of a soil and water conservation district, the financing of repairs which require assessments and bond issues shall be the responsibility of the county board or joint county board in a manner similar to that provided for the financing of the cost of original construction of the project and as provided in (SECTION 106.471) *sections 80 to 89*, so far as appropriate.

Sec. 98. Minnesota Statutes 1984, section 40.073, is amended to read:

40.073 [APPEALS.]

Any person aggrieved by an order of the board or joint board of county commissioners in any proceedings undertaken pursuant to section 40.072, subdivisions 5 or 6, may appeal to the district court upon the grounds and in the manner provided by (SECTION 106.631) *sections 18 and 19*, for a county drainage proceeding. Notices required by (SECTION 106.631) *sections 18 and 19*, to be filed with the county auditor shall also be filed with the board or joint board of supervisors. No appeal shall be permitted from an order of the board or joint board of county commissioners or the board or joint board of supervisors made pursuant to section 40.072, subdivisions 5 or 6 which dismisses a petition or refuses to establish a project.

Sec. 99. Minnesota Statutes 1984, section 88.43, subdivision 2, is amended to read:

Subd. 2. [BENEFITS; ASSESSMENT; LIEN.] If any clearing or other improvement of land made by any town or city benefits any person, or benefits some and damages others, then the amount of both such benefits and damages shall be ascertained in the same manner as provided by law with respect to damages in condemnation proceedings by right of eminent domain. All provisions of law relating to the determination of the amount of damages in condemnation proceedings shall apply to

the determination of the value of benefits under this section, as far as practicable. Any benefits so found shall be assessed against, and be a lien upon, the real property so benefited and shall be noted upon the public records and collected upon the same terms and in substantially the same manner as now provided by law for the collection of ditch and drainage assessments pursuant to (CHAPTER 106) *sections 1 to 92.*

Sec. 100. Minnesota Statutes 1984, section 97.484, is amended to read:

97.484 [ASSESSMENTS TO BE PAID FROM FUND.]

Any assessments against the State of Minnesota under the provisions of sections (106.381, OR 106.671 AND 106.672) *3, subdivision 2; 5; 44, subdivision 1; or section 70,* shall be paid from moneys in the Wildlife Acquisition Fund herein created on all such lands or properties heretofore or hereafter acquired for wildlife habitat.

Sec. 101. Minnesota Statutes 1984, section 97.50, subdivision 1, is amended to read:

Subdivision 1. [POWERS.] The commissioner, director, game refuge patrolmen, and conservation officers are authorized to:

(1) execute and serve all warrants and processes issued by any court having jurisdiction under any law relating to wild animals, wild rice, use of water, conservation, protection or control of public waters, state-owned dams or other works affecting public waters or water pollution, in the same manner as a constable or sheriff;

(2) arrest, without a warrant, any person detected in the actual violation of any provisions of chapters 84, 97 to 102, 105 and (106) *sections 1 to 92,* and section 609.68; and

(3) take the person before any court in the county in which the offense was committed and make proper complaint.

When a person who is arrested for any violation of the provisions of law listed in clause (2), which is punishable as a misdemeanor, is not taken into custody and immediately taken before a court, the arresting officer shall prepare, in quadruplicate, written notice to appear before a court. The notice shall be in the form and has the effect of a summons and complaint. It shall contain the name and address of the person arrested, the offense charged, and the time and the place he is to appear before the court. This place must be before a court which has

jurisdiction within the county in which the offense is alleged to have been committed.

In order to secure release, without being taken into custody and immediately taken before the court, the arrested person must give his written promise to appear before the court by signing, in quadruplicate, the written notice prepared by the arresting officer. The officer shall retain the original of the notice and deliver the copy marked "SUMMONS" to the person arrested. The officer shall then release the person from custody.

On or before the return day, the officer shall return the notice or summons to the court before whom it is returnable. If the person summoned fails to appear on the return day, the court shall issue a warrant for his arrest. Upon his or her arrest, proceedings shall be had as in other cases.

Sec. 102. Minnesota Statutes 1984, section 105.42, subdivision 1, is amended to read:

Subdivision 1. It shall be unlawful for the state, any person, partnership, association, private or public corporation, county, municipality or other political subdivision of the state, to construct, reconstruct, remove, abandon, transfer ownership, or make any change in any reservoir, dam or waterway obstruction on any public water; or in any manner, to change or diminish the course, current or cross-section of any public waters, wholly or partly within the state, by any means, including but not limited to, filling, excavating, or placing of any materials in or on the beds of public waters, without a written permit from the commissioner previously obtained. Application for such permit shall be in writing to the commissioner on forms prescribed by him. No permit shall be required for work in altered natural watercourses which are part of drainage systems established pursuant to (CHAPTERS 106 AND) *sections 1 to 92 and chapter* 112 when the work in the waters is undertaken pursuant to those chapters.

This section does not apply to any public drainage system lawfully established under the provisions of (CHAPTER 106) *sections 1 to 92* which does not substantially affect any public waters.

The commissioner, subject to the approval of the county board, shall have power to grant permits under such terms and conditions as he shall prescribe, to establish, construct, maintain and control wharfs, docks, piers, levees, breakwaters, basins, canals and hangars in or adjacent to public waters of the state except within the corporate limits of cities.

Sec. 103. Minnesota Statutes 1984, section 105.471, is amended to read:

105.471 [VENUE OF ACTIONS AGAINST COMMISSIONER; DRAINAGE AND CLASSIFICATION OF PUBLIC WATERS.]

Notwithstanding any other law to the contrary, any action for declaratory judgment that is commenced under chapter 555 by or against the commissioner to determine the validity of the commissioner's final decision regarding the classification of any waters of the state as public waters pursuant to sections 105.38 to 105.391, or the drainage of waterbasins or watercourses as provided in (SECTION 106.021) *sections 2 and 3, subdivision 1,* shall be venued in the county where the water, watercourse or waterbasin is located, if the water, watercourse or waterbasin is located in one county, or in the judicial district where the majority of the water, watercourse or waterbasin is located, if the water, watercourse or waterbasin is located in more than one county.

Sec. 104. Minnesota Statutes 1984, section 105.74, is amended to read:

105.74 [ADDITIONAL DUTIES OF BOARD.]

In addition to duties elsewhere prescribed, the board has the function defined in sections 105.72 to 105.79 when the decision of the agency in a proceeding involves a question of water policy in one or more of the areas of water conservation, water pollution, preservation and management of wildlife, drainage, soil conservation, public recreation, forest management, and municipal planning under any of the following: Sections 84.57, 97.48, subdivision 13, 105.41, 105.42, 105.43, 105.44, 105.64, (106.021, 106.671) *2, 3,* 115.04, 115.05, and chapter 110.

Sec. 105. Minnesota Statutes 1984, section 105.81, is amended to read:

105.81 [PETITION; BOND; INVESTIGATION; REPORT; HEARING; ORDER.]

For the purpose of conserving and making more adequate use of our water resources, any person, public or municipal corporation, governmental subdivision, the state or any of its departments or agencies, the commissioner of natural resources and the United States or any of its agencies, may petition the county board in the case of a system lying wholly within one county or the district court in the case of a drainage system affecting two or more counties for the installation of dams or other control works in said ditches to impound or divert waters for any beneficial use. Said petition shall contain the location of the installation, plans and specifications for the proposed structure, and a map of the areas likely to be affected by the impoundment or

diversion. The petitioner shall agree to be responsible for the cost of installation and construction of the structure. Upon filing of the petition, the petitioners shall file a bond as provided in sections (106.041 AND 106.051) *22 and 23*. No bond shall be required if the petition is filed by the state, any of its departments or agencies, the commissioner of natural resources, the United States or any of its agencies, and cities. Said petition shall also be accompanied by a permit from the commissioner of natural resources as required in sections 105.41 and 105.42.

On receipt of the petition, bond, and permit, if required, the board or court shall appoint an engineer to investigate the effect of the proposed installation and file a report of his findings. Upon filing of the engineer's report, notice shall be given and a public hearing held as provided in section (106.101) *33*. If at this hearing it appears from the engineer's report and other evidence presented that such installation will be of a public or private benefit and that it will not impair the utility of the ditch or deprive affected land owners of the benefit thereof, the board or court shall issue a permit authorizing its installation. Before the petitioner shall install or construct any impoundment or diversion, he shall obtain such rights-of-way and flowage easements from all owners of land to be affected thereby.

The order of the court modifying the ditch system shall provide that all construction and subsequent maintenance and repairs of the ditch modification shall be done and performed by the petitioner without any cost to the owners of lands and properties previously within the drainage system.

Sec. 106. Minnesota Statutes 1984, section 111.09, subdivision 2, is amended to read:

Subd. 2. [CHIEF ENGINEER, ATTORNEY.] The board may employ a chief engineer and an attorney, and such other engineers and attorneys or agents or assistants as are needful and necessary and shall provide for their compensation. All such expenses shall be, as far as practicable, as a part of the costs of each improvement upon which such engineer and attorney perform services, and as far as applicable shall be governed by section (106.431) *76*.

Sec. 107. Minnesota Statutes 1984, section 111.11, is amended to read:

111.11 [ESTABLISHMENT OF DISTRICT; CLASSES.]

After the organization of the board of directors of any drainage and conservancy district organized under the provisions of sections 111.02 to 111.42 and upon filing with the clerk of the board a petition signed by not less than 25 freeholders of the district (but in no event shall more than 25 percent of the owners of

the property affected be required), or by the board of county commissioners of any county, or the council of any city likely to be affected by the proposed improvement therein, asking for the construction within the limits of the conservancy district of any of the improvements authorized by the provisions of sections 111.02 to 111.42 relative to drainage, regulation, control, or conservation of the waters of any lake, pond, marsh, or body of water, river, stream, watercourse, ditch, or drain within the district which may cover the whole or any part of the improvement contemplated when the district was organized, therein describing the need of the proposed improvement, the extent thereof, and describing in general terms the bodies of water, streams, or watercourses proposed to be improved, or reservoirs or other improvements constructed; and, if the construction of a ditch or drain as a part of the proposed improvement contemplated, a description of the starting point, the general course and termination thereof shall be given therein, or if the contemplated improvements require that any ditch or drain established and constructed under any law of this state, or any portion thereof, be utilized for the protection of fires in areas subject to destruction or damage by fire or for irrigation, all as specified, a description of such ditch and drain, or the portions thereof so required, and a general description of such areas, protection whereof from fire is sought, or irrigation is sought, setting forth the reasons and necessity for such improvements and that the same, if constructed, will benefit public health and general welfare of the inhabitants in that vicinity, and the petition is to be accompanied by a bond signed by the petitioners, or any number of them, or other parties in their behalf, in such sum as the board of directors of such district may specify and such as it shall approve, conditioned for payment of all costs or expenses in connection with such improvements in the event the petition, as therein set forth or subsequently modified, is not granted; it shall be the duty of the board of directors of the district to cause to be made, at the earliest possible date, by its engineer, all necessary surveys, maps, plats, profiles, and plans covering the proposed improvements so as to fully inform the board as to the merits and practicability of proposed improvements, and, in making the surveys, plats, profiles, and report, the engineer shall, so far as practicable, conform to the requirements of General Statutes 1923, Section 6678, and the board shall have authority to correct, change, or modify the proposed improvements, as outlined in the petition, and if the report of the engineer is favorable to the construction of the improvements, and is approved by the board of directors, the board shall, with the least possible delay, appoint three disinterested citizens of the state to act as viewers, and the viewers so selected shall, after subscribing an oath to faithfully and impartially perform their duties, proceed to personally inspect and examine all lands, highways, and other property likely to be affected by the improvements, or that may be used or taken for the construction or maintenance thereof and shall, in the performance of their duties so far as practicable comply with the provisions of sections (106.141 AND 106.151) *42 to 45* and make and file with the clerk

of the board with such plans and specifications a detailed statement showing the actual benefits and damages that will result to individuals, property, or corporations from the construction of the improvements, and a list of lands and other property, including highways and corporations, that will be actually benefited or damaged, and the amount thereof, and include lands, roads, corporations, and other property receiving actual benefits by way of drainage or control of flood waters, or by regulation, conservation, and application of waters for fire protection and irrigation, as hereinbefore authorized, and lands or water powers further down the valley and include all lands to which a drainage outlet is supplied by such improvement by way of increased facilities for drainage or control of flood waters or protection from fire or for irrigation, and all such property and corporations shall be assessable for the cost of the proposed improvement in proportion to the actual benefits received, as finally determined by the court; provided, the board of directors of the district may elect to levy no assessment under this section upon water powers, but collect for such improvement as otherwise provided in sections 111.02 to 111.42. General Statutes 1923, Sections 6681 and 6682, so far as applicable, shall apply to and govern the work of the viewers under sections 111.02 to 111.42. In any case where fire protection is part of the relief prayed for in the petition and the utilization of any existing ditch or drain, or any portion thereof, is alleged to be necessary thereto, the petition for such improvements, before being presented to the board of directors, shall be signed by not less than 50 percent of the resident freeholders (but in no event shall more than 25 signers be required) whose lands are affected by the ditch or drain, or portion thereof, to be utilized, and approved by resolution of the board of county commissioners of each county wherein the same is located.

Sec. 108. Minnesota Statutes 1984, section 111.13, is amended to read:

111.13 [MODIFICATIONS, APPROVAL OR REJECTION.]

At the time and place specified in the notice, the court shall hear all parties interested for and against the granting of the petition and confirming the reports, and may order and direct the modification of the plans and specifications and the assessments of benefits and damages and amend or change the list of property reported as assessable for the construction and maintenance thereof, or may recommit the same to the engineer or viewers, or both, for changes. If upon full hearing the court shall find that the improvement will be conducive to the public health and promote the general welfare and cause the protection and reclamation of wet or overflowed lands or the control of flood waters in streams, channels, and reservoirs, or aid in the prevention of fires in the areas, or any purpose authorized by sections 111.02 to 111.42, in the drainage and conservancy district and that the benefits resulting therefrom will be greater than the costs of the construction and damages, and a sum equal

to 15 percent of the cost of the construction, exclusive of damages, for maintenance, then the court shall make its findings accordingly and order and direct the construction of the improvement and confirm the report of the engineer and the findings and report of the board or the viewers with reference to benefits and damages and lands assessable, and may, by this order, authorize the board of the district to construct the whole or any part of the improvement petitioned for or to let contracts for the improvement ordered as a whole or for different parts thereof separately. All persons, parties, or corporations affected by the order shall have the right to appeal on questions of benefits and damages in the manner now provided for appeals in the case of judicial ditches, pursuant to provisions of (SECTION 106.631) *sections 18 and 19.*

If any ditch or drain, or any portion thereof, mentioned in the petition and reports is proper to be utilized for any of the objects or purposes of sections 111.02 to 111.42, the court shall include in its findings all matters in respect thereto and in and by the order fix and limit the use and application of the same therefor, taking care not to destroy the ditch, or any part thereof, so used for the purposes for which it was established. Upon the entry of the order, the board of directors of the district shall have and exercise all the authority thereover theretofore vested in any public corporation or administrative body as to such ditch or drain, or portion thereof, and be charged with all the duties of any such public corporation or administrative body as to the upkeep, repair, and maintenance of any such ditch, or the part thereof taken under sections 111.02 to 111.42.

Sec. 109. Minnesota Statutes 1984, section 111.30, is amended to read:

111.30 [APPORTIONMENT OF COSTS.]

At the time set for hearing on the report and petition of the board of directors of any district and the report of the engineer asking for the establishment of any improvement under the provisions of sections 111.02 to 111.42, or at any time subsequent thereto, upon five days' notice, in writing, to the auditor of each county containing property affected by such improvement, the court shall apportion the amount of the total costs of the construction of the improvements among the counties affected in proportion to the benefits received and shall fix and determine the amount to be paid by each and, upon similar notice to the auditor, the judge of the district court may, at any time, modify his order as justice may require, or make additional orders covering additional expense. The word "expense", as used in this section, shall be construed to mean every item of cost of the improvement from its inception to its completion and all fees and expenses paid or incurred, including all damages awarded; and, upon the filing of the order, or a certified copy thereof, with the auditor of each county affected, together with a list of all

property in the county affected and a statement of all benefits and damages affecting the same, and such other information as the court, by order, may direct, it shall be the duty of the county board of each county to provide the necessary funds to meet the proportionate share of the cost of the improvement, as specified in the order, in the same manner as now provided in the case of judicial ditch proceedings, under section (106.411) *74*. Immediately, or at the earliest date possible following the letting of contracts for the construction of the improvement by the board of directors of the district, it shall cause to be made and filed, with its clerk and with the auditor of each county affected, a statement showing the total cost of the improvement, including expenses as nearly as they can be ascertained, and the proportionate amount that the property within each county affected shall be required to pay on the basis fixed by the order of the court, together with a list of all property benefited within such county; and thereupon it shall become the duty of the auditor of each county to cause to be made and recorded the tabular statement and lien against the property benefited within the county the amount to be paid by the property in the county, in accordance with the provisions of sections (106.341, 106.351, AND 106.361) *67 and 68*; and it shall be the duty of the county commissioners of each county to provide funds to meet the proportionate share of the total cost of the improvement, as shown by the report of the board of the drainage and conservancy district and the order of the court, and the county board is authorized to exercise all rights and authority in so doing now granted to the board of county commissioners under the provisions of sections (106.341 AND 106.411) *67, subdivisions 1 and 2; and 74* and other provisions relating to county and judicial ditch proceedings. It shall be the duty of the respective county auditors and county treasurers to levy and collect the amount shown in the tabular statement and lien, as provided in sections (106.371) *69* and (106.381) *70*. All moneys received by the treasurer of any county from the sale of bonds, assessments, or otherwise for the benefit of the district shall be by him accounted for and paid over to the treasurer of the district.

Sec. 110. Minnesota Statutes 1984, section 111.31, is amended to read:

111.31 [ASSESSMENTS.]

Upon the filing by the board of directors of a drainage and conservancy district with the auditor of any county of a statement as provided in section 111.30, giving a list of the property and corporations benefited or damaged or otherwise affected by any proposed improvement, it shall be the duty of the auditor to assess the amount specified in such list against the lands and municipalities or other corporations as therein specified in accordance with the provisions of section (106.381) *70*, he shall proceed to levy and collect the sums specified in the lists against the property and corporations in accordance with the provisions thereof and, in the event the sum so reported shall become a

direct charge against the county, it may be paid by such county out of its road and bridge fund, or otherwise, as the county commissioners may direct, and may be paid in whole or in installments as may be specified by the board of county commissioners of the county. No assessment shall be levied against any property or corporation benefited under the provisions of sections 111.02 to 111.42 in excess of the amounts of benefits received as fixed by the order of the court directing the construction of the improvement or subsequently determined on appeal.

Sec. 111. Minnesota Statutes 1984, section 111.36, is amended to read:

111.36 [NEGLECT OF AFFAIRS.]

The provisions of section (106.641) *16* relating to the obstruction or injury of work shall apply to any and all improvements made or authorized under the provisions of sections 111.02 to 111.42, and any other provision contained in the laws of this state relating to judicial or county ditches providing for punishment for damages committed to or interfering with such work shall apply to all improvements made under the provisions of sections 111.02 to 111.42.

Sec. 112. Minnesota Statutes 1984, section 111.78, is amended to read:

111.78 [LIENS TO BEAR INTEREST.]

The amount that each tract of land, public or private, shall be liable for on account of the construction of works authorized in sections 111.65 to 111.80 shall bear interest from the date of the filing of the auditor's statement in the office of the county recorder at the legal rate until paid.

Such liens may be paid to the county treasurer at any time after the recording of the auditor's statement in the office of the county recorder.

When payment of the full amount of the liens with interest shall at any time be made the county auditor, upon presentation of a receipt from the county treasurer to that effect, shall issue under his hand a certificate of such payment and the same when recorded in the office of the county recorder shall release and discharge the lien of record.

On or before November 15 next following the filing by the auditor of such statement, he shall enter on the tax lists of the county the amount of the lien against each tract of land, all of which shall be payable as directed by the court on such tract, which shall be subject to and be collected with like penalties as all other taxes.

The auditor of the county wherein the proceedings are held is hereby authorized, upon order of the court, to issue warrants of the county to pay the official costs of such proceedings and when the costs are assessed against the lands in more than one county such costs are to be determined and apportioned between the counties affected in proportion to the benefits assessed against the lands and property in such county. The issued warrants are to draw interest at the legal rate, subject to their payment as provided under section (106.451) *78*.

Sec. 113. Minnesota Statutes 1984, section 112.431, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] (a) For the purpose of this section the terms defined in this subdivision have the meanings ascribed to them.

(b) "Drainage system" means a ditch as defined by section (106.011, SUBDIVISION 17) *1, subdivision 11*.

(c) "Watershed district" means any watershed district established pursuant to the provisions of chapter 112, wholly or partially in a metropolitan county.

(d) "Metropolitan county" means any one of the following counties: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott or Washington.

(e) "Metropolitan area" means the combined area of the metropolitan counties.

Sec. 114. Minnesota Statutes 1984, section 112.48, subdivision 1, is amended to read:

Subdivision 1. After the overall plan of the district has been prescribed by the board, as provided in section 112.46, a petition may be filed with the managers for any project within the district conforming in general with the plan. The petition must be signed:

(1) By not less than 25 percent of the resident freeholders, or by the owners of more than 25 percent of the land within the limits of the area proposed to be improved unless the project consists of the establishment of a drainage system as defined in (CHAPTER 106) *sections 1 to 92* or the improvement of an existing drainage system;

(2) By a majority of the resident owners of the land over which the proposed project passes or is located, or by the owners of at least 60 percent of the area of the land, if the project con-

sists of the establishment of a drainage system as defined in (CHAPTER 106) *sections 1 to 92*;

(3) By not less than 26 percent of the resident owners of the property affected by the proposed project or over which the proposed project passes or by the owners of not less than 26 percent of the area affected or over which the proposed project passes if the project consists of the improvement of an existing drainage system as defined in (CHAPTER 106) *sections 1 to 92*;

(4) By a county board of any county affected; or

(5) By the governing body of any city lying wholly or partly within the area proposed to be improved; provided that if the proposed project affects lands exclusively within a city, the petition shall originate from the governing body of the city.

For the purpose of this subdivision, holders of easements for electric or telephone transmission or distribution lines are not considered freeholders or owners.

The petition shall contain the following:

(a) A description of the proposed project, and the purpose to be accomplished;

(b) A description of the lands over which the proposed project passes or is located;

(c) A general description of the part of the district which will be affected, if less than the entire district;

(d) The need and necessity for the proposed improvement;

(e) That the proposed project will be conducive to public health, convenience, and welfare;

(f) A statement that the petitioners will pay all costs and expenses which may be incurred in case the proceedings are dismissed or for any reason no construction contract is let for the project.

Sec. 115. Minnesota Statutes 1984, section 112.50, is amended to read:

112.50 [APPRAISALS.]

Subdivision 1. Upon the filing of the engineer's report the managers shall, with the least possible delay, appoint three disinterested resident freeholders of the state to act as appraisers.

These appraisers shall subscribe an oath to faithfully and impartially perform their duties, and with or without the engineer, shall determine the benefits or damages to all lands and properties affected by the proposed project or improvement, including lands owned by the state of Minnesota or any department thereof, highways, and other property likely to be affected by the proposed improvement or that may be used or taken for the construction or maintenance thereof. Benefits and damages to lands owned by the state of Minnesota or any department thereof held and used for the purposes described in (SECTION 106.672) *sections 5 and 44, subdivision 1,* shall be determined subject to the provisions thereof, so far as applicable. Each appraiser may be paid on a per diem basis for every day necessarily engaged in the performance of his duties and for his actual and necessary expenses. The compensation shall be fixed by the managers, to be paid by the district and included in the cost of improvement. The managers of the watershed districts may in their discretion use the following procedure for the purpose of determining benefits and damages. Upon the filing of the engineer's report the managers with the assistance of the engineer shall determine the benefits or damages to all lands and properties affected by the proposed project or improvement, including lands owned by the state of Minnesota or any department thereof, highways, and other property likely to be affected by the proposed improvement or that may be used or taken from the construction or maintenance thereof. Benefits and damages to lands owned by the state of Minnesota or any department thereof held and used for the purposes described in (SECTION 106.672) *sections 5 and 44, subdivision 1* shall be determined subject to the provisions thereof, so far as applicable. The managers shall also determine the amount to be paid and generally assessed by the watershed district for the basic water management portion of the improvement projects.

Sec. 116. Minnesota Statutes 1984, section 112.501, subdivision 1, is amended to read:

Subdivision 1. Where the proposed improvement, includes or prays for the construction or improvement of any ditch, stream, river, or watercourse, or any structures for the control or alleviation of damages from flood waters, the appraisers shall be governed by (SECTION 106.151) *sections 43 to 45.*

Sec. 117. Minnesota Statutes 1984, section 112.541, is amended to read:

112.541 [PROCEDURE WHEN CONTRACT IS NOT LET.]

If after the receipt of the bids, no bids are received except for a price more than 30 percent in excess of the engineers estimate as contained in his report, or for a price in excess of the benefits,

less damages and other costs, the managers shall follow the procedure described in section (106.241) *57*.

Sec. 118. Minnesota Statutes 1984, section 112.59, is amended to read:

112.59 [CONTROL OF CONTRACTS.]

In all cases where contracts are let by the managers, they shall have full control of all matters pertaining thereto. If a contractor fails to complete the improvement within the time or in the manner specified in the contract, the managers may extend the time for completion or may refuse an extension of time or may cancel the contract and readvertise and relet the contract. They may require the surety for the contractor to complete the improvement or proceed to have the contract otherwise completed at the expense of the contractor and his surety. They may take such other action with reference thereto that the occasion may require in the interest of the district. The provisions of (CHAPTER 106) *sections 1 to 92*, so far as pertinent, apply to and govern the relations between the engineer and the contractor, including the examination and report of the engineer and the amount and time of payment. The managers shall keep an accurate account of all expenses incurred, which shall include the compensation of the engineer and his assistants, the compensation and expenses of the appraisers as provided in section 112.50, the compensation of petitioners' attorney, the cost of petitioners' bond, the fees of all county officials necessitated by the improvement which shall be in addition to all fees otherwise allowed by law, and the time and expenses of all employees of the district, including the expenses of the managers while engaged in any improvement. The fees and expenses provided for herein shall be audited, allowed and paid upon the order of the managers and shall be charged to and be treated as a part of the cost of the improvement.

Sec. 119. Minnesota Statutes 1984, section 112.60, subdivision 1, is amended to read:

Subdivision 1. Upon the filing by the managers with the auditor of any county of a statement listing the property and corporations benefited or damaged or otherwise affected by any improvement as found by the appraisers and approved by the managers, he shall assess the amount specified in such list against the lands and municipalities or other corporations as therein specified in accordance with the pertinent provisions of (CHAPTER 106) *sections 1 to 92*.

Sec. 120. Minnesota Statutes 1984, section 112.60, subdivision 2, is amended to read:

Subd. 2. Upon filing of the statement as provided in subdivision 1 the county board of each county affected shall provide

funds to meet its proportionate share of the total cost of the improvements, as shown by the report and order of the managers of the district, and for such purposes is authorized to issue bonds of the county in such amount as may be necessary in the manner provided by section (106.411) *74*. In the event an improvement is to be constructed under the provisions of section 112.69, the provisions of section (106.411) *74* requiring the county board to let a contract for construction before issuing bonds shall not be applicable to bonds issued to provide the funds required to be furnished by this section.

Sec. 121. Minnesota Statutes 1984, section 112.60, subdivision 3, is amended to read:

Subd. 3. The respective county auditors and county treasurers shall levy and collect the amount shown in the tabular statement and lien as provided in sections (106.341) *67* to (106.401) *73*. All moneys received by the treasurer of any county from the sale of bonds, assessments, or otherwise, for the benefit of the district shall be by him accounted for and paid over to the treasurer of the district.

Sec. 122. Minnesota Statutes 1984, section 112.64, subdivision 2, is amended to read:

Subd. 2. For the purpose of creating a maintenance fund for normal and routine maintenance of a project, the board of managers is authorized to apportion and assess the amount of the fund against all the parcels of land and municipal corporations previously assessed for benefits in proceedings for the construction of the project. The assessment shall be made pro rata according to benefits determined. No assessment for the benefit of the maintenance fund shall be made when the fund exceeds 20 percent of the original cost of construction of the project. Upon receiving the assessment order from the board of managers, the auditors of the counties affected shall file for record in the office of the county recorder for the county a tabular lien statement covering the assessment. The assessment shall be collected as provided in the order in the same manner as provided in section (106.471) *86*. Before ordering the levy of an assessment for the benefit of the maintenance fund, the board of managers, in its discretion, may give notice of a hearing on the matter.

Sec. 123. Minnesota Statutes 1984, section 112.64, subdivision 3, is amended to read:

Subd. 3. If the engineer certifies to the board of managers, in his annual report or otherwise, that an improvement of the district is in such a state of disrepair that it cannot be restored by normal and routine maintenance to the same condition as when originally constructed or subsequently improved, or that a

ditch or channel must be widened or deepened, or that any improvement of the district must be altered or improved, in order to attain the level of operating efficiency contemplated at the time of the original construction, the board of managers, before ordering any repairs other than normal and routine maintenance, shall order the engineer to prepare and submit to the board of managers technical and cost specifications on the work necessary to restore, or improve the improvement to the desired level of operating efficiency. Upon receiving the engineer's report, the board of managers shall set a date for hearing on the report and give notice of the hearing in the same manner as in the original proceeding on the construction of the improvement. If upon hearing the board of managers finds that the repair or improvement is in compliance with the provisions, is necessary to accomplish the purposes of this chapter, and that the cost of the repair or improvement will not exceed its benefits, they may order the repair or improvement and assess the cost against the benefited properties. The cost shall be apportioned and assessed pro rata upon all lands and property that were assessed for the construction of the improvement. No single levy for repair shall exceed the amount of benefits originally determined. The board of managers shall file a copy of the order for levy with the auditor of each county which contains affected properties. The auditor shall extend the levy against affected properties as in proceedings for the levy, assessment and collection of taxes levied in drainage proceedings conducted under (CHAPTER 106) *sections 1 to 92.*

Sec. 124. Minnesota Statutes 1984, section 112.65, subdivision 1, is amended to read:

Subdivision 1. The managers of a district shall take over when directed by the district court or county board any judicial or county drainage system within the district, together with the right to repair and maintain the same. Such transfer may be initiated by the district court or county board, or such transfer may be initiated by a petition from any person having an interest in the drainage system or by the managers. No such transfer shall be made until the district court or county board has held a hearing thereon. Due notice of the proposed transfer together with the time and place of hearing shall be given by two weeks published notice in a legal newspaper of general circulation in the area involved. All interested persons may appear and be heard. Following the hearing, the district court or county board shall make its order directing that the managers of a district take over the affected judicial or county drainage system, unless it appears that the take over would not be in the public welfare or public interest and would not serve the purpose of this chapter. When the transfer is directed all proceedings for repair and maintenance shall thereafter conform to the provisions of (CHAPTER 106) *sections 1 to 92.*

Sec. 125. Minnesota Statutes 1984, section 161.28, subdivision 1, is amended to read:

Subdivision 1. [PETITION.] Upon the filing of a petition by the commissioner with the appropriate county auditor setting forth that it would be advantageous or desirable in the construction or maintenance of a trunk highway to make a minor alteration or change in a public drainage system directly affecting a trunk highway and that the alteration or change will not affect the functioning or efficiency of the public drainage system, the auditor shall fix a time and place for hearing and give notice of the hearing by publication, as defined in section (106.171) *46*. Upon the filing of the petition the commissioner shall also file a plan showing in detail the alteration or change petitioned for. If upon the hearing it appears to the county board or joint county ditch authority that the alteration or change in the public drainage system will not affect or impair the efficiency of the drainage system, the board or authority shall make its order allowing the commissioner to make the alteration or change petitioned for. Upon the making of the order by the county board or the joint county ditch authority, the commissioner may proceed at the sole cost and expense of the state to make the alterations or changes as may be in the order allowed, damages, if any, for any additional lands necessary for the change or alteration being first duly paid or secured. Upon completion of the alteration or change the commissioner shall file with the appropriate auditor a map drawn to scale showing the change or alteration made and shall also file a profile of all lines of the alteration or change in the ditch showing graphically the elevation of the ground and gradient, whether open or tiled, the size of tile, and the bottom width and side slope of open ditch sections, and such other information as may appear necessary for understanding. Upon the completion of the alteration or change herein provided for, the ditch shall thereafter include such alteration or change as a part of it with the same force and effect as though it had been originally so constructed and established.

Sec. 126. Minnesota Statutes 1984, section 163.17, is amended to read:

163.17 [DRAINAGE SYSTEMS AFFECTING HIGHWAYS; ALTERATIONS.]

Upon the filing of a resolution by the county board of any county with the county auditor, in the case of a public ditch system lying wholly within a county, or with the clerk of the district court having jurisdiction over said ditch in the case of a ditch system affecting two or more counties, therein setting forth that it would be advantageous or desirable in the construction or maintenance of a highway under the jurisdiction of the county to make a minor alteration or change in a public ditch system directly affecting the highway, and that the alteration or change will not affect the functioning or efficiency of the ditch system, it shall be the duty of the auditor, or the clerk with the approval of the judge, to fix a time and place for hearing thereon and to give notice of hearing by publication as defined by section

(106.011) *1*, subdivision (2) *21*. Upon the filing of the resolution, the board shall also cause to be filed a plan showing in detail the alteration or change therein described. If upon the hearing it shall appear to the county board or district court that the alteration or change in the public ditch system will not affect or impair the efficiency of the ditch system, the board or court shall make its order authorizing the county to cause the alteration or change to be made. Upon the making of the order by the county board or the court, the county board may proceed at the sole cost and expense of the county to make the alterations or changes as may be in the order allowed; damages, if any, occasioned thereby being first duly paid or secured by the county. Upon completion of the alteration or change, the county board shall cause to be filed with the auditor or clerk, a map and profile drawn to scale showing thereon the change or alteration made. If the map and profile be filed with the clerk, duplicates thereof shall also be filed with the auditor of each county affected. Upon the completion of the alteration or change herein provided for, the ditch shall thereafter include the alteration or change as part thereof with the same force and effect as though it had been originally so constructed and established.

Sec. 127. Minnesota Statutes 1984, section 357.021, subdivision 2, is amended to read:

Subd. 2. [FEE AMOUNTS.] The fees to be charged and collected by the clerk of district court shall be as follows:

(1) In every civil action or proceeding in said court, the plaintiff, petitioner, or other moving party shall pay, when the first paper on his part is filed in said action, a fee of $20, except that in an action for marriage dissolution, the fee is $55.

The defendant or other adverse or intervening party, or any one or more of several defendants or other adverse or intervening parties appearing separately from the others, shall pay, when the first paper on his or their part is filed in said action, a fee of $15.

The party requesting a trial by jury shall pay $15.

The fees above stated shall be the full trial fee chargeable to said parties irrespective of whether trial be to the court alone, to the court and jury, or disposed of without trial, and shall include the entry of judgment in the action, but does not include copies or certified copies of any papers so filed or proceedings under (CHAPTER 106) *sections 1 to 92*, except the provisions therein as to appeals.

(2) Certified copy of any instrument from a civil or criminal proceeding $5 and $3.50 for an uncertified copy.

(3) Issuing a subpoena $1 for each name.

(4) Issuing an execution and filing the return thereof; issuing a writ of attachment, injunction, habeas corpus, mandamus, quo warranto, certiorari, or other writs not specifically mentioned, $5.

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

(6) Filing and entering a satisfaction of judgment, partial satisfaction or assignment of judgment, $5.

(7) Certificate as to existence or non-existence of judgments docketed, $1 for each name certified to and $1 for each judgment certified to.

(8) Filing and indexing trade name; or recording notary commission; or recording basic science certificate; or recording certificate of physicians, osteopaths, chiropractors, veterinarians or optometrists, $5.

(9) For the filing of each partial, final, or annual account in all trusteeships, $10.

(10) All other services required by law for which no fee is provided such fee as compares favorably with those herein provided, or such as may be fixed by rule or order of the court.

Sec. 128. Minnesota Statutes 1984, section 375.471, is amended to read:

375.471 [LAND CONSERVATION AND UTILIZATION; FEDERAL AID.]

The county boards of the several counties which have been designated as a resource conservation and development project area under 7 USCA, Sec. 1011(e) and acts amendatory thereof, may enter into agreements as necessary with the secretary of agriculture of the United States and other agencies of the federal government for the program of land conservation and land utilization authorized by 7 USCA, Sec. 1010 and acts amendatory thereof, to accept assistance for the program under 7 USCA, Sec. 1011 and acts amendatory thereof, to engage in works of improvement as necessary for the purpose of the acts and to cooperate with the secretary of agriculture and federal agencies so that residents of this state obtain the benefits and advantages available to them and intended by congress to be available by the acts. The county boards shall comply with the requirements of federal law and any rules and regulations promulgated under it and with appropriate state laws to accomplish the purposes intended by this section. If a proceeding is instituted by petition

for an improvement under this section, it may be conducted by a board in the same manner provided for the establishment of a drainage system under (CHAPTER 106) *sections 1 to 92.* A majority of the landowners as defined in section (106.031) *21, subdivision 3,* shall be required for a valid petition. They may also proceed under authority provided by other law.

Sec. 129. Minnesota Statutes 1984, section 471.345, subdivision 3, is amended to read:

Subd. 3. [CONTRACTS OVER $15,000.] If the amount of the contract is estimated to exceed $15,000, sealed bids shall be solicited by public notice in the manner and subject to the requirements of the law governing contracts by the particular municipality or class thereof provided that with regard to repairs and maintenance of ditches, bids shall not be required if the estimated amount of the contract does not exceed the amount specified in section (106.471, SUBDIVISION 2) *81, subdivisions 4, 5, and 6.*

Sec. 130. Minnesota Statutes 1984, section 473.877, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] Any agreement under section 471.59 to jointly or cooperatively manage or plan for the management of surface water in a watershed delineated pursuant to subdivision 2, as required by sections 473.875 to 473.-883, may provide, in addition to other provisions authorized by section 471.59, for a joint board having:

(a) the authority to prepare, adopt, and implement a plan for the watershed meeting the requirements of section 473.878;

(b) the authority to review and approve local water management plans as provided in section 473.879;

(c) the authority of a watershed district under chapter 112 to regulate the use and development of land in the watershed when one or more of the following conditions exists: (1) the local government unit exercising planning and zoning authority over the land under sections 366.10 to 366.19, 394.21 to 394.37, or 462.351 to 462.364, does not have a local water management plan approved and adopted in accordance with the requirements of section 473.879 or has not adopted the implementation program described in the plan; (2) an application to the local government unit for a permit for the use and development of land requires an amendment to or variance from the adopted local water management plan or implementation program of the local unit; (3) the local government unit has authorized the organization to require permits for the use and development of land;

(d) the authority of a watershed district under section 112.65 to accept the transfer of drainage systems in the watershed, to

repair, improve, and maintain the transferred drainage systems, and to construct all new drainage systems and improvements of existing drainage systems in the watershed, provided that projects may be carried out under the powers granted in chapter (106,) 112 (,) or 473 *and sections 1 to 92* and that proceedings of the board with respect to the systems must be in conformance with the watershed plan adopted under section 473.878; and

(e) other powers necessary to exercise the authority under clauses (a) to (c), including the power to enter into contracts for the performance of functions with governmental units or persons.

Sec. 131. Minnesota Statutes 1984, section 473.878, subdivision 4, is amended to read:

Subd. 4. [CONTENTS.] The plan shall:

(a) Describe the existing physical environment, land use, and development in the area and the environment, land use, and development proposed in existing local and metropolitan comprehensive plans;

(b) Present information on the hydrologic system and its components, including any drainage systems previously constructed under (CHAPTER 106) *sections 1 to 92*, and existing and potential problems related thereto;

(c) State objectives and policies, including management principles, alternatives and modifications, water quality, and protection of natural characteristics;

(d) Set forth a management plan, including the hydrologic and water quality conditions that will be sought and significant opportunities for improvement;

(e) Describe the effect of the plan on existing drainage systems;

(f) Describe conflicts between the watershed plan and existing plans of local government units;

(g) Set forth an implementation program consistent with the management plan, which includes a capital improvement program and standards and schedules for amending the comprehensive plans and official controls of local government units in the watershed to bring about conformance with the watershed plan; and

(h) Set out a procedure for amending the plan.

Sec. 132. [EFFECT OF CHANGES IN THIS ACT.]

The legislature intends this act to be a clarification and reorganization of the drainage law. The changes that have been made are not intended to alter the drainage law and shall not be construed by a court or other authority to alter the meaning of the law.

Sec. 133. [REPEALER.]

Minnesota Statutes 1984, sections 106.011; 106.015; 106.021; 106.031; 106.041; 106.051; 106.061; 106.071; 106.081; 106.091; 106.101; 106.111; 106.121; 106.131; 106.141; 106.151; 106.161; 106.171; 106.181; 106.191; 106.201; 106.211; 106.221; 106.231; 106.241; 106.251; 106.261; 106.271; 106.281; 106.291; 106.301; 106.311; 106.321; 106.331; 106.341; 106.351; 106.361; 106.371; 106.381; 106.383; 106.391; 106.401; 106.411; 106.421; 106.431; 106.441; 106.451; 106.461; 106.465; 106.471; 106.481; 106.491; 106.501; 106.511; 106.521; 106.531; 106.541; 106.551; 106.561; 106.571; 106.581; 106.591; 106.601; 106.611; 106.621; 106.631; 106.641; 106.651; 106.652; 106.661; 106.671; 106.672; 106.673; and 109.38 are repealed."

Delete the title and insert:

"A bill for an act relating to drainage; recodifying the drainage law; amending Minnesota Statutes 1984, sections 40.072, subdivisions 3, 4, 5, 6, and 9; 40.073; 88.43, subdivision 2; 97.484; 97.50, subdivision 1; 105.42, subdivision 1; 105.471; 105.74; 105.81; 111.09, subdivision 2; 111.11; 111.13; 111.30; 111.31; 111.36; 111.78; 112.431, subdivision 2; 112.48, subdivision 1; 112.50; 112.501, subdivision 1; 112.541; 112.59; 112.60, subdivisions 1, 2, and 3; 112.64, subdivisions 2 and 3; 112.65, subdivision 1; 161.28, subdivision 1; 163.17; 357.021, subdivision 2; 375.471; 471.345, subdivision 3; 473.877, subdivision 1; and 473.878, subdivision 4; proposing coding for new law as Minnesota Statutes, chapter 106A; repealing Minnesota Statutes 1984, chapter 106 and section 109.38."

With the recommendation that when so amended the bill pass.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 492, A bill for an act relating to state departments and agencies; requiring agencies to provide services and materials in languages other than English; proposing coding for new law as Minnesota Statutes, chapter 15B.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [15B.01] [COMMUNICATIONS SERVICES.]

Subdivision 1. [STATE AGENCIES; BILINGUAL EMPLOYEES.] *Every state agency that is directly involved in furnishing information or rendering services to the public and that serves a substantial number of non-English-speaking people shall employ enough qualified bilingual persons in public contact positions to ensure provision of information and services in the language spoken by a substantial number of non-English-speaking people.*

The commissioner of administration shall determine the application of this section to each state agency, in consultation with the council on affairs of Spanish-speaking people, groups representing other non-English-speaking people, and the head of the agency. In determining what constitutes a substantial number of non-English-speaking people, the commissioner shall consider:

(1) the number of people served by the agency;

(2) the number of non-English-speaking people served by the agency;

(3) the frequency with which non-English-speaking people are served by the agency; and

(4) the extent to which information or services rendered by the agency affect legal rights, privileges, or duties.

Subd. 2. [LOCAL AGENCIES; BILINGUAL EMPLOYEES.] *Every local public agency that is directly involved in furnishing information or rendering services to the public and that serves a substantial number of non-English-speaking people shall employ enough qualified bilingual persons in public contact positions, or enough interpreters to assist those in these positions, to ensure provision of information and services in the language spoken by a substantial number of non-English-speaking people. The local agency shall determine what constitutes a substantial number of non-English-speaking people and enough qualified bilingual persons. In making these determinations, the local agency shall consider the criteria listed in subdivision 1, clauses (1) to (4).*

Sec. 2. [15B.02] [TRANSLATIONS OF MATERIALS EXPLAINING AGENCY SERVICES.]

Every state agency that serves a substantial number of non-English-speaking people and that provides materials in English explaining services is encouraged to provide equivalent materials in any non-English language spoken by a substantial number

of the people served by the agency. An agency should give highest priority to providing in a non-English language materials that notify people of legal rights, duties, or privileges they are entitled to, and the steps they must take to obtain or maintain those rights, duties, or privileges. When notice of the availability of material explaining services available is given, orally or in writing, it should be given in English and the non-English language into which any material has been translated.

Sec. 3. [15B.03] [HELP WITH LETTERS AND FORMS.]

Subdivision 1. [TRANSLATED WRITTEN MATERIALS.] *A state agency is encouraged to provide its local offices with written materials in the appropriate foreign language when:*

(1) the local office or facility serves a substantial number of non-English-speaking people;

(2) written materials such as forms, applications, questionnaires, letters, or notices are used to ask or order a person to provide information or to give a person information; and

(3) the information asked for or given could affect the person's rights, duties, or privileges with regard to the agency's services or benefits.

Sec. 4. [15B.04] [LIMITATIONS.]

Subdivision 1. [OBTAINING BILINGUAL EMPLOYEES.] *A state or local agency may not dismiss an employee or increase its complement to carry out the purposes of sections 1 to 3. A local or public agency need only implement sections 1 to 3 by filling employee public contact positions made vacant by retirement or normal attrition.*

Subd. 2. [SCHOOLS AND EDUCATION; NOT AFFECTED.] *Sections 1 to 3 do not apply to school districts, boards of education, or the office of a superintendent of schools.*

Subd. 3. [FEDERAL LAW AND CIVIL SERVICE.] *Sections 1 to 3 shall be implemented to the extent permissible under federal law, civil service laws governing state and local agencies, and collective bargaining agreements.*

Sec. 5. [15B.05] [NO CAUSE OF ACTION.]

No cause of action exists against any local agency for failure to comply with sections 1 to 4."

With the recommendation that when so amended the bill pass.

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 769, A bill for an act relating to human services; making certain changes in the reimbursement procedures for nursing homes; providing for an interim payment rate for newly constructed or expanded nursing homes; requiring medicare certification; creating an appeals board for appraised value disputes; amending Minnesota Statutes 1984, sections 256B.431, subdivisions 2b, 3, and 4; and 256B.50.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [144.0722] [RESIDENT REIMBURSEMENT CLASSIFICATIONS; PROCEDURES FOR RECONSIDERATION.]

Subdivision 1. [RESIDENT REIMBURSEMENT CLASSIFICATIONS.] *The commissioner of health shall establish resident reimbursement classifications based upon the assessments of residents of nursing homes and boarding care homes conducted under sections 144.072 and 144.0721, or under rules established by the commissioner of human services under sections 256B.41 to 256B.48. The reimbursement classifications established by the commissioner must conform to the rules established by the commissioner of human services.*

Subd. 2. [NOTICE OF RESIDENT REIMBURSEMENT CLASSIFICATION.] *The commissioner of health shall notify each resident, and the nursing home or boarding care home in which the resident resides, of the reimbursement classification established under subdivision 1. The notice shall inform the resident of the classification that was assigned, the opportunity to review the documentation supporting the classification, the opportunity to obtain clarification from the department, and the opportunity to request a reconsideration of the classification. The notice of resident classification shall be sent by first-class mail. The individual resident notices may be sent to the residents' nursing home or boarding care home for distribution to the resident.*

Subd. 3. [REQUEST FOR RECONSIDERATION.] *The resident or the nursing home or boarding care home may request that the commissioner reconsider the assigned reimbursement classification. The request for reconsideration must be submitted, in writing, to the commissioner within ten days of the receipt of the notice of resident classification. The request for reconsideration must include the following: (1) the name of the resident; (2) the name and address of the facility in which the resident resides; (3) the reasons for the reconsideration; (4)*

the requested classification changes; and (5) documentation supporting the requested classification. The documentation accompanying the reconsideration request is limited to documentation establishing that the needs of the resident at the time of the assessment resulting in the disputed classification justify a change of classification.

Subd. 4. [RECONSIDERATION.] *The department's reconsideration must be made by individuals not involved in reviewing the assessment that established the disputed classification. The reconsideration must be based upon the initial assessment and upon the information provided to the department under subdivision 3. If necessary for evaluating the reconsideration request, the department may conduct on-site reviews. In its discretion, the department may review the reimbursement classifications assigned to all residents in the facility. Within 15 working days of receiving the request for reconsideration, the department shall affirm or modify the original resident classification. The original classification shall be modified if the department determines that the assessment resulting in that classification did not accurately reflect the needs of the resident at the time of the assessment. The resident and the nursing home or boarding care home shall be notified within five working days after the decision is made. The department's decision under this subdivision is the final administrative decision of the agency.*

Sec. 2. Minnesota Statutes 1984, section 144.50, subdivision 2, is amended to read:

Subd. 2. Hospital, sanatorium or other institution for the hospitalization or care of human beings, within the meaning of sections 144.50 to 144.56 shall mean any institution, place, building, or agency, in which any accommodation is maintained, furnished, or offered for: the hospitalization of the sick or injured; *the provision of care in a swing bed authorized under section 144.562;* elective outpatient surgery for preexamined, prediagnosed low risk patients; emergency medical services offered 24 hours a day, seven days a week, in an ambulatory or outpatient setting in a facility not a part of a licensed hospital; or the institutional care of human beings. Nothing in sections 144.50 to 144.56 shall apply to a clinic, a physician's office or to hotels or other similar places that furnish only board and room, or either, to their guests.

Sec. 3. [144.562] [SWING BED APPROVAL; ISSUANCE OF LICENSE CONDITIONS; VIOLATIONS.]

Subdivision 1. [DEFINITION.] *For the purposes of this section, "swing bed" means a hospital bed licensed under sections 144.50 to 144.56 which has been granted a license condition under this section for the purpose of receiving reimbursement under the federal medicare program under United States Code, title 42,*

section 1395(tt). Nothing in this section shall preclude the use of any licensed hospital bed by any other payor.

Subd. 2. [ELIGIBILITY FOR LICENSE CONDITION.] *A hospital is not eligible to receive a license condition for swing beds unless (1) it has a licensed bed capacity of less than 50 beds defined in the federal medicare regulations, Code of Federal Regulations, title 42, section 405.1041, or (2) it is staffed for and operating less than 50 licensed beds, and (3) it is located in a rural area as defined in the federal medicare regulations, Code of Federal Regulations, title 42, section 405.1041, and (4) it agrees to utilize no more than four hospital beds as swing beds at any one time, except that up to three additional beds may be utilized as swing beds by a hospital if there are no medicare certified skilled nursing facility beds available in a health care facility within 25 miles of that hospital.*

Subd. 3. [APPROVAL OF LICENSE CONDITION.] *The department of health shall approve a license condition for swing beds if the hospital meets all of the criteria of this subdivision:*

(a) The hospital must meet the eligibility criteria in subdivision 2.

(b) The hospital must be in compliance with the federal medicare conditions of participation for swing beds under Code of Federal Regulations, title 42, section 405.1041.

(c) The hospital must agree, in writing, to limit the length of stay of a patient receiving services in a swing bed to not more than 40 days or the duration of medicare reimbursement unless the department of health approves a greater length of stay in an emergency situation. For the purpose of determining whether an emergency situation exists, the department shall require the hospital to provide documentation that continued services in the swing bed are required by the patient, that no nursing home beds are available within 25 miles from the patient's home or in some more remote facility of the patient's choice which can provide the appropriate level of services required by the patient, and that other alternative services are not available to meet the needs of the patient. If the department approves a length of stay beyond 40 days or the duration of medicare reimbursement, the hospital shall develop a plan providing for the discharge of the patient upon the availability of a nursing home bed or other services which meet the needs of the patient. Permission to extend a patient's length of stay must be requested by the hospital at least ten days prior to end of the maximum length of stay.

(d) The hospital must agree, in writing, to limit admission to a swing bed only to patients who have been hospitalized and not yet discharged from the facility.

(e) The hospital must agree, in writing, to report statistical data on the utilization of the swing beds on forms supplied by the department. The data must include the number of swing beds; the number of admissions to and discharges from swing beds, medicare reimbursed patient days, total patient days, and other information required by the commissioner to assess the utilization of swing beds.

Subd. 4. [ISSUANCE OF LICENSE CONDITION; RENEWALS.] *The department of health shall issue a license condition to a hospital that complies with subdivisions 2 and 3. The license condition shall be granted when the license is first issued, when it is renewed, or during the course of the hospital's licensure year. The condition shall be valid for the hospital's licensure year. The license condition can be renewed at the time of the hospital's license renewal provided that the hospital is in compliance with subdivisions 2 and 3.*

Subd. 5. [INSPECTIONS.] *Notwithstanding section 144.55, subdivision 4, the department of health may conduct inspections of any hospital granted a condition under this section for the purpose of assessing compliance with this section.*

Subd. 6. [VIOLATIONS; ISSUANCE OF CORRECTION ORDERS AND FINES; SUSPENSION, REVOCATION, OR NONRENEWAL OF THE LICENSE CONDITION.] *Notwithstanding section 144.55, subdivision 4, if the hospital fails to comply with subdivision 2 or 3, the department of health shall issue a correction order and penalty assessment under section 144.653 or may suspend, revoke, or refuse to renew the license condition under section 144.55, subdivision 6. The penalty assessment for a violation of subdivision 2 or 3 is $500.*

Subd. 7. [EFFECTIVE DATE.] *Hospitals participating in the federal medicare swing bed program as of the effective date of this section shall comply with this section by January 1, 1986, or at the time of the renewal of the medicare swing bed approval, whichever is earlier.*

Sec. 4. Minnesota Statutes 1984, section 144A.01, subdivision 5, is amended to read:

Subd. 5. "Nursing home" means a facility or that part of a facility which provides nursing care to five or more persons. "Nursing home" does not include a facility or that part of a facility which is a hospital, *a hospital with swing bed approval as defined in section 144.562,* clinic, doctor's office, diagnostic or treatment center, or a residential facility licensed pursuant to sections 245.781 to 245.821 or 252.28.

Sec. 5. Minnesota Statutes 1984, section 144A.071, subdivision 1, is amended to read:

Subdivision 1. [FINDINGS.] The legislature finds that medical assistance expenditures are increasing at a much faster rate than the state's ability to pay them; that reimbursement for nursing home care and ancillary services comprises over half of medical assistance costs, and, therefore, controlling expenditures for nursing home care is essential to prudent management of the state's budget; that construction of new nursing homes (,) *and* the addition of more nursing home beds to the state's long-term care resources (, AND INCREASED CONVERSION OF BEDS TO SKILLED NURSING FACILITY BED STATUS) inhibits the ability to control expenditures; that Minnesota already leads the nation in nursing home expenditures per capita, has the fifth highest number of beds per capita elderly, and that private paying individuals and medical assistance recipients have equivalent access to nursing home care; and that in the absence of a moratorium the increased numbers of nursing homes and nursing home beds will consume resources that would otherwise be available to develop a comprehensive long-term care system that includes a continuum of care. Unless action is taken, this expansion of bed capacity (AND CHANGES OF BEDS TO A HIGHER CLASSIFICATION OF CARE ARE) *is* likely to accelerate with the repeal of the certificate of need program effective March 15, 1984. The legislature also finds that Minnesota's dependence on institutional care for elderly persons is due in part to the dearth of alternative services in the home and community. *The legislature also finds that further increases in the number of licensed nursing home beds, especially in nursing homes not certified for participation in the medical assistance program, is contrary to public policy, because: (1) nursing home residents with limited resources may exhaust their resources more rapidly in these facilities, creating the need for a transfer to a certified nursing home, with the concomitant risk of transfer trauma; (2) a continuing increase in the number of nursing home beds will foster continuing reliance on institutional care to meet the long-term care needs of residents of the state; (3) a further expansion of nursing home beds will diminish incentives to develop more appropriate and cost-effective alternative services and divert community resources that would otherwise be available to fund alternative services; (4) through corporate reorganization resulting in the separation of certified and licensed beds, a nursing home may evade the provisions of section 256B.48, subdivision 1, clause (a); and (5) it is in the best interests of the state to ensure that the long-term care system is designed to protect the private resources of individuals as well as to use state resources most effectively and efficiently.*

The legislature declares that a moratorium on *the licensure and* medical assistance certification of new nursing home beds (AND ON CHANGES IN CERTIFICATION TO A HIGHER LEVEL OF CARE) is necessary to control nursing home expenditure growth and enable the state to meet the needs of its

elderly by providing high quality services in the most appropriate manner along a continuum of care.

Sec. 6. Minnesota Statutes 1984, section 144A.071, subdivision 2, is amended to read:

Subd. 2. [MORATORIUM.] (NOTWITHSTANDING THE PROVISIONS OF THE CERTIFICATE OF NEED ACT, SECTIONS 145.832 TO 145.845, OR ANY OTHER LAW TO THE CONTRARY,) The commissioner of health, in coordination with the commissioner of human services, shall deny each request by a nursing home or boarding care home, except an intermediate care facility for the mentally retarded, for addition of new certified beds (OR FOR A CHANGE OR CHANGES IN THE CERTIFICATION STATUS OF EXISTING BEDS) except as provided in subdivision 3. The total number of certified beds in the state (IN THE SKILLED LEVEL AND IN THE INTERMEDIATE LEVELS OF CARE) shall remain at or decrease from the number of beds certified (AT EACH LEVEL OF CARE) on May 23, 1983, except as allowed under subdivision 3. "Certified bed" means a nursing home bed or a boarding care bed certified by the commissioner of health for the purposes of the medical assistance program, under United States Code, title 42, sections 1396 et seq.

The commissioner of human services, in coordination with the commissioner of health, shall deny any request to issue a license under sections 245.781 to 245.812 and 252.28 to a nursing home or boarding care home, if that license would result in an increase in the medical assistance reimbursement amount. *The commissioner of health shall deny each request for licensure of nursing home beds except as provided in subdivision 3.*

Sec. 7. Minnesota Statutes 1984, section 144A.071, subdivision 3, is amended to read:

Subd. 3. [EXCEPTIONS.] The commissioner of health, in coordination with the commissioner of human services, may approve the addition of a new certified bed or (CHANGE IN THE CERTIFICATION STATUS OF AN EXISTING BED) *the addition of a new licensed nursing home bed,* under the following conditions:

(a) To replace a bed decertified after May 23, 1983 or to address an extreme hardship situation, in a particular county that, together with all contiguous Minnesota counties, has fewer nursing home beds per 1,000 elderly than the number that is ten percent higher than the national average of nursing home beds per 1,000 elderly individuals. For the purposes of this section, the national average of nursing home beds shall be the most recent figure that can be supplied by the federal health care financing administration and the number of elderly in the county or the

nation shall be determined by the most recent federal census or the most recent estimate of the state demographer as of July 1, of each year of persons age 65 and older, whichever is the most recent at the time of the request for replacement. In allowing replacement of a decertified bed, the commissioners shall ensure that the number of added or recertified beds does not exceed the total number of decertified beds in the state in that level of care. An extreme hardship situation can only be found after the county documents the existence of unmet medical needs that cannot be addressed by any other alternatives;

(b) To certify a new bed in a facility that commenced construction before May 23, 1983. For the purposes of this section, "commenced construction" means that all of the following conditions were met: the final working drawings and specifications were approved by the commissioner of health; the construction contracts were let; a timely construction schedule was developed, stipulating dates for beginning, achieving various stages, and completing construction; and all zoning and building permits were secured;

(c) To certify beds in a new nursing home that is needed in order to meet the special dietary needs of its residents, if: the nursing home proves to the commissioner's satisfaction that the needs of its residents cannot otherwise be met; elements of the special diet are not available through most food distributors; and proper preparation of the special diet requires incurring various operating expenses, including extra food preparation or serving items, not incurred to a similar extent by most nursing homes; (OR)

(d) (WHEN THE CHANGE IN CERTIFICATION STATUS RESULTS IN A DECREASE IN THE REIMBURSEMENT AMOUNT.) *To license a new nursing home bed in a facility which meets one of the exceptions contained in clauses (a) to (d);*

(e) To license nursing home beds in a facility which

(1) has submitted either a completed licensure application or a written request for licensure to the commissioner before March 1, 1985, and

(2) has had plans for phased-in construction approved by the commissioner and has received written authorization to begin construction on a phased-in basis from the commissioner, or has commenced any required construction, as defined in clause (b) before May 1, 1985. For the purpose of this clause, "construction" means any erection, building, alteration, reconstruction, modernization, or improvement necessary to comply with the provisions of the nursing home licensure rules; or

(f) To certify or license new beds in a new facility that is to be operated by the department of veterans affairs or where the costs of constructing and operating the new beds are to be reimbursed by the department of veterans affairs or the federal veterans administration.

Sec. 8. Minnesota Statutes 1984, section 256B.02, subdivision 8, is amended to read:

Subd. 8. [MEDICAL ASSISTANCE; MEDICAL CARE.] "Medical assistance" or "medical care" means payment of part or all of the cost of the following care and services for eligible individuals whose income and resources are insufficient to meet all of this cost:

(1) Inpatient hospital services. A second medical opinion is required prior to reimbursement for elective surgeries. The commissioner shall publish in the State Register a proposed list of elective surgeries that require a second medical opinion prior to reimbursement. The list is not subject to the requirements of sections 14.01 to 14.70. The commissioner's decision whether a second medical opinion is required, made in accordance with rules governing that decision, is not subject to administrative appeal;

(2) Skilled nursing home services and services of intermediate care facilities, including training and habilitation services, as defined in section 256B.50, subdivision 1, for mentally retarded individuals residing in intermediate care facilities for the mentally retarded. *Medical assistance must not be used to pay the costs of nursing care provided to a patient in a swing bed as defined in section 144.562*;

(3) Physicians' services;

(4) Outpatient hospital or nonprofit community health clinic services or physician-directed clinic services. The physician-directed clinic staff shall include at least two physicians, one of whom is on the premises whenever the clinic is open, and all services shall be provided under the direct supervision of the physician who is on the premises. Hospital outpatient departments are subject to the same limitations and reimbursements as other enrolled vendors for all services, except initial triage, emergency services, and services not provided or immediately available in clinics, physicians' offices, or by other enrolled providers. "Emergency services" means those medical services required for the immediate diagnosis and treatment of medical conditions that, if not immediately diagnosed and treated, could lead to serious physical or mental disability or death or are necessary to alleviate severe pain. Neither the hospital, its employees, nor any physician or dentist, shall be liable in any action arising out of a determination not to render emergency services

or care if reasonable care is exercised in determining the condition of the person, or in determining the appropriateness of the facilities, or the qualifications and availability of personnel to render these services consistent with this section;

(5) Community mental health center services, as defined in rules adopted by the commissioner pursuant to section 256B.04, subdivision 2, and provided by a community mental health center as defined in section 245.62, subdivision 2;

(6) Home health care services;

(7) Private duty nursing services;

(8) Physical therapy and related services;

(9) Dental services, excluding cast metal restorations;

(10) Laboratory and x-ray services;

(11) The following if prescribed by a licensed practitioner: drugs, eyeglasses, dentures, and prosthetic devices. The commissioner shall designate a formulary committee which shall advise the commissioner on the names of drugs for which payment shall be made, recommend a system for reimbursing providers on a set fee or charge basis rather than the present system, and develop methods encouraging use of generic drugs when they are less expensive and equally effective as trademark drugs. The commissioner shall appoint the formulary committee members no later than 30 days following July 1, 1981. The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, three of whom shall be pharmacists who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, a consumer representative, and a nursing home representative. Committee members shall serve two year terms and shall serve without compensation. The commissioner may establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the Administrative Procedure Act, but the formulary committee shall review and comment on the formulary contents. Prior authorization may be required by the commissioner, with the consent of the drug formulary committee, before certain formulary drugs are eligible for payment. The formulary shall not include: drugs or products for which there is no federal funding; over the counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, prenatal vitamins, and vitamins for children under the age of seven; or any other over the counter drug identified by the commissioner, in consultation with the appropriate professional consultants under contract with or

employed by the state agency, as necessary, appropriate and cost effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination shall not be subject to the requirements of chapter 14, the Administrative Procedure Act; nutritional products, except for those products needed for treatment of phenylketonuria, hyperlysinemia, maple syrup urine disease, a combined allergy to human milk, cow milk, and soy formula, or any other childhood or adult diseases, conditions, or disorders identified by the commissioner as requiring a similarly necessary nutritional product; anorectics; and drugs for which medical value has not been established. Separate payment shall not be made for nutritional products for residents of long-term care facilities; payment for dietary requirements is a component of the per diem rate paid to these facilities. Payment to drug vendors shall not be modified before the formulary is established except that the commissioner shall not permit payment for any drugs which may not by law be included in the formulary, and his determination shall not be subject to chapter 14, the Administrative Procedure Act. The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations.

The basis for determining the amount of payment shall be the actual acquisition costs of the drugs plus a fixed dispensing fee established by the commissioner. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. Establishment of this fee shall not be subject to the requirements of the Administrative Procedure Act. Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, unless the prescriber specifically indicates "dispense as written" on the prescription as required by section 151.21, subdivision 2.

Notwithstanding the above provisions, implementation of any change in the fixed dispensing fee which has not been subject to the Administrative Procedure Act shall be limited to not more than 180 days, unless, during that time, the commissioner shall have initiated rulemaking through the Administrative Procedure Act;

(12) Diagnostic, screening, and preventive services;

(13) Health care pre-payment plan premiums and insurance premiums if paid directly to a vendor and supplementary medical insurance benefits under Title XVIII of the Social Security Act;

(14) Abortion services, but only if one of the following conditions is met:

(a) The abortion is a medical necessity. "Medical necessity" means (1) the signed written statement of two physicians indicating the abortion is medically necessary to prevent the death

of the mother, and (2) the patient has given her consent to the abortion in writing unless the patient is physically or legally incapable of providing informed consent to the procedure, in which case consent will be given as otherwise provided by law;

(b) The pregnancy is the result of criminal sexual conduct as defined in section 609.342, clauses (c), (d), (e)(i), and (f), and the incident is reported within 48 hours after the incident occurs to a valid law enforcement agency for investigation, unless the victim is physically unable to report the criminal sexual conduct, in which case the report shall be made within 48 hours after the victim becomes physically able to report the criminal sexual conduct; or

(c) The pregnancy is the result of incest, but only if the incident and relative are reported to a valid law enforcement agency for investigation prior to the abortion;

(15) Transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by nonambulatory persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, common carrier, or other recognized providers of transportation services. For the purpose of this clause, a person who is incapable of transport by taxicab or bus shall be considered to be nonambulatory;

(16) To the extent authorized by rule of the state agency, costs of bus or taxicab transportation incurred by any ambulatory eligible person for obtaining nonemergency medical care;

(17) Personal care attendant services provided by an individual, not a relative, who is qualified to provide the services, where the services are prescribed by a physician in accordance with a plan of treatment and are supervised by a registered nurse. Payments to personal care attendants shall be adjusted annually to reflect changes in the cost of living or of providing services by the average annual adjustment granted to vendors such as nursing homes and home health agencies; and

(18) Any other medical or remedial care licensed and recognized under state law unless otherwise prohibited by law.

Sec. 9. Minnesota Statutes 1984, section 256B.091, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE.] It is the purpose of this section to prevent inappropriate nursing home or boarding care home placement by establishing a program of preadmission screening teams for all (MEDICAL ASSISTANCE RECIPIENTS AND ANY INDIVIDUAL WHO WOULD BECOME ELIGIBLE FOR MEDICAL ASSISTANCE WITHIN 180

DAYS OF) *applicants seeking* admission to a licensed nursing home or boarding care home participating in the *medical assistance* program. Further, it is the purpose of this section and the program to gain further information about how to contain costs associated with inappropriate nursing home or boarding care home admissions. The commissioners of human services and health shall seek to maximize use of available federal and state funds and establish the broadest program possible within the appropriation available.

Sec. 10. Minnesota Statutes 1984, section 256B.091, subdivision 2, is amended to read:

Subd. 2. [SCREENING TEAMS; ESTABLISHMENT.] Each county agency designated by the commissioner of human services to participate in the program shall contract with the local board of health organized under section 145.911 to 145.922 or other public or nonprofit agency to establish a screening team to assess (,) *the health and social needs of all applicants* prior to admission to a nursing home or a boarding care home licensed under section 144A.02 or sections 144.50 to 144.56, that is certified for medical assistance as a skilled nursing facility, intermediate care facility level I, or intermediate care facility level II (, THE HEALTH AND SOCIAL NEEDS OF MEDICAL ASSISTANCE RECIPIENTS AND INDIVIDUALS WHO WOULD BECOME ELIGIBLE FOR MEDICAL ASSISTANCE WITHIN 180 DAYS OF NURSING HOME OR BOARDING CARE HOME ADMISSION). Each local screening team shall be composed of a public health nurse from the local public health nursing service and a social worker from the local community welfare agency. Each screening team shall have a physician available for consultation and shall utilize individuals' attending physicians' physical assessment forms, if any, in assessing needs. The individual's physician shall be included on the screening team if the physician chooses to participate. If the individual is being discharged from an acute care facility, a discharge planner from that facility may be present, at the facility's request, during the screening team's assessment of the individual and may participate in discussions but not in making the screening team's recommendations under subdivision 3, clause (e). If the assessment procedure or screening team recommendation results in a delay of the individual's discharge from the acute care facility, the facility shall not be denied medical assistance reimbursement or incur any other financial or regulatory penalty of the medical assistance program that would otherwise be caused by the individual's extended length of stay; 50 percent of the cost of this reimbursement or financial or regulatory penalty shall be paid by the state and 50 percent shall be paid by the county. Other personnel as deemed appropriate by the county agency may be included on the team. The county agency may contract with an acute care facility to have the facility's discharge planners perform the functions of a screening team with regard to individuals discharged from the facility and in those cases the discharge planners may participate in making recommendations

under subdivision 3, clause (e). No member of a screening team shall have a direct or indirect financial or self-serving interest in a nursing home or noninstitutional referral such that it would not be possible for the member to consider each case objectively.

Sec. 11. Minnesota Statutes 1984, section 256B.091, subdivision 4, is amended to read:

Subd. 4. [SCREENING OF PERSONS.] Prior to nursing home or boarding care home admission, screening teams shall assess the needs of all (PERSONS RECEIVING MEDICAL ASSISTANCE AND OF ALL PERSONS WHO WOULD BE ELIGIBLE FOR MEDICAL ASSISTANCE WITHIN 180 DAYS OF ADMISSION TO A NURSING HOME OR BOARDING CARE HOME) *applicants,* except *(1)* patients transferred from other nursing homes (OR)*; (2)* patients who, having entered acute care facilities from nursing homes, are returning to nursing home care*; or (3) persons entering a facility described in section 256B.431, subdivision 4, paragraph (b).* (ANY OTHER INTERESTED PERSON MAY) *The cost for screening persons who are receiving medical assistance or would be eligible for medical assistance within 90 days of nursing home or boarding care home admission will be paid by state, federal, and county funds. Other persons will* be assessed by a screening team upon payment of a fee (BASED UPON A SLIDING FEE SCALE) *approved by the commissioner.*

Sec. 12. Minnesota Statutes 1984, section 256B.091, subdivision 5, is amended to read:

Subd. 5. [APPEALS.] Appeals from the screening team's (DETERMINATION) *recommendation* shall be made pursuant to the procedures set forth in section 256.045, subdivisions 2 and 3. An appeal shall be automatic if the individual's physician does not agree with the recommendation of the screening team.

Sec. 13. Minnesota Statutes 1984, section 256B.091, subdivision 8, is amended to read:

Subd. 8. [ALTERNATIVE CARE GRANTS.] The commissioner shall provide grants to counties participating in the program to pay costs of providing alternative care to individuals screened under subdivision 4. Payment is available under this subdivision only for individuals (1) for whom the screening team would recommend nursing home admission if alternative care were not available; (2) who are receiving medical assistance or who would be eligible for medical assistance within 180 days of admission to a nursing home; (AND) (3) who need services that are not available at that time in the county through other public assistance*; and (4) who are age 65 or older.*

Grants may be used for payment of costs of providing services such as, but not limited to, foster care for elderly persons, day

care whether or not offered through a nursing home, nutritional counseling, or medical social services, which services are provided by a licensed health care provider, a home health service eligible for reimbursement under Titles XVIII and XIX of the federal Social Security Act, or by persons employed by or contracted with by the county board or the local welfare agency. The county agency shall ensure that a plan of care is established for each individual in accordance with subdivision 3, clause (e)(2). The plan shall include any services prescribed by the individual's attending physician as necessary and follow up services as necessary. The county agency shall provide documentation to the commissioner verifying that the individual's alternative care is not available at that time through any other public assistance or service program and shall provide documentation in each individual's plan of care that the most cost effective alternatives available have been offered to the individual. Grants to counties under this subdivision are subject to audit by the commissioner for fiscal and utilization control.

The commissioner shall establish a sliding fee schedule for requiring payment for the cost of providing services under this subdivision to persons who are eligible for the services but who are not yet eligible for medical assistance. The sliding fee schedule is not subject to chapter 14 but the commissioner shall publish the schedule and any later changes in the State Register and allow a period of 20 working days from the publication date for interested persons to comment before adopting the sliding fee schedule in final forms.

The commissioner shall apply for a waiver for federal financial participation to expand the availability of services under this subdivision. The commissioner shall provide grants to counties from the nonfederal share, unless the commissioner obtains a federal waiver for medical assistance payments, of medical assistance appropriations. A county agency may use grant money to supplement but not supplant services available through other public assistance or service programs and shall not use grant money to establish new programs for which public money is available through sources other than grants provided under this subdivision. A county agency shall not use grant money to provide care under this subdivision to an individual if the anticipated cost of providing this care would exceed the average payment, as determined by the commissioner, for the level of nursing home care that the recipient would receive if placed in a nursing home. The nonfederal share may be used to pay up to 90 percent of the start-up and service delivery costs of providing care under this subdivision. Each county agency that receives a grant shall pay ten percent of the costs.

The commissioner shall promulgate emergency rules in accordance with sections 14.29 to 14.36, to establish required documentation and reporting of care delivered.

Sec. 14. Minnesota Statutes 1984, section 256B.431, subdivision 2b, is amended to read:

Subd. 2b. [OPERATING COSTS, AFTER JULY 1, 1985.] (a) For rate years beginning on or after July 1, 1985, the commissioner shall establish procedures for determining per diem reimbursement for operating costs.

(b) The commissioner shall contract with an econometric firm with recognized expertise in and access to national economic change indices that can be applied to the appropriate cost categories when determining the operating cost payment rate.

(c) The commissioner shall analyze and evaluate each nursing home's cost report of allowable operating costs incurred by the nursing home during the reporting year immediately preceding the rate year for which the payment rate becomes effective.

(d) The commissioner shall establish limits on actual allowable historical operating cost per diems based on cost reports of allowable operating costs for the reporting year that begins October 1, 1983, taking into consideration relevant factors including resident needs, geographic location, (AGE,) size of the nursing home, and the costs that must be incurred for the care of residents in an efficiently and economically operated nursing home. The limits established by the commissioner shall not be less, in the aggregate, than the 60th percentile of total actual allowable historical operating cost per diems for each group of nursing homes established under subdivision 1 based on cost reports of allowable operating costs in the previous reporting year. The limits established under this paragraph remain in effect until the commissioner establishes a new base period. Until the new base period is established, the commissioner shall adjust the limits annually using the appropriate economic change indices established in paragraph (e). In determining allowable historical operating cost per diems for purposes of setting limits and nursing home payment rates, the commissioner shall divide the allowable historical operating costs by the actual number of resident days, except that where a nursing home is occupied at less than 90 percent of licensed capacity days, the commissioner may establish procedures to adjust the computation of the per diem to an imputed occupancy level at or below 90 percent. The commissioner shall establish efficiency incentives as appropriate. The commissioner may establish efficiency incentives for different operating cost categories. The commissioner shall consider establishing efficiency incentives in care related cost categories. The commissioner may combine one or more operating cost categories and may use different methods for calculating payment rates for each operating cost category or combination of operating cost categories.

(e) The commissioner shall establish a composite index or indices by determining the appropriate economic change indicators to be applied to specific operating cost categories or combination of operating cost categories.

(f) Each nursing home shall receive an operating cost payment rate equal to the sum of the nursing home's operating cost payment rates for each operating cost category. The operating cost payment rate for an operating cost category shall be the lesser of the nursing home's historical operating cost in the category increased by the appropriate index established in paragraph (e) for the operating cost category plus an efficiency incentive established pursuant to paragraph (d) or the limit for the operating cost category increased by the same index. If a nursing home's actual historic operating costs are greater than the prospective payment rate for that rate year, there shall be no retroactive cost settle-up. In establishing payment rates for one or more operating cost categories, the commissioner may establish separate rates for different classes of residents based on their relative care needs.

(g) The commissioner shall include the reported actual real estate tax liability of each proprietary nursing home as an operating cost of that nursing home. The commissioner shall include a reported actual special assessment for each nursing home as an operating cost of that nursing home. Total real estate tax liability and actual special assessments paid for each nursing home (1) shall be divided by actual resident days in order to compute the operating cost payment rate for this operating cost category, (2) shall not be used to compute the 60th percentile or other operating cost limits established by the commissioner, and (3) shall not be increased by the composite index or indices established pursuant to paragraph (e).

Sec. 15. Minnesota Statutes 1984, section 256B.431, subdivision 3, is amended to read:

Subd. 3. [PROPERTY-RELATED COSTS, *1983-1985.*] (a) For rate years beginning July 1, 1983 and July 1, 1984, property-related costs shall be reimbursed to each nursing home at the level recognized in the most recent cost report received by December 31, 1982 and audited by March 1, 1983, and may be subsequently adjusted to reflect the cost recognized in the final rate for that cost report, adjusted for rate limitations in effect before the effective date of this section. Property-related costs include: depreciation, interest, earnings or investment allowance, lease, or rental payments. No adjustments shall be made as a result of sales or reorganizations of provider entities.

(b) Adjustments for the cost of repairs, replacements, renewals, betterments, or improvements to existing buildings, and building service equipment shall be allowed if:

(1) The cost incurred is reasonable, necessary, and ordinary;

(2) The net cost is greater than $5,000. "Net cost" means the actual cost, minus proceeds from insurance, salvage, or disposal;

(3) The nursing home's property-related costs per diem is equal to or less than the average property-related costs per diem within its group; and

(4) The adjustment is shown in depreciation schedules submitted to and approved by the commissioner.

(c) Annual per diem shall be computed by dividing total property-related costs by 96 percent of the nursing home's licensed capacity days for nursing homes with more than 60 beds and 94 percent of the nursing home's licensed capacity days for nursing homes with 60 or fewer beds. For a nursing home whose residents' average length of stay is 180 days or less, the commissioner may waive the 96 or 94 percent factor and divide the nursing home's property-related costs by the actual resident days to compute the nursing home's annual property-related per diem. The commissioner shall promulgate emergency and permanent rules to recapture excess depreciation upon sale of a nursing home.

((D)) *Subd. 3a.* [PROPERTY-RELATED COSTS AFTER JULY 1, 1985.] *(a)* For rate years beginning on or after July 1, 1985, the commissioner, by permanent rule, shall reimburse nursing home providers that are vendors in the medical assistance program for the rental use of (THEIR PROPERTY. THE "RENT" IS THE AMOUNT OF PERIODIC PAYMENT WHICH A RENTER MIGHT EXPECT TO PAY FOR THE RIGHT TO THE AGREED USE OF THE REAL ESTATE AND THE DEPRECIABLE EQUIPMENT AS IT EXISTS) *real estate and depreciable equipment.* "Real estate" means land improvements, buildings, and attached fixtures used directly for resident care. "Depreciable equipment" means the standard moveable resident care equipment and support service equipment generally used in long-term care facilities.

((E)) *(b)* In developing the method for determining payment rates for the rental use of nursing homes, the commissioner shall consider factors designed to:

(1) simplify the administrative procedures for determining payment rates for property-related costs;

(2) minimize discretionary or appealable decisions;

(3) eliminate any incentives to sell nursing homes;

(4) recognize legitimate costs of preserving and replacing property;

(5) recognize the existing costs of outstanding indebtedness allowable under the statutes and rules in effect on May 1, 1983;

(6) address the current value of, if used directly for patient care, land improvements, buildings, attached fixtures, and equipment;

(7) establish an investment per bed limitation;

(8) reward efficient management of capital assets;

(9) provide equitable treatment of facilities;

(10) consider a variable rate; and

(11) phase in implementation of the rental reimbursement method.

((F)) *(c)* No later than January 1, 1984, the commissioner shall report to the legislature on any further action necessary or desirable in order to implement the purposes and provisions of this subdivision.

Sec. 16. Minnesota Statutes 1984, section 256B.431, subdivision 4, is amended to read:

Subd. 4. [SPECIAL RATES.] (a) *For the rate years beginning July 1, 1983 and July 1, 1984,* a newly constructed nursing home or one with a capacity increase of 50 percent or more may, upon written application to the commissioner, receive an interim payment rate for reimbursement for property-related costs calculated pursuant to the statutes and rules in effect on May 1, 1983 and for operating costs negotiated by the commissioner based upon the 60th percentile established for the appropriate group under subdivision 2, paragraph (b) to be effective from the first day a medical assistance recipient resides in the home or for the added beds. For newly constructed nursing homes which are not included in the calculation of the 60th percentile for any group, subdivision 2(f), the commissioner shall establish by rule procedures for determining interim operating cost payment rates and interim property-related cost payment rates. The interim payment rate shall not be in effect for more than 17 months. The commissioner shall establish, by emergency and permanent rules, procedures for determining the interim rate and for making a retroactive cost settle-up after the first year of operation; the cost settled operating cost per diem shall not exceed 110 percent of the 60th percentile established for the appropriate group. Until procedures determining operating cost payment rates according to mix of resident needs are estab-

lished, the commissioner shall establish by rule procedures for determining payment rates for nursing homes which provide care under a lesser care level than the level for which the nursing home is certified.

(b) *For the rate years beginning on or after July 1, 1985, a newly constructed nursing home or one with a capacity increase of 50 percent or more may, upon written application to the commissioner, receive an interim payment rate for reimbursement for property related costs, operating costs, and real estate taxes and special assessments calculated pursuant to rules promulgated by the commissioner.*

(c) For rate years beginning on or after July 1, 1983, the commissioner may exclude from a provision of 12 MCAR S 2.050 any facility that is licensed by the commissioner of health only as a boarding care home, is certified by the commissioner of health as an intermediate care facility, is licensed by the commissioner of human services under 12 MCAR S 2.036, and has less than five percent of its licensed boarding care capacity reimbursed by the medical assistance program. Until a permanent rule to establish the payment rates for facilities meeting these criteria is promulgated, the commissioner shall establish the medical assistance payment rate as follows:

(1) The desk audited payment rate in effect on June 30, 1983, remains in effect until the end of the facility's fiscal year. The commissioner shall not allow any amendments to the cost report on which this desk audited payment rate is based.

(2) For each fiscal year beginning between July 1, 1983, and June 30, 1985, the facility's payment rate shall be established by increasing the desk audited operating cost payment rate determined in clause (1) at an annual rate of five percent.

(3) For fiscal years beginning on or after July 1, 1985, the facility's payment rate shall be established by increasing the facility's payment rate in the facility's prior fiscal year by the increase indicated by the consumer price index for Minneapolis and St. Paul.

(4) For the purpose of establishing payment rates under this paragraph, the facility's rate and reporting years coincide with the facility's fiscal year.

A facility that meets the criteria of this paragraph shall submit annual cost reports on forms prescribed by the commissioner.

Sec. 17. Minnesota Statutes 1984, section 256B.50, is amended to read:

256B.50 [APPEALS.]

Subdivision 1. [SCOPE.] A nursing home may appeal a decision arising from the application of standards or methods pursuant to sections 256B.41 and 256B.47 if the appeal, if successful, would result in a change to the nursing home's payment rate, *or appraised value.* The appeal procedures also apply to appeals of payment rates calculated under 12 MCAR S 2.049 filed with the commissioner on or after May 1, 1984. *This section does not apply to a request from a resident or nursing home for reconsideration of the classification of a resident under section 144.0722.* To appeal, the nursing home shall notify the commissioner in writing of its intent to appeal within 30 days and submit a written appeal request within 60 days of receiving notice of the payment rate determination or decision. The appeal request shall specify each disputed item, the reason for the dispute, an estimate of the dollar amount involved for each disputed item, the computation that the nursing home believes is correct, the authority in statute or rule upon which the nursing home relies for each disputed item, the name and address of the person or firm with whom contacts may be made regarding the appeal, and other information required by the commissioner.

Except as provided in subdivision 2, the appeal shall be heard by an administrative law judge according to sections 14.48 to 14.56, or upon agreement by both parties according to a modified appeals procedure established by the commissioner and the administrative law judge. In any proceeding under this section, the appealing party must demonstrate by a preponderance of the evidence that the commissioner's determination is incorrect. Regardless of any rate appeal, the rate established shall be the rate paid and shall remain in effect until final resolution of the appeal or subsequent desk or field audit adjustment, notwithstanding any provision of law or rule to the contrary. To challenge the validity of rules established by the commissioner pursuant to sections 256B.41, 256B.421, 256B.431, 256B.47, 256B.48, 256B.50, and 256B.502, a nursing home shall comply with section 14.44.

Subd. 2. [APPRAISED VALUE; APPEALS BOARD.] *(a) Appeals concerning the appraised value of a nursing home's real estate shall be heard by a three-person appeal board appointed by the commissioner. The real estate as defined in section 256B.431, subdivision 3, must be appraised using the depreciated replacement cost method.*

(b) Members of the appeals board shall be appointed by the commissioner from the list of appraisers approved for state contracts by the department of administration. In making the selection, the commissioner shall assure that each member is experienced in the use of the depreciated replacement cost method and is free of any personal, political, or economic conflict of interest that may impair the member's ability to function in a fair and objective manner.

(c) The appeals board shall appoint one of its members to act as chief representative and shall examine witnesses where

deemed necessary to make a complete record. Facts to be considered by the board are limited to those in existence at the time of the appraisal being appealed. The board shall issue a written report regarding each appeal to the commissioner within 30 days following the close of the record. The report must contain findings of fact, conclusions, and a recommended disposition based on a majority decision of the board. A copy of the report must be served upon all parties.

(d) The commissioner shall issue an order adopting, rejecting, or modifying the appeal board's recommendation within 30 days of receipt of the report. A copy of the decision must be served upon all parties.

(e) Within 30 days of receipt of the commissioner's order, the appealing party may appeal to the Minnesota court of appeals. The court's decision is limited to a determination of the appraised value of the real estate and must not include costs assessed against either party.

Sec. 18. [256B.72] [RECOVERY OF THE FEDERAL SHARE.]

Notwithstanding any laws or rules to the contrary and regardless of whether any appeal has been filed, when it has been determined that an overpayment has been made by the state to any medical assistance vendor and that the federal share of the overpayment amount is due and owing to the federal government pursuant to federal law and regulations, the state shall recover from the medical assistance vendor the federal share of the determined overpayment amount using the same schedule of payments required by the federal government.

Sec. 19. Minnesota Statutes 1984, section 474.01, subdivision 7a, is amended to read:

Subd. 7a. No municipality or redevelopment agency shall undertake any project authorized by sections 474.01 to 474.13, except a project referred to in section 474.02, subdivision 1f, unless its governing body finds that the project furthers the purposes stated in this section, nor until the commissioner of energy and economic development has approved the project, on the basis of preliminary information which the commissioner may require, as tending to further the purposes and policies of sections 474.01 to 474.13. *The commissioner may not approve any projects relating to health care facilities except as permitted under subdivision 9.* Approval shall not be deemed to be an approval by the commissioner of energy and economic development or the state of the feasibility of the project or the terms of the revenue agreement to be executed or the bonds to be issued therefor, and the commissioner shall state this in communicating approval.

Sec. 20. Minnesota Statutes 1984, section 474.01, subdivision 9, is amended to read:

Subd. 9. [HEALTH CARE FACILITIES.] The welfare of the state further requires the provision of necessary health care facilities, to the end that adequate health care services be made available to residents of the state at reasonable cost. *However, some projects relating to nursing homes may be inconsistent with established state policies and detrimental to the welfare of the state. The commissioner of energy and economic development shall forward to the commissioner of human services and the commissioner of health for review all applications for projects relating to nursing homes licensed by the department of health under chapter 144A. This review process does not apply to projects approved by the housing finance agency involving residences for the elderly, the costs of which will not be reimbursed under the medical assistance program. The commissioner of human services and the commissioner of health must return the applications to the commissioner of energy and economic development with a recommendation within 30 days of receipt. The commissioner of energy and economic development may not approve an application unless the project has been determined by both the commissioner of human services and the commissioner of health to be consistent with policies of the state as reflected in a statute or rule. The following projects may not be approved:*

(1) projects that will result in an increase in the number of nursing home or boarding care beds in the state;

(2) projects involving refinancing, unless the refinancing will result in a reduction in debt service charges that will be reflected in charges to patients and third party payors; and

(3) projects that are inconsistent with the established policies of the state as reflected in a statute or rule.

Sec. 21. [EFFECTIVE DATE.]

Sections 1 to 8 and 14 to 20 are effective the day following final enactment. Sections 9 to 13 are effective July 1, 1985."

Delete the title and insert:

"A bill for an act relating to human services; creating a procedure for reconsideration of a resident's case mix classification; establishing approval procedures and requirements for hospital swing beds; restricting licensure of new nursing home beds; expanding the preadmission screening program; revising statutes relating to nursing home reimbursement; creating an appeal process for nursing home appraisals; recovering the federal share of overpayments from medical vendors; requiring review by the commissioners of human services and health of proposals

for revenue bond financing of health facility projects; amending Minnesota Statutes 1984, sections 144.50, subdivision 2; 144A.01, subdivision 5; 144A.071, subdivisions 1, 2, and 3; 256B.02, subdivision 8; 256B.091, subdivisions 1, 2, 4, 5, and 8; 256B.431, subdivisions 2b, 3, and 4; 256B.50; and 474.01, subdivisions 7a and 9; proposing coding for new law in Minnesota Statutes, chapters 144 and 256B."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 807, A bill for an act relating to Hubbard county; authorizing county appropriations to the county agricultural society and an annual levy for that purpose; requiring a reverse referendum under certain circumstances.

Reported the same back with the following amendments:

Page 1, line 10, delete *"$18,000"* and insert *"$20,000"*

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

Schreiber from the Committee on Taxes to which was referred:

H. F. No. 849, A bill for an act relating to water pollution control; establishing a state financial assistance program for the abatement of combined sewer overflow; reauthorizing the state independent grants program; appropriating money; amending Minnesota Statutes 1984, sections 116.16, subdivision 1; 116.18, subdivisions 1 and 3a; proposing coding for new law in Minnesota Statutes, chapter 116; repealing Minnesota Statutes 1984, section 116.18, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 116.16, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE.] A Minnesota state water pollution control fund is created as a separate bookkeeping account

in the general books of account of the state, to record receipts of the proceeds of state bonds and other money appropriated to the fund and disbursements of money appropriated or loaned from the fund to agencies and subdivisions of the state for the acquisition and betterment of public land, buildings, and improvements of a capital nature needed for the prevention, control, and abatement of water pollution in accordance with the long range state policy, plan, and program established in sections 115.41 to 115.63, and in accordance with standards adopted pursuant to law by the Minnesota pollution control agency. It is determined that state financial assistance for the construction of water pollution prevention and abatement facilities for municipal disposal systems *and combined sewer overflow* is a public purpose and a proper function of state government, in that the state is trustee of the waters of the state and such financial assistance is necessary to protect the purity of state waters, and to protect the public health of the citizens of the state, which is endangered whenever pollution enters state waters at one point and flows to other points in the state.

Sec. 2. Minnesota Statutes 1984, section 116.16, is amended by adding a subdivision to read:

Subd. 3a. [RECEIPTS.] *The revenues required to be deposited in the fund by section 7 must be apportioned as provided in this subdivision.*

(a) The amount required for loans for combined sewer overflow abatement under section 3, subdivision 5, must be credited annually to a separate account. These amounts are appropriated annually to the agency for expenditure under section 3.

(b) The remaining amount must be spent by the agency, upon appropriation by the legislature, for water pollution control under sections 116.16 to 116.18.

Sec. 3. [116.162] [FINANCIAL ASSISTANCE FOR COMBINED SEWER OVERFLOW.]

Subdivision 1. [DEFINITIONS.] *(a) Except as otherwise provided in this section, the terms used in this section have the meanings given in section 116.16, subdivision 2.*

(b) "Combined sewer" means a sewer that is designed and intended to serve as a sanitary sewer and a storm sewer, or as an industrial sewer and a storm sewer.

(c) "Combined sewer overflow" means a discharge of a combination of storm and sanitary wastewater or storm and industrial wastewater directly or indirectly into the waters of the state, occurring when the volume of wastewater flow exceeds the conveyance or storage capacity of a combined sewer system.

(d) "Combined sewer overflow abatement plan" means the plan approved by the agency which constitutes the basis for a combined sewer overflow construction schedule contained in a permit, stipulation agreement, consent decree, or order issued by the agency subsequent to the effective date of this section.

(e) "Rainleader" means any structure or device, excluding catch basins on public property, constructed to direct or convey storm water, snow melt, or surface water from private or public property into a public sanitary or combined sewer.

Subd. 2. [LOAN PROGRAM; PURPOSE.] *The pollution control agency shall administer a state loan program to assist eligible recipients to abate combined sewer overflow to the Mississippi River between the confluence of the Rum River and the confluence of the St. Croix River.*

Subd. 3. [ELIGIBLE RECIPIENTS.] *Any statutory or home rule charter city that has separated less than 75 percent of its combined sewers on the effective date of this section is eligible for assistance under the program, if the city has a permit, stipulation agreement, consent decree, or order issued by the agency requiring construction to abate combined sewer overflow and if the city adopts an approved plan to abate combined sewer overflow within a specified period, not exceeding 15 years.*

Subd. 4. [ELIGIBLE COSTS.] *The eligible cost of a loan applicant under this section includes the costs listed in section 116.16, subdivision 2, paragraph (6), as determined by the agency, using as guidelines the regulations promulgated by the United States environmental protection agency under the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1314, et seq., except that the eligible cost includes any costs incurred by electric, gas, and telephone companies for relocations or alterations and any easements necessary for implementing the combined sewer overflow abatement plan and does not include:*

(a) the preparation of combined sewer overflow abatement plans,

(b) acquisition of interests in real property other than easements,

(c) storm water treatment facilities,

(d) costs for a rainleader disconnection program,

(e) costs incurred before the effective date of this section, and

(f) costs incurred after the effective date of this section but without prior written approval of the agency.

Subd. 5. [LOANS.] *During the period commencing January 1, 1986, and ending 15 years after the date of the first loan to an eligible recipient, the agency shall award annually to an eligible recipient a loan for the eligible costs in that year that are not paid by federal grants and that are not required by this subdivision to be paid by the recipient. The recipient is required to pay 50 percent of the difference between the eligible costs in that year and the amount of federal grant money received by the recipient in that year for combined sewer overflow projects.*

Subd. 6. [LOAN CONDITIONS; ADMINISTRATION.] *A recipient of loans under this section shall construct the combined sewer overflow abatement facilities in accordance with the construction schedule contained in the permit, stipulation agreement, consent decree, or order issued by the agency. As a condition of receiving a loan, the recipient shall implement a rainleader disconnection program approved by the agency. The deadlines for submittal of facilities plans, plans and specifications, and other documents to the agency for a loan are governed by the construction schedule contained in the permit, stipulation agreement, consent decree, or order issued by the agency requiring combined sewer overflow abatement construction.*

Subd. 7. [LOAN REPAYMENT.] *A recipient of loans under this section shall repay the loans in annual installments over a period commencing 15 years after the date when the recipient received the first loan and ending no more than 15 years after the date when the recipient makes the first repayment. The minimum repayment required each year during the repayment period is:*

(a) the principal amount of the loan received in the annual installment 15 years before, plus

(b) interest at six percent on that principal amount, less

(c) an amount equal to the interest on the portion of the principal due in that year that the agency determines was required to pay the costs attributable to the difference between the construction schedule contained in the permit, stipulation agreement, consent decree, or order issued by the agency and the construction schedule that the recipient would otherwise have followed to complete combined sewer overflow abatement construction.

The deduction of interest under clause (c) may not be less than 62.5 percent of the interest due each year. The amounts repaid must be deposited in the general fund for use under sections 116.16 to 116.18.

Subd. 8. [RULES.] *By October 31, 1985, the agency shall promulgate emergency rules for the administration of the loan*

program established by this section. By October 31, 1986, the agency shall promulgate permanent rules. The emergency and permanent rules must contain as a minimum:

(a) procedures for application;

(b) criteria for eligibility of combined sewer overflow abatement projects;

(c) conditions for use of the loans;

(d) procedures for the administration of the loans; and

(e) other matters that the agency finds necessary for the proper administration of the program.

Sec. 4. Minnesota Statutes 1984, section 116.18, subdivision 1, is amended to read:

Subdivision 1. [APPROPRIATION FROM THE FUND.] (THE SUM OF $167,000,000,) $..... or so much thereof as may be necessary, is appropriated from the Minnesota state water pollution control fund in the state treasury to the pollution control agency, for the period commencing on July 23, 1971 and ending June 30, (1985) *1987*, to be granted and disbursed to municipalities and agencies of the state in aid of the construction of projects conforming to section 116.16, in accordance with the rules, priorities, and criteria therein described.

Sec. 5. Minnesota Statutes 1984, section 116.18, subdivision 3a, is amended to read:

Subd. 3a. [STATE INDEPENDENT GRANTS PROGRAM.] (a) The agency may award independent grants for projects for 50 percent or, if the agency requires advanced treatment, 65 percent of the eligible cost of construction. The agency may award independent grants for up to an additional 15 percent or, if the agency requires advanced treatment, up to an additional ten percent of the eligible cost of construction to municipalities for which the construction would otherwise impose significant financial hardship; the amounts of the additional grants shall be based on per connection capital cost, median household income, and per capita adjusted assessed valuation. These grants may be awarded in separate steps for planning and design in addition to actual construction. Not more than 20 percent of the total amount of grants awarded under this subdivision in any single fiscal year may be awarded for projects for the control of combined sewer overflow as defined by federal regulation. Until December 31, 1990, not more than 20 percent of the total amount of grants awarded under this subdivision in any single fiscal year may be awarded to a single grantee.

(b) Up to ten percent of the money to be awarded as grants under this subdivision in any single fiscal year shall be set aside for municipalities having substantial economic development projects that cannot come to fruition without municipal wastewater treatment improvements. The agency shall forward its municipal needs list to the commissioner of energy and economic development at the beginning of each fiscal year, and the commissioner shall review the list and identify those municipalities having substantial economic development projects. After the first 90 percent of the total available money is allocated to municipalities in accordance with agency priorities, the set-aside shall be used by the agency to award grants to remaining municipalities that have been identified.

(c) Grants may also be awarded under this subdivision to reimburse municipalities willing to proceed with projects and (APPLY TO) be reimbursed in (THE) *a* subsequent year conditioned upon appropriation of sufficient money under subdivision 1 for that year. The maximum amount of the reimbursement the agency may commit in any single fiscal year is equal to the amount newly appropriated under subdivision 1 for that year.

Sec. 6. Minnesota Statutes 1984, section 297.02, is amended by adding a subdivision to read:

Subd. 1a. [POLLUTION CONTROL RATES.] *In addition to the tax imposed by subdivision 1, a tax is imposed on the sale of cigarettes in this state or having cigarettes in possession in this state with intent to sell and upon any person engaged in business as a distributor, at the following rates, subject to the discount provided in section 297.03:*

(1) on cigarettes weighing not more than three pounds per thousand, three mills on each cigarette; and

(2) on cigarettes weighing more than three pounds per thousand, six mills on each cigarette.

Sec. 7. Minnesota Statutes 1984, section 297.13, is amended by adding a subdivision to read:

Subd. 9. [POLLUTION CONTROL FUND.] *Notwithstanding the provisions of subdivision 1, the commissioner of revenue shall deposit in the water pollution control fund the revenues received from the tax imposed by section 6 and no portion of the revenues are subject to the provisions of subdivision 1.*

Sec. 8. Minnesota Statutes 1984, section 297.22, subdivision 1, is amended to read:

Subdivision 1. A tax is hereby imposed upon the use or storage by consumers of cigarettes in this state, and upon such consumers, at the (FOLLOWING) rates (:)

((1) ON CIGARETTES WEIGHING NOT MORE THAN THREE POUNDS PER THOUSAND, NINE MILLS ON EACH SUCH CIGARETTE;)

((2) ON CIGARETTES WEIGHING MORE THAN THREE POUNDS PER THOUSAND, 18 MILLS ON EACH SUCH CIGARETTE) *specified in section 297.02.*

Sec. 9. [MUNICIPAL POWERS.]

Subdivision 1. [PURPOSE.] *Notwithstanding any provision of any statute or home rule charter to the contrary, for the purpose of abating combined sewer overflow and of providing funds to pay all or any portion of the costs of the abatement, a recipient of loans under section 2 may exercise the authority provided in this section.*

Subd. 2. [GENERAL.] *A recipient may acquire any real or personal property by purchase, lease, condemnation, gift, or grant, and it may construct, enlarge, improve, replace, repair, maintain and operate a public sewer system, including storm sewers, sanitary sewers and facilities for separating storm sewers from combined storm and sanitary sewers. To accomplish these purposes, a recipient may exercise all of the powers granted any municipality by Minnesota Statutes, chapters 115, 117, 412, 429, 435, 444, 471 and 475.*

Subd. 3. [DEBT.] *A recipient may incur indebtedness and may issue and sell bonds or other obligations pledging the full faith and credit of the city to its payment for storm and sanitary sewers and systems without submitting the question of the issuance of the bonds to the electors. Except as provided in this section, the bonds must be issued and sold according to the provisions of chapter 475.*

Subd. 4. [PROPERTY TAX.] *In addition and supplemental to the foregoing grant of authority, the governing body may establish a special taxing district or districts within the corporate limits of the city, and may levy and collect ad valorem taxes on some or all of the real or personal property within the city. The taxes must be collected by the county of Ramsey and paid over to the city as are other taxes. The taxes are not restricted by any other tax levy limitations imposed upon the city by any other law or charter provision.*

Subd. 5. [ASSESSMENTS.] *The governing body of the city may divide the city into drainage districts or areas, and may levy and collect assessments based on benefit to property, whether the benefit be direct or indirect, and the assessments so levied may be based upon the existing or highest and best land usage, square footage, front footage or area. The assessments may be levied in accordance with the procedures set forth in the city's home rule charter or chapter 429, as the council determines. The*

assessments may be levied and collected from all property whether public or private, and in the case of public property the agency of government responsible for the property shall provide the necessary funds in their budget appropriations.

Subd. 6. [PRIVATE FINANCE.] *The governing body of the city may use private financing methods, such as private construction and ownership and city lease, or sale and leaseback financing of city sewer and water utility assets to secure revenue bond financing.*

Sec. 10. [COMPLEMENT.]

The complement of the agency is increased by . . positions.

Sec. 11. [REPEALER.]

Minnesota Statutes 1984, section 116.18, subdivision 2, is repealed.

Sec. 12. [EFFECTIVE DATE.]

Sections 6 to 8 are effective July 1, 1985."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the semicolon insert "increasing the cigarette tax rates;"

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

Page 1, line 7, after the second semicolon insert "297.02, by adding a subdivision; 297.13, by adding a subdivision; 297.22, subdivision 1;"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 913, A bill for an act relating to employment; abolishing the department of economic security; creating a new department of jobs and training; transferring responsibilities of the department of economic security to the department of jobs and training and the department of human services; trans-

ferring certain employment and training functions of the department of human services and the department of administration to the department of jobs and training; providing for biennial statewide plans for jobs and training and apprenticeships; providing for coordination of state and federal jobs programs; establishing community investment programs; granting rulemaking authority; changing formulas for paying local agencies for general assistance grants to recipients subject to work requirements; removing a sunset provision from the Minnesota emergency employment development act; amending Minnesota Statutes 1984, sections 86.33, by adding subdivisions; 116L.03, subdivision 7; 116L.04, by adding a subdivision; 129A.02, subdivision 2; 129A.03; 129A.04; 178.03, by adding a subdivision; 245.87; 248.07; 248.08; 256.01, subdivision 4; 256.736; 256C.24; 256C.25; 256C.26; 256D.02, subdivision 13; 256D.03, subdivision 2; 256D.09, subdivision 3, and by adding a subdivision; 256D.-111, subdivision 2; 268.31; 268.32; 268.33; 268.34; 268.35; 268.-36; 268.673, subdivisions 1 and 3; 268.683, subdivision 3; and 268.685; 268.82; proposing coding for new law as Minnesota Statutes, chapter 268A; repealing Minnesota Statutes 1984, sections 129A.02, subdivision 4; 245.84, subdivision 2; 256.737; 256D.02, subdivision 8a; 256D.111, subdivision 1a; 256D.112; 268.011; 268.012; 268.013; 268.12, subdivisions 1 and 1a; 268.-683, subdivision 2; 268.684; 268.686; 268.80 and 268.81.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 86.33, is amended by adding a subdivision to read:

Subd. 2. [PROJECT COORDINATION.] *Prior to submitting projects to the governor, the commissioner of natural resources shall consult with the commissioner of jobs and training and shall develop a biennial plan which establishes: a priority for unemployed individuals who are economically disadvantaged as defined in Public Law 97-300; the ways in which participants will be assisted in gaining ongoing employment or training upon completing the projects; and how specific projects are coordinated with other publicly authorized or subsidized programs.*

Sec. 2. Minnesota Statutes 1984, section 86.33, is amended by adding a subdivision to read:

Subd. 3. [REPORTING.] *The commissioner of natural resources shall cooperate with the commissioner of jobs and training in developing and implementing any evaluation and reporting systems for jobs and training programs.*

Sec. 3. Minnesota Statutes 1984, section 116L.03, subdivision 7, is amended to read:

Subd. 7. [OFFICES.] The commissioner of (ADMINISTRATION) *jobs and training* shall provide office space for the board within the capitol area complex.

Sec. 4. Minnesota Statutes 1984, section 116L.04, is amended by adding a subdivision to read:

Subd. 3. [BIENNIAL PLANS.] *The board shall prepare a biennial plan which shall be available to the commissioner of jobs and training for use in developing a biennial statewide jobs and training plan.*

Sec. 5. Minnesota Statutes 1984, section 129A.02, subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER.] The commissioner is the chief executive officer of the department *of jobs and training* and is the successor to the powers and duties of the former assistant commissioner of vocational rehabilitation. (THE COMMISSIONER SHALL BE APPOINTED BY THE GOVERNOR AND SERVE UNDER THE PROVISIONS OF SECTION 15.06. THE COMMISSIONER SHALL BE A PERSON HAVING SUBSTANTIAL EXPERIENCE IN THE ADMINISTRATION AND FINANCING OF VOCATIONAL REHABILITATION PROGRAMS.)

Sec. 6. Minnesota Statutes 1984, section 136.63, is amended by adding a subdivision to read:

Subd. 1b. Before prescribing any program involving training in semi-professional and technical fields or adult education, the board shall consult with the commissioner of jobs and training and shall develop a biennial plan.

Sec. 7. Minnesota Statutes 1984, section 136C.06, is amended to read:

136C.06 [SOLE STATE AGENCY.]

The state board of vocational technical education is the sole state agency to receive and disburse federal funds authorized by the Vocational Education Act of 1963, as amended in the education amendments of 1976, Public Law Number 94-482, and Code of Federal Regulations, title 34, part 400. The state board shall develop and submit the state plan for vocational technical education. The state board shall develop the state plan according to terms of agreement with the state board of education. *Before developing and submitting the state plan, the state board shall consult with the commissioner of jobs and training and shall develop a biennial plan.*

Sec. 8. Minnesota Statutes 1984, section 178.03, is amended by adding a subdivision to read:

Subd. 5. [COORDINATION AND PLANNING.] *The commissioner of labor and industry and the commissioner of jobs and training, in conjunction with the apprenticeship advisory council and the apprenticeship committees, shall develop a biennial plan for preparing, recruiting, and the successful participation of economically disadvantaged, chronically unemployed, minority, and female individuals in apprenticeship programs.*

Sec. 9. Minnesota Statutes 1984, section 248.07, is amended to read:

248.07 [COMMISSIONER OF (HUMAN SERVICES) *JOBS AND TRAINING,* DUTIES.]

Subdivision 1. [COOPERATION.] It shall be the duty of the commissioner of (HUMAN SERVICES) *jobs and training* to cooperate with state and local boards and agencies, both public and private, in preventing loss of sight, in alleviating the condition of blind persons and persons of failing sight, in extending and improving the education, advisement, training, placement, and conservation of the blind, and in promoting their personal, economic, social, and civic well being.

Subd. 2. [STATISTICS.] The commissioner of (HUMAN SERVICES) *jobs and training* shall collect statistics of the blind, including their present physical and mental condition, causes of blindness, capacity for education and industrial training, and any further information looking toward the improvement of their condition that may be desired.

Subd. 3. [SPECIAL ATTENTION.] The commissioner of (HUMAN SERVICES) *jobs and training* shall give special attention to the cases of handicapped youth who are eligible to attend the Minnesota Braille and sight-saving school, the Minnesota school for the deaf, or the public school classes for handicapped children, but are not in attendance thereat, or are not receiving adequate instruction elsewhere. The commissioner shall report all such cases to the school district of the individual's residence and to the state board of education.

Subd. 4. [VOCATIONAL TRAINING.] The commissioner of (HUMAN SERVICES) *jobs and training* shall endeavor to secure for the adult blind of the state and youths of legal working age such vocational training, labor, and employment as may be adapted to their respective capacity, and shall so far as may be feasible aid such persons in securing any provisions which may be made by the school for the blind or other state agencies for the betterment of their lot. When vocational training under the divi-

sion of vocational rehabilitation is secured, such aid may take the form of payments for the maintenance of persons in training, under rules to be adopted by the commissioner of human services. Any person who shall be entitled to training under this subdivision shall have the right to choose from available programs such training as in his opinion would be suitable and practical for him.

Subd. 5. [AIDS.] The commissioner of (HUMAN SERVICES) *jobs and training* shall further be empowered to aid the blind: (1) By home instruction and training; (2) by assisting them in securing tools, appliances, and supplies; (3) by aid in marketing the products of their labors; (4) by care and relief for blind persons who are not capable of self-support; and, (5) in any other practicable means of alleviating their condition.

Subd. 7. [BLIND, VENDING STANDS AND MACHINES ON GOVERNMENTAL PROPERTY.] For the rehabilitation of blind persons the commissioner of (HUMAN SERVICES) *jobs and training* shall have exclusive authority to establish and to operate vending stands and vending machines in all buildings and properties owned or rented exclusively by any department of the state of Minnesota except the department of natural resources properties operated directly by the Division of State Parks and not subject to private leasing. The merchandise to be dispensed by such vending stands and machines may include soft drinks, (except 3.2 beer), milk, food, candies, tobacco, souvenirs, notions and related items. Such vending stands and vending machines herein authorized shall be operated on the same basis as other vending stands for the blind established and supervised by the commissioner of human services. The commissioner of (HUMAN SERVICES) *jobs and training* may waive this authority to displace any present private individual concessionaire in any state-owned or rented building or property. With the consent of the governing body of a governmental subdivision of the state, the commissioner may establish and supervise vending stands and vending machines for the blind in any building or property exclusively owned or rented by the governmental subdivision.

Subd. 8. [USE OF REVOLVING FUND, LICENSES FOR OPERATION OF VENDING MACHINES.] The revolving fund created by Laws 1947, Chapter 535, Section 5, is continued as provided in this subdivision and shall be known as the revolving fund for vocational rehabilitation of the blind. It shall be used for the purchase of equipment and supplies for establishing and operating of vending stands by blind persons. All income, receipts, earnings, and federal grants due to the operation thereof shall also be paid into the fund. All equipment, supplies, and expenses for setting up these stands shall be paid for from the fund. Authority is hereby given to the commissioner of (HUMAN SERVICES) *jobs and training* to use the moneys available in the revolving fund for the establishment, operation and supervision of vending stands by blind persons for the following

purposes: (1) purchase, upkeep and replacement of equipment; (2) purchase of initial and replacement stock of supplies and merchandise; (3) expenses incidental to the setting up of new stands and improvement of old stands; (4) purchase of general liability insurance as deemed advisable for any vending stand by the commissioner; (5) reimbursement to individual blind vending operators for reasonable travel and maintenance expenses incurred in attending supervisory meetings as called by the commissioner of (HUMAN SERVICES) *jobs and training*; (6) purchase of fringe benefits for blind vending operators and their employees such as group health insurance, retirement program, vacation or sick leave assistance provided that the purchase of any fringe benefit is approved by a majority vote of blind vending operators licensed pursuant to this subdivision after the commissioner provides to each blind vending operator information on all matters relevant to the fringe benefits. Fringe benefits shall be paid only from assessments of operators for specific benefits, gifts to the fund for fringe benefit purposes, and vending income which is not assignable to an individual stand.

The commissioner shall issue each license for the operation of a vending stand or vending machine for an indefinite period but he may terminate any license in the manner provided. In granting licenses for new or vacated stands preference on the basis of seniority of experience in operating stands under the control of the commissioner shall be given to capable operators who are deemed competent to handle the enterprise under consideration. Application of this preference shall not prohibit the commissioner from selecting an operator from the community in which the stand is located.

Subd. 9. [TRAINING OF SELECTED APPLICANTS.] Each applicant selected by the commissioner for a license to operate a vending stand or vending machine shall be given training in the operation and conduct of such vending stand or vending machine.

Subd. 10. [REVOCATION OF LICENSES; HEARING.] The commissioner shall not revoke any license except for good cause shown. An opportunity for a fair hearing shall be afforded any operator within 30 days after revocation of license.

Subd. 11. [POLICY CHANGES; NOTICE AND HEARING.] Any major changes in policies made by the commissioner in the conduct of this program will be preceded by a public hearing. Each operator shall be given 30 days notice of such hearing.

Subd. 12. [REIMBURSEMENT OUT OF STATE DISTRIBUTION OF BRAILLE AND TALKING BOOKS.] The commissioner of (HUMAN SERVICES) *jobs and training* shall obtain reimbursement from other states for the estimated cost of handling of Braille books and talking books for the blind dis-

tributed by the department of human services to users in such other states and may contract with the appropriate authorities of such states to effect such reimbursement. All money received hereunder shall be paid to the state treasurer and placed in the general fund.

Subd. 13. [REHABILITATION FACILITIES.] From the funds appropriated for vocational rehabilitation of the blind and matching federal funds available for the purpose, the commissioner of (HUMAN SERVICES) *jobs and training* may make grants, upon such terms as he may determine, to public or nonprofit organizations for the establishment, maintenance or improvement of rehabilitation facilities or sheltered workshops for the blind.

Subd. 14. [TRAINING OF WORKERS FOR REHABILITATION OF BLIND.] From funds provided by the state or the United States for the rehabilitation of blind persons, the commissioner of (HUMAN SERVICES) *jobs and training* may make provision for:

(1) Specialized supplementary training of professional workers employed by services for the blind, which shall consist of selected courses of study designed to improve worker techniques in providing assistance with adjustment to blindness, guidance, training and vocational placement services to blind children and adults;

(2) The employment of student trainees enrolled in graduate school programs. Such trainees to be employed on a one-third time basis during the regular school term and on a full time basis during the extra school term. Student trainees shall not be counted against the regular staff complement and shall not exceed eight in number employed concurrently.

Subd. 14a. [RULES.] The commissioner of (HUMAN SERVICES) *jobs and training* shall, no later than February 1, 1985, adopt rules to set standards for the provision of rehabilitative services to blind and visually handicapped persons. The rules shall, at a minimum, contain program definitions and set standards for basic eligibility, including financial need eligibility and definitions of legal blindness.

The rules shall provide for the development of formal rehabilitation plans for eligible clients and shall govern the provision of direct rehabilitative services to clients, including placement in training programs, and providing tools and equipment. In addition, the rules shall set standards for appeals filed under subdivision 15, and include specific requirements for timely responses by the agency.

Subd. 15. [APPEALS FROM AGENCY ACTION.] An applicant for or recipient of rehabilitation service who is dis-

satisfied with an agency's action with regard to the furnishing or denial of services may:

(1) File a request for an administrative review and redetermination of that action to be made by a member or members of the supervisory staff of the state agency.

(2) When an individual is dissatisfied with the findings of this administrative review, he shall be granted an opportunity for a fair hearing before the state administrator or his designee.

(3) If further appeal is deemed necessary by the applicant or recipient, his grievance shall be considered and relief if any recommended by an appeal committee. The committee shall be composed of one person nominated by the applicant or recipient, one person nominated by the agency, and a third person nominated jointly by the applicant or recipient and the agency. If the third person cannot be mutually agreed upon within ten days of the applicant's or recipient's request for a committee hearing, the judge of the district court in the applicant's or recipient's county of residence shall make the third appointment.

Sec. 10. Minnesota Statutes 1984, section 248.08, is amended to read:

248.08 [PAYMENTS BY COMMISSIONER OF (HUMAN SERVICES) *JOBS AND TRAINING.*]

The commissioner of (HUMAN SERVICES) *jobs and training* is hereby authorized to defray the necessary expenses of the work from the appropriation for the current expenses of the commissioner of (HUMAN SERVICES) *jobs and training*; provided, that in any county of this state now or hereafter having a population of over 150,000, and an assessed valuation of over $200,000,000, including money and credits, the county board is hereby authorized to defray part or all of the necessary expenses of maintaining the work within the county from the general revenue fund of the county, not exceeding the total sum of $3,600, in any one calendar year; and, in carrying on this work, may appoint and employ an assistant to the regular field agent for the blind in the county, who shall work under the direction of the agent in the county. The portion of the salary of the field agent, and of any assistant to be paid by the county, shall be fixed by the county board at its first meeting in January in each year; and such salary of the field agent and assistant shall be paid in the same manner as the salary of other county officers and employees are paid. All necessary expenses of the agent and assistant in carrying on this work in the county, not paid by the commissioner of (HUMAN SERVICES) *jobs and training*, shall be paid by the county board as other claims against the county are paid.

Sec. 11. Minnesota Statutes 1984, section 256.736, is amended to read:

256.736 [(WORK INCENTIVE) *EMPLOYMENT AND TRAINING* PROGRAM.]

Subdivision 1. [CREATION.] There is hereby established a program to help appropriate recipients of aid to families with dependent children become self-supporting members of society.

Subd. 2. [DUTIES OF THE COMMISSIONER OF (ECONOMIC SECURITY) *JOBS AND TRAINING.*] The commissioner of (ECONOMIC SECURITY) *jobs and training* shall develop a training and employment program for each appropriate relative and dependent child receiving aid to families with dependent children, with the objective of assuring, to the maximum extent possible, that the relative and child will enter the labor force, accept reasonable employment, and become (SELF-SUFFICIENT) *economically independent.*

The commissioner of jobs and training shall administer, on behalf of the commissioner of human services, those aspects of the aid to families with dependent children program, excluding categorical and financial eligibility, which directly relate to:

(1) recipients' participation in jobs and training programs;

(2) requirements for and conditions of participating in jobs and training programs;

(3) the design and administration of such programs; and

(4) the direction of county welfare agencies in carrying out responsibilities related to employment and training programs.

The commissioner of jobs and training and the commissioner of human services are authorized to implement those programs and authorities, including demonstration projects which are authorized under federal regulations to increase services or federal reimbursement available for providing employment and training services for recipients of aid to families with dependent children.

Subd. 3. [OPERATION OF PROGRAM.] To determine who shall be designated as an appropriate individual for certification to the commissioner (OF ECONOMIC SECURITY), the commissioner of (HUMAN SERVICES) *jobs and training* shall provide, *by rule,* standards for county welfare agencies and human services boards consistent with the standards promulgated by the secretary of health and human services. County welfare agencies shall certify appropriate individuals to the commissioner of (ECONOMIC SECURITY) *jobs and training* and shall require that every individual, as a condition of receiving aid to

families with dependent children, register for employment services, training, and employment, unless such individual is:

(1) a child who is under age 16, a child age 16 or 17 who is attending elementary or secondary school or a secondary level vocational or technical school full time, or a full-time student age 18 who is attending a secondary school or a secondary level vocational or technical program and who is expected to complete the school or program before reaching age 19;

(2) a person who is ill, incapacitated or of advanced age;

(3) a person so remote from a work incentive project that his effective participation is precluded;

(4) a person whose presence in the home is required because of illness or incapacity of another member of the household;

(5) a parent or other caretaker relative of a child under the age of six who personally provides full-time care for the child;

(6) a parent or other caretaker if another adult relative in the house is registered and has not, without good cause, failed or refused to participate or accept employment; (OR)

(7) *a pregnant woman in the last trimester of pregnancy; or*

(8) a parent who is not the principal earner if the parent who is the principal earner is not exempt under clauses (1) to ((6)) *(7)*.

Any individual referred to in (CLAUSE) *clauses* (5) *to (8)* shall be advised of the option to register for employment services, training *services*, and employment if the individual so desires, and shall be informed of the child care *and other* services (, IF ANY,) which will be available if the individual decides to register.

If, after planning with a recipient, a decision is made that the recipient must register for employment services, training, and employment, the county welfare department shall give notice in writing to the recipient stating that he or she must register with the commissioner of (ECONOMIC SECURITY) *jobs and training* for participation in a work incentive program and that the recipient has a right to a fair hearing under section 256.045 with respect to the appropriateness of the registration.

Subd. 4. [CONDITIONS OF CERTIFICATION.] The commissioner of human services shall:

(1) Arrange for or provide any relative or child certified to the commissioner of (ECONOMIC SECURITY) *jobs and train-*

ing pursuant to this section with child-care services, *transportation,* and other necessary family services;

(2) Pay ten percent of the cost of (PROGRAMS OF TRAINING AND EMPLOYMENT ESTABLISHED BY THE COMMISSIONER OF ECONOMIC SECURITY FOR PERSONS CERTIFIED HEREUNDER) *the work incentive program and of other costs that are required by federal regulation for jobs and training programs for applicants for or recipients of the aid to families with dependent children program*;

(3) Provide that in determining a recipient's needs any monthly incentive training payment made to the recipient by the department of (ECONOMIC SECURITY) *jobs and training* is disregarded and the additional expenses attributable to (HIS) participation in a program are taken into account in grant determination *to the extent permitted by federal regulations*; and

(4) Provide that when it has been certified by the commissioner of (ECONOMIC SECURITY) *jobs and training,* certification to be binding upon the commissioner of human services, that a relative or child certified under the (WORK INCENTIVE) *employment and training* program to the commissioner of economic security has been found by the commissioner, after a hearing conducted in the manner prescribed by section 268.10, subdivision 3, with the right of review in accordance with the provisions of section 268.10, subdivision 8, to have refused without good cause to participate under a work incentive program or to have refused without good cause to accept a bona fide offer of public or other employment, the county welfare departments shall provide that:

(a) If the relative makes the refusal, the relative's needs shall not be taken into account in making the grant determination, and aid for any dependent child in the family will be made in the form of *protective or* vendor payments *except that when protective payments are made, the local agency may continue payments to the relative if a protective payee cannot reasonably be found.*

(b) Aid with respect to a dependent child will be denied if a child who makes the refusal is the only child receiving aid in the family.

(c) If there is more than one child receiving aid in the family, aid for the child who makes the refusal will be denied and his *or her* needs will not be taken into account in making the grant determination.

(d) If the assistance unit's eligibility is based on the *non-exempt* principal earner's unemployment and the principal earner fails or refuses without good cause to participate or to ac-

cept *or continue* employment, the entire assistance unit is ineligible for benefits under sections 256.72 to 256.87, *if the family is subject to requirements of the work incentive program. Otherwise, the nonexempt principal wage earner's failure or refusal to participate or to accept employment will result only in that person's needs not being taken into account in making the grant determination.*

Subd. 5. [EXTENSION OF (WORK INCENTIVE) *EMPLOYMENT AND TRAINING* OPPORTUNITIES.] The commissioner of human services shall cooperate with the commissioner of (ECONOMIC SECURITY) *jobs and training* to (PROMOTE) *extend* the availability of training and employment opportunites on a state wide basis.

Subd. 6. [PROTECTION FROM GARNISHMENT.] Earnings of a recipient while participating in full or part-time employment or training shall be protected from garnishment. This protection shall extend for a period of six months from the date of termination of a recipient's grant of assistance.

Subd. 7. [(COMPLIANCE WITH FEDERAL CHANGES) *RULEMAKING.*] The commissioner of human services (IS) *and the commissioner of jobs and training are* authorized to promulgate such *coordinated* rules (AND REGULATIONS) as are necessary to qualify for any federal funds available under this section *and to carry out the provisions of this section.*

Subd. 8. The commissioner of human services shall amend the state plan for aid to families with dependent children to provide as special needs payments funds for the costs of day care, transportation, tuition, and items associated with education or seeking employment to the extent allowed under federal regulations and state appropriations.

Subd. 9. [CHANGES IN STATE PLAN AND RULES; WAIVERS.] *The commissioner of human services shall make changes in the state plan and rules or seek any waivers or demonstration authority necessary to minimize barriers to participation in the jobs and training programs or to employment. Changes shall be sought in at least the following areas: allowances, child care, work expenses, the amount and duration of earnings incentives, medical care coverage, limitations on the hours of employment, and administrative standards and procedures. The commissioner shall implement each change as soon as possible.*

Sec. 12. Minnesota Statutes 1984, section 256.737, is amended to read:

256.737 [COMMUNITY WORK EXPERIENCE PROGRAM.]

In order that persons receiving aid under this chapter may be assisted in achieving self-sufficiency by enhancing their employability through meaningful work experience and training and the development of job search skills, the commissioner of (HUMAN SERVICES MAY CONTINUE THE PILOT) *jobs and training shall, at the request of any county, establish* community work experience (DEMONSTRATION) programs (THAT WERE APPROVED BY JANUARY 1, 1984. NO NEW PILOT COMMUNITY WORK EXPERIENCE DEMONSTRATION PROGRAMS MAY BE ESTABLISHED). The commissioner shall: (a) assist counties in the design, implementation, and evaluation of these (DEMONSTRATION) programs; (b) promulgate, in accordance with chapter 14, emergency rules necessary for the implementation of this section, except that the time restrictions of section 14.35 shall not apply and the rules may be in effect until the termination of the demonstration programs; and (c) seek any federal waivers necessary for proper implementation of this section in accordance with federal law. The commissioner shall prohibit use of participants in the programs to do work that was part or all of the duties or responsibilities of an authorized public employee position established as of January 1, 1983. The exclusive bargaining representative shall be notified no less than 14 days in advance of any placement by the community work experience program. Concurrence with respect to job duties of persons placed under the community work experience program shall be obtained from the appropriate exclusive bargaining representative. The appropriate oversight committee shall be given monthly lists of all job placements under a community work experience program.

(PROJECTS SHALL END NO LATER THAN JUNE 30, 1985, AND A PRELIMINARY REPORT SHALL BE MADE TO THE LEGISLATURE BY FEBRUARY 15, 1985, ON THE FEASIBILITY OF PERMANENT IMPLEMENTATION AND ON THE COST EFFECTIVENESS OF EACH OF THE DEMONSTRATION PROGRAMS.)

Sec. 13. Minnesota Statutes 1984, section 256C.24, is amended to read:

256C.24 [REGIONAL SERVICE CENTERS.]

Subdivision 1. [LOCATION.] The commissioner of (ECONOMIC SECURITY) *human services* shall establish up to eight regional service centers for hearing impaired persons. The centers shall be co-located with existing vocational rehabilitation field offices and be distributed regionally to provide access for hearing impaired persons in all parts of the state. The center shall maintain a current registry of those persons having or suspected of having a hearing impairment who live in that region. A special task of the registry is to assure that referrals and follow-up services are completed with respect to persons in the register.

Subd. 2. [RESPONSIBILITIES.] The regional service center shall:

(a) Serve as the central entry point for hearing impaired persons in need of human services and make referrals to the services needed;

(b) Employ staff trained to work with hearing impaired persons;

(c) Provide to all hearing impaired persons interpreter services which are necessary to help them obtain human services;

(d) Serve as the regional interpreter referral center for hearing impaired persons and human services agencies;

(e) Loan equipment and resource materials to hearing impaired persons; and

(f) Cooperate with the department of (HUMAN SERVICES) *jobs and training* to provide access for hearing impaired persons to services provided by state, county and regional human services agencies.

Subd. 3. [ADVISORY COMMITTEE.] The commissioner of (ECONOMIC SECURITY, IN CONSULTATION WITH THE COMMISSIONER OF) human services shall appoint an advisory committee of eight persons for each regional service center. Members shall include four persons who are hearing impaired persons or who are the parents of a hearing impaired child and four representatives of county and regional human services, including representatives of private service providers. Members shall serve without payment by the state of per diem or expense. The commissioner of (ECONOMIC SECURITY) *human services* shall designate one member as chairperson. The (COMMISSIONERS OF ECONOMIC SECURITY AND) *commissioner of* human services shall assign staff to serve as ex officio members of the committee.

Sec. 14. Minnesota Statutes 1984, section 256C.25, is amended to read:

256C.25 [INTERPRETER SERVICES.]

Subdivision 1. [ESTABLISHMENT.] The commissioner of (ECONOMIC SECURITY) *human services* shall supervise the development and implementation of a statewide interpreter referral service. The commissioner of (ECONOMIC SECURITY) *human services* shall contract with appropriate organizations to provide this centralized service.

Subd. 2. [DUTIES.] The central interpreter referral service shall:

(a) Establish and maintain a statewide directory of interpreters who have received appropriate training and certification;

(b) Provide technical assistance to the regional service centers in implementing the interpreter referral service; and

(c) Assess the present and projected supply and demand for interpreting services statewide.

Sec. 15. Minnesota Statutes 1984, section 256C.26, is amended to read:

256C.26 [EMPLOYMENT SERVICES.]

The commissioner of (ECONOMIC SECURITY) *jobs and training* shall (DEVELOP AND IMPLEMENT A) *include in the biennial* plan *under section 39, subdivision 3, clause (12), a method* to deal with the underemployment of hearing impaired persons. The plan shall provide for training regarding the nature of hearing handicaps for department staff who consult with prospective employers or who provide job placement services.

Sec. 16. Minnesota Statutes 1984, section 256D.02, subdivision 13, is amended to read:

Subd. 13. "Suitable employment" means an appropriate income producing job including, but not limited to, all (PUBLIC) *publicly* subsidized jobs procured through the (WORK EQUITY PROGRAM) *Minnesota emergency employment development act in sections 268.671 to 268.686, community work experience programs under section 256.737, or other programs administered by or coordinated with the commisisoner of jobs and training.*

Sec. 17. Minnesota Statutes 1984, section 256D.05, subdivision 1, is amended to read:

Subdivision 1. [STANDARDS.] Each person or family whose income and resources are less than the standard of assistance established by the commissioner shall be eligible for and entitled to general assistance, *subject to the limitation of this section*; provided that no individual shall be eligible for general assistance if the individual is eligible for any of the following federally aided assistance programs: emergency assistance, aid to families with dependent children, or any successor to the above. *For the biennium beginning July 1, 1985, an individual who is otherwise eligible for assistance and who is neither exempt from employment under section 256D.111 nor participating in a grant*

diversion program under section 256D.09, subdivision 3 shall be eligible to receive general assistance benefits for a maximum of eight months in any consecutive 24-month period, as follows: An individual who is not employed in a community investment program shall be eligible for benefits for a maximum of three months out of any consecutive 24 months. An individual who is employed in a community investment program shall be eligible for benefits for a total of eight months out of any consecutive 24 months. The limitation on eligibility applies to combined periods of eligibility and to any combination of months in which an individual receives a grant or is employed in a community investment program, whether or not the months are consecutive. General assistance received prior to July 1, 1985, will not be counted in this limitation.

Sec. 18. Minnesota Statutes 1984, section 256D.09, subdivision 3, is amended to read:

Subd. 3. [*FULL-TIME* EMPLOYMENT (PAYMENTS) *FUNDED* BY GRANT DIVERSION.] Notwithstanding the provisions of subdivision 1, the commissioner (MAY) *of jobs and training shall* establish by rule or emergency rule a grant diversion program for payment of all or a part of a recipient's grant to a private (,) *or* nonprofit (, OR PUBLIC) employer who agrees to employ the recipient *full time in a permanent job.* The commissioner *of jobs and training* shall design the program to provide, to the extent possible, employment or employment-related training that will enable recipients to become self-supporting. A recipient shall be eligible for general assistance medical care during the term of the grant diversion contract to the extent that medical care coverage is not provided by the employer. Any rule adopted by the commissioner *of jobs and training*:

(a) Shall require the local agencies to administer the grant diversion program directly or to (DELEGATE ADMINISTRATION) *contract for the delivery* of the program to another unit of government *or to a public or nonprofit agency*;

(b) Shall require that grants paid to employers be paid pursuant to a written grant diversion contract;

(c) Shall determine the amount of the grant to be paid to the employer and the term of the grant diversion contract;

(d) Shall establish standards to ensure that recipients hired pursuant to grant diversion contracts do not displace other workers;

(e) Shall provide for the amount of the wage to be paid to the recipient, which shall not be less than the minimum wage (FOR JOBS WITH NONPROFIT AND PUBLIC EM-

PLOYERS) and *shall be* the usual and customary wage for *similar* jobs with (PRIVATE) *the* employers;

(f) Shall provide for the minimum number of hours per month the (RECIPIENT MUST WORK) *job must provide,* which shall be sufficient to provide a net monthly wage equal to or exceeding the difference between the amount of the grant retained by the recipient and (150) *175* percent of the recipient's monthly grant; and

(g) shall provide a state contribution for wages and fringe benefits for eligible job applicants for a maximum of 1,040 hours over a maximum period of 26 weeks per job applicant. For eligible job applicants participtaing in a job training program, the state contribution for wages may be used for a maximum period of 52 weeks per job applicant.

((G)) *(h)* May establish other terms and conditions for the operation of the grant diversion program.

Sec. 19. Minnesota Statutes 1984, section 268.31, is amended to read:

268.31 [DEVELOPMENT OF YOUTH EMPLOYMENT OPPORTUNITIES.]

To the extent of available funding, the commissioner of (ECONOMIC SECURITY) *jobs and training* shall (HIRE) *establish a program to employ* individuals from the ages of 14 years up to 22 years *from families with household incomes of less than 125 percent of the poverty guidelines established by the federal office of management and budget* for a maximum of 12 weeks, not to exceed 40 hours per week per individual, during the summer for the purpose of placing such individuals in service (WITH THE DEPARTMENT OF ECONOMIC SECURITY AND) with other departments, agencies and instrumentalities of the state, county, local governments, school districts and with nonprofit organizations. Priority for employment shall be given to those young individuals between the ages of 16 years up to 22 years.

Sec. 20. Minnesota Statutes 1984, section 268.32, is amended to read:

268.32 [RATE OF PAY.]

Persons (HIRED) *employed* pursuant to sections 268.31 to 268.36 shall be compensated at the federal minimum wage rate. Persons hired in a supervisory capacity shall be compensated (AT A RATE) *according to criteria* established by the commissioner *in rules.*

Sec. 21. Minnesota Statutes 1984, section 268.33, is amended to read:

268.33 [ELIGIBILITY FOR EMPLOYMENT AND PLACEMENT.]

(SUBDIVISION 1.) The (DEPARTMENT OF ECONOMIC SECURITY) *commissioner of jobs and training* shall promulgate rules determining the *priority and* eligibility for employment and placement pursuant to sections 268.31 to 268.36. The (DEPARTMENT) *commissioner* shall have emergency powers *and permanent rulemaking authority* to implement rules for carrying out sections 268.31 to 268.36.

(SUBD. 2.) The (DEPARTMENT OF ECONOMIC SECURITY) *commissioner of jobs and training* shall, for the purposes of sections 268.31 to 268.36, be exempt from complying with any law relating to hiring by departments, agencies or instrumentalities of the state.

Sec. 22. Minnesota Statutes 1984, section 268.34, is amended to read:

268.34 [EMPLOYMENT CONTRACTS.]

The commissioner (MAY) *shall* enter into arrangements with existing public and private nonprofit organizations and agencies with experience in administering (SUMMER) youth employment programs for the purpose of providing employment opportunities in furtherance of sections 268.31 to 268.36 and to advance up to 20 percent of a summer youth employment contract to any participating organization or agency. The department of (ECONOMIC SECURITY) *jobs and training* shall retain ultimate responsibility for the administration of this employment program, including but not limited to, approval of summer job opportunities, (REVIEW) *eligibility* of applicants therefor, placement of youth in jobs and the disbursement of funds.

Sec. 23. Minnesota Statutes 1984, section 268.35, is amended to read:

268.35 [ALLOCATION OF FUNDS.]

The commissioner shall allocate funds to recipient organizations and agencies throughout the state (TAKING INTO ACCOUNT IN MAKING SUCH ALLOCATIONS THE YOUTH POPULATION OF THE COUNTY ADJUSTED TO ELIMINATE THE INFLUENCE OF POST SECONDARY EDUCATIONAL INSTITUTIONS LOCATED IN THE COUNTY,) *on the basis of the number of unemployed in* the county (UNEMPLOYMENT RATE) and the number of families living below *125 percent of* the poverty level in the county in which the recipient organization or agency is located, *as determined by the most recent special census.*

Sec. 24. Minnesota Statutes 1984, section 268.36, is amended to read:

268.36 [REPORT TO THE GOVERNOR AND THE LEGISLATURE.]

The commissioner, after consultation with the (CETA PRIME SPONSORS) *counties and providers of employment and training services*, shall evaluate the effectiveness of (THE) youth employment (PROGRAM) *programs*, taking into account the extent of (OTHER) *all* programs which are providing summer employment opportunities for youth (COVERED UNDER SECTIONS 268.31 TO 268.36), and shall report to the governor and the legislature no later than January 15 of each (EVEN NUMBERED) *odd-numbered* year with an evaluation of (THE PROGRAM) *this and other programs* and any recommendations for improvements.

Sec. 25. Minnesota Statutes 1984, section 268.671, is amended to read:

[268.671] [CITATION.]

Sections 268.671 to 268.686 may be cited as the "Minnesota (EMERGENCY) Employment *and Economic* Development (MEED) Act."

Sec. 26. Minnesota Statutes 1984, section 268.672, is amended to read:

268.672 [DEFINITIONS.]

Subdivision 1. [TERMS.] For the purposes of sections 268.671 to 268.686, the following terms have the meanings given them.

Subd. 2. [COORDINATOR.] "Coordinator" means the Minnesota (EMERGENCY) employment *and economic* development coordinator appointed under section 268.674.

Subd. 3. [ELIGIBLE BUSINESS.] "Eligible business" means a for-profit business.

Subd. 4. [ELIGIBLE EMPLOYER.] "Eligible employer" means an (ELIGIBLE GOVERNMENT AGENCY, AN) eligible nonprofit agency, or an eligible business.

Subd. 5. ([ELIGIBLE GOVERMENT AGENCY.] "ELIGIBLE GOVERNMENT AGENCY" MEANS A COUNTY, MUNICIPALITY, SCHOOL DISTRICT, OR OTHER LOCAL GOV-

ERNMENTAL SUBDIVISION, A STATE AGENCY, OR A FEDERAL AGENCY OFFICE IN MINNESOTA.)

(SUBD. 6.) [ELIGIBLE JOB APPLICANT.] "Eligible job applicant" means a person who: (1) has been a resident of this state for at least one month, (2) is unemployed, (3) is not receiving and is not qualified to receive unemployment compensation or workers' compensation, and (4) is determined by the employment administrator to be likely to be available for employment by an eligible employer for the duration of the job.

(IN ADDITION,) A farmer (WHO RESIDES IN A COUNTY QUALIFIED UNDER FEDERAL DISASTER RELIEF AND) *or any member of a farm family household* who can demonstrate severe financial need may be considered unemployed under this subdivision.

Subd. (7) *6.* [ELIGIBLE NONPROFIT AGENCY.] "Eligible nonprofit agency" means an organization exempt from taxation under the Internal Revenue Code of 1954, section 501(c)(3), as amended through December 31, 1982.

Subd. (8) *7.* [EMPLOYMENT ADMINISTRATOR.] "Employment administrator" means the administrative entity designated by the coordinator to administer the provisions of this act in each service delivery area. The coordinator may designate an administrative entity authorized under the Job Training Partnership Act or its predecessor administrative entity authorized under United States Code, title 29, section 801, et seq., or a job training or placement agency with proven effectiveness.

Subd. (9) *8.* [HOUSEHOLD.] "Household" means a group of persons living at the same residence consisting of, at a maximum, spouses and the minor children of each.

Subd. (10) *9.* [JOB TRAINING PARTNERSHIP ACT.] "Job Training Partnership Act" means the federal Job Training Partnership Act of 1982 (JTPA), Statutes at Large, volume 92, page 1322.

Subd. (11) *10.* [PROGRAM.] "Program" means the Minnesota (EMERGENCY) employment *and economic* development program created by sections 268.671 to 268.686 consisting of temporary work relief projects in the government and nonprofit agencies and new job creation in the private sector.

Subd. (12) *11.* [SERVICE DELIVERY AREA.] "Service delivery area" means an area designated as a service delivery area by the coordinator.

Sec. 27. Minnesota Statutes 1984, section 268.673, subdivision 1, is amended to read:

Subdivision 1. [APPOINTMENT.] The governor shall appoint a Minnesota (EMERGENCY) employment *and economic* development coordinator to administer the provisions of sections 268.671 to 268.686. The coordinator shall be within the department of (ECONOMIC SECURITY) *jobs and training*, but shall be responsible directly to the governor. The coordinator shall have the powers necessary to carry out the purposes of the program.

Sec. 28. Minnesota Statutes 1984, section 268.673, subdivision 2, is amended to read:

Subd. 2. [RESPONSIBILITIES.] The coordinator shall:

(a) Obtain an inventory of community needs from each local governmental subdivision and compile a statewide inventory of needs within 30 days after his appointment;

(b) Enter into a contract with one or more employment administrators in each service delivery area;

(c) Review the (EMERGENCY) employment *and economic* development plan submitted by the employment administrator of each service delivery area and approve satisfactory plans. If an employment administrator submits an unsatisfactory plan, the coordinator shall assist the employment administrator in developing a satisfactory one;

(d) Coordinate the program with other state agencies;

(e) Coordinate administration of the program with the general assistance program;

(f) Set policy regarding disbursement of program funds; and

(g) Perform general program marketing and monitoring functions.

Sec. 29. Minnesota Statutes 1984, section 268.673, subdivision 3, is amended to read:

Subd. 3. [DEPARTMENT OF (ECONOMIC SECURITY) *JOBS AND TRAINING.*] The coordinator shall administer the program within the department of (ECONOMIC SECURITY) *jobs and training*. The commissioner of (ECONOMIC SECURITY) *jobs and training* shall provide administrative support services to the coordinator for the purposes of the program.

Sec. 30. Minnesota Statutes 1984, section 268.674, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] The task force shall consist of nine members as follows: the coordinator, the commissioner of (ECONOMIC SECURITY) *jobs and training*, the commissioner of energy and economic development, the commissioner of labor and industry, the commissioner of human services, a representative of labor, a representative of business, a representative of nonprofit employers, and an employment administrator. The coordinator shall be the chairman and shall appoint the noncommissioner members.

Sec. 31. Minnesota Statutes 1984, section 268.675, subdivision 1, is amended to read:

Subdivision 1. [SERVICE DELIVERY AREA PORTION.] Eighty percent of the funds available for allocation to employment administrators for the program must be allocated among service delivery areas as follows: (1) each service delivery area shall be eligible to receive that proportion of the funds available which equals the number of unemployed persons in the service delivery area divided by the total number of unemployed persons in the state for the 12-month period ending the most recent March 31; (2) however, 15 percent of the amount which would be allocated under paragraph (1) to each service delivery area in which the unemployment rate, for the 12-month period ending the most recent March 31, is less than the statewide unemployment rate on that date shall not be allocated according to paragraph (1). This amount shall be pooled and distributed at the discretion of the coordinator only to employment administrators in these service delivery areas with lower than average unemployment rates who have demonstrated outstanding performance from May 1, 1984, to August 1, 1984, in placement of persons who would otherwise be eligible to receive (GENERAL) assistance *through income maintenance programs*, as shown by (:)

((I) THE PROPORTION OF GENERAL ASSISTANCE ELIGIBLE APPLICANTS WHO HAVE BEEN PLACED IN PRIVATE SECTOR JOBS UNDER THE PROGRAM, RELATIVE TO THE TOTAL NUMBER OF GENERAL ASSISTANCE ELIGIBLE APPLICANTS PLACED UNDER THE PROGRAM; OR)

((II)) the proportion of general (ASSISTANCE ELIGIBLE) *assistance and aid to families with dependent children eligible* applicants placed in all jobs under the program, relative to total job placements under the program.

(b) Ten percent of the funds available for allocation to employment administrators under the program must be allocated at the discretion of the coordinator to employment administrators:

(1) who will maximize the use of the funds through coordination with other programs and state, local, and federal agencies, through the use of matching funds or through the involvement of low-income constituent groups;

(2) who have demonstrated need beyond the allocation available under clause (1);

(3) who have demonstrated outstanding performance in job creation; or

(4) who have demonstrated that the unemployed persons in the service delivery area incur unusual costs related to employment under sections 268.671 to 268.686.

Sec. 32. Minnesota Statutes 1984, section 268.676, subdivision 1, is amended to read:

Subdivision 1. [AMONG JOB APPLICANTS.] Allocation of funds among eligible job applicants within a service delivery area shall be determined by the employment administrator in each service delivery area. The employment administrator shall give priority to:

(1) applicants living in households with no other income source; (AND)

(2) applicants (WHO WOULD OTHERWISE BE ELIGIBLE TO RECEIVE GENERAL ASSISTANCE) *whose income and resources are less than the standards of assistance established pursuant to section 256D.05, subdivision 1:*

(3) applicants who are eligible to receive aid to families with dependent children; and

(4) applicants living in farm households who can demonstrate severe household financial need.

In service delivery areas where the unemployment rate for the 12-month period ending the most recent March 31 is below the statewide unemployment rate at that time, (THE EMPLOYMENT ADMINISTRATOR SHALL GIVE HIGHER PRIORITY TO) *only those* applicants described in (CLAUSE (2) THAN TO THOSE DESCRIBED IN CLAUSE (1)) *clauses (1) to (4), and who otherwise satisfy the definition of an "eligible job applicant" in section 268.672, subdivision 5, are eligible for a job or job training program under section 268.677.*

Sec. 33. Minnesota Statutes 1984, section 268.676, subdivision 2, is amended to read:

Subd. 2. [AMONG EMPLOYERS.] Allocation of funds among eligible employers within a service area shall be determined by the employment administrator within each service delivery area according to the priorities in sections 268.68 and 268.681. The employment administrator shall give priority to funding private sector jobs (TO THE EXTENT THAT ELIGIBLE BUSINESSES APPLY FOR FUNDS). If possible, no more than (40) *20* percent of the funds may be allocated for jobs with eligible government and nonprofit agencies during the biennium.

Sec. 34. Minnesota Statutes 1984, section 268.677, is amended to read:

268.677 [USE OF FUNDS.]

Funds appropriated for the purposes of sections 268.671 to 268.686 may be used as follows:

(a) To provide a state contribution for wages and fringe benefits for eligible job applicants for a maximum of 1,040 hours over a maximum period of 26 weeks per job applicant. For eligible job applicants participating in a job training program, the state contribution for wages may be used for a maximum period of 52 weeks per job applicant. The state contribution for wages shall be up to ($4) *$2* per hour for each eligible job applicant employed. The state contribution for fringe benefits may be up to ($1) *50 cents* per hour for each eligible job applicant employed. *The employer is required to provide a contribution for wages and fringe benefits of at least equal to the state contribution for each applicant employed.* However, the employer may use funds from other sources to provide increased wages to the applicants it employs. At least 75 percent of the funds appropriated for the program must be used to pay wages for eligible job applicants;

(b) To reimburse the commissioner of economic security in an amount not to exceed one percent of the funds appropriated for the actual cost of administering sections 268.671 to 268.686, and to reimburse the employment administrators in an amount not to exceed 4-1/2 percent of the funds appropriated for their actual cost of administering sections 268.671 to 268.686. The commissioner of economic security and the employment administrators shall reallocate funds from other sources to cover the administrative costs of this program whenever possible;

(c) To provide child care services or subsidies to applicants employed under sections 268.671 to 268.686;

(d) To provide workers' compensation coverage to applicants employed by (GOVERNMENT OR) nonprofit agencies under sections 268.671 to 268.686;

(e) To provide job search assistance, labor market orientation, job seeking skills, and referral for other services;

((F) TO PURCHASE SUPPLIES AND MATERIALS FOR PROJECTS CREATING PERMANENT IMPROVEMENTS TO PUBLIC PROPERTY IN AN AMOUNT NOT TO EXCEED ONE PERCENT OF THE FUNDS APPROPRIATED.)

The employment administrator of each service delivery area shall submit to the coordinator a spending plan establishing that funds allocated to the service delivery area will be used in the manner required by sections 268.671 to 268.686. Any funds allocated to the service delivery area for which there is no spending plan approved by the coordinator shall cancel back to the Minnesota (EMERGENCY) employment *and economic* development account and may be reallocated by the coordinator to other employment administrators.

Sec. 35. Minnesota Statutes 1984, section 268.681, subdivision 4, is amended to read:

Subd. 4. [MINNESOTA (EMERGENCY) EMPLOYMENT *AND ECONOMIC* DEVELOPMENT ACCOUNT.] The Minnesota emergency employment development account is created in the state treasury. All payments from businesses pursuant to subdivision 3 shall be deposited in this account, and all funds in the account are appropriated to the commissioner of (ECONOMIC SECURITY) *jobs and training* for the purpose of making disbursements pursuant to section 268.675.

Sec. 36. Minnesota Statutes 1984, section 268.684, is amended to read:

[268.684] [WORK INCENTIVE FUNDS.]

Funds made available to the commissioner of (ECONOMIC SECURITY) *jobs and training* for purposes of administration of the jobs program may be used in part, at the discretion of the commissioner, to ensure that persons eligible for or receiving income maintenance grants have access to work and training programs.

Sec. 37. Minnesota Statutes 1984, section 268.685, is amended to read:

[268.685] [TERMINATION; NOTIFICATION.]

The commissioner of (ECONOMIC SECURITY) *jobs and training* shall immediately terminate the Minnesota (EMERGENCY) employment *and economic* development program if and when none of the money appropriated under Laws 1983, chapter 312, article 1, section 3 or under this act remains. The commissioner of (ECONOMIC SECURITY) *jobs and training* shall immediately notify the commissioner of human services of the program's termination. The commissioner of human services

shall immediately notify each local agency referring recipients under section 256D.112 of the program's termination and require the local agency to cease transferring recipients.

On the date the program is terminated, any balance remaining in the Minnesota (EMERGENCY) employment *and economic* development account established under section 268.681, subdivision 4 shall cancel to the general fund. Any payments received under section 268.681, subdivisions 3 and 4 on or after that date shall be deposited in the general fund.

Sec. 38. [268A.01] [CREATION.]

Subdivision 1. There is created the department of jobs and training with broad responsibility to increase the economic independence of Minnesotans with special effort toward those who are currently unemployed or who face special disadvantages in the labor market.

The department shall develop employment policies and shall link training and employment-related services with temporary income replacement and income maintenance programs, veterans' programs, workers' compensation, vocational and post-secondary education, federal income insurance programs, and economic development programs.

The department, to the greatest extent possible allowed under federal and state law, shall utilize employment and training services offered by private sector providers. The commission shall regularly consult with members of the private industry councils established under the federal jobs training partnership act, members of the Minnesota job skills partnership board and other representatives of the private sector to determine means of providing efficient and effective training and employment programs.

Subd. 2. The department shall be supervised and controlled by the commissioner, appointed by the governor with the advice and consent of the senate under section 15.06. The commissioner must be selected on the basis of ability and experience without regard to political affiliations. The commissioner serves at the pleasure of the governor.

Subd. 3. (a) The commissioner may establish positions in the unclassified service in accordance with section 43A.08. The commissioner shall appoint a deputy commissioner and may appoint and define the duties of other subordinate officers and employees as he or she deems necessary to discharge the functions of the department.

(b) The commissioner may delegate, in written orders filed with the secretary of state, any powers or duties subject to his or

her control to officers and employees in the department. Notwithstanding any other law, the commissioner may delegate the execution of specific contracts or specific types of contracts to his deputies, an assistant commissioner, or a program director if the delegation has been approved by the commissioner of administration and filed with the secretary of state.

(c) The commissioner may accept gifts, bequests, grants, payments for services, and other public and private funds to help finance the activities of the department.

Sec. 39. [268A.02] [POWERS AND DUTIES.]

Subdivision 1. [STATE AGENCY.] *The commissioner of jobs and training is designated the "state agency" as defined by United States Code 1976, title 29, sections 49 et seq., the Wagner-Peyser Act of the United States, as amended and the laws of this state.*

Subd. 2. [SPECIFIC POWERS.] *The commissioner of jobs and training shall:*

(1) administer and supervise all forms of unemployment insurance provided for by federal and state laws that are vested in the commissioner;

(2) administer and supervise all employment and training programs assigned to the department of jobs and training by federal or state law;

(3) promote the enforcement of laws protecting handicapped, disadvantaged, or protected individuals in gaining access to employment or training opportunities;

(4) coordinate employment and training programs and services with each federal and state agency, including post-secondary education units, involved in education, employment, or training activities;

(5) coordinate all locally provided training and employment programs and to the greatest extent possible under state and federal law, integrate locally provided public and private services through the structure of the private industry councils established under the federal job training partnership act. If allowed under federal and state law, local determination initiatives and programs for self-reliance indigenous to each local community should be a goal in coordinating and integrating these programs;

(6) act as the agent of and cooperate with the federal government in matters of mutual concern, including the adminis-

tration of any federal funds granted to the state to aid in the performance of functions of the commissioner;

(7) adopt emergency and permanent rules, which shall be binding upon the counties and providers of services, to make services uniformly available and to prescribe standards of administration;

(8) establish and maintain any administrative units reasonably necessary for the performance of administrative functions common to all divisions of the department;

(9) supervise the county boards of commissioners and any other units of government designated in federal or state law as responsible for employment and training programs;

(10) establish administrative standards and payment conditions and limitations for providers of employment and training services;

(11) have authority to conduct and administer demonstration projects to test methods and procedures for providing employment and training services. The demonstration must provide alternative methods and procedures of administration and must not conflict with the basic purposes, coverage, or benefits provided by law. The commissioner shall focus the demonstration projects on private sector alternatives to the current training and employment programs. No demonstration project authorized by this section shall become effective until the following conditions have been met:

(a) A comprehensive plan, including the estimated project costs, must be filed with the secretary of the senate and the chief clerk of the house of representatives at least 60 days prior to its effective date.

(b) Any required approval by a federal agency must be obtained.

(c) The comprehensive plan, including the estimated project costs, must be approved by the legislative advisory commission and filed with the commissioner of administration; and

(12) develop and administer policies to provide an effective public labor exchange service for all employees and individuals.

Subd. 3. [DUTIES AS A STATE AGENCY.] *The commissioner shall:*

(1) administer the unemployment insurance laws and related programs;

(2) administer those aspects of the aid to families with dependent children, general assistance, and food stamp programs which are related to providing employment and training services, subject to limitations of federal regulations;

(3) administer a national system of public employment offices as prescribed by United States Code 1976, title 29, sections 49 et seq., the Wagner-Peyser Act, as amended and other federal employment and training programs;

(4) cooperate with the federal government and its employment and training agencies in any reasonable manner as may be necessary to qualify for federal aid for employment and training programs and funds;

(5) enter into agreements and contracts with other departments of the state and local units of government and private sector providers, as necessary. Whenever non-government providers are available in providing the same or similar service as a government providers, the non-government provider shall be given precedence;

(6) administer all programs for which it is responsible or for which it coordinates with other state agencies so that the state provides consistent, integrated employment and training services across the state;

(7) identify, define, and prescribe the services and standards used for all employment and training services that it administers or supervises. Privately provided services shall be used whenever possible;

(8) develop and administer a method for providing current state and substate labor market information and forecasts, in cooperation with other agencies;

(9) develop and administer with the cooperation of other state and local agencies and the private sector, a system of employer services designed to increase the number, quality, and variety of employment opportunities available to the department's clients;

(10) develop and administer a uniform system of evaluations and service results across programs, including responses by clients and employers;

(11) develop a plan, in conjunction with the commissioner of human services and other affected agencies, an integrated information system, encompassing employment and training and income support programs, client information, service availability, and funding;

(12) prepare and submit a training and employment biennial plan to the governor on or before July 1 of each even-numbered year for the succeeding biennium, and consult with the commissioners of human services, energy and economic development, finance, and education, and with the chancellor of the community college system, director of the vocational technical education board in developing this plan and representatives of the private sector including members of private industry councils, the Minnesota job skills partnership board and the governor's jobs council;

(13) identify underserved populations, unmet service needs, and funding requirements;

(14) use the biennial plan to establish the direction and parameters for required plans for individual programs administered or supervised by or coordinated with the department;

(15) in consultation with the commissioners of education and energy and economic development and with the president of the state university system, the chancellor of the community college system, the director of the vocational education board, and representatives of the business and labor communities to determine on a statewide and regional basis the occupations: (i) for which there is a present and continuing demand; (ii) which are forecast to pay wages in excess of the poverty level; and (iii) which will be approved as part of training plans developed for individuals served by programs administered or supervised by the department;

(16) submit to the governor, the commissioners of human services and finance, and the chairs of the senate finance and house appropriations committees a semi-annual report which:

(a) reports by client type, and unduplicated count of the types and number of services furnished through each program administered or supervised by the department or coordinated with it;

(b) reports on the number of job openings listed, developed, available, and obtained by clients of the department;

(c) identifies the number of cooperative agreements in place and the number of individuals being served and the types of service;

(d) evaluates the performance of special state programs, such as the Minnesota emergency employment programs and community investment programs, and the number of clients in grant diversion and wage subsidy jobs;

(e) explains the effects of current employment levels, unemployment rates, and program performance on the unemployment

insurance fund and general assistance and aid to families with dependent children caseloads and program expenditures; and

(17) prescribe the form, nature, and method of information collected by counties and providers of service.

Sec. 40. [268A.03] [EMPLOYMENT AND TRAINING PROGRAMS FOR APPLICANTS FOR AND RECIPIENTS OF AID TO FAMILIES WITH DEPENDENT CHILDREN, GENERAL ASSISTANCE, AND FOOD STAMPS.]

Subdivision 1. Under agreements necessary to comply with federal regulations, the commissioner shall administer employment and training services and programs for applicants for and recipients of aid to families with dependent children and food stamps on behalf of the commissioner of human services. The commissioner shall administer employment and training services and programs for general assistance applicants and recipients in consultation with the commissioner of human services.

Subd. 2. The programs referred to in subdivision 1 shall have as their objective improving clients' opportunities for economic independence through full-time, permanent employment at wages in excess of public assistance benefits, through support services needed to gain or maintain employment, and through education that will increase their earnings capacity.

Subd. 3. To the extent that the state has the authority to establish priority groups to be served under these programs, greatest consideration must be given to client groups identified as experiencing the most severe disadvantages to employment. Individuals volunteering for employment, regardless of whether or not they are required to register, must also be given preference to avoid the effects of long-term dependence on public assistance.

Subd. 4. (a) The priority for services to be provided is:

(1) permanent, unsubsidized, full-time private sector employment, in conjunction with targeted jobs tax credits as defined at United States Code, title 26, section 44B, and amended by Public Law 98-369.

(2) permanent, subsidized, full-time private sector employment;

(3) permanent, subsidized, full-time nonprofit sector employment;

(4) training or relocation; and

(5) part-time, temporary, subsidized, nonprofit, or public employment with continued employment assistance.

(b) Individuals receiving any of the priority services in paragraph (a) must be provided day care, transportation, or other support services as appropriate and available.

Subd. 5. The commissioner shall establish, by rule, the conditions under which individuals are required to participate in programs, their rights and responsibilities while participating, and the standards by which the programs must be administered, and shall provide fair hearings procedure governing participation.

Subd. 6. The commissioner shall, by rule or contract, establish the responsibilities and standards for counties and other providers of service. In administering the jobs and training program for recipients of aid to families with dependent children, the commissioner shall require each county to maintain at least 25 percent of nonexempt recipients in either a grant diversion or a training program.

Subd. 7. In administering the work incentive program under section 256.736, the commissioner shall assure that no later than July 1, 1986, at least 25 percent of all state and federal funds appropriated to that program must be spent for direct client services, including day care, transportation, institutional training, and on-the-job training. Seventy-five percent or less of the funds must be spent for services provided directly by state or county staff.

Subd. 8. In developing employment and training programs and services, the commissioner shall identify and incorporate, to the extent possible, funding from both federal and state income maintenance, employment and training, and educational programs.

Subd. 9. The commissioner shall develop a grant diversion process for both aid to families with dependent children and general assistance recipients. In selecting employers, priorities shall be given to small businesses, businesses which have the potential for offering new jobs on a long-term basis, and businesses which make use of Minnesota resources and which operate primarily in Minnesota. Businesses shall be subject to the terms and conditions of sections 268.68 to 268.682.

Subd. 10. (a) The department shall register clients within time limits necessary to avoid delaying a client's receipt of assistance, denying benefits, or reducing the amounts of benefits.

(b) The department shall consult with the local agency and with the recipient in preparing an employment appraisal and a written employability development plan for each participating recipient. The employment appraisal shall be prepared within 30

days of the referral from the local agency, and the employability development plan within 90 days of said referral. The plan must be prepared by a qualified person who, where feasible, is colocated with other income maintenance and employment and training staffs. The plan must identify the specific conditions applicable to the recipient which limit his or her ability to seek or secure suitable employment, must include reasonable reporting and job search requirements, and must be consistent with local labor force conditions and demands taking into account the recipient's skills, knowledge, and abilities, as well as educational attainment and association with the work force.

The plan must be designed to aid the recipient in obtaining suitable permanent employment, training, or work skills necessary to secure suitable employment, and may include an arrangement with another service provider or agency for specialized employment, education, training, or support services.

A copy of the plan must be given to the recipient at the time it is prepared; an additional copy must be given to the local agency for its files.

(c) If as a result of developing the employability plan, the qualified staff determines that the recipient is unable to meet minimal employer requirements or expectations based on a review of the recipient's work history and work habits or the recipient's exhibition of a mental or emotional disability, chemical dependency, or of severely diminished functioning in areas of daily living, such as personal hygiene, social skills, or personal relations, the recipient must be referred back to the local agency.

If either the recipient or the local agency disagrees with the determination pertaining to the individual's work skills or training, the individual or the county may appeal the decision to the commissioner of jobs and training.

Subd. 11. [RULEMAKING.] *The commissioner shall have emergency and permanent rulemaking authority to implement this section.*

Sec. 41. [268A.04] [JOBS TRAINING PARTNERSHIP ACT; ADMINISTRATION.]

Subdivision 1. [COORDINATION OF STATE AND FEDERAL PROGRAMS.] *The commissioner shall act as the governor's agent in administering the federal jobs training partnership act. To the extent permitted under federal regulation, this program shall be administered in conjunction with a comprehensive state employment and training strategy and its resources used in coordination with state programs and to further state objectives.*

Subd. 2. The commisioner shall recommend to the governor the priorities, performance standards, and special projects which are consistent with the commissioner's biennial plan.

Subd. 3. Priority for income maintenance recipients must be included in the goals, objectives, and criteria of the governor's coordination and special services plan under section 121 of Public Law 97-300. Local service delivery area plans and job service plans must describe methods of complying with the coordination criteria under the governor's coordination and special services plan as required under section 104 of Public Law 97-300 and under United States Code 1976, title 29, as amended.

Sec. 42. [268A.06] [LOCAL CONTRACTS FOR EMPLOYMENT AND TRAINING SERVICES FOR PUBLIC ASSISTANCE RECIPIENTS.]

Subdivision 1. Counties may contract with an established public, nonprofit, or private employment and training agency or capable post-secondary education institution to provide employment and training services to eligible public assistance recipients.

Subd. 2. In establishing a contract, the county shall agree to co-locate when feasible income maintenance and social service staff as necessary to accept applications and determine eligibility, monitor ongoing client eligibility, and authorize services and grants available under programs administered by the county social service or income maintenance agencies which are related to employment and training or the client's successful participation in employment and training activities.

Subd. 3. The commissioner of jobs and training shall furnish sufficient co-locate staff when feasible as are necessary to make the services provided through the department of jobs and training and the programs it administers or supervises available to clients being served by the contract agency.

Subd. 4. The commissioner of jobs and training shall assist in obtaining certification of individuals and employers for targeted job tax credits available under United States Code, title 26, section 44B, as amended at Public Law 98-369, and shall assist local agencies or their contractors in publicizing to employers the availability of such credits.

Sec. 43. [268A.08] [FIRST SOURCE AGREEMENTS.]

Subdivision 1. Any business or private enterprise receiving grants or loans from the state in amounts over $50,000 per year, shall as part of the grant or loan agree to list any vacant or new positions with the job services of the department of jobs and training. An agreement obligates the employer to consider quali-

fied applicants but does not establish an obligation to hire individuals referred by the department.

Subd. 2. The commissioner of energy and economic development shall incorporate the provisions of this section into grant and loan instruments and assist the commissioner of jobs and training in promoting private sector listings with job services and in evaluating their effect on employers and individuals who are referred.

Subd. 3. [RULEMAKING.] *The commissioner shall have emergency and permanent rulemaking authority to implement this section.*

Sec. 44. [TRANSFER OF POWERS.]

The department of economic security as now constituted is abolished. The responsibilities of the department of economic security are transferred to the department of jobs and training and the department of human services as specified in sections 1 to 41. Section 15.039 governs the transfer of powers, except that positions in the unclassified service established under section 268.011, subdivision 2, are abolished.

Sec. 45. [REVISOR'S INSTRUCTION; NAME CHANGES.]

In Minnesota Statutes 1986 and later editions of the statutes, the revisor shall change the words "economic security" to "jobs and training," except as otherwise specified by sections 1 to 41.

Sec. 46. [REVISOR'S INSTRUCTION; NAME AND NUMBERING CHANGES.]

In Minnesota Statutes 1986 and later editions of the statutes, the revisor shall renumber each section listed in column A with the number in column B. The revisor shall also make necessary cross-reference changes consistent with renumbering.

In the renumbered sections, the revisor shall change the words "commissioner of economic security" to "commissioner of human services" and the words "department of economic security" to "department of human services."

A	*B*
268.37	*256.992*
268.38	*256.993*
268.52	*256.994*

268.53	*256.995*
268.54	*256.996*

Sec. 47. [REVISOR'S INSTRUCTION; RENUMBERING.]

In Minnesota Statutes 1986 and later editions of the statutes, the revisor shall renumber each section listed in column A with the number in column B. The revisor shall also make necessary cross-reference changes consistent with renumbering. In the renumbered sections, the revisor shall change the words "economic security" to "jobs and training."

A	*B*
268.014	*268A.009*
268.021	*268A.010*
268.026	*268A.011*
268.03	*268A.012*
268.04	*268A.013*
268.05	*268A.014*
268.06	*268A.015*
268.061	*268A.016*
268.07	*268A.017*
268.071	*268A.018*
268.072	*268A.019*
268.08	*268A.020*
268.081	*268A.021*
268.09	*268A.022*
268.10	*268A.023*
268.11	*268A.024*
268.12	*268A.025*

268.121	*268A.026*
268.13	*268A.027*
268.14	*268A.028*
268.15	*268A.029*
268.16	*268A.030*
268.17	*268A.031*
268.18	*268A.032*
268.20	*268A.033*
268.21	*268A.034*
268.22	*268A.035*
268.23	*268A.036*
268.231	*268A.037*
268.24	*268A.038*
268.25	*268A.039*
268.31	*268A.040, subdivision 1*
268.32	*268A.040, subdivision 2*
268.33	*268A.040, subdivision 3*
268.34	*268A.040, subdivision 4*
268.35	*268A.040, subdivision 5*
268.36	*268A.040, subdivision 6*
268.60	*268A.042*
268.61	*268A.043*
268.62	*268A.044*
268.63	*268A.045*
268.64	*268A.046*

268.671	*268A.047*
268.672	*268A.048*
268.673	*268A.049*
268.674	*268A.050*
268.675	*268A.051*
268.676	*268A.052*
268.677	*268A.053*
268.678	*268A.054*
268.679	*268A.055*
268.68	*268A.056*
268.681	*268A.057*
268.682	*268A.058*
268.683	*268A.059*
268.685	*268A.060*
268.82	*268A.061*
268.83	*268A.062*
268.84	*268A.063*

Sec. 48. [REPEALER.]

Minnesota Statutes 1984, sections 129A.02, subdivision 4; 245.84, subdivision 2; 256D.02, subdivision 8a; 256D.111, subdivision 1a; 256D.112; 268.011; 268.012; 268.013; 268.12, subdivisions 1 and 1a; 268.683, subdivision 2; 268.684; 268.686; 268.80; and 268.81, are repealed.

Sec. 49. [EFFECTIVE DATE.]

Section 44 and all transfers of responsibility in sections 1 to 24 are effective January 1, 1986. Section 11, subdivision 4; and sections 24 to 36 are effective July 1, 1985."

Delete the title and insert:

"A bill for an act relating to employment; abolishing the department of economic security; creating a new department of jobs and training; transferring responsibilities of the department of economic security to the department of jobs and training and the department of human services; transferring certain employment and training functions of the department of human services and the department of administration to the department of jobs and training; providing for biennial statewide plans for jobs and training and apprenticeships; providing for coordination of state and federal jobs programs; granting rulemaking authority; amending Minnesota Statutes 1984, sections 86.33, by adding subdivisions; 116L.03, subdivision 7; 116L.04, by adding a subdivision; 129A.02, subdivision 2; 136.63, by adding a subdivision; 136C.06; 178.03, by adding a subdivision; 248.07; 248.08; 256.-736; 256.737; 256C.24; 256C.25; 256C.26; 256D.02, subdivision 13; 256D.05, subdivision 1; 256D.09, subdivision 3; 268.31; 268.-32; 268.33; 268.34; 268.35; 268.36; 268.671; 268.672; 268.673, subdivisions 1, 2 and 3; 268.674, subdivision 2; 268.675, subdivision 1; 268.676, subdivisions 1 and 2; 268.677; 268.681, subdivision 4; 268.684; and 268.685; proposing coding for new law as Minnesota Statutes, chapter 268A; repealing Minnesota Statutes 1984, sections 129A.02, subdivision 4; 245.84, subdivision 2; 256D.02, subdivision 8a; 256D.111, subdivision 1a; 256D.112; 268.011; 268.012; 268.013; 268.12, subdivisions 1 and 1a; 268.683, subdivision 2; 268.684; 268.686; 268.80; and 268.81."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

McDonald from the Committee on Agriculture to which was referred:

H. F. No. 962, A bill for an act relating to agriculture; appropriating money for clean-up of pseudorabies infected swine herds.

Reported the same back with the following amendments:

Page 1, line 9, delete "*for*" and insert "*to develop a plan to remove pseudorabies; establish an on-farm isolation program; and implement*"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Carlson, D., from the Committee on Transportation to which was referred:

H. F. No. 1083, A bill for an act relating to traffic regulations; authorizing commissioner of transportation to issue special permit for three-vehicle combination exceeding length and weight restrictions if used for transporting motor vehicles and operating only within 15 miles of the western border of Minnesota; amending Minnesota Statutes 1984, sections 169.81, subdivision 2; and 169.86, subdivision 5, and by adding a subdivision.

Reported the same back with the following amendments:

Page 5, line 6, delete "*300*" and insert "*120*"

Page 5, delete lines 9 to 23 and insert:

"*Subd. 7.* [SPECIAL PERMIT FOR WESTERN BORDER VEHICLES.] *The commissioner may issue a special annual permit for a three-vehicle combination consisting of a truck tractor and two semitrailers. The combination of vehicles may not exceed an overall length, unladen or with load, of 110 feet; a maximum total gross weight of 105,000 pounds; or maximum axle weight restrictions under this chapter. This combination of vehicles may not travel more than 15 miles in from the western border of Minnesota.*

The commissioner may rescind the permit if the condition of the road begins to deteriorate or show signs of damage."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 1231, A bill for an act relating to crimes; transferring administration of crime victim crisis centers and the crime victims reparations board to the office of attorney general; changing a definition; establishing a crime victim and witness advisory council and a crime victim ombudsman; providing the council with extensive duties to assist victims and witnesses; providing the ombudsman with authority to investigate complaints with regard to treatment of victims; amending Minnesota Statutes 1984, sections 611A.41, subdivision 2; 611A.44; 611A.52; 611A.53, subdivision 2; 611A.54; 611A.55, subdivisions 1 and 2; and 611A.56, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 611A; repealing Minnesota Statutes 1984, section 611A.42.

Reported the same back with the following amendments:

Page 6, line 24, strike everything after the period

Page 6, line 25, strike everything before the stricken "and"

Page 9, line 31, delete "*public defenders and*"

Page 9, line 32, delete "*members of their staff;*"

Page 10, line 16, after "*witnesses*" insert "*provided under chapter 611A*"

Page 10, line 17, after "*services*" insert "*by victim assistance programs*"

Page 10, line 18, delete "*or misconduct of*"

Page 11, line 2, before the period, insert "*included in subdivision 2*"

Page 11, line 18, delete "*attorney general or other*"

Page 11, line 22, delete everything before the comma and insert "*a reasonable time period*"

Page 11, delete lines 25 to 36

Page 12, delete line 1, and insert:

"Sec. 14. [611A.75] [REPORT TO LEGISLATURE.]

The attorney general shall report to the legislature by February 1, 1987, and biennially thereafter, on the implementation and administration of sections 1 to 13 of this act."

Page 12, line 5, delete "*14*" and insert "*15*"

Renumber the remaining sections

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 1233, A bill for an act relating to liquor; extending a moratorium on certain town off-sale licenses; amending Laws 1984, chapter 626, section 6.

Reported the same back with the following amendments:

Page 1, line 14, reinstate the stricken language and delete the new language

Page 1, line 15, delete "*1984*" and insert "*1985*"

Page 1, after line 17, insert:

"Sec. 2. [OFF-SALE LICENSE.]

Notwithstanding any law to the contrary, the town board of the town of Cannon Falls in Goodhue county may issue an off-sale license to an establishment located within the town, with the approval of the county board and the commissioner of public safety. The license fee shall be fixed by the town board in an amount not to exceed $500. A license issued pursuant to this section shall be governed by the appropriate provisions of Minnesota Statutes, chapter 340, except as otherwise provided by this section.

Sec. 3. [TOWN LIQUOR LICENSE.]

Notwithstanding any other provision of law, the town of Shingobee in Cass county may renew any off-sale intoxicating liquor license issued by it prior to the effective date of this section, and all licenses issued by the town prior to the effective date of this section may remain in effect.

Sec. 4. [EFFECTIVE DATE.]

Section 2 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the town board of Cannon Falls. Section 3 is effective July 1, 1985."

Amend the title as follows:

Page 1, line 3, after the semicolon insert "authorizing the town of Cannon Falls to issue an off-sale license; authorizing the town of Shingobee to renew certain intoxicating liquor off-sale licenses;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 1261, A bill for an act relating to agriculture; creating the Minnesota agriculture finance agency and Minnesota

agriculture loan fund; prescribing penalties; authorizing the issuance of state bonds; appropriating money; amending Minnesota Statutes 1984, section 290.01, subdivision 20b; proposing coding for new law as Minnesota Statutes, chapter 17C.

Reported the same back with the following amendments:

Page 2, line 29, delete "*agriculture*" and insert "*finance*"

Page 3, line 12, delete "*agriculture*" and insert "*finance*"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 1302, A bill for an act relating to mental health; establishing a legislative commission to study the need for regulation of psychotherapists.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [LEGISLATIVE STUDY COMMISSION ON THE REGULATION OF PSYCHOTHERAPISTS.]

Subdivision 1. [COMMISSION ESTABLISHED.] *An advisory task force is created to study and report to the commissioner of health and the legislature on the need for licensing or regulation of currently unregulated occupations, professions, and individuals engaging in psychotherapy. The commission consists of no more than 16 members, including a psychologist appointed by the board of psychology, a nurse appointed by the board of nursing, a psychiatrist appointed by the board of medical examiners, and the following members appointed by the commissioner of health:*

(1) a social worker;

(2) a chemical dependency counselor;

(3) a marriage and family therapist;

(4) a counselor;

(5) two public members knowledgeable about psychotherapy or the regulation of occupations and professions; and

(6) up to seven additional members who have knowledge and expertise in the procedures and issues related to the regulation of occupations and professions.

The commission shall report its findings and recommendations to the commissioner of health and the legislature by January 1, 1986. In addition to addressing the criteria for regulation specified in section 214.001, subdivision 2, and other matters the commission considers appropriate, the report must address (1) the need to create consequences for psychotherapists who exploit, mistreat, or otherwise harm a client, including consequences that are directly related to their practice of psychotherapy including prohibitions of the right to practice; and (2) the need for a system of redress with the state, for victims of misconduct by psychotherapists, that is directly related to the psychotherapist's practice.

Sec. 2. [APPROPRIATION.]

$..... is appropriated from the general fund to the commissioner of health for the purposes of section 1, to be available until June 30, 1987."

Delete the title and insert:

"A bill for an act relating to mental health; establishing a commission to study the need for regulation of psychotherapists; appropriating money."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 1316, A bill for an act relating to local government; increasing the amount that a county board may credit to the sheriff's contingency fund; amending Minnesota Statutes 1984, section 387.212.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 387.212, is amended to read:

387.212 [CONTINGENT FUND.]

The board of county commissioners in any county may create a sheriff's contingent fund and may credit thereto not more than ($1,000) *$3,000*. The moneys in such fund may be used for the advancement and reimbursement of expenses of the sheriff and his office. Such moneys shall be disbursed by the county treasurer in accordance with rules and regulations prescribed by the board."

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 1360, A bill for an act relating to housing; providing for a product standard for formaldehyde in building materials used in the construction of housing units; amending Minnesota Statutes 1984, section 325F.18, subdivisions 1 and 4; proposing coding for new law in Minnesota Statutes, chapter 325F; repealing Minnesota Statutes 1984, sections 144.495; and 325F.18, subdivision 5.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 144.495, is amended to read:

144.495 [FORMALDEHYDE RULES.]

(WITHIN 30 DAYS AFTER APRIL 24, 1980) *The legislature finds that building materials containing urea formaldehyde may emit unsafe levels of formaldehyde in newly constructed housing units. The product standards prescribed in section 5 are intended to provide indoor air levels of formaldehyde that do not exceed 0.4 parts per million. If the commissioner of health determines that the standards prescribed in section 5 result in indoor air levels of formaldehyde that exceed 0.4 parts per million, the commissioner may adopt different building materials product standards to ensure that the 0.4 parts per million level is not exceeded.* The commissioner (OF HEALTH SHALL DETER-

MINE IF A SIGNIFICANT HEALTH PROBLEM IS PRESENTED BY THE USE OF BUILDING MATERIALS THAT EMIT FORMALDEHYDE GASES. IF HE DETERMINES THAT SUCH A PROBLEM EXISTS HE SHALL PROMULGATE RULES PURSUANT TO CHAPTER 14, INCLUDING EMERGENCY RULES, ESTABLISHING STANDARDS GOVERNING THE SALE OF BUILDING MATERIALS AND HOUSING UNITS THAT CONTAIN PRODUCTS MADE WITH UREA FORMALDEHYDE) *may adopt rules under chapter 14 to establish product standards as provided in this section. The rules of the commissioner governing ambient air levels of formaldehyde, Minnesota Rules, parts 4620.1600 to 4620.2100, are repealed, except that the rule of the commissioner relating to new installations of urea formaldehyde foam insulation in residential housing units remains in effect.*

Sec. 2. Minnesota Statutes 1984, section 325F.18, subdivision 1, is amended to read:

Subdivision 1. *(a)* No manufacturer shall sell any building materials and no builder shall sell or lease *to the initial occupant* a housing unit, *other than a unit of manufactured housing,* containing urea formaldehyde unless the manufacturer or builder has made the following written disclosure to any purchaser of the materials or housing unit or lessee of the housing unit: ("WARNING. THIS PRODUCT (HOUSING UNIT) CONTAINS THE CHEMICAL FORMALDEHYDE. FOR SOME PEOPLE FORMALDEHYDE MAY CAUSE HEALTH PROBLEMS, SUCH AS IRRITATION OF THE EYES, NOSE AND THROAT, SNEEZING, COUGHING, HEADACHES, SHORTNESS OF BREATH, OR CHEST OR STOMACH PAINS. CHILDREN UNDER THE AGE OF TWO, ELDERLY PEOPLE, PEOPLE WITH BREATHING PROBLEMS OR PEOPLE WITH ALLERGIES MAY HAVE MORE SERIOUS DIFFICULTIES. IF YOU HAVE QUESTIONS ABOUT PROBLEMS YOU MAY HAVE WITH FORMALDEHYDE, CONSULT A DOCTOR.") *"IMPORTANT HEALTH NOTICE.*

SOME OF THE BUILDING MATERIALS USED IN THIS HOME (OR THESE BUILDING MATERIALS) EMIT FORMALDEHYDE. EYE, NOSE, AND THROAT IRRITATION, HEADACHE, NAUSEA AND A VARIETY OF ASTHMA-LIKE SYMPTOMS, INCLUDING SHORTNESS OF BREATH, HAVE BEEN REPORTED AS A RESULT OF FORMALDEHYDE EXPOSURE. ELDERLY PERSONS AND YOUNG CHILDREN, AS WELL AS ANYONE WITH A HISTORY OF ASTHMA, ALLERGIES, OR LUNG PROBLEMS, MAY BE AT GREATER RISK. RESEARCH IS CONTINUING ON THE POSSIBLE LONG-TERM EFFECTS OF EXPOSURE TO FORMALDEHYDE.

REDUCED VENTILATION MAY ALLOW FORMALDEHYDE AND OTHER CONTAMINANTS TO ACCUMU-

LATE IN THE INDOOR AIR. HIGH INDOOR TEMPERATURES AND HUMIDITY RAISE FORMALDEHYDE LEVELS. WHEN A HOME IS TO BE LOCATED IN AREAS SUBJECT TO EXTREME SUMMER TEMPERATURES, AN AIR-CONDITIONING SYSTEM CAN BE USED TO CONTROL INDOOR TEMPERATURE LEVELS. OTHER MEANS OF CONTROLLED MECHANICAL VENTILATION CAN BE USED TO REDUCE LEVELS OF FORMALDEHYDE AND OTHER INDOOR AIR CONTAMINANTS.

IF YOU HAVE ANY QUESTIONS REGARDING THE HEALTH EFFECTS OF FORMALDEHYDE, CONSULT YOUR DOCTOR OR LOCAL HEALTH DEPARTMENT."

(b) No manufacturer shall sell or lease a manufactured home containing urea formaldehyde unless the manufacturer has made the written disclosure prescribed in Code of Federal Regulations, title 24, section 3280.309 (1984).

Sec. 3. Minnesota Statutes 1984, section 325F.18, subdivision 1a, is amended to read:

Subd. 1a. For the purposes of this section "building materials" means any urea formaldehyde-containing material used in the construction (OR), insulation, *or renovation* of a housing unit *or a nonresidential building*, but does not include:

(1) draperies, carpeting, furniture and furnishings not normally permanently affixed to a housing unit; and

(2) noncellular insulation.

Sec. 4. Minnesota Statutes 1984, section 325F.18, subdivision 4, is amended to read:

Subd. 4. The manufacturer of a product (OR BUILDER OF A HOUSING UNIT) that contains (MATERIALS MADE WITH) urea formaldehyde shall pay the reasonable cost of repair or relocation if the consumer can document that the (HOUSING UNIT CONTAINS A SIGNIFICANT AMBIENT AIR LEVEL OF FORMALDEHYDE AND IN ADDITION) *product used in constructing the consumer's residence did not, at the time of manufacture, meet the product standard established in section 5. The builder of a housing unit shall pay the reasonable cost of repair or relocation if the consumer can document that the builder used products in the construction of the housing unit that were subject to the product standard adopted under section 5 but were not certified and labeled under section 5. A manufacturer or builder is not liable under this subdivision unless the consumer* has documented medical records of illness related to formaldehyde and a statement from a physician that the consumer must vacate the premises. The party who has received

the claim has the right to test the (AMBIENT AIR LEVEL OF THE) housing unit *or products* at reasonable times.

If within 30 days after the presentation of the items set forth above the manufacturer or builder and the consumer do not agree on a remedy the consumer may bring suit to recover the reasonable cost of repair or relocation plus reasonable attorneys' fees. Notwithstanding the remedy under this subdivision, the consumer may bring an action for personal injury, if any, if the action is commenced within one year from (THE PRESENTATION OF THE ITEMS REQUIRED BY THIS SUBDIVISION) *the consumer's receipt of the order of a physician to vacate the premises due to an illness related to formaldehyde.*

Sec. 5. [325F.181] [FORMALDEHYDE PRODUCT STANDARD.]

All plywood and particleboard used in newly constructed housing units, including manufactured homes, or sold to the public for use as building materials, shall comply with the product standards, certification and labeling requirements, and other provisions in Code of Federal Regulations, title 24, sections 3280.308 and 3280.406 (1984). All medium density fiberboard used in newly constructed housing units, including manufactured homes, or sold to the public for use as building materials, shall comply with the product standard, certification and labeling requirements, and other provisions for particleboard in Code of Federal Regulations, title 24, section 3280.308 (1984), notwithstanding the fact that medium density fiberboard is not specifically covered by that regulation. The product standards prescribed in this section may be modified by rule by the commissioner of health only as provided in section 144.495.

Sec. 6. [STUDY.]

The commissioner of health shall study the feasibility of developing product standards for, or otherwise regulating, the materials exempted from the definition of building materials in section 325F.18, subdivision 1a. The commissioner shall report to the legislature by January 1, 1987.

Sec. 7. [REPEALER.]

Minnesota Statutes 1984, section 325F.18, subdivision 5, is repealed.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective June 30, 1985."

Delete the title and insert:

"A bill for an act relating to housing; providing for a product standard for formaldehyde in building materials used in the construction of housing units; amending Minnesota Statutes 1984, sections 144.495; and 325F.18, subdivisions 1, 1a, and 4; proposing coding for new law in Minnesota Statutes, chapter 325F; repealing Minnesota Statutes 1984, section 325F.18, subdivision 5."

With the recommendation that when so amended the bill pass.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 1392, A bill for an act relating to economic development; providing a state advocacy function for business license applicants; amending Minnesota Statutes 1984, section 116J.76.

Reported the same back with the following amendments:

Page 2, line 8, delete "*business license applicants,*"

Page 2, line 9, delete "*especially*" and the first comma

Amend the title as follows:

Page 1, line 3, after "for" insert "small"

With the recommendation that when so amended the bill pass.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 1409, A bill for an act relating to commerce; requiring certain agreements to extend credit to be in writing; proposing coding for new law in Minnesota Statutes, chapter 513.

Reported the same back with the following amendments:

Page 1, line 14, delete "*makes*" and insert "*extends credit under*"

Page 1, line 16, delete "*has*" and insert "*obtains credit*"

With the recommendation that when so amended the bill pass.

The report was adopted.

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 1427, A bill for an act relating to the economic crisis in Minnesota; creating the Minnesota Industrial Development Corporation to promote economic development in Minnesota and to provide incentives for industrial and manufacturing enterprises to locate in Minnesota; providing for a board of directors; establishing a Minnesota industrial recovery fund; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 116N.

Reported the same back with the following amendments:

Page 2, line 1, delete "*is*" and insert "*are (1)*"

Page 2, line 6, after "*areas*" insert "*; and (2) to encourage economic development by supporting community development corporations*"

Page 2, after line 15, insert:

"*Subd. 3. "Community development corporation" means a corporation established under section 116M.04.*"

Renumber subsequent subdivisions

Page 2, line 36, after the period insert " "*Project" also includes projects sponsored by a community development corporation and approved by the energy and economic development authority.*"

Page 3, line 17, after "*speaker*" insert "*who is to be a nonvoting member*"

Page 3, line 18, after "*leader*" insert "*who is to be a nonvoting member*"

Page 3, line 19, after "*be*" insert "*unanimously*" and delete "*jointly*"

Page 3, line 32, after the period insert "*A majority of the board, excluding vacant memberships and those who excuse themselves due to a conflict of interest on a specific issue, is a quorum. When a quorum is present at any meeting of which notice has been given or waived by all absent members in the manner provided in bylaws adopted by a vote of a majority of all board members, any action of the board may be taken by the vote of a majority of the members present unless otherwise provided in this act.*"

Page 4, after line 2, insert:

"Subd. 6. [CONFLICT OF INTEREST.] *Board members shall be considered public officials for the purposes of section 10A.07."*

Page 5, line 7, delete *"or donate"*

Page 6, after line 15, insert:

"(17) to make grants or loans to community development corporations established under section 116M.04 to fund projects sponsored by those corporations;"

Renumber subsequent clause

Page 6, line 35, before *"to"* insert *"the corporation shall have the power"*

Page 7, after line 28, insert:

"(b) No disbursement from the recovery fund may be made if the project will result in encouraging or subsidizing a business already located in Minnesota to move its operations from its current Minnesota location to an industrial recovery area."

Reletter the remaining paragraphs in sequence

Page 7, line 35, after the period insert *"The limitations of this clause do not apply to grants or loans to community development corporations."*

Page 9, line 4, after the period insert *"In addition to this appropriation, $..... must be used for grants or loans to community development corporations."*

Page 9, line 13, after the period insert *"The report shall include the number of people employed through projects funded by the corporation, the number of these employed people who were formerly unemployed Minnesota residents, and the average wage rate of people employed on these projects."*

Page 9, line 16, before the period insert *"and to the state auditor"*

Page 10, after line 4, insert:

"Subd. 5. [CORPORATION NOT A STATE AGENCY.] *The corporation is not a state agency under chapter 14, chapter 15, or for any other purpose unless provided in this act."*

Amend the title as follows:

Page 1, lines 2, 4, and 6, before "Minnesota" insert "distressed areas of"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 1436, A bill for an act relating to occupations and professions; revising the standards for licensing and disciplining physicians; establishing reporting requirements for health professionals and granting immunity to those complying with reporting requirements; appropriating money; recodifying certain provisions in Minnesota Statutes, chapter 147; amending Minnesota Statutes 1984, sections 147.02, subdivision 1; 147.021; 147.03; 147.073; 147.074; 147.09; 147.10; and 176.011, subdivision 9; proposing coding for new law in Minnesota Statutes, chapter 147; repealing Minnesota Statutes 1984, sections 147.02, subdivision 2; 147.06; 147.07; 147.072; 147.101; 147.11; 147.12; 147.13; 147.16; 147.17; 147.18; 147.19; 147.20; and 147.23.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 147.01, subdivision 1, is amended to read:

Subdivision 1. [CREATION; TERMS.] The board of medical examiners (SHALL CONSIST) *consists of* 11 (MEMBERS,) residents of the state of Minnesota (,) appointed by the governor (AS HEREINAFTER PROVIDED (A)). Seven (OF WHOM SHALL) *board members must* hold a degree of doctor of medicine and be licensed to practice medicine under this chapter (, (B)). One (OF WHOM SHALL) *board member must* hold a degree of doctor of osteopathy and either be licensed to practice osteopathy under Minnesota Statutes 1961, Sections 148.11 to 148.16; prior to May 1, 1963, or be licensed to practice medicine under this chapter (AND (C)). Three (OF WHOM SHALL) *board members must* be public members as defined by section 214.02. *One of the public members must represent a mental health and consumer advocacy organization.* A member may serve more than one term but shall not serve more than two terms consecutively. Membership terms, compensation of members, removal of members, the filling of membership vacancies, and fiscal year and reporting requirements (SHALL BE) *are* as provided in sections 214.07 to 214.09. The provision of staff, administrative services and office space; the review and process-

ing of complaints; the setting of board fees; and other provisions relating to board operations (SHALL BE) *are* as provided in chapter 214 and Laws 1976, Chapter 222, Sections 2 to 7.

Sec. 2. Minnesota Statutes 1984, section 147.01, subdivision 2, is amended to read:

Subd. 2. [RECOMMENDATIONS FOR APPOINTMENT.] (EACH YEAR IN WHICH THE TERMS OF DOCTORS OF MEDICINE EXPIRE THE COUNCIL OF THE MINNESOTA STATE MEDICAL ASSOCIATION SHALL RECOMMEND TO THE GOVERNOR THREE DOCTORS OF MEDICINE QUALIFIED TO SERVE ON THE BOARD WITH RESPECT TO EACH MEMBERSHIP WHICH IS THEN FILLED BY A DOCTOR OF MEDICINE. EACH YEAR IN WHICH THE TERM OF A DOCTOR OF OSTEOPATHY EXPIRES, THE MINNESOTA STATE OSTEOPATHIC ASSOCIATION SHALL RECOMMEND TO THE GOVERNOR THREE DOCTORS OF OSTEOPATHY QUALIFIED TO SERVE ON THE BOARD. FROM THE LIST OF PERSONS SO RECOMMENDED THE GOVERNOR MAY APPOINT ONE MEMBER TO THE BOARD FOR THE ABOVE PRESCRIBED TERM OF FOUR YEARS. WITHIN 60 DAYS AFTER THE OCCURRENCE OF ANY VACANCY IN THE BOARD, THE COUNCIL OF THE MINNESOTA STATE MEDICAL ASSOCIATION, IF THE VACANCY BE WITH RESPECT TO A MEMBERSHIP VACATED BY A DOCTOR OF MEDICINE, OR THE MINNESOTA STATE OSTEOPATHIC ASSOCIATION, IF THE VACANCY BE WITH RESPECT TO A MEMBERSHIP VACATED BY A DOCTOR OF OSTEOPATHY, SHALL RECOMMEND TO THE GOVERNOR THREE DOCTORS OF MEDICINE QUALIFIED TO SERVE ON THE BOARD IF THE RECOMMENDATION BE BY THE MINNESOTA STATE MEDICAL ASSOCIATION OR THREE DOCTORS OF OSTEOPATHY QUALIFIED TO SERVE ON THE BOARD IF THE RECOMMENDATION BE BY THE MINNESOTA STATE OSTEOPATHIC ASSOCIATION. FROM THE LIST OF PERSONS SO RECOMMENDED THE GOVERNOR, WITHIN 30 DAYS AFTER RECEIVING SUCH RECOMMENDATION, MAY APPOINT ONE MEMBER TO THE BOARD FOR THE UNEXPIRED TERM OCCASIONED BY SUCH VACANCY AND ANY APPOINTMENT THERETO TO FILL A VACANCY SHALL BE MADE WITHIN 90 DAYS AFTER THE OCCURRENCE OF SUCH VACANCY FOR THE BALANCE OF THE UNEXPIRED TERM) *Prior to the end of the term of a doctor of medicine on the board, or within 60 days after a doctor of medicine membership on the board becomes vacant, the state medical association, the mental health association of Minnesota, and other interested persons and organizations may recommend to the governor doctors of medicine and public members qualified to serve on the board. Prior to the end of the term of a doctor of osteopathy, or within 60 days after a doctor of osteopathy membership becomes vacant, the Minnesota osteopathic medical society may recommend to the governor three doc-*

tors of osteopathy qualified to serve on the board. The governor may appoint members to the board from the list of persons recommended or from among other qualified candidates.

Sec. 3. Minnesota Statutes 1984, section 147.01, subdivision 4, is amended to read:

Subd. 4. [DISCLOSURE.] *Subject to the exceptions listed in this subdivision,* all communications or information received by or disclosed to the board relating to any person or matter subject to its regulatory jurisdiction, and all records of any action or proceedings thereon, except (ONLY) a final decision of the board, (WHICH SHALL STATE THE SPECIFIC REASON THEREFOR SHALL BE) *are* confidential and privileged (WITHIN THE MEANING OF SECTION 595.02, SUBDIVISION 1, PARAGRAPH (E), AND SHALL NOT BE PUBLIC RECORDS WITHIN THE MEANING OF SECTION 15.17, SUBDIVISION 4; PROVIDED THAT) *and any disciplinary hearing shall be closed to the public.*

(a) Upon application of a party in a proceeding before the board (PURSUANT TO) *under* section 147.021, the board shall produce and permit the inspection and copying, by or on behalf of the moving party, of any designated documents or papers relevant to the proceedings, in accordance with the provisions of rule 34, Minnesota rules of civil procedure.

(b) If the board imposes disciplinary measures of any kind, the name and business address of the licensee, the nature of the misconduct, and the action taken by the board are public data.

(c) The board may exchange information with other licensing boards, agencies, or departments within the state, as required under section 214.10, subdivision 8, paragraph (e), and may release information in the reports required under sections 147.02, subdivision 6, and 214.10, subdivision 8, paragraph (c).

Sec. 4. Minnesota Statutes 1984, section 147.02, subdivision 1, is amended to read:

Subdivision 1. [(EXAMINATION) *UNITED STATES OR CANADIAN MEDICAL SCHOOL GRADUATES.*] (A PERSON NOT AUTHORIZED TO PRACTICE MEDICINE IN THE STATE AND DESIRING SO TO DO SHALL APPLY TO THE SECRETARY OF THE STATE BOARD OF MEDICAL EXAMINERS AND PAY A FEE SET BY THE BOARD, WHICH IN NO CASE SHALL BE REFUNDED. AT A TIME APPOINTED, OR AT THE NEXT REGULAR EXAMINATION, HE SHALL PROVE (A) THAT HE IS OF GOOD MORAL CHARACTER; (B) THAT HE IS EITHER A GRADUATE OF A MEDICAL OR OSTEOPATHIC SCHOOL APPROVED BY THE BOARD AFTER A STUDY OF ITS CUR-

RICULUM, FACULTY, FACILITIES, ACCREDITATION, AND OTHER RELEVANT DATA, OR IS CURRENTLY ENROLLED IN THE FINAL YEAR OF STUDY AT SUCH SCHOOL; AND (C) THAT HE HAS SATISFACTORILY PASSED, WITHIN THREE YEARS BEFORE, OR FIVE YEARS AFTER BEING GRANTED THE DEGREE OF M.D. OR D.O., AN EXAMINATION PREPARED AND GRADED BY EITHER THE FEDERATION OF STATE MEDICAL BOARDS OR THE NATIONAL BOARD OF MEDICAL EXAMINERS. CERTIFICATION OF PASSAGE BY EITHER THE FEDERATION OF STATE MEDICAL BOARDS, THE NATIONAL BOARD OF MEDICAL EXAMINERS OR THE MEDICAL SCHOOL FROM WHICH THE APPLICANT GRADUATED SHALL BE ACCEPTED AS EVIDENCE THAT THE APPLICANT HAS PASSED SUCH EXAMINATION. IF THE BOARD DETERMINES THAT THE APPLICANT HAS NOT SATISFACTORILY PASSED AN EXAMINATION WITHIN THREE YEARS BEFORE, OR FIVE YEARS AFTER BEING GRANTED THE DEGREE OF M.D. OR D.O., THE BOARD MAY REQUIRE THE APPLICANT TO TAKE EITHER OF THE EXAMINATIONS. THE BOARD MAY BY RULE ESTABLISH FEES FOR THE RENEWAL OF LICENSES AND PERMITS AUTHORIZED BY THIS CHAPTER. THE BOARD MAY ASSESS A CHARGE, TO BE SET BY RULE, FOR THE DELINQUENT PAYMENT OF A FEE.)

(THE BOARD MAY ISSUE A TEMPORARY PERMIT TO PRACTICE MEDICINE TO A PHYSICIAN ELIGIBLE FOR LICENSURE UNDER SECTION 147.03 UPON PAYMENT OF A FEE SET BY THE BOARD. THE PERMIT SHALL BE VALID ONLY UNTIL THE NEXT MEETING OF THE BOARD.) *The board shall, with the consent of six of its members, issue a license to practice medicine to a person who meets the following requirements:*

(a) An applicant for a license shall file a written application on forms provided by the board, showing to the board's satisfaction that the applicant is of good moral character and satisfies the requirements of this section.

(b) The applicant shall present evidence satisfactory to the board that he or she is a graduate of a medical or osteopathic school located in the United States, its territories or Canada, and approved by the board based upon its faculty, curriculum, facilities, accreditation by a recognized national accrediting organization approved by the board, and other relevant data, or is currently enrolled in the final year of study at the school.

(c) The applicant must have passed an examination prepared and graded by the national board of medical examiners or the federation of state medical boards. The board shall by rule determine what constitutes a passing score in the examination.

(d) The applicant shall present evidence satisfactory to the board of the completion of one year of graduate, clinical medical training in a program accredited by a national accrediting organization approved by the board or other graduate training approved in advance by the board as meeting standards similar to those of a national accrediting organization.

(e) The applicant shall make arrangements with the executive director to appear in person before the board or its designated representative to show that he or she satisfies the requirements of this section. The board may establish as internal operating procedures the procedures or requirements for the applicant's personal presentation.

(f) The applicant shall pay a fee established by the board by rule. The fee may not be refunded.

(g) The applicant must not have engaged in conduct warranting disciplinary action against a licensee. If the applicant does not satisfy the requirements of this paragraph, the board may refuse to issue a license unless it determines that the public will be protected through issuance of a license with conditions and limitations the board considers appropriate.

Sec. 5. Minnesota Statutes 1984, section 147.02, is amended by adding a subdivision to read:

Subd. 5. [PROCEDURES.] *The board shall adopt a written statement of internal operating procedures describing procedures for receiving and investigating complaints, reviewing misconduct cases, and imposing disciplinary actions.*

Sec. 6. Minnesota Statutes 1984, section 147.02, is amended by adding a subdivision to read:

Subd 6. [DISCIPLINARY ACTIONS MUST BE PUBLISHED.] *At least annually, the board shall publish and release to the public a description of all disciplinary measures taken by the board. The publication must include, for each disciplinary measure taken, the name and business address of the licensee, the nature of the misconduct, and the disciplinary measure taken by the board.*

Sec. 7. Minnesota Statutes 1984, section 147.021, is amended to read:

147.021 [(REFUSAL TO GRANT LICENSE, SUSPENSION OR REVOCATION OF LICENSE) *GROUNDS FOR DISCIPLINARY ACTION.*]

Subdivision 1. [GROUNDS LISTED.] The board (SHALL CENSURE, SHALL) *may* refuse to grant a license (TO, SHALL

ORDER RE-EXAMINATION, OR SHALL SUSPEND, REVOKE, CONDITION, LIMIT, QUALIFY OR RESTRICT THE LICENSE, WHETHER GRANTED UNDER THIS CHAPTER OR UNDER MINNESOTA STATUTES 1961, SECTIONS 148.11 TO 148.16, PRIOR TO MAY 1, 1963, OF ANY PERSON WHOM SUCH BOARD, AFTER A HEARING, ADJUDGES UNQUALIFIED OR WHO THE BOARD DETERMINES AFTER SUCH A HEARING IS ANY ONE OR MORE OF THE FOLLOWING) *or may impose disciplinary action as described in section 17 against any physician. The following conduct is prohibited and is grounds for disciplinary action:*

(a) (A PERSON WHO FAILS) *Failure* to demonstrate the qualifications or satisfy the (STANDARDS) *requirements* for a license contained in this chapter or rules of the board. The burden of proof shall be upon the applicant to demonstrate such qualifications or satisfaction of such (STANDARDS) *requirements.*

(b) (A PERSON WHO MAKES MISLEADING, DECEPTIVE, UNTRUE OR FRAUDULENT REPRESENTATIONS IN THE PRACTICE OF MEDICINE OR WHO EMPLOYS A TRICK OR SCHEME IN THE PRACTICE OF MEDICINE OR FRAUD OR DECEIT IN OBTAINING A LICENSE TO PRACTICE MEDICINE) *Obtaining a license by fraud or cheating, or attempting to subvert the licensing examination process. Conduct which subverts or attempts to subvert the licensing examination process includes, but is not limited to: (1) conduct which violates the security of the examination materials, such as removing examination materials from the examination room or having unauthorized possession of any portion of a future, current, or previously administered licensing examination; (2) conduct which violates the standard of test administration, such as communicating with another examinee during administration of the examination, copying another examinee's answers, permitting another examinee to copy one's answers, or possessing unauthorized materials; or (3) impersonating an examinee or permitting an impersonator to take the examination in one's own behalf.*

(c) (A PERSON WHO AT ANY TIME) *Conviction,* during the previous five years (WAS CONVICTED), of a felony reasonably related to (HIS) *the* practice of medicine or osteopathy. Conviction as used in this subdivision shall include a conviction of an offense which if committed in this state would be deemed a felony without regard to its designation elsewhere, or a criminal proceeding where a finding or verdict of guilt is made or returned but the adjudication of guilt is either withheld or not entered thereon.

(d) (A PERSON WHOSE LICENSE TO PRACTICE MEDICINE HAS BEEN REVOKED, SUSPENDED, AN-

NULLED OR WITH REGARD TO WHOM DISCIPLINARY ACTION HAS BEEN TAKEN OR WHOSE APPLICATION FOR A LICENSE HAS BEEN DENIED BY THE PROPER LICENSING AUTHORITY OF ANOTHER STATE, TERRITORY OR COUNTRY.)

(IN CLAUSES (C) AND (D) A COPY OF THE JUDGMENT OR PROCEEDING UNDER THE SEAL OF THE CLERK OF THE COURT OR OF THE ADMINISTRATIVE AGENCY WHICH ENTERED THE SAME SHALL BE ADMISSIBLE INTO EVIDENCE WITHOUT FURTHER AUTHENTICATION AND SHALL CONSTITUTE PRIMA FACIE EVIDENCE OF THE CONTENTS THEREOF) *Revocation, suspension, restriction, limitation, or other disciplinary action against the person's medical license in another state or jurisdiction, failure to report to the board that charges regarding the person's license have been brought in another state or jurisdiction, or having been refused a license by any other state or jurisdiction.*

(e) (A PERSON WHO ADVERTISES IN ANY MANNER, EITHER IN HIS OWN NAME OR UNDER THE NAME OF ANOTHER PERSON OR CONCERN, ACTUAL OR PRETENDED, IN ANY NEWSPAPER, PAMPHLET, CIRCULAR, OR OTHER WRITTEN OR PRINTED PAPER OR DOCUMENT, PROFESSIONAL SUPERIORITY TO OR GREATER SKILL THAN THAT POSSESSED BY ANOTHER DOCTOR OF MEDICINE OR ANOTHER DOCTOR OF OSTEOPATHY LICENSED TO PRACTICE MEDICINE UNDER THIS CHAPTER, OR THE POSITIVE CURE OF ANY DISEASE) *Advertising which is false or misleading, which violates any rule of the board, or which claims without substantiation the positive cure of any disease, or professional superiority to or greater skill than that possessed by another physician.*

(f) (A PERSON WHO VIOLATES) *Violating* a (LAWFUL) rule promulgated by the board or (VIOLATES A LAWFUL) *an* order of the board, (PREVIOUSLY ENTERED BY THE BOARD IN A DISCIPLINARY HEARING) *a state, or federal law which relates to the practice of medicine, or in part regulates the practice of medicine, or a state or federal narcotics or controlled substance law.*

(g) (A PERSON WHO ENGAGES) *Engaging* in any unethical (, DECEPTIVE OR DELETERIOUS) *conduct;* conduct (OR PRACTICE HARMFUL TO) *likely to deceive, defraud, or harm* the public, or (WHO DEMONSTRATES) *demonstrating* a willful or careless disregard for the health, welfare or safety of (HIS PATIENTS) *a patient; or medical practice which is professionally incompetent, in that it may create unnecessary danger to any patient's life, health, or safety,* in any of which cases, proof of actual injury need not be established.

(h) (A PERSON WHO PROCURES, AIDS, OR ABETS IN THE PROCURING OF A CRIMINAL ABORTION) *Failure to supervise a physician's assistant or failure to supervise a physician under any agreement with the board.*

(i) (A PERSON WHO VIOLATES A STATUTE OR RULE OF THIS STATE OR OF ANY OTHER STATE OR OF THE UNITED STATES WHICH RELATES TO THE PRACTICE OF MEDICINE OR IN PART REGULATES THE PRACTICE OF MEDICINE) *Aiding or abetting an unlicensed person in the practice of medicine, except that it is not a violation of this paragraph for a physician to employ, supervise, or delegate functions to a qualified person who may or may not be required to obtain a license or registration to provide health services if that person is practicing within the scope of his or her license or registration or delegated authority.*

(j) (A PERSON WHO HAS BEEN ADJUDGED) *Adjudication as* mentally incompetent, mentally ill or mentally deficient, or (ADJUDGED TO BE) *as* a drug dependent person, an inebriate person, a person dangerous to the public, or a person who has a psychopathic personality by a court of competent jurisdiction, within or without this state. Such adjudication shall automatically suspend a license for the duration thereof unless the board orders otherwise.

(k) (A PERSON WHO IS GUILTY OF) *Engaging in* unprofessional conduct. Unprofessional conduct shall include any departure from or the failure to conform to the minimal standards of acceptable and prevailing medical practice in which proceeding actual injury to a patient need not be established.

(l) (A PERSON WHO IS UNABLE) *Inability* to practice medicine with reasonable skill and safety to patients by reason of illness, (PROFESSIONAL INCOMPETENCE, SENILITY,) drunkenness, use of drugs, narcotics, chemicals or any other type of material or as a result of any mental or physical condition, *including deterioration through the aging process or loss of motor skills.* (IF THE BOARD HAS PROBABLE CAUSE TO BELIEVE THAT A PHYSICIAN COMES WITHIN THIS CLAUSE, IT SHALL DIRECT THE PHYSICIAN TO SUBMIT TO A MENTAL OR PHYSICAL EXAMINATION. FOR THE PURPOSE OF THIS CLAUSE, EVERY PHYSICIAN LICENSED UNDER THIS CHAPTER SHALL BE DEEMED TO HAVE GIVEN HIS CONSENT TO SUBMIT TO A MENTAL OR PHYSICAL EXAMINATION WHEN DIRECTED IN WRITING BY THE BOARD AND FURTHER TO HAVE WAIVED ALL OBJECTIONS TO THE ADMISSIBILITY OF THE EXAMINING PHYSICIANS' TESTIMONY OR EXAMINATION REPORTS ON THE GROUND THAT THE SAME CONSTITUTE A PRIVILEGED COMMUNICATION. FAILURE OF A PHYSICIAN TO SUBMIT TO SUCH EXAMINATION WHEN DIRECTED SHALL CONSTITUTE AN ADMIS-

SION OF THE ALLEGATIONS AGAINST HIM, UNLESS THE FAILURE WAS DUE TO CIRCUMSTANCES BEYOND HIS CONTROL, IN WHICH CASE A DEFAULT AND FINAL ORDER MAY BE ENTERED WITHOUT THE TAKING OF TESTIMONY OR PRESENTATION OF EVIDENCE. A PHYSICIAN AFFECTED UNDER THIS CLAUSE SHALL AT REASONABLE INTERVALS BE AFFORDED AN OPPORTUNITY TO DEMONSTRATE THAT HE CAN RESUME THE COMPETENT PRACTICE OF MEDICINE WITH REASONABLE SKILL AND SAFETY TO PATIENTS.)

(IN ANY PROCEEDING UNDER THIS CLAUSE, NEITHER THE RECORD OF PROCEEDINGS NOR THE ORDERS ENTERED BY THE BOARD SHALL BE USED AGAINST A PHYSICIAN IN ANY OTHER PROCEEDING.)

(m) (A PERSON WHO WILLFULLY BETRAYS A PROFESSIONAL SECRET) *Revealing a privileged communication from or relating to a patient except when otherwise required or permitted by law.*

(n) *Failure by* a doctor of osteopathy (WHO FAILS) to identify his school of healing in the professional use of his name by one of the following terms: osteopathic physician and surgeon, doctor of osteopathy, or D.O.

(o) Improper management of medical records, including failure to maintain adequate medical records, to comply with a patient's request made pursuant to section 144.335 or to furnish a medical record or report required by law.

(p) Splitting fees, or promising to pay a portion of a fee or a commission, or accepting a rebate.

(q) Engaging in abusive or fraudulent billing practices, including violations of the federal Medicare and Medicaid laws or state medical assistance laws.

(r) Becoming addicted or habituated to a drug or intoxicant.

(s) Prescribing a drug for other than medically accepted therapeutic or experimental or investigative purposes authorized by a state or federal agency.

(t) Engaging in conduct with a patient which is sexual or may reasonably be interpreted by the patient as sexual, or in any verbal behavior which is seductive or sexually demeaning to a patient.

(u) Failure to make reports as required by section 14 or to cooperate with an investigation of the board as required by section 16.

Subd. 2. [EFFECTIVE DATES.] A suspension, revocation, condition, limitation, qualification or restriction of a license shall be in effect pending determination of an appeal unless the court, upon petition and for good cause shown, shall otherwise order.

A license to practice medicine is *automatically* suspended if (1) a guardian of the person of a licensee is appointed by order of a probate court pursuant to sections 525.54 to 525.612, for reasons other than the minority of the licensee; or (2) the licensee is committed by order of a probate court pursuant to chapter 253B or sections 526.09 to 526.11. The license remains suspended until the licensee is restored to capacity by a court and, upon petition by the licensee, the suspension is terminated by the board after a hearing. (A LICENSE TO PRACTICE MEDICINE IS ALSO SUSPENDED WHEN A LICENSEE IS CONVICTED OF THE CRIME OF ABORTION AND REMAINS SUSPENDED UNTIL, UPON PETITION BY THE LICENSEE, THE SUSPENSION IS TERMINATED BY THE BOARD AFTER A HEARING.)

(WHEN A PROBATE COURT OR OTHER COURT OF COMPETENT JURISDICTION APPOINTS A GUARDIAN OF THE PERSON OF A LICENSEE PURSUANT TO SECTIONS 525.54 TO 525.612 FOR REASONS OTHER THAN THE MINORITY OF THE LICENSEE OR COMMITS A LICENSEE PURSUANT TO CHAPTER 253B OR SECTIONS 526.09 TO 526.11, THE PROBATE COURT OR OTHER COURT OF COMPETENT JURISDICTION SHALL PROMPTLY NOTIFY THE BOARD IN WRITING OF THE FACT.)

Subd. 3. [CONDITIONS ON REISSUED LICENSE.] In its discretion, the board may restore and reissue a license to practice medicine, but as a condition thereof may impose any disciplinary or corrective measure which it might originally have imposed.

Subd. 4. [TEMPORARY SUSPENSION OF LICENSE.] In addition to any other remedy provided by law, the board may, without a hearing, temporarily suspend (A) *the* license (FOR NOT MORE THAN 60 DAYS) *of a physician* if the board finds that (A) *the* physician has violated a statute or rule which the board is empowered to enforce and continued practice by the physician would create (AN IMMINENT) *a serious* risk of harm to (OTHERS) *the public.* The suspension shall take effect upon written notice to the physician, specifying the statute or rule violated. *The suspension shall remain in effect until the board issues a final order in the matter after a hearing.* At the time it issues the suspension notice, the board shall schedule a disciplinary hearing to be held pursuant to the administrative procedure act. The physician shall be provided with at least 20 days notice of any hearing held pursuant to this subdivision. *The hearing shall be scheduled to begin no later than 30 days after the issuance of the suspension order.*

Subd. 5. [EVIDENCE.] *In disciplinary actions alleging a violation of subdivision 1, paragraph (c) or (d), a copy of the judgment or proceeding under the seal of the clerk of the court or of the administrative agency which entered the same shall be admissible into evidence without further authentication and shall constitute prima facie evidence of the contents thereof.*

Subd. 6. [MENTAL EXAMINATION; ACCESS TO MEDICAL DATA.] *(a) If the board has probable cause to believe that a physician comes under subdivision 1, paragraph (1), it may direct the physician to submit to a mental or physical examination. For the purpose of this subdivision every physician licensed under this chapter is deemed to have consented to submit to a mental or physical examination when directed in writing by the board and further to have waived all objections to the admissibility of the examining physicians' testimony or examination reports on the ground that the same constitute a privileged communication. Failure of a physician to submit to an examination when directed constitutes an admission of the allegations against the physician, unless the failure was due to circumstance beyond the physician's control, in which case a default and final order may be entered without the taking of testimony or presentation of evidence. A physician affected under this paragraph shall at reasonable intervals be given an opportunity to demonstrate that he or she can resume the competent practice of medicine with reasonable skill and safety to patients.*

In any proceeding under this paragraph, neither the record of proceedings nor the orders entered by the board shall be used against a physician in any other proceeding.

(b) In addition to ordering a physical or mental examination, the board may, notwithstanding sections 13.42, 144.651, or any other law limiting access to medical or other health data, obtain medical data and health records relating to a licensee or applicant without the licensee's or applicant's consent if the board has probable cause to believe that a physician comes under subdivision 1, paragraph (1). The medical data may be requested from a provider, as defined in section 144.335, subdivision 1, paragraph (b), an insurance company, or a government agency, including the department of human services. A provider, insurance company, or government agency shall comply with any written request of the board under this subdivision and is not liable in any action for damages for releasing the data requested by the board if the data are released pursuant to a written request under this subdivision, unless the information is false and the provider giving the information knew, or had reason to believe, the information was false. Information obtained under this subdivision is classified as private under sections 13.01 to 13.87.

Sec. 8. Minnesota Statutes 1984, section 147.03, is amended to read:

147.03 [(LICENSES; BOARDS OF OTHER STATES, NATIONAL BOARD, MEDICAL COUNCIL OF CANADA) *LICENSURE BY ENDORSEMENT; RECIPROCITY.*]

(THE STATE BOARD OF MEDICAL EXAMINERS, EITHER WITH OR WITHOUT EXAMINATION, MAY GRANT A LICENSE TO ANY PHYSICIAN LICENSED TO PRACTICE BY A SIMILAR BOARD OF ANOTHER STATE, THE NATIONAL BOARD OF MEDICAL EXAMINERS, OR THE NATIONAL BOARD OF EXAMINERS FOR OSTEOPATHIC PHYSICIANS AND SURGEONS OR THE LICENSURE MEDICAL COUNCIL OF CANADA. THE PHYSICIAN MUST HOLD A CERTIFICATE OF REGISTRATION SHOWING THAT AN EXAMINATION HAS BEEN MADE BY THE PROPER BOARD, IN WHICH AN AVERAGE GRADE OF NOT LESS THAN 75 PERCENT WAS AWARDED TO THE HOLDER AND THAT THE APPLICANT AND HOLDER OF THE CERTIFICATE WAS, AT THE TIME OF THE EXAMINATION, THE LEGAL POSSESSOR OF A DIPLOMA FROM A MEDICAL OR OSTEOPATHIC COLLEGE IN GOOD STANDING IN THIS STATE. IN CASE THE SCOPE OF THE PREVIOUS EXAMINATION WAS LESS THAN THAT PRESCRIBED BY THIS STATE, THE APPLICANT MAY BE REQUIRED TO SUBMIT TO AN EXAMINATION IN ANY SUBJECTS NOT PREVIOUSLY COVERED. THE APPLICANT SHALL PAY A FEE OF $100, WHICH IN NO CASE SHALL BE REFUNDED.)

(A CERTIFICATE OF REGISTRATION OR LICENSE ISSUED BY THE PROPER BOARD OF ANY STATE MAY BE ACCEPTED AS EVIDENCE OF QUALIFICATION FOR REGISTRATION IN THIS STATE; PROVIDED THE HOLDER THEREOF WAS, AT THE TIME OF SUCH REGISTRATION, THE LEGAL POSSESSOR OF A DIPLOMA ISSUED BY A MEDICAL OR OSTEOPATHIC COLLEGE IN GOOD STANDING IN THIS STATE AND THAT THE DATE THEREOF WAS PRIOR TO THE LEGAL REQUIREMENTS OF THE EXAMINATION TEST IN THIS STATE.) *The board, with the consent of six of its members, may issue a license to practice medicine to any person who satisfies the following requirements:*

(a) The applicant shall satisfy all the requirements established in section 4, subdivision 1, paragraphs (a), (b), (d), (e), and (f).

(b) The applicant shall present evidence satisfactory to the board that he or she has a valid license to practice medicine issued by the proper agency in another state or by a province of Canada; or is a diplomate of the national board of medical examiners, the national board of examiners for osteopathic physicians and surgeons, or the licensure medical council of Canada.

(c) The applicant shall present evidence satisfactory to the board that he or she passed an examination as determined by the endorsing examining board or licensing agency. The board, at its discretion, may establish by rule passing grade levels higher than those determined by an examining board or agency or may require the applicant to be examined in subjects not previously covered in an examination.

(d) The applicant shall pay a fee established by the board by rule. The fee may not be refunded.

(e) The applicant must not have engaged in conduct warranting disciplinary action against a licensee, or have been subject to disciplinary action in another state. If an applicant does not satisfy the requirements stated in this clause, the board may refuse to issue a license unless it determines that the public will be protected through issuance of a license with conditions or limitations the board considers appropriate.

The board may issue a temporary permit to practice medicine to a physician eligible for licensure under this section upon payment of a fee set by the board. The permit remains valid only until the next meeting of the board.

Sec. 9. [147.037] [LICENSING OF FOREIGN MEDICAL SCHOOL GRADUATES.]

Subdivision 1. [REQUIREMENTS.] *The board shall, with the consent of six of its members, issue a license to practice medicine to any person who satisfies the following requirements:*

(a) The applicant shall satisfy all the requirements established in section 4, subdivision 1, paragraphs (a), (e), (f), and (g).

(b) The applicant shall present evidence satisfactory to the board that he or she is a graduate of a medical or osteopathic school approved by the board as equivalent to accredited United States or Canadian schools based upon its faculty, curriculum, facilities, accreditation, or other relevant data.

(c) The applicant shall present evidence satisfactory to the board that he or she has been awarded a certificate by the educational council for foreign medical graduates and that he or she has a working ability in the English language sufficient to communicate with patients and physicians and to engage in the practice of medicine.

(d) The applicant shall present evidence satisfactory to the board of the completion of two years of graduate, clinical medical training in a program located in the United States, its territories, or Canada and accredited by a national accrediting

organization approved by the board or other graduate training approved in advance by the board as meeting standards similar to those of a national accrediting organization. This requirement shall not apply to an applicant who is admitted as a permanent immigrant to the United States as a person of exceptional ability in the sciences pursuant to rules of the United States department of labor and who has completed one year of the graduate, clinical medical training required by this paragraph.

(e) The applicant must have passed an examination prepared and graded by the federation of state medical boards, the licensure medical council of Canada, or shall establish eligibility through reciprocity with another state using an examination equivalent to Minnesota's at the time the applicant was licensed in that state.

Subd. 2. [MEDICAL SCHOOL REVIEW.] *The board may contract with any qualified person or organization for the performance of a review or investigation, including site visits if necessary, of any medical or osteopathic school prior to approving the school under section 4, subdivision 1, paragraph (b) or subdivision 1, paragraph (b), of this section. To the extent possible, the board shall require the school being reviewed to pay the costs of the review or investigation.*

Sec. 10. Minnesota Statutes 1984, section 147.073, is amended to read:

147.073 [PHYSICIAN ACCOUNTABILITY.]

Subdivision 1. [INVESTIGATION.] The board shall maintain and keep current a file containing the (INSURERS) reports and (PUBLIC) complaints filed against physicians in the state (, WHICH SHALL BE PRIVATE INFORMATION ACCESSIBLE, PURSUANT TO CHAPTER 13, TO THE PHYSICIAN WHO IS THE SUBJECT OF THE DATA). Each complaint filed with the board pursuant to section 214.10, subdivision 1, shall be investigated according to section 214.10, subdivision 2.

Whenever the files maintained by the board show that a medical malpractice settlement or award to the plaintiff has been made against a physician as reported by insurers pursuant to section (147.072) *9*, the executive director of the board shall notify the board and the board may authorize a review of the physician's practice.

Subd. 2. [ATTORNEY GENERAL INVESTIGATES.] When the board initiates a review of a physician's practice it shall notify the attorney general who shall investigate the matter in the same manner as provided in section 214.10. If an investigation is to be made, the attorney general shall notify the physician, and, if the incident being investigated occurred there, the

administrator and chief of staff at the medical care facilities in which the physician serves.

Subd. 3. [ACCESS TO HOSPITAL RECORDS.] The board shall have access to hospital and medical records of a patient treated by the physician under review if the patient signs a written consent permitting such access. *If no consent form has been signed, the hospital or physician shall first delete data in the record which identifies the patient before providing it to the board.*

Sec. 11. Minnesota Statutes 1984, section 147.074, is amended to read:

147.074 [(PHYSICIAN'S LISTING OF) MEDICAL CARE FACILITIES; (FILING) *EXCLUSION.*]

Each physician shall file with the board a list of the in-patient and out-patient medical care facilities at which (THEY HAVE) *he or she has* medical privileges. The list shall be updated when the physician applies for license renewal. *Nothing in this chapter grants to any person the right to be admitted to the medical staff of a health care facility.*

Sec. 12. Minnesota Statutes 1984, section 147.09, is amended to read:

147.09 [EXEMPTIONS.]

(THIS CHAPTER SHALL) *Section 147.10 does* not (APPLY TO COMMISSIONED SURGEONS OF THE UNITED STATES ARMED FORCES, TO PHYSICIANS) *prevent or restrict the practice, service, or activities of:*

(1) A person who is a commissioned medical officer of, a member of, or employed by, the armed forces of the United States, the United States Public Health Service, the Veterans Administration, any federal institution or any federal agency while engaged in the performance of official duties within this state, if the person is licensed elsewhere.

(2) A licensed physician from (OTHER STATES) *a state or country* who (ARE) *is* in actual consultation here (OR).

(3) A licensed physician who (TREAT THEIR) *treats his or her* homestate patients or other participating patients while the physicians and those patients are participating together in outdoor recreation in this state as defined by section 86A.03, subdivision 3 (, TO STUDENTS). *A physician shall first register with the board on a form developed by the board for that purpose. The board shall not be required to promulgate the contents of that form by rule. No fee shall be charged for this registration.*

(4) A student practicing under the direct supervision of a preceptor while (THEY ARE) *he or she is* enrolled in and regularly attending a recognized medical school (OR TO).

(5) A student who is in continuing training and performing the duties of an intern or resident or engaged in postgraduate work considered by the board to be the equivalent of an internship or residency in any hospital or institution approved for training by the board.

(6) A person employed in a scientific, sanitary or teaching (PERSONNEL EMPLOYED) *capacity* by the state university, the state department of education, or by any public or private school, college, or other bona fide educational institution, or the state department of health, whose duties are entirely of a public health or educational character, while engaged in such duties.

(THESE PHYSICIANS SHALL FIRST REGISTER WITH THE BOARD OF MEDICAL EXAMINERS AND SHALL COMPLETE A FORM PROVIDED BY THE BOARD FOR THAT PURPOSE. THE BOARD SHALL NOT BE REQUIRED TO PROMULGATE THE CONTENTS OF THAT FORM BY RULE. NO FEE SHALL BE CHARGED FOR THIS REGISTRATION.)

(7) Physician's assistants registered in this state.

(8) A doctor of osteopathy duly licensed by the state board of osteopathy under Minnesota Statutes 1961, sections 148.11 to 148.16, prior to May 1, 1963, who has not been granted a license to practice medicine in accordance with this chapter provided that he or she confines activities within the scope of the license.

(9) Any person licensed by a health related licensing board, as defined in section 214.01, subdivision 2, or registered by the commissioner of health pursuant to section 214.13, including licensed or certified psychologists with respect to the use of hypnosis; provided that the person confines activities within the scope of his or her license.

(10) A Christian Scientist or other person who endeavors to prevent or cure disease or suffering exclusively by mental or spiritual means or by prayer, or who practices ritual circumcision pursuant to the requirements or tenets of any established religion.

Sec. 13. Minnesota Statutes 1984, section 147.10, is amended to read:

147.10 [PRACTICING WITHOUT LICENSE; PENALTY.]

(EVERY PERSON NOT HERETOFORE AUTHORIZED BY LAW SO TO DO WHO SHALL PRACTICE MEDICINE

IN THIS STATE WITHOUT HAVING OBTAINED THE LICENSE HEREIN PROVIDED FOR, AND EVERY PERSON WHO SHALL SO PRACTICE CONTRARY TO ANY PROVISION OF THIS CHAPTER, SHALL BE GUILTY OF A GROSS MISDEMEANOR. ANY PERSON SHALL BE REGARDED AS PRACTICING WITHIN THE MEANING OF THIS CHAPTER WHO SHALL APPEND TO HIS NAME ANY OF THE LETTERS M.D., M.B. OR D.O. OR ANY OF THE WORDS MEDICAL DOCTOR, DOCTOR OF MEDICINE, SURGEON, PHYSICIAN, OSTEOPATH, DOCTOR OF OSTEOPATHY, OR OSTEOPATHIC PHYSICIAN OR ANY OTHER WORD OR ABBREVIATION WHEN THE USE THEREOF IS INTENDED TO INDICATE OR DOES IN FACT INDICATE THAT HE IS AUTHORIZED BY LAW TO ENGAGE IN THE PRACTICE OF MEDICINE AS HEREIN DEFINED, IF HE IS NOT IN FACT LEGALLY ENTITLED TO THE USE OF SUCH LETTERS OR WORDS; OR FOR A FEE PRESCRIBE, DIRECT, OR RECOMMEND FOR THE USE OF ANY PERSON, ANY DRUG, OR MEDICINE OR OTHER AGENCY FOR THE TREATMENT OF RELIEF OF ANY WOUND, FRACTURE, OR BODILY INJURY, INFIRMITY, OR DISEASE. A DOCTOR OF OSTEOPATHY DULY LICENSED BY THE STATE BOARD OF OSTEOPATHY UNDER MINNESOTA STATUTES 1961, SECTIONS 148.11 TO 148.16, PRIOR TO MAY 1, 1963, WHO HAS NOT BEEN GRANTED A LICENSE TO PRACTICE MEDICINE IN ACCORDANCE WITH SECTION 147.031 SHALL NOT BE CONSIDERED AS PRACTICING MEDICINE WITHIN THE MEANING OF THIS SECTION BECAUSE HE APPENDS THE LETTERS D.O. TO HIS NAME SO LONG AS HE CONFINES HIS ACTIVITIES WITHIN THE SCOPE OF HIS LICENSE. THIS SECTION SHALL NOT APPLY TO ANY OTHER PERSONS LEGALLY AUTHORIZED TO PRACTICE HEALING OR EXCEPTED FROM THE PRACTICE OF HEALING IN THIS STATE SO LONG AS THEY CONFINE THEIR ACTIVITIES WITHIN THE SCOPE OF THEIR RESPECTIVE LICENSES, NOR TO CHRISTIAN SCIENTISTS OR OTHER PERSONS WHO ENDEAVOR TO PREVENT OR CURE DISEASE OR SUFFERING EXCLUSIVELY BY MENTAL OR SPIRITUAL MEANS OR BY PRAYER, NOR TO THE PRACTICE OF RITUAL CIRCUMCISION PERFORMED PURSUANT TO THE REQUIREMENTS OR TENETS OF ANY ESTABLISHED RELIGION; BUT THIS SECTION SHALL APPLY TO PERSONS, OTHER THAN PSYCHOLOGISTS CERTIFIED OR LICENSED BY STATUTES, WHO USE HYPNOSIS FOR THE TREATMENT OR RELIEF OF ANY WOUND, FRACTURE, OR BODILY INJURY, INFIRMITY, OR DISEASE.)

Subdivision 1. [UNLAWFUL PRACTICE OF MEDICINE.] *It is unlawful for any person not holding a valid license issued in accordance with this chapter to practice medicine as defined in subdivision 3 in this state.*

Subd. 2. [PENALTY.] *Any person violating the provisions of subdivision 1 is guilty of a gross misdemeanor.*

Subd. 3. [PRACTICE OF MEDICINE DEFINED.] *For purposes of this chapter, a person is "practicing medicine" or engaged in the "practice of medicine" if the person does any of the following:*

(1) advertises, holds out to the public, or represents in any manner that he or she is authorized to practice medicine in this state;

(2) offers or undertakes to prescribe, give, or administer any drug or medicine for the use of another;

(3) offers or undertakes to prevent or to diagnose, correct, or treat in any manner or by any means, methods, devices, or instrumentalities, any disease, illness, pain, wound, fracture, infirmity, deformity, defect, or abnormal physical or mental condition of any person;

(4) offers or undertakes to perform any surgical operation upon any person;

(5) offers to undertake to use hypnosis for the treatment or relief of any wound, fracture, or bodily injury, infirmity, or disease; or

(6) uses in the conduct of any occupation or profession pertaining to the diagnosis of human disease or conditions, the designation "doctor," "doctor of medicine," "medical doctor," "doctor of osteopathy," "osteopath," "osteopathic physician," "physician," "surgeon," "M.D.," "D.O.," or any combination of these designations.

Sec. 14. [147.111] [REPORTING OBLIGATIONS.]

Subdivision 1. [PERMISSION TO REPORT.] *A person who has knowledge of any conduct constituting grounds for discipline under sections 147.01 to 147.33 may report the violation to the board.*

Subd. 2. [INSTITUTIONS.] *Any hospital, clinic, prepaid medical plan, or other health care institution or organization located in this state shall report to the board any action taken by the institution or organization or any of its administrators or medical or other committees to revoke, suspend, restrict, or condition a physician's privilege to practice or treat patients in the institution, or as part of the organization, any denial of privileges, or any other disciplinary action. The institution or organization shall also report the resignation of any physicians*

prior to the conclusion of any disciplinary proceeding, or prior to the commencement of formal charges but after the physician had knowledge that formal charges were contemplated or in preparation. No report shall be required of a physician voluntarily limiting his or her practice at a hospital provided that the physician notifies all hospitals at which he or she has privileges of the voluntary limitation and the reasons for it.

Subd. 3. [MEDICAL SOCIETIES.] *A state or local medical society shall report to the board any termination, revocation, or suspension of membership or any other disciplinary action taken against a physician. If the society has received a complaint which might be grounds for discipline under sections 147.01 to 147.33 against a member physician on which it has not taken any disciplinary action, the society shall report the complaint and the reason why it has not taken action on it or shall direct the complainant to the board of medical examiners.*

Subd. 4. [LICENSED PROFESSIONALS.] *A licensed health professional shall report to the board any conduct constituting grounds for disciplinary action under sections 147.01 to 147.33 by any physician, which appears to show that the physician is or may be medically incompetent or may be guilty of unprofessional conduct or may be medically or physically unable to engage safely in the practice of medicine. No report shall be required if the information was obtained in the course of a physician-patient relationship if the patient is another physician and the treating physician successfully counsels the other physician to limit or withdraw from practice to the extent required by the impairment.*

Subd. 5. [INSURERS.] *Four times each year as prescribed by the board, each insurer authorized to sell insurance described in section 60A.06, subdivision 1, clause (13), and providing professional liability insurance to physicians shall submit to the board a report concerning the physicians against whom medical malpractice settlements or awards have been made to the plaintiff. The report must contain at least the following information:*

(1) the total number of medical malpractice settlements or awards made to the plaintiff;

(2) the date the medical malpractice settlements or awards to the plaintiff were made;

(3) the allegations contained in the claim or complaint leading to the settlements or awards made to the plaintiff;

(4) the dollar amount of each medical malpractice settlement or award;

(5) the regular address of the practice of the physician against whom an award was made or with whom a settlement was made; and

(6) the name of the physician against whom an award was made or with whom a settlement was made.

The insurance company shall, in addition to the above information, report to the board any information it possesses which tends to substantiate a charge that a physician may have engaged in conduct violating sections 147.01 to 147.33.

Subd. 6. [COURTS.] *The clerk of district court or any other court of competent jurisdiction shall report to the board any judgment or other determination of the court which adjudges or includes a finding that a physician is mentally ill, mentally incompetent, guilty of a felony, or guilty of a violation of federal or state narcotics laws or controlled substances act, guilty of an abuse or fraud under Medicare or Medicaid, appoints a guardian of the physician pursuant to sections 525.54 to 525.61 or commits a physician pursuant to chapter 253B or sections 526.09 to 526.11.*

Subd. 7. [SELF-REPORTING.] *A physician shall report to the board any action concerning himself or herself which would require that a report be filed with the board by any person, health care facility, business, or organization pursuant to subdivisions 2 to 6.*

Subd. 8. [DEADLINES; FORMS.] *Reports required by subdivisions 2 to 7 must be submitted not later than 30 days after the occurrence of the reportable event or transaction. The board may provide forms for the submission of reports required by this section, may require that reports be submitted on the forms provided, and may adopt rules necessary to assure prompt and accurate reporting.*

Subd. 9. [SUBPOENAS.] *The board may issue subpoenas for the production of any reports required by subdivisions 2 to 7 or any related documents.*

Sec. 15. [147.121] [IMMUNITY.]

Subdivision 1. [REPORTING.] *Any person, health care facility, business, or organization is immune from civil liability or criminal prosecution for submitting a report to the board pursuant to section 14 or for otherwise reporting to the board violations or alleged violations of section 147.021. All such reports are confidential and absolutely privileged communications.*

Subd. 2. [INVESTIGATION.] *Members of the board and persons employed by the board or engaged in the investigation of violations and in the preparation and management of charges of violations of sections 147.01 to 147.33 on behalf of the board are immune from civil liability and criminal prosecution for any*

actions, transactions, or publications in the execution of, or relating to, their duties under sections 147.01 to 147.33.

Sec. 16. [147.131] [PHYSICIAN COOPERATION.]

A physician who is the subject of an investigation by or on behalf of the board shall cooperate fully with the investigation. Cooperation includes responding fully and promptly to any question raised by or on behalf of the board relating to the subject of the investigation and providing copies of patient medical records, as reasonably requested by the board, to assist the board in its investigation. The board shall pay for copies requested. If the board does not have a written consent from a patient permitting access to his or her records, the physician shall delete any data in the record which identifies the patient before providing it to the board. The board shall maintain any records obtained pursuant to this section as investigative data pursuant to chapter 13.

Sec. 17. [147.141] [FORMS OF DISCIPLINARY ACTION.]

When the board finds that a licensed physician has violated a provision or provisions of sections 147.01 to 147.33, it may do one or more of the following:

(1) revoke the license;

(2) suspend the license;

(3) impose limitations or conditions on the physician's practice of medicine, including the limitation of scope of practice to designated field specialties; the imposition of retraining or rehabilitation requirements; the requirement of practice under supervision; or the conditioning of continued practice on demonstration of knowledge or skills by appropriate examination or other review of skill and competence;

(4) impose a civil penalty not exceeding $10,000 for each separate violation, the amount of the civil penalty to be fixed so as to deprive the physician of any economic advantage gained by reason of the violation charged or to reimburse the board for the cost of the investigation and proceeding;

(5) order the physician to provide unremunerated professional service under supervision at a designated public hospital, clinic, or other health care institution; or

(6) censure or reprimand the licensed physician.

Sec. 18. [147.151] [DISCIPLINARY RECORD ON JUDICIAL REVIEW.]

Upon judicial review of any board disciplinary action taken under sections 147.01 to 147.33, the reviewing court shall seal the administrative record, except for the board's final decision, and shall not make the administrative record available to the public.

Sec. 19. Minnesota Statutes 1984, section 176.011, subdivision 9, is amended to read:

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

(1) an alien;

(2) a minor;

(3) a sheriff, deputy sheriff, constable, marshal, policeman, firefighter, county highway engineer, and peace officer while engaged in the enforcement of peace or in the pursuit or capture of any person charged with or suspected of crime and any person requested or commanded to aid an officer in arresting any person, or in retaking any person who has escaped from lawful custody, or in executing any legal process in which case, for purposes of calculating compensation payable under this chapter, the daily wage of the person requested or commanded to assist an officer or to execute a legal process shall be the prevailing wage for similar services where the services are performed by paid employees;

(4) a county assessor;

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

(6) an executive officer of a corporation, except an officer of a family farm corporation as defined in section 500.24, subdivision 1, clause (c), or an executive officer of a closely held corporation who is referred to in section 176.012;

(7) a voluntary uncompensated worker, other than an inmate, rendering services in state institutions under the commissioner of human services and state institutions under the commissioner of corrections similar to those of officers and employees of these institutions, and whose services have been accepted or contracted for by the commissioner of human services or the commissioner of corrections as authorized by law, shall be employees. In the event of injury or death of the voluntary un-

compensated worker, the daily wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of the injury or death for similar services in institutions where the services are performed by paid employees;

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

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

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

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

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

(13) a voluntary uncompensated worker, other than a student, who renders services at the Minnesota School for the Deaf or the Minnesota Braille and Sight-Saving School, and whose services have been accepted or contracted for by the state board

of education, as authorized by law, shall be an employee. In the event of injury or death of the voluntary uncompensated worker, the daily wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of the injury or death for similar services in institutions where the services are performed by paid employees;

(14) a voluntary uncompensated worker, other than a resident of the veterans home, who renders services at a Minnesota veterans home, and whose services have been accepted or contracted for by the commissioner of veterans affairs, as authorized by law, is an employee. In the event of injury or death of the voluntary uncompensated worker, the daily wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of the injury or death for similar services in institutions where the services are performed by paid employees;

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

(16) those students enrolled in and regularly attending the medical school of the University of Minnesota, whether in the graduate school program or the post-graduate program, (AS PROVIDED IN SECTION 147.20,) notwithstanding that the students shall not be considered employees for any other purpose. In the event of the student's injury or death, the weekly wage of the student for the purpose of calculating compensation payable under chapter 176, shall be the annualized educational stipend awarded to the student, divided by 52 weeks. The institution in which the student is enrolled shall be considered the "employer" for the limited purpose of determining responsibility for paying benefits payable under chapter 176;

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

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

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

(18) a worker who performs volunteer ambulance driver or attendant services is an employee of the political subdivision,

nonprofit hospital, nonprofit corporation, or other entity for which the worker performs the services. The daily wage of the worker for the purpose of calculating compensation payable under this chapter is the usual going wage paid at the time of injury or death for similar services if the services are performed by paid employees; and

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

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

Sec. 20. Minnesota Statutes 1984, section 214.07, subdivision 1, is amended to read:

Subdivision 1. [BOARD REPORTS.] The health related licensing boards and the non-health related licensing boards shall prepare reports by October 1 of each even numbered year on forms prepared by the commissioner of administration. Copies of the reports shall be delivered to the legislature in accordance with section 3.195, the governor and the commissioner of administration. Copies of the reports of the health related licensing boards shall be delivered to the commissioner of health. The reports shall contain the following information relating to the two year period ending the previous June 30:

(a) A general statement of board activities;

(b) The number of meetings and approximate total number of hours spent by all board members in meetings and on other board activities;

(c) The receipts and disbursements of board funds;

(d) The names of board members and their addresses, occupations, and dates of appointment and reappointment to the board;

(e) The names and job classifications of board employees;

(f) A brief summary of board rules proposed or adopted during the reporting period with appropriate citations to the state register and published rules;

(g) The number of persons having each type of license and registration issued by the board as of June 30 in the year of the report;

(h) The locations and dates of the administration of examinations by the board;

(i) The number of persons examined by the board with the persons subdivided into groups showing age categories, sex, and states of residency;

(j) The number of persons licensed or registered by the board after taking the examinations referred to in clause (h) with the persons subdivided by age categories, sex, and states of residency;

(k) The number of persons not licensed or registered by the board after taking the examinations referred to in clause (h) with the persons subdivided by age categories, sex, and states of residency;

(l) The number of persons not taking the examinations referred to in clause (h) who were licensed or registered by the board or who were denied licensing or registration with the reasons for the licensing or registration or denial thereof and with the persons subdivided by age categories, sex, and states of residency;

(m) The number of persons previously licensed or registered by the board whose licenses or registrations were revoked, suspended, or otherwise altered in status with brief statements of the reasons for the revocation, suspension or alteration;

(n) The number of written and oral complaints and other communications received by the executive secretary of the board, a board member, or any other person performing services for the board (1) which allege or imply a violation of a statute or rule which the board is empowered to enforce and (2) which are forwarded to other agencies as required by section 214.10;

(o) A summary, by *specific* category, of the substance of the complaints and communications referred to in clause (n) and, *for each specific category*, the responses or dispositions thereof pursuant to sections 214.10 or 214.11;

(p) Any other objective information which the board members believe will be useful in reviewing board activities.

Sec. 21. Minnesota Statutes 1984, section 214.10, subdivision 1, is amended to read:

Subdivision 1. [RECEIPT OF COMPLAINT.] The executive secretary of a board, a board member or any other person who performs services for the board who receives a complaint or other communication, whether oral or written, which complaint or communication alleges or implies a violation of a statute or rule which the board is empowered to enforce, shall promptly forward the substance of the communication on a form prepared by the attorney general to the designee of the attorney general responsible for providing legal services to the board. Before proceeding further with the communication, the designee of the attorney general may require the complaining party to state his complaint in writing on a form prepared by the attorney general. Complaints which relate to matters within the jurisdiction of another governmental agency shall be forwarded to that agency by the executive secretary. An officer of that agency shall advise the executive secretary of the disposition of that complaint. A complaint received by another agency which relates to a statute or rule which a licensing board is empowered to enforce shall be forwarded to the executive secretary of the board to be processed in accordance with this section. *No complaint shall be dismissed by a board unless at least two board members have reviewed the matter.*

Sec. 22. Minnesota Statutes 1984, section 214.10, is amended by adding a subdivision to read:

Subd. 8. [SPECIAL REQUIREMENTS FOR HEALTH-RELATED LICENSING BOARDS.] *In addition to the provisions of this section that apply to all examining and licensing boards, the requirements in this subdivision apply to all health-related licensing boards, except the board of veterinary medicine.*

(a) When a complaint is received that concerns a matter that is within the jurisdiction of a board, the board must acknowledge receipt of the complaint within ten days after receipt by providing a written notice to the person who made the complaint. The notice must explain the board's investigative process and state, in general terms, that other legal recourse may be available. At least every three months the board shall give the complainant a report on the progress of board activities relating to that complaint. Within 30 days after a final disposition, the board shall provide a report to the complainant including a summary of the results of the investigation, the actions taken by the board, and the reasons for the board's actions or lack of action.

(b) If the executive secretary or consulted board member determines that a communication received alleges a violation of statute or rule that involves sexual contact with a patient or client, the communication shall be forwarded to the designee of the attorney general for an investigation of the facts alleged in the communication. If, after an investigation it is the opinion of the executive secretary or consulted board member that there is sufficient evidence to justify disciplinary action, the board

shall conduct a disciplinary conference or hearing. If, after a hearing or disciplinary conference the board determines that misconduct involving sexual contact with a patient or client occurred, the board shall take disciplinary action. Notwithstanding section 214.10, subdivision 2, a board may not attempt to correct improper activities or redress grievances through education, conciliation, and persuasion, unless in the opinion of the executive secretary or consulted board member there is insufficient evidence to justify disciplinary action. The board may settle a case by stipulation prior to, or during, a hearing if the stipulation provides for disciplinary action.

(c) In addition to the information required under section 214.07, subdivision 1, each board shall include in its reports to the legislature summaries of each individual case that involved possible sexual contact with a patient or client. The summary must include a description of the alleged misconduct; the general results of the investigation; the nature of board activities relating to that case; the disposition of the case; and the reasons for board decisions concerning the disposition of the case. The information disclosed under this section must not include the name or specific identifying information about any person, agency, or organization.

(d) A board member who has a direct current or former financial connection or professional relationship to a person who is the subject of board disciplinary activities must not participate in board activities relating to that case.

(e) Each health-related licensing board shall establish procedures for exchanging information with other Minnesota state boards, agencies, and departments responsible for licensing health-related occupations, facilities, and programs, and for coordinating investigations involving matters within the jurisdiction of more than one licensing body. The procedures must provide for the forwarding to other licensing bodies of all information and evidence, including the results of investigations, that is relevant to matters within that licensing body's regulatory jurisdiction. Each health-related licensing board shall have access to any data of the department of human services relating to a person subject to the jurisdiction of the licensing board. The data shall have the same classification under sections 13.01 to 13.88, the Minnesota government data practices act, in the hands of the agency receiving the data as it had in the hands of the department of human services.

(f) Each health-related licensing board shall establish procedures for exchanging information with other states regarding disciplinary actions against licensees. The procedures must provide for the collection of information from other states about disciplinary actions taken against persons who are licensed to practice in Minnesota or who have applied to be licensed in this state and the dissemination of information to other states regarding disciplinary actions taken in Minnesota.

Sec. 23. [APPROPRIATION.]

$1,244,200 is appropriated to the board of medical examiners for the purpose of licensing and disciplining physicians and performing the board's other duties under chapter 147. $620,800 is available for the fiscal year ending June 30, 1986, and $623,400 is available for the fiscal year ending June 30, 1987.

Sec. 24. [REVISOR'S INSTRUCTION.]

In Minnesota Statutes 1986 and later editions of the statutes, the revisor shall renumber the sections listed in column A with the numbers in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

Column A	*Column B*
147.021	*147.091*
147.05	*147.01, subdivision 5*
147.073	*147.161*
147.074	*147.162*
147.10	*147.081*

In Minnesota Statutes 1986 and later editions of the statutes, the revisor shall substitute the term "director" for "secretary" where "secretary" refers to the executive secretary of the board of medical examiners in Minnesota Statutes, section 147.01, subdivision 3.

Sec. 25. [REPEALER.]

Minnesota Statutes 1984, sections 147.02, subdivision 2; 147.-06; 147.07; 147.072; 147.101; 147.11; 147.12; 147.13; 147.16; 147.17; 147.18; 147.19; 147.20; and 147.23, are repealed."

Delete the title and insert:

"A bill for an act relating to occupations and professions; changing the composition of the board of medical examiners and the method of appointing board members; authorizing the release of certain information by the board of medical examiners; requiring the board of medical examiners to adopt a written statement describing its procedures, and publish disciplinary actions; revising the standards for licensing and disciplining physicians; establishing reporting requirements for health professionals and granting immunity to those complying with reporting requirements; establishing special requirements for

health-related licensing boards; appropriating money; recodifying certain provisions in Minnesota Statutes, chapter 147; amending Minnesota Statutes 1984, sections 147.01, subdivisions 1, 2, and 4; 147.02, subdivision 1, and by adding subdivisions; 147.021; 147.03; 147.073; 147.074; 147.09; 147.10; 176.011, subdivision 9; 214.07, subdivision 1; and 214.10, subdivision 1, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 147; repealing Minnesota Statutes 1984, sections 147.02, subdivision 2; 147.06; 147.07; 147.072; 147.101; 147.11; 147.12; 147.13; 147.16; 147.17; 147.18; 147.19; 147.20; and 147.23."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 1549, A bill for an act relating to economic development; creating a comprehensive economic development strategy commission to review state economic development efforts, to develop a strategy for state investment in economic development, and to report to the governor and the legislature; appropriating money.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [LEGISLATIVE FINDINGS AND PURPOSE.]

The legislature finds that concern over economic fluctuations, structural changes in the economy, and interstate competition for industry have led to many proposals and programs to aid economic development.

The legislature further finds that some programs were directed to ease the effects of the economic recession and other economic problems requiring immediate attention. The legislature further finds that some parts of the state's economy have improved and that the state should take the opportunity to review the conditions that created these economic development programs, to assess their appropriateness to the future, and to develop principles for the current and future involvement of the state in economic development.

Sec. 2. [COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY COMMISSION.]

Subdivision 1. [COMMISSION CREATED.] *A comprehensive economic development strategy commission is created to review state economic development efforts and recommend an economic development strategy for Minnesota.*

Subd. 2. [MEMBERSHIP.] *The commission consists of 11 voting members as follows:*

(a) the commissioner of energy and economic development, or the commissioner's designee;

(b) the chair of the world trade center board, or the chair's designee;

(c) the commissioner of agriculture, or the commissioner's designee;

(d) the president of the University of Minnesota, or the president's designee;

(e) three members knowledgeable in commerce and economic development to be appointed by the governor; and

(f) four members of the legislature to be appointed as follows:

(1) two members of the senate to be appointed by the committee on committees; and

(2) two members of the house of representatives, to be appointed by the speaker, one of whom is a member of the commerce and economic development committee.

Members may be replaced by the appointing authority in the manner provided by Minnesota Statutes, section 15.0575, subdivision 4. The governor shall appoint the chair from among the voting members.

Subd. 3. [COMPENSATION.] *Members of the commission shall be compensated in the manner provided by Minnesota Statutes, section 15.0575, subdivision 3.*

Subd. 4. [STAFF ASSISTANCE.] *The department of energy and economic development shall provide necessary office space, equipment, and staff assistance to the commission to enable the commission to carry out its duties under sections 1 to 4. The commission shall appoint an executive director of the staff who may request and shall receive reasonable assistance from other state agencies.*

Sec. 3. [COMMISSION POWERS AND DUTIES.]

Subdivision 1. [DUTIES.] *The commission shall:*

(1) review existing data and collect additional data when needed regarding potential, proposed, and existing economic development programs;

(2) study state economic development options and develop a long-term strategy for economic development in Minnesota, including suggested goals and measurable objectives; and

(3) report on the results of those matters specified by clauses (1) and (2) to the governor and the legislature by January 1, 1987. The report shall include but is not limited to the strategy required by clause (2), and legislation to create, revise, or repeal new or existing economic development programs.

Subd. 2. [POWERS.] *The commission may:*

(1) contract for consulting or research services as necessary to fulfill the purposes of subdivision 1; and

(2) vote to discontinue its work if it reasonably concludes that it has complied with subdivision 1, and that there is nothing remaining for the commission or its staff to accomplish.

Sec. 4. [FACTUAL CONSIDERATIONS.]

In carrying out the duties required by section 3, subdivision 1, the commission shall consider:

(1) the economic and noneconomic strengths and weaknesses of the state;

(2) economic and noneconomic costs of development, including effects on people, communities, and businesses;

(3) the proper role and limitations of government efforts to aid economic development, including any necessary reorganization of state government and any necessary interagency coordination and communication;

(4) the effect of past and present economic development policies and programs, as well as the possibility and results of cooperation with the federal government and other midwestern states;

(5) the proper role of local government, including coordination of local programs;

(6) the industries or segments of industry and types of businesses that should be the focus of state economic development efforts;

(7) whether the focus of state decision makers should be on new firms, or businesses, or limited to expansion of existing firms or businesses, and what guidelines should be established to assure that the development or expansion would not occur without state assistance;

(8) the effectiveness, including cost effectiveness, considering the state's kind and number of resources, of current economic development tools, such as job training, grants, loans, loan guarantees, tax incentives, subsidies, venture capital, technical support, and project incubation;

(9) the potential effectiveness of other policies or tools not currently provided for;

(10) the importance to economic development of state educational programs, tax structures, infrastructure, and regulation;

(11) the effects of international trade and federal fiscal and monetary policy on the potential for economic development within the state; and

(12) the extent to which economic development programs should be directed to industries in which Minnesota has a comparative advantage, or directed to maintaining a diversified economy.

Sec. 5. [SUNSET DATE.]

Sections 1 to 4 are repealed on June 30, 1987.

Sec. 6. [APPROPRIATION.]

$..... is appropriated from the general fund to the department of energy and economic development to accomplish the provisions of sections 1 to 4. This appropriation is available until June 30, 1987."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Carlson, D., from the Committee on Transportation to which was referred:

S. F. No. 40, A bill for an act relating to transportation; traffic regulations; defining "passenger vehicle"; requiring use of seat belts by passenger vehicle drivers and passengers; imposing a penalty; amending Minnesota Statutes 1984, sections 169.01, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 169.

Reported the same back with the following amendments:

Page 2, line 8, delete "*under the age of 16*"

Page 2, delete lines 12 to 17 and insert:

"*A violation of this subdivision shall not result in a fine but is punishable only by a safety warning. A violation of this subdivision may not be recorded on the driving record of any person.*"

Page 2, delete line 32

Page 2, line 34, delete the period and insert "*; and*

(6) a person driving or riding in a passenger vehicle manufactured before January 1, 1965."

Pages 2 and 3, delete section 4

Amend the title as follows:

Page 1, line 5, delete "imposing a penalty;"

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 442, 492, 1233, 1316, 1360, 1392 and 1409 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 597 and 40 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Vanasek, by request, introduced:

H. F. No. 1614, A resolution memorializing Congress to call a constitutional convention to propose an amendment to the United States Constitution to require a balanced federal budget.

The bill was read for the first time and referred to the Committee on Budget.

Vanasek introduced:

H. F. No. 1615, A resolution memorializing the President and Congress to enact a balanced federal budget for fiscal year 1987.

The bill was read for the first time and referred to the Committee on Budget.

Vanasek introduced:

H. F. No. 1616, A resolution memorializing Congress to propose an amendment to the United States Constitution to require a balanced federal budget.

The bill was read for the first time and referred to the Committee on Budget.

Tjornhom; Olsen, S.; Dimler; Tompkins and Jacobs introduced:

H. F. No. 1617, A bill for an act relating to taxation; property; providing for assessment of homesteads of certain persons age 60 and older; amending Minnesota Statutes 1984, section 273.11, subdivision 1, and by adding a subdivision.

The bill was read for the first time and referred to the Committee on Taxes.

Riveness and Tjornhom introduced:

H. F. No. 1618, A bill for an act relating to education; establishing a pilot all-day kindergarten program in independent school district No. 280, Richfield; appropriating money.

The bill was read for the first time and referred to the Committee on Education.

HOUSE ADVISORIES

The following House Advisories were introduced:

Carlson, D., and Solberg introduced:

H. A. No. 20, A proposal to study medical malpractice insurance.

The advisory was referred to the Committee on Financial Institutions and Insurance.

McLaughlin; Thorson; Jennings, L.; Sherman and Peterson introduced:

H. A. No. 21, A proposal to study the barriers to the growth of the State's bed and breakfast industry.

The advisory was referred to the Committee on Commerce and Economic Development.

Bennett, Jacobs, Himle, O'Connor and Piepho introduced:

H. A. No. 22, A proposal to study the role of state government and of the Department of Public Safety in the regulation of alcoholic beverages.

The advisory was referred to the Committee on Commerce and Economic Development.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 157, A bill for an act relating to elections; requiring that a candidate for school district office be eligible to hold office; amending Minnesota Statutes 1984, section 123.32, subdivision 4.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 91, A bill for an act relating to elections; providing for the preparation and availability of correct precinct lists; amending Minnesota Statutes 1984, section 201.091, subdivision 2.

H. F. No. 316, A bill for an act relating to the military; providing for the appointment of an additional assistant adjutant general for the army national guard; amending Minnesota Statutes 1984, section 190.08, subdivision 1.

H. F. No. 379, A bill for an act relating to elections; qualifying certain persons to be election judges; amending Minnesota Statutes 1984, section 204B.19, subdivision 2.

H. F. No. 415, A bill for an act relating to elections; permitting certain reports to be made by certified mail; amending Minnesota Statutes 1984, section 10A.20, subdivision 5.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 241, A bill for an act relating to commerce; modifying certain motor vehicle sale and distribution regulations; amending Minnesota Statutes 1984, sections 80E.04, subdivision 4; 80E.06, subdivision 1; 80E.10, subdivision 5; 80E.12; and 80E.14, subdivision 1; repealing Minnesota Statutes 1984, section 80E.03, subdivision 11.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 221, A bill for an act relating to highways; designating the George Mann Memorial Highway; amending Minnesota Statutes 1984, section 161.14, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 320, A bill for an act relating to the city of Roseville; increasing the total number of on-sale liquor licenses.

H. F. No. 604, A bill for an act relating to agriculture; eliminating license requirement for fur farmers; establishing a registration system; providing definitions; defining agricultural products and pursuits related to fur farming; proposing coding for new law in Minnesota Statutes, chapter 17; repealing Minnesota Statutes 1984, section 17.35.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 158, A bill for an act relating to taxation; increasing the amount statutory cities and towns may levy for a public cemetery; amending Minnesota Statutes 1984, section 471.24.

H. F. No. 485, A bill for an act relating to the city of Lismore; authorizing it to issue bonds for municipal facilities.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 953, A bill for an act relating to the city of Hermantown; permitting the city to fix the size of its public utilities commission.

H. F. No. 1065, A bill for an act relating to local government; permitting the municipal board to require meetings to discuss disputed issues; amending Minnesota Statutes 1984, section 414.-01, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the adoption by the Senate of the following House Concurrent Resolution, herewith returned:

House Concurrent Resolution No. 10, A house concurrent resolution congratulating Minnesota Rural Electric Cooperatives on their 50th Anniversary.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 461, A bill for an act relating to courts; providing that Ramsey municipal court judges shall set salaries of conciliation court referees in Ramsey county; amending Minnesota Statutes 1984, section 488A.30, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Cohen moved that the House concur in the Senate amendments to H. F. No. 461 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 461, A bill for an act relating to courts; providing that Ramsey municipal court judges shall set salaries of conciliation court referees in Ramsey county; amending Minnesota Statutes 1984, section 488A.30, subdivision 1.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 93 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Fjoslien	Levi	Piepho	Sparby
Backlund	Forsythe	Lieder	Piper	Stanius
Battaglia	Frederick	Long	Poppenhagen	Sviggum
Beard	Frederickson	McDonald	Price	Thiede
Becklin	Gruenes	McEachern	Quinn	Thorson
Bennett	Gutknecht	McKasy	Rees	Tomlinson
Bishop	Hartinger	McLaughlin	Rest	Tompkins
Boerboom	Hartle	McPherson	Richter	Tunheim
Boo	Haukoos	Metzen	Riveness	Uphus
Burger	Heap	Miller	Rodosovich	Valan
Carlson, D.	Jaros	Murphy	Rose	Vellenga
Carlson, J.	Johnson	Nelson, D.	Sarna	Voss
Carlson, L.	Kalis	Norton	Schafer	Waltman
Clausnitzer	Kelly	O'Connor	Seaberg	Welle
Cohen	Kiffmeyer	Olson, E.	Segal	Wenzel
DenOuden	Knickerbocker	Onnen	Shaver	Zaffke
Dyke	Knuth	Otis	Sherman	Spk. Jennings, D.
Elioff	Kostohryz	Ozment	Simoneau	
Erickson	Krueger	Peterson	Solberg	

The bill was repassed, as amended by the Senate, and its title agreed to.

POINT OF ORDER

Simoneau raised a point of order pursuant to section 504 of "Mason's Manual of Legislative Procedure" relating to a quorum call. The Speaker ruled the point of order not well taken.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 151, A bill for an act relating to education; prohibiting a school district from commencing the school year prior to Labor Day; amending Minnesota Statutes 1984, section 126.12.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Thiede moved that the House concur in the Senate amendments to H. F. No. 151 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 151, A bill for an act relating to education; prohibiting a school district from commencing the school year prior to Labor Day; amending Minnesota Statutes 1984, section 126.12.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 74 yeas and 49 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Forsythe	Knuth	O'Connor	Shaver
Battaglia	Frederick	Kostohryz	Ogren	Sherman
Beard	Gutknecht	Krueger	Olson, E.	Solberg
Becklin	Halberg	Levi	Osthoff	Sparby
Begich	Hartinger	Lieder	Peterson	Stanius
Bennett	Hartle	Long	Poppenhagen	Thiede
Blatz	Heap	Marsh	Price	Thorson
Boo	Himle	McDonald	Quist	Tjornhom
Brinkman	Jacobs	McEachern	Redalen	Tunheim
Carlson, D.	Jaros	Metzen	Rees	Uphus
Clausnitzer	Johnson	Minne	Richter	Voss
Cohen	Kahn	Munger	Rodosovich	Wenzel
Elioff	Kelly	Murphy	Sarna	Zaffke
Erickson	Kiffmeyer	Neuenschwander	Schafer	Spk. Jennings, D.
Fjoslien	Knickerbocker	Norton	Segal	

Those who voted in the negative were:

Anderson, G.	DenOuden	Kvam	Ozment	Skoglund
Bishop	Dimler	McKasy	Pappas	Staten
Boerboom	Dyke	McLaughlin	Piepho	Tomlinson
Brandl	Ellingson	McPherson	Piper	Tompkins
Brown	Frederickson	Miller	Rest	Valan
Burger	Frerichs	Nelson, D.	Rice	Vellenga
Carlson, J.	Greenfield	Nelson, K.	Riveness	Waltman
Carlson, L.	Gruenes	Olson, S.	Rose	Welle
Clark	Haukoos	Onnen	Seaberg	Wynia
Dempsey	Kalis	Otis	Simoneau	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1, A bill for an act relating to local government: establishing a procedure to consolidate the cities of International Falls and South International Falls; authorizing a special mill levy in the event of consolidation.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Neuenschwander moved that the House concur in the Senate amendments to H. F. No. 1 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1, A bill for an act relating to local government; establishing a procedure to consolidate the cities of International Falls and South International Falls; authorizing a special mill levy in the event of consolidation.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dyke	Kostohryz	Osthoff	Shaver
Anderson, R.	Elioff	Krueger	Otis	Sherman
Backlund	Ellingson	Kvam	Ozment	Simoneau
Battaglia	Erickson	Levi	Pappas	Skoglund
Beard	Fjoslien	Lieder	Pauly	Solberg
Becklin	Forsythe	Long	Peterson	Sparby
Begich	Frederick	Marsh	Piepho	Stanius
Bennett	Frederickson	McDonald	Piper	Staten
Bishop	Frerichs	McEachern	Poppenhagen	Sviggum
Blatz	Greenfield	McLaughlin	Price	Thorson
Boerboom	Gruenes	McPherson	Quinn	Tjornhom
Boo	Hartinger	Metzen	Quist	Tomlinson
Brandl	Hartle	Miller	Redalen	Tompkins
Brinkman	Haukoos	Minne	Rees	Tunheim
Brown	Heap	Munger	Rest	Uphus
Burger	Himle	Murphy	Rice	Valan
Carlson, D.	Jacobs	Nelson, D.	Richter	Valento
Carlson, J.	Jaros	Nelson, K.	Riveness	Vellenga
Carlson, L.	Johnson	Neuenschwander	Rodosovich	Voss
Clark	Kahn	Norton	Rose	Waltman
Clausnitzer	Kalis	O'Connor	Sarna	Welle
Cohen	Kelly	Ogren	Schafer	Wenzel
Dempsey	Kiffmeyer	Olsen, S.	Scheid	Wynia
DenOuden	Knickerbocker	Olson, E.	Seaberg	Zaffke
Dimler	Knuth	Onnen	Segal	Spk. Jennings, D.

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 183, A bill for an act relating to commerce; modifying the finance charge on certain open end credit sales; amending Minnesota Statutes 1984, section 334.16, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Himle moved that the House concur in the Senate amendments to H. F. No. 183 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 183, A bill for an act relating to commerce; modifying the finance charge on certain open end credit sales; providing for notice of increased interest rates; amending Minnesota Statutes 1984, section 334.16, subdivision 1.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 79 yeas and 48 nays as follows:

Those who voted in the affirmative were:

Becklin	Dyke	Kalis	Neuenschwander	Stanius
Bennett	Erickson	Kiffmeyer	Olsen, S.	Sviggum
Bishop	Frederick	Knickerbocker	Onnen	Thiede
Blatz	Frederickson	Knuth	Pauly	Thorson
Boerboom	Frerichs	Kostohryz	Poppenhagen	Tjornhom
Boo	Gruenes	Krueger	Quist	Tompkins
Brandl	Gutknecht	Kvam	Redalen	Uphus
Brinkman	Halberg	Levi	Rees	Valan
Burger	Hartinger	Lieder	Richter	Valento
Carlson, D.	Hartle	Marsh	Rodosovich	Vellenga
Carlson, J.	Haukoos	McDonald	Rose	Waltman
Clausnitzer	Heap	McKasy	Schafer	Welle
Cohen	Himle	McPherson	Schreiber	Wenzel
Dempsey	Jacobs	Metzen	Seaberg	Zaffke
DenOuden	Jaros	Miller	Shaver	Spk. Jennings, D.
Dimler	Johnson	Nelson, K.	Sherman	

Those who voted in the negative were:

Anderson, G.	Carlson, L.	Kahn	Munger	Olson, E.
Backlund	Clark	Kelly	Murphy	Osthoff
Battaglia	Elioff	Long	Nelson, D.	Otis
Beard	Ellingson	McEachern	Norton	Pappas
Begich	Fjoslien	McLaughlin	O'Connor	Peterson
Brown	Greenfield	Minne	Ogren	Piper

Price	Riveness	Segal	Sparby	Voss
Quinn	Sarna	Simoneau	Staten	Wynia
Rest	Scheid	Skoglund	Tomlinson	
Rice	Schoenfeld	Solberg	Tunheim	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1216, A bill for an act relating to agriculture; clarifying the meaning of lender in the Minnesota emergency farm operating loans act; amending Laws 1985, chapter 4, section 3, subdivision 8.

PATRICK E. FLAHAVEN, Secretary of the Senate

Redalen moved that the House refuse to concur in the Senate amendments to H. F. No. 1216, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 364.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 664, 743, 1099 and 1119.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 880.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 581, 994 and 1029.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 364, A bill for an act relating to health; expanding the purposes of health care review organizations; amending Minnesota Statutes 1984, section 145.61, subdivision 5.

The bill was read for the first time.

Poppenhagen moved that S. F. No. 364 and H. F. No. 818, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 664, A bill for an act relating to natural resources; revising the boundaries of certain state forests; creating a new state forest; amending Minnesota Statutes 1984, section 89.021, subdivisions 18, 28, 33, and by adding a subdivision.

The bill was read for the first time.

Waltman moved that S. F. No. 664 and H. F. No. 998, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 743, A bill for an act relating to corporations; allowing nonprofit corporations to establish, maintain, and operate common trust funds; proposing coding for new law in Minnesota Statutes, chapter 317.

The bill was read for the first time.

Onnen moved that S. F. No. 743 and H. F. No. 695, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1099, A resolution memorializing the President and Congress of the United States to award posthumous Medals of Freedom to Andrew Goodman, Michael Schwerner, and James Chaney.

The bill was read for the first time.

Wenzel moved that S. F. No. 1099 and H. F. No. 1088, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1119, A bill for an act relating to local government; increasing the amount that a county board may credit to the sheriff's contingency fund; amending Minnesota Statutes 1984, section 387.212.

The bill was read for the first time.

Brinkman moved that S. F. No. 1119 and H. F. No. 1316, now on the Technical Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 880, A resolution memorializing the United States Department of Energy of Minnesota's opposition to the siting of a high-level radioactive waste disposal site in Minnesota pursuant to the Nuclear Waste Policy Act of 1982.

The bill was read for the first time.

Rose moved that S. F. No. 880 and H. F. No. 1017, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 581, A bill for an act relating to commerce; authorizing certain investments in obligations of or guaranteed by the United States and certain other authorized securities; amending Minnesota Statutes 1984, sections 48.61, by adding a subdivision; 475.66, subdivision 3; 501.125, by adding a subdivision; and 501.66, subdivision 6.

The bill was read for the first time and referred to the Committee on Financial Institutions and Insurance.

S. F. No. 994, A bill for an act relating to education; authorizing the transfer of certain state land unneeded for community

college purposes to certain cities to be used for student housing; authorizing the sale of certain community college land in Worthington; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 136.

The bill was read for the first time.

Dyke moved that S. F. No. 994 and H. F. No. 1011, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1029, A bill for an act relating to drivers licenses; providing for access to drivers license photographic negatives; amending Minnesota Statutes 1984, section 171.07, subdivision 1a.

The bill was read for the first time.

Kiffmeyer moved that S. F. No. 1029 and H. F. No. 1191, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Levi, from the Committee on Rules and Legislative Administration, pursuant to Rule 1.9, designated the following bills as Special Orders for today, April 24, 1985, immediately preceding the Consent Calendar:

H. F. Nos. 683, 633, 882, 889, 937, 1011, 264, 634, 708, 1109, 563, 781, 959, 1023, 1106, 1170, 1178, 1370, 1161, 1280, 135, 1116, 1266, 1308, 1375, 1417, 782, 592, 1503, 784 and 1165.

SPECIAL ORDERS

H. F. No. 683, A bill for an act relating to probate; allowing a minor to be a donor for purposes of the Uniform Anatomical Gift Act; amending Minnesota Statutes 1984, sections 525.922, subdivision 1; and 525.924, by adding a subdivision.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 124 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dyke	Knuth	Otis	Simoneau
Anderson, R.	Elioff	Kostohryz	Ozment	Skoglund
Backlund	Ellingson	Krueger	Pappas	Solberg
Battaglia	Erickson	Levi	Pauly	Sparby
Beard	Fjoslien	Lieder	Peterson	Stanius
Becklin	Forsythe	Long	Piepho	Staten
Begich	Frederick	Marsh	Piper	Sviggum
Bennett	Frederickson	McDonald	Poppenhagen	Thiede
Bishop	Frerichs	McEachern	Price	Thorson
Blatz	Greenfield	McLaughlin	Quinn	Tjornhom
Boerboom	Gruenes	McPherson	Rees	Tomlinson
Boo	Gutknecht	Metzen	Rest	Tompkins
Brandl	Halberg	Miller	Rice	Tunheim
Brinkman	Hartinger	Minne	Richter	Uphus
Brown	Hartle	Munger	Riveness	Valan
Burger	Heap	Murphy	Rodosovich	Valento
Carlson, D.	Himle	Nelson, D.	Rose	Vellenga
Carlson, J.	Jacobs	Nelson, K.	Sarna	Voss
Carlson, L.	Jaros	Norton	Schafer	Waltman
Clark	Johnson	O'Connor	Scheid	Welle
Clausnitzer	Kahn	Ogren	Schoenfeld	Wenzel
Cohen	Kalis	Olsen, S.	Seaberg	Wynia
Dempsey	Kelly	Olson, E.	Segal	Zaffke
DenOuden	Kiffmeyer	Onnen	Shaver	Spk. Jennings, D.
Dimler	Knickerbocker	Osthoff	Sherman	

The bill was passed and its title agreed to.

H. F. No. 633 was reported to the House.

Dempsey and Quist moved to amend H. F. No. 633, the first engrossment, as follows:

Page 2, after line 5, insert:

"Sec. 3. [TEMPORARY DEFINITION OF SCHOOL BUS.]

Notwithstanding Minnesota Statutes 1984, section 169.01, subdivision 6 to the contrary, the definition of school bus does not include a motor vehicle designed to carry fewer than 16 passengers and which does not, at any time, take on or let off passengers from the right-of-way of a public highway, street, or road.

Sec. 4. [REPEALER.]

Section 3 is repealed September 1, 1986."

Page 2, line 7, delete "*and 2*" and insert "*to 4*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon insert "providing for a temporary definition of school bus;"

The motion prevailed and the amendment was adopted.

H. F. No. 633, A bill for an act relating to traffic regulations; providing for a temporary definition of school bus; providing for book racks and "MN" designation on school buses; amending Minnesota Statutes 1984, section 169.44, by adding subdivisions.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 122 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dyke	Knuth	Otis	Shaver
Anderson, R.	Elioff	Kostohryz	Ozment	Simoneau
Backlund	Ellingson	Krueger	Pappas	Skoglund
Battaglia	Erickson	Kvam	Pauly	Sparby
Beard	Fjoslien	Levi	Peterson	Stanius
Becklin	Forsythe	Lieder	Piepho	Sviggum
Begich	Frederick	Long	Piper	Thorson
Bennett	Frederickson	Marsh	Poppenhagen	Tjornhom
Bishop	Frerichs	McDonald	Price	Tomlinson
Blatz	Greenfield	McEachern	Quinn	Tompkins
Boerboom	Gruenes	McLaughlin	Quist	Tunheim
Boo	Gutknecht	McPherson	Redalen	Uphus
Brandl	Halberg	Metzen	Rees	Valan
Brinkman	Hartinger	Miller	Rest	Valento
Brown	Hartle	Minne	Rice	Vanasek
Burger	Haukoos	Munger	Richter	Vellenga
Carlson, D.	Heap	Murphy	Riveness	Voss
Carlson, J.	Himle	Nelson, D.	Rodosovich	Waltman
Carlson, L.	Jacobs	Nelson, K.	Rose	Welle
Clark	Johnson	Neuenschwander	Sarna	Wenzel
Clausnitzer	Kahn	Norton	Schafer	Wynia
Cohen	Kalis	Olsen, S.	Scheid	Spk. Jennings, D.
Dempsey	Kelly	Olson, E.	Schoenfeld	
DenOuden	Kiffmeyer	Onnen	Seaberg	
Dimler	Knickerbocker	Osthoff	Segal	

Those who voted in the negative were:

O'Connor	Ogren	Thiede

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

Ellingson was excused between the hours of 2:50 p.m. and 5:35 p.m.

H. F. No. 882, A bill for an act relating to natural resources; authorizing the commissioner to enter into agreements with other states for forest fire prevention and suppression purposes; proposing coding for new law in Minnesota Statutes, chapter 88.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 124 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dyke	Knuth	Onnen	Shaver
Anderson, R.	Elioff	Kostohryz	Osthoff	Simoneau
Backlund	Erickson	Krueger	Otis	Skoglund
Battaglia	Fjoslien	Kvam	Ozment	Sparby
Beard	Forsythe	Levi	Pappas	Stanius
Becklin	Frederick	Lieder	Pauly	Staten
Begich	Frederickson	Long	Peterson	Sviggum
Bennett	Frerichs	Marsh	Piepho	Thiede
Bishop	Greenfield	McDonald	Piper	Thorson
Blatz	Gruenes	McEachern	Poppenhagen	Tjornhom
Boerboom	Gutknecht	McLaughlin	Price	Tomlinson
Boo	Halberg	McPherson	Quinn	Tompkins
Brandl	Hartinger	Metzen	Redalen	Tunheim
Brinkman	Hartle	Miller	Rees	Uphus
Brown	Haukoos	Minne	Rest	Valan
Burger	Heap	Munger	Rice	Valento
Carlson, D.	Himle	Murphy	Richter	Vanasek
Carlson, J.	Jacobs	Nelson, D.	Riveness	Vellenga
Carlson, L.	Jaros	Nelson, K.	Rodosovich	Voss
Clark	Johnson	Neuenschwander	Sarna	Waltman
Clausnitzer	Kahn	Norton	Schafer	Welle
Cohen	Kalis	O'Connor	Scheid	Wenzel
Dempsey	Kelly	Ogren	Schoenfeld	Wynia
DenOuden	Kiffmeyer	Olsen, S.	Seaberg	Spk. Jennings, D.
Dimler	Knickerbocker	Olson, E.	Segal	

The bill was passed and its title agreed to.

H. F. No. 889 was reported to the House.

Schreiber moved to amend H. F. No. 889, the first engrossment, as follows:

Page 14, after line 30, insert:

"Sec. 17. [STATE PLANNING AGENCY STUDY.]

The state planning agency, in consultation with local government officials and others that it deems appropriate, shall study

the roles of county, city, and town government in land use planning and the provision of governmental services. The studies shall review current law relating to land use planning and address how the current allocation of powers and functions among the governmental units for land use control and the provision of governmental services relates to the efficiency with which governmental services are provided, the preservation of land for agricultural use and for use as open space, and equity between taxpayers in cities and those in towns. The state planning agency shall submit a report of its study, including its recommendations, to the local and urban government committee in the senate, the local and urban affairs committee in the house of representatives, and to the governor's council on local government no later than January 15, 1986."

Renumber the remaining sections

A roll call was requested and properly seconded.

Onnen moved to amend the Schreiber amendment to H. F. No. 889, the first engrossment, as follows:

In the Schreiber amendment, Page 1, line 5, delete "*consultation*" and insert "*coordination*"

The motion did not prevail and the amendment to the amendment was not adopted.

The question recurred on the Schreiber amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 88 yeas and 33 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederickson	Long	Peterson	Simoneau
Battaglia	Greenfield	Marsh	Piper	Skoglund
Beard	Gruenes	McKasy	Poppenhagen	Solberg
Begich	Halberg	McLaughlin	Price	Sparby
Bennett	Hartinger	Metzen	Quinn	Staten
Blatz	Hartle	Minne	Quist	Thorson
Boo	Haukoos	Murphy	Redalen	Tjornhom
Brandl	Heap	Nelson, D.	Rest	Tomlinson
Brinkman	Himle	Nelson, K.	Rice	Tunheim
Brown	Jacobs	Neuenschwander	Riveness	Valan
Burger	Kahn	Norton	Rodosovich	Valento
Carlson, L.	Kelly	O'Connor	Rose	Vanasek
Clausnitzer	Knickerbocker	Olsen, S.	Scheid	Voss
Cohen	Knuth	Olson, E.	Schreiber	Wynia
Dempsey	Kostohryz	Otis	Seaberg	Zaffke
Dyke	Kvam	Ozment	Segal	Spk. Jennings, D.
Elioff	Levi	Pappas	Shaver	
Frederick	Lieder	Pauly	Sherman	

Those who voted in the negative were:

Anderson, R.	DenOuden	Johnson	Onnen	Thiede
Backlund	Dimler	Kalis	Piepho	Uphus
Becklin	Erickson	Kiffmeyer	Rees	Waltman
Bishop	Fjoslien	Krueger	Richter	Welle
Boerboom	Forsythe	McDonald	Schafer	Wenzel
Carlson, D.	Frerichs	McPherson	Schoenfeld	
Carlson, J.	Gutknecht	Miller	Sviggum	

The motion prevailed and the amendment was adopted.

POINT OF ORDER

DenOuden raised a point of order pursuant to rule 5.7 that H. F. No. 889, as amended, be re-referred to the Committee on Appropriations.

Pursuant to section 244 of "Mason's Manual of Legislative Procedure" the Speaker deferred his decision on the DenOuden point of order and H. F. No. 889, as amended, was continued on Special Orders.

Halberg was excused for the remainder of today's session.

H. F. No. 937 was reported to the House.

Kahn moved to amend H. F. No. 937, as follows:

Pages 1 and 2, delete sections 2 and 3

Renumber the remaining sections

Amend the title as follows:

Page 1, line 5, delete "subdivisions 1, 3, and" and insert "subdivision"

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

H. F. No. 937, A bill for an act relating to wild animals; altering provisions relating to taking and possession of certain animals; amending Minnesota Statutes 1984, sections 98.48, subdivision 5; 100.27, subdivisions 1, 3, and 4; and 100.29, subdivisions 15 and 25.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 86 yeas and 41 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dimler	Krueger	Piepho	Sviggum
Anderson, R.	Dyke	Kvam	Poppenhagen	Thiede
Backlund	Elioff	Levi	Price	Thorson
Battaglia	Erickson	Lieder	Quinn	Tompkins
Beard	Fjoslien	Marsh	Quist	Tunheim
Becklin	Frederick	McDonald	Redalen	Uphus
Begich	Frederickson	McKasy	Rees	Valan
Bishop	Frerichs	McPherson	Richter	Valento
Boerboom	Gruenes	Miller	Rose	Vellenga
Boo	Hartinger	Minne	Sarna	Voss
Brandl	Hartle	Neuenschwander	Schafer	Waltman
Brinkman	Heap	Ogren	Schoenfeld	Wenzel
Burger	Jacobs	Olsen, S.	Schreiber	Zaffke
Carlson, D.	Jennings, L.	Olson, E.	Seaberg	Spk. Jennings, D.
Carlson, J.	Johnson	Onnen	Sherman	
Clausnitzer	Kalis	Otis	Solberg	
Dempsey	Kiffmeyer	Ozment	Sparby	
DenOuden	Kostohryz	Peterson	Stanius	

Those who voted in the negative were:

Bennett	Himle	Metzen	Piper	Staten
Blatz	Jaros	Munger	Rest	Tjornhom
Brown	Kahn	Murphy	Rice	Tomlinson
Carlson, L.	Kelly	Nelson, K.	Riveness	Welle
Clark	Knickerbocker	Norton	Scheid	Wynia
Cohen	Knuth	O'Connor	Segal	
Forsythe	Long	Osthoff	Shaver	
Greenfield	McEachern	Pappas	Simoneau	
Gutknecht	McLaughlin	Pauly	Skoglund	

The bill was passed and its title agreed to.

H. F. No. 264 was reported to the House.

There being no objection H. F. No. 264 was temporarily laid over on Special Orders.

H. F. No. 634 was reported to the House.

Shaver moved that H. F. No. 634 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 708 was reported to the House.

McDonald moved that H. F. No. 708 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 1109 was reported to the House and given its third reading.

MOTION FOR RECONSIDERATION

Frerichs moved that the action whereby H. F. No. 1109 was given its third reading be now reconsidered. The motion prevailed.

Frerichs moved that H. F. No. 1109 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 264 which was temporarily laid over earlier today was again reported to the House.

Anderson, G., was excused for the remainder of today's session.

Fjoslien, Sparby and Carlson, D., moved to amend H. F. No. 264, the first engrossment, as follows:

Pages 1 and 2, delete sections 1, 2 and 4

Page 2, line 9, delete "Sec. 3" and insert "Section 1"

Page 2, line 10, delete "*6*" and insert "*3*"

Page 2, line 26, delete "*6*" and insert "*3*"

Page 3, line 28, delete "*8*" and insert "*5*"

Page 3, line 31, delete "*8, 9*" and insert "*5, 6*"

Page 4, line 2, delete "*7 to 10*" and insert "*4 to 7*"

Renumber the sections in sequence

A roll call was requested and properly seconded.

The question was taken on the Fjoslien et al. amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 58 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Becklin	Brinkman	DenOuden	Frerichs	Johnson
Begich	Brown	Dimler	Gruenes	Kalis
Bennett	Carlson, D.	Dyke	Hartinger	Kiffmeyer
Boerboom	Carlson, J.	Erickson	Hartle	Kostohryz
Boo	Dempsey	Fjoslien	Jacobs	Krueger

Kvam	Olson, E.	Richter	Stanius	Valento
McEachern	Onnen	Sarna	Sviggum	Vanasek
McPherson	Pappas	Schafer	Thiede	Waltman
Miller	Peterson	Seaberg	Thorson	Wenzel
Minne	Piepho	Sherman	Tunheim	Zaffke
Neuenschwander	Quist	Solberg	Uphus	
Ogren	Redalen	Sparby	Valan	

Those who voted in the negative were:

Anderson, R.	Frederickson	Marsh	Ozment	Schreiber
Backlund	Greenfield	McDonald	Pauly	Segal
Battaglia	Gutknecht	McKasy	Piper	Shaver
Beard	Haukoos	McLaughlin	Poppenhagen	Simoneau
Bishop	Heap	Metzen	Price	Skoglund
Blatz	Himle	Munger	Quinn	Staten
Brandl	Jaros	Murphy	Rees	Tjornhom
Burger	Kahn	Nelson, D.	Rest	Tomlinson
Carlson, L.	Kelly	Nelson, K.	Rice	Tompkins
Clark	Knickerbocker	Norton	Riveness	Vellenga
Clausnitzer	Knuth	O'Connor	Rodosovich	Voss
Cohen	Levi	Olsen, S.	Rose	Welle
Elioff	Lieder	Osthoff	Scheid	Wynia
Forsythe	Long	Otis	Schoenfeld	Spk. Jennings, D.

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

Kelly moved to amend H. F. No. 264, the first engrossment, as follows:

Page 3, line 6, strike "animal" insert "*dog*"

Page 3, line 12, delete "*animal*" insert "*dog*"

Page 3, line 24, delete "*animal*" insert "*dog*"

Page 3, line 32, delete "*animal*" insert "*dog*"

Page 3, line 34, delete "*animal*" insert "*dog*"

Page 3, line 35, delete "*animal*" insert "*dog*"

The motion prevailed and the amendment was adopted.

Heap moved to amend H. F. No. 264, the first engrossment, as amended, as follows:

Page 3, line 19, delete ", *and includes*"

Page 3, delete line 20

Page 3, line 21, delete "*bruise*"

Page 3, line 26, delete "*gross*"

Page 3, delete lines 27 and 28

Olsen, S., requested a division of the Heap amendment.

Heap moved that H. F. No. 264, as amended, be continued on Special Orders for one day. The motion prevailed.

Levi moved that the remaining bills on Special Orders for today be continued one day. The motion prevailed.

CONSENT CALENDAR

Levi moved that the bills on the Consent Calendar for today be continued one day. The motion prevailed.

GENERAL ORDERS

Levi moved that the bills on General Orders for today be continued one day. The motion prevailed.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1216:

Redalen; Anderson, G., and McDonald.

MOTIONS AND RESOLUTIONS

Hartinger moved that the names of Bishop and Kelly be added as authors on H. F. No. 690. The motion prevailed.

Skoglund moved that his name be stricken as an author on H. F. No. 756. The motion prevailed.

Heap moved that the name of Sparby be added as an author on H. F. No. 976. The motion prevailed.

Kostohryz moved that the name of Riveness be added as an author on H. F. No. 1033. The motion prevailed.

Gruenes moved that H. F. No. 911, now on General Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

Tjornhom moved that H. F. No. 1248, now on General Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

Ozment moved that H. F. No. 1250, now on General Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

Schreiber moved that H. F. No. 1402 be recalled from the Committee on Budget and be re-referred to the Committee on Taxes. The motion prevailed.

Schafer moved that H. F. No. 803 be returned to its author. The motion prevailed.

Ozment moved that H. F. No. 686 be returned to its author. The motion prevailed.

Piepho moved that H. F. No. 833 be returned to its author. The motion prevailed.

Price; Olsen, S.; Levi; Tjornhom and Forsythe introduced:

House Resolution No. 28, A house resolution congratulating the seven Minnesota secondary schools recognized by the United States Department of Education for educational excellence.

The resolution was referred to the Committee on Education.

Clark introduced:

House Resolution No. 29, A house resolution directing the reinstallation of recycling barrels in the State Office Building.

The resolution was referred to the Committee on Rules and Legislative Administration.

Elioff introduced:

House Resolution No. 30, A house resolution commending and congratulating Arnold T. Baland for his longtime contribution to public awareness in Minnesota of the nature and importance of our freedoms under our democratic system of government.

The resolution was referred to the Committee on Rules and Legislative Administration.

Kahn, Greenfield, Segal, Cohen and Norton introduced:

House Resolution No. 31, A house resolution expressing the sense of the House of Representatives that the President of the United States should not pay tribute to those who perpetrated the holocaust.

SUSPENSION OF RULES

Kahn moved that the rules be so far suspended that House Resolution No. 31 be now considered and be placed upon its adoption.

A roll call was requested and properly seconded.

The question was taken on the Kahn motion and the roll was called. There were 92 yeas and 14 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Greenfield	McDonald	Peterson	Staten
Backlund	Gruenes	McEachern	Piper	Thorson
Battaglia	Hartinger	McKasy	Poppenhagen	Tjornhom
Beard	Hartle	McLaughlin	Price	Tomlinson
Begich	Himle	McPherson	Quist	Tunheim
Blatz	Jaros	Minne	Rees	Uphus
Brandl	Jennings, L.	Munger	Rest	Valan
Brown	Johnson	Murphy	Rice	Vanasek
Burger	Kahn	Nelson, D.	Riveness	Vellenga
Carlson, L.	Kalis	Nelson, K.	Rodosovich	Voss
Clark	Kelly	Norton	Sarna	Waltman
Clausnitzer	Knuth	O'Connor	Scheid	Welle
Cohen	Kostohryz	Ogren	Schoenfeld	Wenzel
DenOuden	Krueger	Olsen, S.	Seaberg	Wynia
Dyke	Kvam	Olson, E.	Segal	Zaffke
Elioff	Levi	Onnen	Sherman	Spk. Jennings, D.
Forsythe	Lieder	Osthoff	Simoneau	
Frederick	Long	Otis	Skoglund	
Frederickson	Marsh	Ozment	Solberg	

Those who voted in the negative were:

Bishop	Carlson, J.	Kiffmeyer	Redalen	Thiede
Boerboom	Fjoslien	Miller	Richter	Tompkins
Carlson, D.	Gutknecht	Piepho	Schafer	

The motion prevailed.

HOUSE RESOLUTION NO. 31

A house resolution expressing the sense of the House of Representatives that the President of the United States should not pay tribute to those who perpetrated the holocaust.

Whereas, the plans for the President of the United States' trip to Germany include a visit and wreath laying at a cemetery where members of the Waffen SS who died in the Battle of the Bulge are buried; and

Whereas, the Waffen SS is one of the units primarily responsible for the perpetration of the holocaust; and

Whereas, it is not only beyond understanding why any tribute would be paid to the deceased Waffen SS members but is morally wrong and offensive to the survivors of the holocaust and the American and other allied soldiers who fought against the Nazi regime; and

Whereas, alternatives have been suggested, including visiting one of the many former concentration or extermination camp sites, as an appropriate remembrance of World War II; and

Whereas, the President of the United States should heed the just indignation of religious and veterans groups and many individual Americans about the proposed honoring of the battle casualties including Waffen SS troopers; *Now, Therefore,*

Be It Resolved by the House of Representatives of the State of Minnesota that it is its sense that a visit by the President of the United States to a cemetery including Waffen SS troopers is an outrage. The visit should be replaced with one to a former concentration or extermination camp site to honor those who were victims of the Waffen SS or other groups perpetrating the Nazi horror.

DenOuden moved to amend House Resolution No. 31, as follows:

Page 1, line 13, delete "tribute" insert "consideration"

Amend the title as follows:

Page 1, line 3, delete "pay" insert "visit Bitburg Cemetery"

Page 1, line 4, delete everything before the period

The motion prevailed and the amendment was adopted.

Kahn moved that House Resolution No. 31, as amended, be now adopted. The motion prevailed and House Resolution No. 31, as amended, was adopted.

ADJOURNMENT

Levi moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:00 p.m., Thursday, April 25, 1985.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-FOURTH SESSION – 1985

FORTY-FIFTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, APRIL 25, 1985

The House of Representatives convened at 2:00 p.m. and was called to order by David M. Jennings, Speaker of the House.

Prayer was offered by Reverend Howard C. Gravrock, House Chaplain.

The roll was called and the following members were present:

Anderson, G.	Erickson	Kvam	Pappas	Solberg
Anderson, R.	Fjoslien	Levi	Pauly	Sparby
Backlund	Forsythe	Lieder	Piepho	Stanius
Battaglia	Frederick	Marsh	Piper	Staten
Beard	Frederickson	McDonald	Poppenhagen	Sviggum
Becklin	Frerichs	McEachern	Price	Thiede
Begich	Greenfield	McKasy	Quinn	Thorson
Bennett	Gruenes	McLaughlin	Quist	Tjornhom
Bishop	Gutknecht	McPherson	Redalen	Tomlinson
Blatz	Halberg	Metzen	Rees	Tompkins
Boerboom	Hartinger	Miller	Rest	Tunheim
Boo	Hartle	Minne	Rice	Uphus
Brandl	Haukoos	Munger	Richter	Valan
Brinkman	Heap	Murphy	Riveness	Valento
Brown	Himle	Nelson, D.	Rodosovich	Vanasek
Burger	Jacobs	Nelson, K.	Rose	Vellenga
Carlson, D.	Jaros	Neuenschwander	Sarna	Voss
Carlson, J.	Jennings, L.	Norton	Schafer	Waltman
Carlson, L.	Johnson	O'Connor	Scheid	Welle
Clark	Kahn	Ogren	Schoenfeld	Wenzel
Clausnitzer	Kalis	Olsen, S.	Schreiber	Wynia
Cohen	Kelly	Olson, E.	Seaberg	Zaffke
Dempsey	Kiffmeyer	Omann	Segal	Spk. Jennings, D.
DenOuden	Knickerbocker	Onnen	Shaver	
Dimler	Knuth	Osthoff	Sherman	
Dyke	Kostohryz	Otis	Simoneau	
Ellingson	Krueger	Ozment	Skoglund	

A quorum was present.

Elioff and Peterson were excused.

Long was excused until 3:00 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. McDonald moved that further reading of the Journal be

dispensed with and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 492, 1233, 1316, 1360, 1392, 1409, 633, 889, 264 and 442 and S. F. Nos. 880, 664, 743, 1099, 1119, 364, 581, 994, 1029 and 40 have been placed in the members' files.

S. F. No. 1099 and H. F. No. 1088, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Wenzel moved that S. F. No. 1099 be substituted for H. F. No. 1088 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 664 and H. F. No. 998, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Waltman moved that S. F. No. 664 be substituted for H. F. No. 998 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1119 and H. F. No. 1316, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Brinkman moved that the rules be so far suspended that S. F. No. 1119 be substituted for H. F. No. 1316 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 364 and H. F. No. 818, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Poppenhagen moved that the rules be so far suspended that S. F. No. 364 be substituted for H. F. No. 818 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 743 and H. F. No. 695, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Onnen moved that the rules be so far suspended that S. F. No. 743 be substituted for H. F. No. 695 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 880 and H. F. No. 1017, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Rose moved that the rules be so far suspended that S. F. No. 880 be substituted for H. F. No. 1017 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 994 and H. F. No. 1011, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Dyke moved that the rules be so far suspended that S. F. No. 994 be substituted for H. F. No. 1011 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1029 and H. F. No. 1191, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Kiffmeyer moved that the rules be so far suspended that S. F. No. 1029 be substituted for H. F. No. 1191 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Schreiber from the Committee on Taxes to which was referred:

H. F. No. 756, A bill for an act relating to taxation; income; changing certain filing and payment dates for corporate estimated tax declarations; amending Minnesota Statutes 1984, section 290.932, subdivision 1; and 290.933, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. Minnesota Statutes 1984, section 10A.31, subdivision 1, is amended to read:

Subdivision 1. Every individual resident of Minnesota who files an income tax return or a renter and homeowner property tax refund return with the commissioner of revenue may designate on their original return that $2 shall be paid from the general fund of the state into the state elections campaign fund. If a husband and wife file a joint return, each spouse may designate that $2 shall be paid. (AN INDIVIDUAL WHO IS 18 YEARS OF AGE OR OLDER, WHO IS A RESIDENT OF MINNESOTA, AND WHO IS A DEPENDENT OF ANOTHER INDIVIDUAL WHO FILES A TAX RETURN OR A RENTER AND HOMEOWNER PROPERTY TAX REFUND RETURN, MAY DESIGNATE THAT $2 SHALL BE PAID FROM THE GENERAL FUND OF THE STATE INTO THE STATE ELECTIONS CAMPAIGN FUND.) No individual shall be allowed to designate $2 more than once in any year.

Sec. 2. Minnesota Statutes 1984, section 10A.31, subdivision 3, is amended to read:

Subd. 3. The commissioner of the department of revenue shall provide on the first page of the income tax form and the renter and homeowner property tax refund return a space for the (FILING) individual (AND ANY ADULT DEPENDENT OF THAT INDIVIDUAL) to indicate whether or not he wishes to allocate $2 ($4 if filing a joint return) from the general fund of the state to finance the election campaigns of state candidates. The form shall also contain language prepared by the commissioner which permits the individual to direct the state to allocate the $2 (or $4 if filing a joint return) to: (i) one of the major political parties; (ii) any minor political party as defined in section 10A.01, subdivision 13, which qualifies under the provisions of subdivision 3a; or (iii) all qualifying candidates as provided by subdivision 7. (THE DEPENDENT ON THE TAX RETURN OR THE RENTER AND HOMEOWNER PROPERTY TAX REFUND RETURN SHALL SIGN A STATEMENT WHICH AUTHORIZES THE DESIGNATION OF $2.) The renter and homeowner property tax refund return shall include instructions that the individual filing the return may designate $2 on the return only if he has not designated $2 on the income tax return.

Sec. 3. Minnesota Statutes 1984, section 13.04, subdivision 2, is amended to read:

Subd. 2. [INFORMATION REQUIRED TO BE GIVEN INDIVIDUAL.] An individual asked to supply private or confidential data concerning himself shall be informed of: (a) the

purpose and intended use of the requested data within the collecting state agency, political subdivision, or statewide system; (b) whether he may refuse or is legally required to supply the requested data; (c) any known consequence arising from his supplying or refusing to supply private or confidential data; and (d) the identity of other persons or entities authorized by state or federal law to receive the data. This requirement shall not apply when an individual is asked to supply investigative data, pursuant to section 13.82, subdivision 5, to a law enforcement officer.

The commissioner of revenue may place the notice required under this subdivision in the individual income tax or property tax refund instructions instead of on those forms.

Sec. 4. Minnesota Statutes 1984, section 41.55, is amended to read:

41.55 [ELIGIBILITY.]

A family farm security loan approval may be granted if the following criteria are satisfied:

(a) That the applicant is a resident of the state of Minnesota;

(b) That the applicant has sufficient education, training, or experience in the type of farming for which he wishes the loan and continued participation in a farm management program, approved by the commissioner, for at least the first ten years of the family farm security loan;

(c) That the applicant, his dependents and spouse have total net worth valued at less than $75,000 and has demonstrated a need for the loan;

(d) That the applicant intends to purchase farm land to be used by the applicant for agricultural purposes;

(e) That the applicant is credit worthy according to standards prescribed by the commissioner (;)

((F) THAT THE SELLER HAS NOT ACQUIRED THE FARM LAND FOR PURPOSES OF OBTAINING THE INCOME TAX EXEMPTION ALLOWED BY SECTIONS 41.58 AND LAWS 1976, CHAPTER 210, SECTION 12).

Sec. 5. Minnesota Statutes 1984, section 117.55, is amended to read:

117.55 [PAYMENTS NOT CONSIDERED INCOME FOR TAX OR PUBLIC ASSISTANCE PURPOSES.]

No payments received under sections 117.50 to 117.56 shall be considered (AS INCOME FOR THE PURPOSES OF CHAPTER 290, OR) for purposes of determining the eligibility or the extent of eligibility of any person for public assistance based on need under the laws of the state of Minnesota.

Sec. 6. Minnesota Statutes 1984, section 290.01, subdivision 20, is amended to read:

Subd. 20. [GROSS INCOME.] Except as otherwise provided in this chapter, the term "gross income," as applied to corporations includes every kind of compensation for labor or personal services of every kind from any private or public employment, office, position or services; income derived from the ownership or use of property; gains or profits derived from every kind of disposition of, or every kind of dealing in, property; income derived from the transaction of any trade or business; and income derived from any source.

The term "gross income" in its application to individuals, estates, and trusts shall mean the adjusted gross income as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this subdivision and in subdivisions 20a to 20f. For estates and trusts the adjusted gross income shall be their federal taxable income as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this subdivision and in subdivisions 20a to 20f.

(i) (THE INTERNAL REVENUE CODE OF 1954, AS AMENDED THROUGH DECEMBER 31, 1976, INCLUDING THE AMENDMENTS MADE TO SECTION 280A (RELATING TO LICENSED DAY CARE CENTERS) IN H. R. 3477 AS IT PASSED THE CONGRESS ON MAY 16, 1977, SHALL BE IN EFFECT FOR THE TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1976. THE PROVISIONS OF THE TAX REFORM ACT OF 1976, P.L. 94-455, WHICH AFFECT ADJUSTED GROSS INCOME SHALL BECOME EFFECTIVE FOR PURPOSES OF THIS CHAPTER AT THE SAME TIME THEY BECOME EFFECTIVE FOR FEDERAL INCOME TAX PURPOSES.)

(THE PROVISIONS OF SECTION 4 OF P.L. 95-458, SECTIONS 131, 133, 134, 141, 152, 156, 157, 405, AND 543 OF P.L. 95-600, AND SECTION 2 OF P.L. 96-608 (RELATING TO PENSIONS, INDIVIDUAL RETIREMENT ACCOUNTS, DEFERRED COMPENSATION PLANS, THE SALE OF A RESIDENCE AND TO CONSERVATION PAYMENTS TO FARMERS) INCLUDING THE AMENDMENTS MADE TO THESE SECTIONS IN P.L. 96-222 SHALL BE EFFECTIVE AT THE

SAME TIME THAT THESE PROVISIONS BECAME EFFECTIVE FOR FEDERAL INCOME TAX PURPOSES.)

((II) THE INTERNAL REVENUE CODE OF 1954, AS AMENDED THROUGH DECEMBER 31, 1979, SHALL BE IN EFFECT FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1979.)

((III)) The Internal Revenue Code of 1954, as amended through December 31, 1980, and as amended by sections 302(b) and 501 to 509 of Public Law Number 97-34, shall be in effect for taxable years beginning after December 31, 1980 including the provisions of section 404 (relating to partial exclusions of dividends and interest received by individuals) of the Crude Oil Windfall Profit Tax Act of 1980, P.L. 96-223. The provisions of P.L. 96-471 (relating to installment sales) sections 122, 123, 126, 201, 202, 203, 204, 211, 213, 214, 251, 261, 264, 265, 311(g)(3), 313, 314(a)(1), 321(a), 501 to 507, 811, and 812 of the Economic Recovery Tax Act of 1981, Public Law Number 97-34 and section 113 of Public Law Number 97-119 shall be effective at the same time that they become effective for federal income tax purposes.

((IV)) *(ii)* The Internal Revenue Code of 1954, as amended through December 31, 1981, shall be in effect for taxable years beginning after December 31, 1981. The provisions of sections 205(a), 214 to 222, 231, 232, 236, 247, 251, 252, 253, 265, 266, 285, 288, and 335 of the Tax Equity and Fiscal Responsibility Act of 1982, Public Law Number 97-248, section 6(b)(2) and (3) of the Subchapter S Revision Act of 1982, Public Law Number 97-354, section 517 of Public Law Number 97-424, sections 101(c) and (d), 102(a), (aa), (f)(4), (g), (j), (l), 103(c), 104(b)(3), 105, 305(d), 306(a)(9) of Public Law Number 97-448, and sections 101 and 102 of Public Law Number 97-473 shall be effective at the same time that they become effective for federal income tax purposes. The Payment-in-Kind Tax Treatment Act of 1983, Public Law Number 98-4, shall be effective at the same time that it becomes effective for federal income tax purposes.

((V)) *(iii)* The Internal Revenue Code of 1954, as amended through January 15, 1983, shall be in effect for taxable years beginning after December 31, 1982.

((VI)) *(iv)* The Internal Revenue Code of 1954, as amended through December 31, 1983, shall be in effect for taxable years beginning after December 31, 1983.

(v) The Internal Revenue Code of 1954, as amended through December 31, 1984, is in effect for taxable years beginning after December 31, 1984.

References to the Internal Revenue Code of 1954 in subdivisions 20a, 20b, (20C,) 20e, and 20f (SHALL) mean the code

in effect for the purpose of defining gross income for the applicable taxable year.

Sec. 7. Minnesota Statutes 1984, section 290.01, subdivision 20a, is amended to read:

Subd. 20a. [MODIFICATIONS INCREASING FEDERAL ADJUSTED GROSS INCOME.] There shall be added to federal adjusted gross income:

(1) Interest income on obligations of any state other than Minnesota or a political subdivision of any other state exempt from federal income taxes under the Internal Revenue Code of 1954;

(2) Income taxes imposed by this state or any other taxing jurisdiction, to the extent deductible in determining federal adjusted gross income and not credited against federal income tax;

(3) (THE AMOUNT OF ANY INCREASE IN THE TAXPAYER'S FEDERAL TAX LIABILITY UNDER SECTION 47 OF THE INTERNAL REVENUE CODE OF 1954 TO THE EXTENT OF THE CREDIT UNDER SECTION 38 OF THE INTERNAL REVENUE CODE OF 1954 THAT WAS PREVIOUSLY ALLOWED AS A DEDUCTION UNDER MINNESOTA STATUTES 1982, SECTION 290.01, SUBDIVISION 20B, CLAUSE (7);)

((4) EXPENSES AND LOSSES ARISING FROM A FARM WHICH ARE NOT ALLOWABLE UNDER SECTION 290.09, SUBDIVISION 29;)

((5) EXPENSES AND DEPRECIATION ATTRIBUTABLE TO SUBSTANDARD BUILDINGS DISALLOWED BY SECTION 290.101;)

((6) THE AMOUNT BY WHICH THE GAIN DETERMINED PURSUANT TO SECTION 41.59, SUBDIVISION 2 EXCEEDS THE AMOUNT OF SUCH GAIN INCLUDED IN FEDERAL ADJUSTED GROSS INCOME;)

((7) TO THE EXTENT DEDUCTED IN COMPUTING THE TAXPAYER'S FEDERAL ADJUSTED GROSS INCOME FOR THE TAXABLE YEAR, LOSSES RECOGNIZED UPON A TRANSFER OF PROPERTY TO THE SPOUSE OR FORMER SPOUSE OF THE TAXPAYER IN EXCHANGE FOR THE RELEASE OF THE SPOUSE'S MARITAL RIGHTS;)

((8)) Interest income from qualified scholarship funding bonds as defined in section 103(e) of the Internal Revenue Code

of 1954, if the nonprofit corporation is domiciled outside of Minnesota;

((9)) *(4)* Exempt-interest dividends, as defined in section 852(b)(5)(A) of the Internal Revenue Code of 1954, not included in federal adjusted gross income pursuant to section 852(b)(5)(B) of the Internal Revenue Code of 1954, except for that portion of exempt-interest dividends derived from interest income on obligations of the state of Minnesota, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities;

((10) THE AMOUNT OF ANY EXCLUDED GAIN RECOGNIZED BY A TRUST ON THE SALE OR EXCHANGE OF PROPERTY AS DEFINED IN SECTION 641(C)(1) OF THE INTERNAL REVENUE CODE OF 1954;)

((11) TO THE EXTENT NOT INCLUDED IN THE TAXPAYER'S FEDERAL ADJUSTED GROSS INCOME, THE AMOUNT OF ANY GAIN, FROM THE SALE OR OTHER DISPOSITION OF PROPERTY HAVING A LOWER ADJUSTED BASIS FOR MINNESOTA INCOME TAX PURPOSES THAN FOR FEDERAL INCOME TAX PURPOSES. THIS MODIFICATION SHALL NOT EXCEED THE DIFFERENCE IN BASIS. IF THE GAIN IS CONSIDERED A LONG TERM CAPITAL GAIN FOR FEDERAL INCOME TAX PURPOSES, THE MODIFICATION SHALL BE LIMITED TO 40 PERCENT OF THE PORTION OF THE GAIN. THIS MODIFICATION IS LIMITED TO PROPERTY THAT QUALIFIED FOR THE EQUITY INVESTMENT CREDIT CONTAINED IN SECTION 290.069, SUBDIVISION 4, AND TO PROPERTY ACQUIRED IN EXCHANGE FOR THE RELEASE OF THE TAXPAYER'S MARITAL RIGHTS CONTAINED IN SECTION 290.14, CLAUSE (7);)

((12)) *(5)* For an estate or trust, the amount of any loss from a source outside of Minnesota which is not allowed under section 290.17 including any capital loss or net operating loss carryforwards or carrybacks resulting from the loss;

((13)) *(6)* To the extent deducted in computing the estate or trust's federal taxable income, interest, taxes and other expenses which are not allowed under section 290.10, clause (9) or (10); *and*

((14) THE DEDUCTION FOR TWO-EARNER MARRIED COUPLES PROVIDED IN SECTION 221 OF THE INTERNAL REVENUE CODE OF 1954;)

((15)) *(7)* Losses from the business of mining as defined in section 290.05, subdivision 1, clause (a) which is not subject to the Minnesota income tax (;)

((16) EXPENSES AND DEPRECIATION ATTRIBUTABLE TO PROPERTY SUBJECT TO LAWS 1982, CHAPTER 523, ARTICLE 7, SECTION 3 WHICH HAS NOT BEEN REGISTERED;)

((17) THE AMOUNT OF CONTRIBUTIONS TO AN INDIVIDUAL RETIREMENT ACCOUNT, INCLUDING A QUALIFIED VOLUNTARY EMPLOYEE CONTRIBUTION, SIMPLIFIED EMPLOYEE PENSION PLAN, OR SELF-EMPLOYED RETIREMENT PLAN WHICH IS ALLOWED UNDER SECTIONS 311 AND 312 OF PUBLIC LAW NUMBER 97-34, SECTION 238 OF PUBLIC LAW NUMBER 97-248, AND SECTION 103(D)(1)(B) OF PUBLIC LAW NUMBER 97-448 TO THE EXTENT THOSE CONTRIBUTIONS WERE NOT AN ALLOWABLE DEDUCTION PRIOR TO THE ENACTMENT OF THAT LAW; PROVIDED THAT AN INDIVIDUAL ON WHOSE BEHALF STOCK WORTH LESS THAN $300 IS CONTRIBUTED DURING THE TAXABLE YEAR TO A TAX CREDIT EMPLOYEE STOCK OWNERSHIP PLAN THAT SATISFIES THE REQUIREMENTS OF SECTIONS 44G AND 409A OF THE INTERNAL REVENUE CODE OF 1954 SHALL NOT BE REQUIRED, AS A CONSEQUENCE OF THAT CONTRIBUTION, TO INCLUDE CONTRIBUTIONS TO ANOTHER PLAN OR ACCOUNT IN GROSS INCOME UNDER THIS CLAUSE TO THE EXTENT THE CONTRIBUTIONS DO NOT EXCEED THE DIFFERENCE BETWEEN THE VALUE OF THE STOCK CONTRIBUTED DURING THE TAXABLE YEAR AND $1,500; AND)

((18) TO THE EXTENT NOT INCLUDED IN THE TAXPAYER'S FEDERAL ADJUSTED GROSS INCOME, THE AMOUNT OF ANY CONTRIBUTIONS TO A QUALIFIED PENSION PLAN, DESIGNATED AS EMPLOYEE CONTRIBUTIONS BUT WHICH THE EMPLOYING UNIT PICKS UP AND WHICH ARE TREATED AS EMPLOYER CONTRIBUTIONS PURSUANT TO SECTION 414(H)(2) OF THE INTERNAL REVENUE CODE OF 1954, PROVIDED THAT EMPLOYEE CONTRIBUTIONS TO POLICE AND FIRE RELIEF ASSOCIATIONS THAT PREVIOUSLY WERE NOT INCLUDED WITHIN GROSS INCOME AS CONTRIBUTIONS TO ORGANIZATIONS QUALIFIED UNDER SECTION 501 (C) (4) OF THE INTERNAL REVENUE CODE OF 1954 SHALL NOT BE INCLUDED IN GROSS INCOME UNDER THIS CLAUSE).

Sec. 8. Minnesota Statutes 1984, section 290.01, subdivision 20b, is amended to read:

Subd. 20b. [MODIFICATIONS REDUCING FEDERAL ADJUSTED GROSS INCOME.] There shall be subtracted from federal adjusted gross income:

(1) Interest income on obligations of any authority, commission or instrumentality of the United States to the extent

includible in gross income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) The portion of any gain, from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes, that does not exceed such difference in basis; but if such gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to 40 per centum of the portion of the gain (. THIS MODIFICATION SHALL NOT BE APPLICABLE IF THE DIFFERENCE IN BASIS IS DUE TO DISALLOWANCE OF DEPRECIATION PURSUANT TO SECTION 290.101.);

(3) (INCOME FROM THE PERFORMANCE OF PERSONAL OR PROFESSIONAL SERVICES WHICH IS SUBJECT TO THE RECIPROCITY EXCLUSION CONTAINED IN SECTION 290.081, CLAUSE (A);)

((4)) Losses, not otherwise reducing federal adjusted gross income assignable to Minnesota, arising from events or transactions which are assignable to Minnesota under the provisions of sections 290.17 to 290.20, including any capital loss or net operating loss carryforwards or carrybacks or out of state loss carryforwards resulting from the losses, and including any farm loss carryforwards or carrybacks;

((5)) *(4)* If included in federal adjusted gross income, (THE AMOUNT OF ANY CREDIT RECEIVED, WHETHER RECEIVED AS A REFUND OR CREDIT TO ANOTHER TAXABLE YEAR'S INCOME TAX LIABILITY, PURSUANT TO CHAPTER 290A, AND) the amount of any overpayment of income tax to Minnesota, or any other state, for any previous taxable year, whether the amount is received as a refund or credited to another taxable year's income tax liability;

((6) TO THE EXTENT INCLUDED IN FEDERAL ADJUSTED GROSS INCOME, OR THE AMOUNT REFLECTED AS THE ORDINARY INCOME PORTION OF A LUMP SUM DISTRIBUTION UNDER SECTION 402(E) OF THE INTERNAL REVENUE CODE OF 1954, NOTWITHSTANDING ANY OTHER LAW TO THE CONTRARY, THE AMOUNT RECEIVED BY ANY PERSON (I) FROM THE UNITED STATES, ITS AGENCIES OR INSTRUMENTALITIES, THE FEDERAL RESERVE BANK OR FROM THE STATE OF MINNESOTA OR ANY OF ITS POLITICAL OR GOVERNMENTAL SUBDIVISIONS OR FROM ANY OTHER STATE OR ITS POLITICAL OR GOVERNMENTAL SUBDIVISIONS, OR A MINNESOTA VOLUNTEER FIREFIGHTER'S RELIEF ASSOCIATION, BY WAY OF PAYMENT AS A PENSION, PUBLIC EMPLOYEE RETIREMENT BENEFIT, OR ANY COMBINATION THEREOF, (II) AS A RETIREMENT OR

SURVIVOR'S BENEFIT MADE FROM A PLAN QUALIFYING UNDER SECTION 401, 403, 404, 405, 408, 409 OR 409A OF THE INTERNAL REVENUE CODE OF 1954, OR (III) SEVERANCE PAY DISTRIBUTED TO AN INDIVIDUAL UPON DISCONTINUANCE OF THE INDIVIDUAL'S EMPLOYMENT DUE TO TERMINATION OF BUSINESS OPERATIONS BY THE INDIVIDUAL'S EMPLOYER, PROVIDED THAT THE TERMINATION IS REASONABLY LIKELY TO BE PERMANENT, INVOLVES THE DISCHARGE OF AT LEAST 75 PERCENT OF THE EMPLOYEES AT THAT SITE WITHIN A ONE YEAR PERIOD, AND THE BUSINESS IS NOT ACQUIRED BY ANOTHER PERSON WHO CONTINUES OPERATIONS AT THAT SITE. THE MAXIMUM AMOUNT OF THIS SUBTRACTION SHALL BE $11,000 LESS THE AMOUNT BY WHICH THE INDIVIDUAL'S FEDERAL ADJUSTED GROSS INCOME, PLUS THE ORDINARY INCOME PORTION OF A LUMP SUM DISTRIBUTION AS DEFINED IN SECTION 402(E) OF THE INTERNAL REVENUE CODE OF 1954, EXCEEDS $17,000. FOR PURPOSES OF THE PRECEDING SENTENCE, "FEDERAL ADJUSTED GROSS INCOME" SHALL NOT INCLUDE RAILROAD RETIREMENT OR SOCIAL SECURITY BENEFIT AMOUNTS PROVIDED IN SECTIONS 86 AND 72(R) OF THE INTERNAL REVENUE CODE OF 1954. FOR PURPOSES OF THIS CLAUSE, "SEVERANCE PAY" MEANS AN AMOUNT RECEIVED FOR CANCELLATION OF AN EMPLOYMENT CONTRACT OR A COLLECTIVELY BARGAINED TERMINATION PAYMENT MADE AS A SUBSTITUTE FOR INCOME WHICH WOULD HAVE BEEN EARNED FOR PERSONAL SERVICES TO BE RENDERED IN THE FUTURE. IN THE CASE OF A VOLUNTEER FIREFIGHTER WHO RECEIVES AN INVOLUNTARY LUMP SUM DISTRIBUTION OF HIS PENSION OR RETIREMENT BENEFITS, THE MAXIMUM AMOUNT OF THIS SUBTRACTION SHALL BE $11,000; THIS SUBTRACTION SHALL NOT BE REDUCED BY THE AMOUNT OF THE INDIVIDUAL'S FEDERAL ADJUSTED GROSS INCOME IN EXCESS OF $17,000;)

((7) TO THE EXTENT INCLUDED IN THE TAXPAYER'S FEDERAL ADJUSTED GROSS INCOME FOR THE TAXABLE YEAR, GAIN RECOGNIZED UPON A TRANSFER OF PROPERTY TO THE SPOUSE OR FORMER SPOUSE OF THE TAXPAYER IN EXCHANGE FOR THE RELEASE OF THE SPOUSE'S MARITAL RIGHTS;)

((8)) *(5)* The amount of any distribution from a qualified pension or profit sharing plan included in federal adjusted gross income in the year of receipt to the extent of any contribution not previously allowed as a deduction by reason of a change in federal law which was not adopted by Minnesota law for a taxable year beginning in 1974 or later;

((9)) *(6)* (INTEREST, INCLUDING PAYMENT ADJUSTMENT TO THE EXTENT THAT IT IS APPLIED TO INTEREST, EARNED BY THE SELLER OF THE PROPERTY ON A FAMILY FARM SECURITY LOAN EXECUTED BEFORE JANUARY 1, 1986 THAT IS GUARANTEED BY THE COMMISSIONER OF AGRICULTURE AS PROVIDED IN SECTIONS 41.51 TO 41.60) *The amount of the senior citizens income subtraction as provided by section 290.08, subdivision 26*;

((10)) *(7)* The first $3,000 of compensation for personal services in the armed forces of the United States or the United Nations, and the next $2,000 of compensation for personal services in the armed forces of the United States or the United Nations wholly performed outside the state of Minnesota. This modification does not apply to compensation defined in subdivision 20b, clause (6);

((11) IN THE CASE OF WAGES OR SALARIES PAID OR INCURRED ON OR AFTER JANUARY 1, 1977, THE AMOUNT OF ANY CREDIT FOR EMPLOYMENT OF CERTAIN NEW EMPLOYEES UNDER SECTIONS 44B AND 51 TO 53 OF THE INTERNAL REVENUE CODE OF 1954 WHICH IS CLAIMED AS A CREDIT AGAINST THE TAXPAYER'S FEDERAL TAX LIABILITY, BUT ONLY TO THE EXTENT THAT THE CREDIT IS CONNECTED WITH OR ALLOCABLE AGAINST THE PRODUCTION OR RECEIPT OF INCOME INCLUDED IN THE MEASURE OF THE TAX IMPOSED BY THIS CHAPTER;)

((12) UNEMPLOYMENT COMPENSATION TO THE EXTENT INCLUDIBLE IN GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER SECTION 85 OF THE INTERNAL REVENUE CODE OF 1954;)

((13)) *(8)* For an estate or trust, the amount of any income or gain which is not assignable to Minnesota under the provisions of section 290.17;

((14) INTEREST EARNED ON A CONTRACT FOR DEED ENTERED INTO FOR THE SALE OF PROPERTY FOR AGRICULTURAL USE IF THE RATE OF INTEREST SET IN THE CONTRACT IS NO MORE THAN NINE PERCENT PER YEAR FOR THE DURATION OF THE TERM OF THE CONTRACT. THIS EXCLUSION SHALL BE AVAILABLE ONLY IF (1) THE PURCHASER IS AN INDIVIDUAL WHO, TOGETHER WITH HIS SPOUSE AND DEPENDENTS, HAS A TOTAL NET WORTH VALUED AT LESS THAN $150,000 AND (2) THE PROPERTY SOLD UNDER THE CONTRACT IS FARM LAND AS DEFINED IN SECTION 41.52, SUBDIVISION 6 OF NO MORE THAN 1,000 ACRES THAT THE PURCHASER INTENDS TO USE FOR AGRICULTURAL PURPOSES. COMPLIANCE WITH THESE

REQUIREMENTS SHALL BE STATED IN AN AFFIDAVIT TO BE FILED WITH THE FIRST INCOME TAX RETURN ON WHICH THE TAXPAYER CLAIMS THE EXCLUSION PROVIDED IN THIS CLAUSE. UPON REQUEST ACCOMPANIED BY THE INFORMATION NECESSARY TO MAKE THE DETERMINATION, THE COMMISSIONER SHALL DETERMINE WHETHER INTEREST TO BE PAID ON A PROPOSED TRANSACTION WILL QUALIFY FOR THIS EXCLUSION; THE DETERMINATION SHALL BE PROVIDED WITHIN 30 DAYS OF RECEIPT OF THE REQUEST, UNLESS THE COMMISSIONER FINDS IT NECESSARY TO OBTAIN ADDITIONAL INFORMATION, OR VERIFICATION OF THE INFORMATION PROVIDED, IN WHICH CASE THE DETERMINATION SHALL BE PROVIDED WITHIN 30 DAYS OF RECEIPT OF THE FINAL ITEM OF INFORMATION OR VERIFICATION. THE EXCLUSION PROVIDED IN THIS CLAUSE SHALL APPLY TO INTEREST EARNED ON CONTRACTS FOR DEED ENTERED INTO AFTER DECEMBER 31, 1981 AND BEFORE JULY 1, 1983;)

((15)) *(9)* Income from the business of mining as defined in section 290.05, subdivision 1, clause (a) which is not subject to the Minnesota income tax;

((16)) *(10)* To the extent included in federal adjusted gross income, distributions from a qualified governmental pension plan which represent a return of designated employee contributions to the plan and which contributions were included in gross income pursuant to *Minnesota Statutes 1984, section 290.01,* subdivision 20a, clause (18). The provisions of this clause shall apply before the provisions of clause (6) apply and an amount subtracted under this clause may not be subtracted under clause (6);

((17)) *(11)* To the extent included in federal adjusted gross income, distributions from an individual retirement account which represent a return of contributions if the contributions were included in gross income pursuant to *Minnesota Statutes 1984, section 290.01,* subdivision 20a, clause (17). The distribution shall be allocated first to return of contributions included in gross income until the amount of the contributions has been exhausted; (AND)

((18) TO THE EXTENT INCLUDED IN FEDERAL ADJUSTED GROSS INCOME, SOCIAL SECURITY BENEFITS AS DEFINED AND AS PROVIDED IN SECTION 86 OF THE INTERNAL REVENUE CODE OF 1954, RAILROAD RETIREMENT BENEFITS AS PROVIDED IN SECTION 72(R) OF THE INTERNAL REVENUE CODE OF 1954, AND SICK PAY PAID UNDER THE RAILROAD UNEMPLOYMENT INSURANCE ACT AS PROVIDED IN SECTION 105(I) OF THE INTERNAL REVENUE CODE OF 1954, PROVIDED THAT

ANY AMOUNT SUBTRACTED UNDER THIS CLAUSE MAY NOT BE SUBTRACTED UNDER CLAUSE (6))

(12) For the taxpayer, each dependent of the taxpayer, and, in the case of a joint return, the taxpayer's spouse, $1,000 for each of the following that is satisfied: (a) the individual is deaf, (b) the individual is a quadriplegic, or (c) in the case of a dependent only, the individual is blind or mentally retarded. For purposes of this clause, an individual is blind if his central visual acuity does not exceed 20/200 in the better eye with correcting lenses, or if his visual acuity is greater than 20/200 but is accompanied by a limitation in the field of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees. An individual is deaf if the average loss in the speech frequencies (500-2000 Hertz) in the better ear, unaided, is 92 decibels, American National Standards Institute, or worse. Quadriplegic means an individual who has a congenital or traumatic partial or total loss of all four limbs or who has a disability that substantially impairs the functioning of all four limbs;

(13) The amount allowed under section 290.08, subdivision 27, for expenses incurred in maintaining an elderly individual outside of a nursing home;

(14) An amount equal to one-half of the amount allowed for federal income tax purposes under section 221 of the Internal Revenue Code of 1954; and

(15) An amount equal to one-half of the deduction allowed for charitable contributions pursuant to section 170(i) of the Internal Revenue Code of 1954.

Sec. 9. Minnesota Statutes 1984, section 290.01, subdivision 20d, is amended to read:

Subd. 20d. [MODIFICATION FOR AMOUNTS TRANSFERRED TO SURPLUS.] Amounts transferred from a reserve or other account, if in effect transfers to surplus, shall, *for corporate taxpayers*, to the extent that the amounts were accumulated through deductions from gross income or entered into the computation of taxable net income during any taxable year, be treated as gross income for the year in which the transfer occurs, but only to the extent that the amounts resulted in a reduction of the tax imposed by this chapter and amounts received as refunds on account of taxes deducted from gross income during any taxable year shall be treated as gross income for the year in which actually received, but only to the extent that such amounts resulted in a reduction of the tax imposed by this chapter.

Sec. 10. [LEGISLATIVE FINDINGS.]

The legislature finds that the Minnesota income tax provisions for individuals begin with reference to adjusted gross income as defined in the Internal Revenue Code. Further, many other income tax provisions for individuals either adopt corresponding federal provisions by reference or are closely patterned after the federal income tax code. The legislature finds that the Minnesota income tax provisions for estates and trusts begin with federal taxable income as defined in the Internal Revenue Code. The legislature finds that although federal provisions are not statutorily utilized as a starting point in the determination of Minnesota corporate income taxes, many provisions either closely parallel the Internal Revenue Code or adopt by reference corresponding sections of the Internal Revenue Code.

The legislature finds that the similarity of our income tax law to the Internal Revenue Code is due to the following factors:

(1) the main purpose of both Minnesota and federal tax law is the same—to raise revenue;

(2) the general structure of the Internal Revenue Code raises revenue in a manner that the legislature finds just, equitable, and progressive;

(3) the Minnesota economy generally mirrors the complex organizational structure and the great variety and interrelationships of the federal economy;

(4) Minnesota income tax provisions which are similar to the Internal Revenue Code increase tax compliance and are more efficient for the state to administrate and enforce; and

(5) taxpayers prefer a state tax form which is easy to compute with reference to the federal return.

The legislature finds that Congress passes amendments to the Internal Revenue Code often, sometimes several times within the space of the year. Many of these amendments are highly technical in nature, close loopholes, correct mistakes, or resolve ambiguities in Internal Revenue Code provisions which have been adopted and incorporated into Minnesota tax provisions.

The legislature finds that the present method of updating references to the Internal Revenue Code is confusing and inefficient both for the taxpayer and for those responsible for the administration of the tax. The legislature is not always in session at the time federal amendments to the Internal Revenue Code are enacted into law. Often, a bill updating references to the Internal Revenue Code may not be passed until very late in the session or may not be passed until a later session. As a result, the federal amendments to the Internal Revenue Code may be effective prior to passage of the updating state legislation. Often,

Minnesota income tax laws must be updated to the Internal Revenue Code effective retroactively or at a date different from the date the corresponding federal provision became effective. As a result, for a period of time, tax administrators and taxpayers are unsure whether Minnesota law will in fact correspond to the Internal Revenue Code at the date the federal amendments became effective. This makes tax planning difficult for the taxpayer. For the tax administrator, it delays administrative preparation and review.

Therefore, the legislature finds that an efficient administrative procedure is needed by which the legislature can update Minnesota income tax provisions to the Internal Revenue Code. The legislature finds that the provisions of section 11 provide an expedited process whereby Minnesota income tax provisions may be updated to selected federal amendments to the Internal Revenue Code and other federal amendments may be removed and considered under regular legislative procedures, all subject to the approval of the legislature and the governor and enactment into law.

Sec. 11. [290.015] [PROCEDURE FOR UPDATING TO THE INTERNAL REVENUE CODE.]

Subdivision 1. [APPLICABILITY.] *The provisions of this section apply only if:*

(1) the enactment of the federal law referred to in subdivision 2 occurs while the legislature is not in session and at least 60 days prior to the commencement of a regular session; or

(2) the enactment of the federal law occurs within 15 days of the day prescribed for adjournment of a regular session.

Subd. 2. [PREPARATION OF REPORT.] *Within 30 days after the enactment of a federal law amending the provisions of subtitle A, chapter 1 or subtitle C, chapters 24 and 25 of the Internal Revenue Code of 1954, the commissioner of revenue shall prepare and submit a report to the legislature if any of the amendments are effective during the current year. The commissioner may have up to 60 days after the enactment of a federal law to submit the report to the legislature upon the certification by the commissioner to the chairman of the house tax committee and the senate committee on taxes and tax laws that the federal law was a major tax bill. The report must specify and describe all of the amendments made in the federal act to subtitle A, chapter 1 or subtitle C, chapters 24 and 25 of the Internal Revenue Code which are effective for federal purposes during the current year and state the impact of the amendments on Minnesota income tax provisions. An estimate of the cost or savings to the state if the provision is adopted in Minnesota and if the provision is not adopted in Minnesota must be included.*

The report must contain the text of Minnesota income tax provisions which would require amendment, showing the necessary changes in the format used for legislative bills and approved by the revisor of statutes. The commissioner of revenue shall provide a copy of the report to the chairman of the house taxes committee and to the chairman of the senate taxes and tax laws committee. If the commissioner determines that the federal law does not require changes to be made in Minnesota's law, the commissioner shall certify that fact to the chairman of the house tax committee and the senate committee on taxes and tax laws and shall publish that certification in the state register. In the report to the legislature, the commissioner shall not include changes in penalty, enforcement, or administrative provisions.

Subd. 3. [NOTICE IN STATE REGISTER.] *At the time of submission of the report to the state legislature, the commissioner of revenue shall cause to be published in the State Register a notice stating that the report has been prepared and indicating that copies may be obtained from the commissioner of revenue. The commissioner shall also notify by mail persons who have registered their names with the department pursuant to section 14.14, subdivision 1a. The notice must also state that public hearings will be held before the house taxes committee and the senate committee on taxes and tax laws and state how persons interested in receiving information about the date and time of the public hearings may obtain the information.*

Subd. 4. [HEARINGS IN THE HOUSE.] *At least two weeks but within four weeks after publication of the notice of the commissioner of revenue's report in the State Register, the house committee on taxes shall hold a public hearing. The committee shall consider the report of the commissioner and, upon a vote of the majority of the members of the committee, may adopt or reject all or a portion of the report. The committee may not add additional items to the report or make amendments to the adopted portions of the report, except for technical amendments. Within five working days after action by the committee, the house committee on taxes shall forward its report to the chairman of the senate committee on taxes and tax laws. The report must be in the format used for legislative bills and approved by the revisor of statutes.*

Subd. 5. [HEARINGS IN THE SENATE.] *Within two weeks after receipt of the report from the house committee on taxes the senate committee on taxes and tax laws shall hold a public hearing. The committee shall consider the report of the house committee on taxes. The committee, upon a majority vote of the members of the committee, may adopt or reject all or a portion of the report of the house committee. The committee may not add additional items to the report or make amendments to the report. Within five working days after action by the committee, the committee shall forward the report to the revisor of statutes.*

Subd. 6. [PREPARATION OF REPORT BY REVISOR.] *Within five working days after receipt of the report, the revisor shall prepare the final report of the committees. The final report shall consist of the report of the house committee on taxes to the extent also adopted by the senate committee on taxes and tax law. No provision may be included in the final report unless included in the report of the commissioner of revenue, except for amendments made by the house committee on taxes, and adopted by both the house committee on taxes and by the senate committee on taxes and tax laws. The revisor of statutes shall determine the form of the final report. The final report must be signed by the chairman of the house committee on taxes and by the chairman of the senate committee on taxes and tax laws.*

Subd. 7. [SUBMISSION TO GOVERNOR.] *The revisor of statutes shall submit the signed report to the governor. Within five working days the governor shall approve or disapprove the report and file it with the secretary of state.*

Subd. 8. [PUBLICATION IN STATE REGISTER.] *Upon the filing of the report, the secretary of state shall submit a copy of the report to the commissioner of revenue and the department of administration. The commissioner shall cause to be published in the State Register a notice stating whether the report has been adopted by the house committee on taxes and the senate committee on taxes and tax laws and approved by the governor. The notice must state either that all provisions of the commissioner's report were adopted or that all or a portion of the report of the commissioner was rejected or amended. The notice must state that copies of the report may be obtained from the department of administration. The notice must also be sent by mail to all persons who have registered their names with the department pursuant to section 14.14, subdivision 1a.*

Subd. 9. [DISTRIBUTION.] *The report shall be made available to the public by the department of administration pursuant to section 16B.51.*

Subd. 10. [EFFECTIVE DATES OF REPORT.] *Notwithstanding any other law to the contrary, upon approval by the governor, the provisions of the report are effective and have the force and effect of law at the dates stated in the report. The provisions of the report are effective until the earlier of:*

(1) 90 days have elapsed beginning with the commencement of the first regular session after publication of the notice of the report of the commissioner of revenue in the State Register; or

(2) final enactment of a law repealing, amending, or enacting the provisions of the report.

Sec. 12. Minnesota Statutes 1984, section 290.032, subdivision 2, is amended to read:

Subd. 2. The amount of tax imposed by subdivision 1 shall be computed in the same way as the tax imposed under section 402(e) of the Internal Revenue Code of 1954, as amended through December 31, 1983, except that the initial separate tax shall be an amount equal to ten times the tax which would be imposed by section (290.03) *290.06, subdivision 2c,* if the recipient was an *unmarried* individual referred to in (SUCH SECTION) *that subdivision* and the taxable net income, excluding the credits allowed in section 290.06, subdivision 3f, was an amount equal to one-tenth of the excess of

(i) the total taxable amount of the lump sum distribution for the year, over

(ii) the minimum distribution allowance, and except that references in section 402(e) of the Internal Revenue Code of 1954, as amended through December 31, 1983, to paragraph (1)(A) thereof shall instead be references to subdivision 1 of this section.

The amount of any distribution from a qualified pension or profit sharing plan which is received as a lump sum distribution shall be reduced to the extent of any contribution:

(1) not previously allowed as a deduction by reason of a change in federal law which was not adopted by Minnesota for a taxable year beginning in 1974 or thereafter; or

(2) designated as an employee contribution but which the employing unit picks up and which is treated as an employer contribution and which was taxed on the Minnesota return but not the federal return in the year the contribution was made.

Sec. 13. Minnesota Statutes 1984, section 290.05, subdivision 3, is amended to read:

Subd. 3. (a) An organization exempt from taxation under subdivision 2 shall, nevertheless, be subject to tax under this chapter to the extent provided in the following provisions of the Internal Revenue Code:

(i) Section 527 (dealing with political organizations) and (ii) section 528 (dealing with certain homeowners associations) but

notwithstanding this subdivision, shall be considered an organization exempt from income tax for the purposes of any law which refers to organizations exempt from income taxes.

(b) The tax shall be imposed on the taxable income of political organizations or homeowner associations. The tax shall be

at the corporate rates. The tax shall only be imposed on income and deductions assignable to this state under sections 290.17 to 290.20. (EXCEPT FOR SECTION 290.09, SUBDIVISION 29,) To the extent deducted in computing federal taxable income, the deductions contained in sections 290.09 and 290.21 shall not be allowed in computing Minnesota taxable net income.

Sec. 14. Minnesota Statutes 1984, section 290.06, subdivision 2c, is **amended to read:**

Subd. 2c. [(SCHEDULE) *SCHEDULES* OF RATES FOR INDIVIDUALS, ESTATES, AND TRUSTS.] (a) The income taxes imposed by this chapter upon *married* individuals (, ESTATES AND TRUSTS, OTHER THAN THOSE TAXABLE AS CORPORATIONS, SHALL) *filing joint returns must* be computed by applying to their taxable net income the following schedule of rates:

((1) ON THE FIRST $500, ONE AND SIX-TENTHS PERCENT;)

((2) ON THE SECOND $500, TWO AND TWO-TENTHS PERCENT;)

((3) ON THE NEXT $1,000, THREE AND FIVE-TENTHS PERCENT;)

((4) ON THE NEXT $1,000, FIVE AND EIGHT-TENTHS PERCENT;)

((5) ON THE NEXT $1,000, SEVEN AND THREE-TENTHS PERCENT;)

((6) ON THE NEXT $1,000, EIGHT AND EIGHT-TENTHS PERCENT;)

((7) ON THE NEXT $2,000, TEN AND TWO-TENTHS PERCENT;)

((8) ON THE NEXT $2,000, ELEVEN AND FIVE-TENTHS PERCENT;)

((9) ON THE NEXT $3,500, TWELVE AND EIGHT-TENTHS PERCENT;)

((10) ON ALL OVER $12,500, AND NOT OVER $20,000, FOURTEEN PERCENT;)

((11) ON ALL OVER $20,000 AND NOT OVER $27,500, FIFTEEN PERCENT;)

((12) ON ALL OVER $27,500, SIXTEEN PERCENT.)

If taxable net income is:	*The tax is:*
not over $3,540	*no tax*
over $3,540 but not over $6,250	*1.8 percent of the excess over $3,540*
over $6,250 but not over $18,750	*$48.78 plus 7.8 percent of the excess over $6,250*
over $18,750 but not over $25,000	*$1,023.78 plus 10.2 percent of the excess over $18,750*
over $25,000 but not over $31,250	*$1,661.28 plus 12.2 percent of the excess over $25,000*
over $31,250 but not over $62,500	*$2,423.78 plus 13.4 percent of the excess over $31,250*
over $62,500	*$6,611.28 plus 14 percent of the excess over $62,500*

(b) *The income taxes imposed by this chapter upon unmarried individuals, married individuals filing separate returns, estates, and trusts must be computed by applying to taxable net income the following schedule of rates:*

If taxable net income is:	*The tax is:*
not over $2,390	*no tax*
over $2,390 but not over $5,000	*2.2 percent of the excess over $2,390*
over $5,000 but not over $15,000	*$57.42 plus 9.1 percent of the excess over $5,000*
over $15,000 but not over $25,000	*$967.42 plus 12.2 percent of the excess over $15,000*
over $25,000 but not over $50,000	*$2,187.42 plus 13.4 percent of the excess over $25,000*
over $50,000	*$5,537.42 plus 14 percent of the excess over $50,000*

(c) In lieu of a tax computed according to the rates set forth in (CLAUSE) *paragraph* (a) *or (b)* of this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than ($40,000 SHALL) *an amount determined by the commissioner must* be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than $100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard

a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to $1.

((C)) *(d)* An individual who is not a Minnesota resident for the entire year must compute his Minnesota income tax as provided in (CLAUSE) *paragraph* (a) *or (b)*. After the application of the nonrefundable credits provided in this chapter, the tax liability must then be multiplied by a fraction in which:

(1) The numerator is the individual's Minnesota *sourced federal adjusted* gross income, computed as if the provisions of section *290.081, clause (a)*, 290.17, subdivision 2, or 290.171 applied; and

(2) the denominator is the individual's federal adjusted gross income.

Sec. 15. Minnesota Statutes 1984, section 290.06, subdivision 2d, is amended to read:

Subd. 2d. [INFLATION ADJUSTMENT OF BRACKETS.] For taxable years beginning after December 31, (1980) *1985*, the (TAXABLE NET INCOME BRACKETS) *maximum dollar amount on which no tax is imposed and the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed* in subdivision 2c shall be adjusted for inflation. For the purpose of making the adjustment as provided in this subdivision all of the *rate* brackets provided in subdivision 2c shall be the (ADJUSTED) *rate* brackets as they existed for taxable years beginning after December 31, (1979) *1984* and before January 1, (1981) *1986*. (THE COMMISSIONER SHALL DETERMINE: (A) THE PERCENTAGE INCREASE IN THE REVISED CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS FOR THE MINNEAPOLIS-ST. PAUL METROPOLITAN AREA PREPARED BY THE UNITED STATES DEPARTMENT OF LABOR. HE) *The rate applicable to any rate bracket must not be changed. The dollar amounts setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate brackets as adjusted must be rounded to the nearest $10 amount. If the rate bracket ends in $5, it must be rounded up to the nearest $10 amount.*

The commissioner shall adjust the rate brackets by the percentage determined under section 1(f) of the Internal Revenue Code of 1954, as amended through December 31, 1984, except that in section 1(f)(3)(B) the word "1984" shall be substituted for the word "1983." The commissioner shall then determine the percent change from (AUGUST, 1980) *the 12 months ending on September 30, 1984*, to, (IN 1981, AUGUST, 1981) *for 1986, the 12 months ending on September 30, 1985*, and in each subsequent year, from (AUGUST OF THE PRECEDING YEAR TO AUGUST) *the 12 months ending on September 30, 1984, to*

the 12 months ending on September 30 of the (CURRENT) *preceding* year (; AND (B) THE PERCENTAGE INCREASE IN AVERAGE MINNESOTA GROSS INCOME FROM TAX YEAR 1980 TO, IN 1981, TAX YEAR 1981, AND IN EACH SUBSEQUENT TAX YEAR BETWEEN THE PREVIOUS TAX YEAR AND THE CURRENT TAX YEAR. THE PERCENT INCREASES IN MINNESOTA GROSS INCOME SHALL BE ESTIMATED USING THE BEST AVAILABLE DATA SOURCES AND REASONABLE FORECASTING PROCEDURES). The determination of the commissioner pursuant to this (SECTION) *subdivision* shall not be considered a "rule" and shall not be subject to the administrative procedures act contained in chapter 14.

(THE DOLLAR AMOUNT IN EACH TAXABLE NET INCOME BRACKET FOR THE PRIOR YEAR IN SUBDIVISION 2C SHALL BE MULTIPLIED BY A FIGURE CALCULATED AS ONE PLUS 100 PERCENT OF THE CONSUMER PRICE INDEX INCREASE OR 100 PERCENT OF THE MINNESOTA GROSS INCOME INCREASE, WHICHEVER IS SMALLER. THE PRODUCT OF THE CALCULATION SHALL YIELD THE INFLATION ADJUSTED TAX BRACKETS FOR EACH SUCCEEDING YEAR. IF THE PRODUCT EXCEEDS A WHOLE DOLLAR AMOUNT, IT SHALL BE ROUNDED TO THE NEAREST WHOLE DOLLAR.)

No later than (OCTOBER 1) *December 15* of each year, the commissioner shall announce (BOTH PERCENTAGE INCREASES AND) the specific percentage that will be used to adjust the tax *rate* brackets (THE MAXIMUM STANDARD DEDUCTION AMOUNT,) and the personal credit amounts.

Sec. 16. Minnesota Statutes 1984, section 290.06, subdivision 3f, is amended to read:

Subd. 3f. [CREDITS AGAINST TAX.] Subject to the provisions of subdivision 3g the taxes due under the computation in accordance with this section shall be credited with the following amounts:

(1) In the case of an unmarried individual ($68) *or a married individual filing separately, $70*;

(2) In the case of (A) married (INDIVIDUAL, $136. IF THE SPOUSES FILE SEPARATE, COMBINED OR JOINT RETURNS THE PERSONAL CREDITS MAY BE TAKEN BY EITHER OR DIVIDED BETWEEN THEM) *individuals filing a joint return, $140*;

(3) In the case of an individual, ($68) *$70* for each person ((OTHER THAN A SPOUSE) DEPENDENT UPON AND RECEIVING HIS CHIEF SUPPORT FROM THE TAXPAY-

ER. ONE TAXPAYER ONLY SHALL BE ALLOWED THIS CREDIT WITH RESPECT TO ANY GIVEN DEPENDENT. A PAYMENT TO A DIVORCED OR SEPARATED SPOUSE, OTHER THAN A PAYMENT FOR SUPPORT OF MINOR CHILDREN UNDER A TEMPORARY ORDER OR FINAL DECREE OF DISSOLUTION OR LEGAL SEPARATION, SHALL NOT BE CONSIDERED A PAYMENT BY THE OTHER SPOUSE FOR THE SUPPORT OF ANY DEPENDENT) *who was claimed by the individual as a dependent on the individual's federal income tax return as provided in sections 151 (e) and 152 of the Internal Revenue Code of 1954, as amended through December 31, 1984.*

(4) (a) In the case of an unmarried individual *or a married individual filing separately* who has attained the age of 65 before the close of his taxable year, an additional ($68) *$70*;

(b) In the case of an unmarried individual *or a married individual filing separately* who is blind at the close of the taxable year, an additional ($68) *$70*;

(c) In the case of (A) married (INDIVIDUAL) *individuals filing a joint return*, an additional ($68) *$70* for each spouse who has attained the age of 65 before the close of the individual's taxable year, and an additional ($68) *$70* for each spouse who is blind at the close of the individual's taxable year. (IF THE SPOUSES FILE SEPARATE, COMBINED OR JOINT RETURNS, THESE CREDITS MAY BE TAKEN BY EITHER OR DIVIDED BETWEEN THEM);

((D) IN THE CASE OF AN INDIVIDUAL, ANOTHER $68 FOR EACH PERSON, OTHER THAN A SPOUSE, WHO IS BLIND AND DEPENDENT UPON AND RECEIVING HIS CHIEF SUPPORT FROM THE TAXPAYER;)

((E) FOR THE PURPOSES OF SUBPARAGRAPHS (B), (C) AND (D) OF PARAGRAPH (4), AN INDIVIDUAL IS BLIND IF HIS CENTRAL VISUAL ACUITY DOES NOT EXCEED 20/200 IN THE BETTER EYE WITH CORRECTING LENSES, OR IF HIS VISUAL ACUITY IS GREATER THAN 20/200 BUT IS ACCOMPANIED BY A LIMITATION IN THE FIELDS OF VISION SUCH THAT THE WIDEST DIAMETER OF THE VISUAL FIELD SUBTENDS AN ANGLE NO GREATER THAN 20 DEGREES.)

((F) IN THE CASE OF AN UNMARRIED INDIVIDUAL WHO IS DEAF AT THE CLOSE OF THE TAXABLE YEAR, AN ADDITIONAL $68.)

((G) IN THE CASE OF A MARRIED INDIVIDUAL, AN ADDITIONAL $68 FOR EACH SPOUSE WHO IS DEAF AT THE CLOSE OF THE TAXABLE YEAR. IF THE SPOUSES

FILE SEPARATE, COMBINED OR JOINT RETURNS, THESE CREDITS MAY BE TAKEN BY EITHER OR DIVIDED BETWEEN THEM.)

((H) IN THE CASE OF AN INDIVIDUAL, AN ADDITIONAL $68 FOR EACH PERSON (OTHER THAN A SPOUSE) WHO IS DEAF AND DEPENDENT UPON AND RECEIVING HIS CHIEF SUPPORT FROM THE TAXPAYER.)

((I) FOR THE PURPOSES OF SUBPARAGRAPHS (F), (G), AND (H) OF PARAGRAPH (4), AN INDIVIDUAL IS DEAF IF THE AVERAGE LOSS IN THE SPEECH FREQUENCES (500-2000 HERTZ) IN THE BETTER EAR, UNAIDED, IS 92 DECIBELS, AMERICAN NATIONAL STANDARDS INSTITUTE, OR WORSE.)

(5) ((A) IN THE CASE OF AN UNMARRIED INDIVIDUAL WHO IS A QUADRIPLEGIC AT THE CLOSE OF THE TAXABLE YEAR, AN ADDITIONAL $68;)

((B) IN THE CASE OF A MARRIED INDIVIDUAL, AN ADDITIONAL $68 FOR EACH SPOUSE WHO IS A QUADRIPLEGIC AT THE CLOSE OF THE TAXABLE YEAR. IF THE SPOUSES FILE SEPARATE, COMBINED OR JOINT RETURNS, THESE CREDITS MAY BE TAKEN BY EITHER OR DIVIDED BETWEEN THEM;)

((C) IN THE CASE OF AN INDIVIDUAL, ANOTHER $68 FOR EACH PERSON, OTHER THAN A SPOUSE, WHO IS QUADRIPLEGIC AND DEPENDENT UPON AND RECEIVING HIS CHIEF SUPPORT FROM THE TAXPAYER; AND)

((D) FOR THE PURPOSES OF SUBPARAGRAPHS (A), (B) AND (C) OF PARAGRAPH 5, "QUADRIPLEGIC" MEANS AN INDIVIDUAL WHO HAS A CONGENITAL OR TRAUMATIC PARTIAL OR TOTAL LOSS OF ALL FOUR LIMBS OR WHO HAS A DISABILITY THAT SUBSTANTIALLY IMPAIRS THE FUNCTIONING OF ALL FOUR LIMBS.)

((6)) In the case of an insurance company, it shall receive a credit on the tax computed as above equal in amount to any taxes based on premiums paid by it during the period for which the tax under this chapter is imposed by virtue of any law of this state, other than the surcharge on premiums imposed by sections 69.54 to 69.56.

Sec. 17. Minnesota Statutes 1984, section 290.06, subdivision 3g, is amended to read:

Subd. 3g. [INFLATION ADJUSTMENT OF CREDITS.] For taxable years beginning after December 31, (1980) *1985*, the credits provided for individuals in subdivision 3f shall be adjusted for inflation. The dollar amount of each credit for the prior year in subdivision 3f shall be increased in the same manner as provided in subdivision 2d for the expansion of the (TAXABLE NET INCOME) *tax rate* brackets.

Sec. 18. Minnesota Statutes 1984, section 290.06, subdivision 11, is amended to read:

Subd. 11. [CONTRIBUTIONS TO POLITICAL PARTIES AND CANDIDATES.] A taxpayer may take a credit against the tax due under this chapter of 50 percent of his contributions to candidates for elective state or federal public office and to any political party. The maximum credit for an individual shall not exceed $50 and, for a married couple filing jointly (OR FILING A COMBINED RETURN), shall not exceed $100. No credit shall be allowed under this subdivision for a contribution to any candidate, other than a candidate for elective judicial office or federal office, who has not signed an agreement to limit his campaign expenditures as provided in section 10A.32, subdivision 3b. For purposes of this subdivision, a political party means a major political party as defined in section 200.02, subdivision 7, or a minor political party qualifying for inclusion on the income tax or property tax refund form under section 10A.31, subdivision 3a. A major or minor party includes the aggregate of the party organization within each house of the legislature, the state party organization, and the party organization within congressional districts, counties, legislative districts, municipalities, and precincts. A "federal office" means the office of the president or vice president of the United States or the office of United States senator or congressman from Minnesota.

This credit shall be allowed only if the contribution is verified in the manner the commissioner of revenue shall prescribe.

Sec. 19. Minnesota Statutes 1984, section 290.06, is amended by adding a subdivision to read:

Subd. 20. [CONTRIBUTIONS TO POST-SECONDARY EDUCATIONAL INSTITUTIONS.] *(a) A credit of 50 percent of the amount contributed to a Minnesota post-secondary educational institution may be deducted from the tax due under this chapter for the taxable year in which the contribution was made. The credit for an individual, estate, or trust may not exceed the lesser of: (1) $100 and, for a married couple filing a joint return, $200; or (2) the tax liability for the taxable year. The credit for a corporation may not exceed the lesser of $1,000 or ten percent of the corporation's net income tax liability for the taxable year.*

(b) For purposes of this subdivision, a "Minnesota post-secondary educational institution" is

(1) an educational institution located in Minnesota that

(i) normally maintains a regular faculty and curriculum and normally has a regular organized body of students in attendance at the place where its educational activities are conducted; and

(ii) regularly offers education at a level above the twelfth grade; and

(iii) regularly awards either associate, bachelors, masters, or doctoral degrees, or any combination thereof; and

(iv) is duly accredited by the North Central Association of Colleges and registered by the Minnesota higher education coordinating board; or

(2) an area vocational technical institute subject to the provisions of chapter 136C.

(c) In the case of a taxpayer who takes a credit pursuant to this subdivision and has also deducted the amount of that contribution as a charitable contribution for federal income tax purposes, the amount of the contribution used to compute the credit must be subtracted from the taxpayer's excess itemized deductions under section 290.089, subdivision 2, or, in the case of a corporation, the deduction under 290.21, subdivision 3.

Sec. 20. Minnesota Statutes 1984, section 290.067, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT OF CREDIT.] A taxpayer may take as a credit against the tax due from him and his spouse, if any, under this chapter an amount equal to the dependent care credit for which he is eligible pursuant to the provisions of section (44A) *21* of the Internal Revenue Code of 1954, as amended through December 31, (1983) *1984*, subject to the limitations provided in subdivision 2.

Sec. 21. Minnesota Statutes 1984, section 290.067, subdivision 2, is amended to read:

Subd. 2. [LIMITATIONS.] The credit for expenses incurred for the care of each dependent shall not exceed $720 in any taxable year, and the total credit for all dependents of a claimant shall not exceed $1,440 in a taxable year. The total credit shall be reduced according to the amount of the combined federal adjusted gross income, plus the ordinary income portion of any

lump sum distribution under section 402(e) of the Internal Revenue Code of 1954, as amended through December 31, (1983) *1984*, of the claimant and his spouse, if any, as follows:

income up to ($10,000, $720 MAXIMUM FOR ONE DEPENDENT, $1,440 FOR ALL DEPENDENTS;)

(INCOME OF $10,001 TO $11,000, $660 MAXIMUM FOR ONE DEPENDENT, $1,320 FOR ALL DEPENDENTS) *$15,000, the same maximum credit allowed under section 21 of the Internal Revenue Code of 1954, as amended through December 31, 1984, for that income and that number of dependents*;

income over ($11,000) *$15,000*, the maximum credit for one dependent shall be reduced by ($10) *$18* for every ($200) *$250* of additional income, ($20) *$36* for all dependents;

$24,001 and over, no credit.

A married claimant shall file his income tax return for the year for which he claims the credit either jointly or separately on one form with his spouse. In the case of a married claimant only one spouse may claim the credit.

The commissioner shall construct and make available to taxpayers tables showing the amount of the credit at various levels of income and expenses. The tables shall follow the schedule contained in this subdivision, except that the commissioner may graduate the transitions between expenses and income brackets.

Sec. 22. Minnesota Statutes 1984, section 290.069, subdivision 4, is amended to read:

Subd. 4. [EQUITY INVESTMENT CREDIT.] (a) A credit shall be allowed against the tax imposed by this chapter for investment in the equity stock of a qualified small business, which is organized as a corporation. The credit for the taxable year is the least of

(1) $75,000, or

(2) 30 percent of the sum of the following, computed for the investment in each qualified small business:

(A) The net investment made by the taxpayer during the taxable year in the equity stock of the qualified small business, less

(B) $25,000; or

(3) 75 percent of the taxpayer's tax liability computed after subtraction of all nonrefundable credits.

(b) For purposes of this credit the following limitations apply:

(1) Equity stock means common or preferred stock in the qualified small business, and shall not include any security which would be treated as debt under section 385 of the Internal Revenue Code.

(2) The taxpayer and any related persons may not own more than 49 percent of the value of any class of stock. For purposes of this clause, a person is a related person to another person if (i) the relationship between the persons would result in a disallowance of losses under section 267 or 707(b) of the Internal Revenue Code of 1954 or (ii) the persons are members of the same controlled group of corporations.

(3) "Net investment" is limited to cash or the fair market value of marketable securities which are transferred to the qualified small business in return for equity stock, less the value of any other property or other consideration received by the taxpayer. The amount of the net investment shall be reduced by any payments made by the qualified small business to redeem shares of its stock or to acquire the assets or stock of another business during a 24-month period beginning one year prior to the taxpayer's purchase of the stock in the qualified small business. Marketable securities are limited to (A) obligations of the United States government, (B) securities of a corporation or other entity the stock or other securities of which are listed by the New York or American Stock Exchange or by the National Association of Securities Dealers Automated Quotation System, or (C) state or local government obligations, other than industrial development bonds as defined in section 103(b) of the Internal Revenue Code. The transfer of the assets of an entity engaged in a trade or business as a corporation, partnership, association, or proprietorship to a corporation shall not qualify as a net investment for purposes of the credit, if the ownership of the transferee corporation is substantially the same as that of the entity. For purposes of the preceding sentence, any property owned by or used directly in the business, pledged as collateral, or used as working capital shall constitute assets of the business.

(c) If the principal place of business of the qualified small business is located in an enterprise zone designated pursuant to section 273.1312, $10,000 shall be substituted for $25,000 and $100,000 for $75,000 in paragraph (a).

(d) (THE TAXPAYER'S BASIS IN THE STOCK SHALL BE REDUCED BY THE AMOUNT OF THE CREDIT.)

((E)) In the case of an investment made by a small business corporation, having a valid election in effect under section 1362 of the Internal Revenue Code, or by a partnership, the credit

shall be allocated among the shareholders or partners on a pro rata basis and the limitations contained in paragraphs (a) and (c) shall apply to the small business corporation or partnership. In no case shall a taxpayer be allowed a maximum credit in excess of that permitted by paragraph (a) or (c).

Sec. 23. Minnesota Statutes 1984, section 290.08, subdivision 26, is amended to read:

Subd. 26. [(PENSION) INCOME *SUBTRACTION FOR SENIORS.*] (a) ([EXCLUSION.]) Gross income (SHALL) *does* not include (THE TAXPAYER'S PENSION) income *of a taxpayer who has attained the age of 65 by the end of the taxable year.* The maximum amount of this exclusion is (THE GREATER OF THE FOLLOWING TWO AMOUNTS) *as follows:*

((1) $11,000 REDUCED BY THE AMOUNT OF THE TAXPAYER'S FEDERAL ADJUSTED GROSS INCOME IN EXCESS OF $17,000 EXCLUDING SOCIAL SECURITY BENEFITS AND RAILROAD RETIREMENT BENEFITS TO THE EXTENT INCLUDED IN FEDERAL ADJUSTED GROSS INCOME; OR)

((2) $11,000 REDUCED BY THE SUM OF)

((A) SOCIAL SECURITY BENEFITS,)

((B) RAILROAD RETIREMENT BENEFITS, AND)

((C) THE EXCESS OVER $23,000 OF FEDERAL ADJUSTED GROSS INCOME, BUT EXCLUDING SOCIAL SECURITY BENEFITS AND RAILROAD RETIREMENT BENEFITS TO THE EXTENT INCLUDED IN FEDERAL ADJUSTED GROSS INCOME.)

((3) NOTWITHSTANDING CLAUSES (1) AND (2), IN THE CASE OF AN INVOLUNTARY LUMP SUM DISTRIBUTION OF PENSION OR RETIREMENT BENEFITS TO VOLUNTEER FIREFIGHTERS, THE MAXIMUM AMOUNT OF THE EXCLUSION IS $11,000. THIS AMOUNT IS NOT SUBJECT TO REDUCTION FOR OTHER INCOME OF THE TAXPAYER.)

((4) PENSION INCOME CONSISTING OF SEVERANCE PAY QUALIFIES ONLY FOR THE EXCLUSION COMPUTED ACCORDING TO PARAGRAPH (A), CLAUSE (1)) *(1) In the case of an unmarried taxpayer or married taxpayer filing a separate return, $3,000 reduced by the amount of the taxpayer's federal adjusted gross income in excess of $17,000;*

(2) In the case of married taxpayers filing a joint return in which only one of the spouses has attained the age of 65, $3,000

reduced by the amount of joint federal adjusted gross income in excess of $20,000;

(3) In the case of married taxpayers filing a joint return in which both spouses have attained the age of 65, $6,000 reduced by $2 for every dollar of joint federal adjusted gross income in excess of $20,000.

(b) ([DEFINITIONS.]) For purposes of this subdivision the following terms have the meanings given:

(1) "Internal Revenue Code" means the Internal Revenue Code of 1954, as amended through December 31, (1983) *1984.*

(2) "Federal adjusted gross income" is the federal adjusted gross income referred to in section 290.01, subdivision 20, for the current taxable year, and includes the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code.

((3) "PENSION INCOME" MEANS TO THE EXTENT INCLUDED IN THE TAXPAYER'S FEDERAL ADJUSTED GROSS INCOME THE AMOUNT RECEIVED BY THE TAXPAYER)

((A) FROM THE UNITED STATES, ITS AGENCIES OR INSTRUMENTALITIES, THE FEDERAL RESERVE BANK OR FROM THE STATE OF MINNESOTA OR ANY OF ITS POLITICAL OR GOVERNMENTAL SUBDIVISIONS OR FROM ANY OTHER STATE OR ITS POLITICAL OR GOVERNMENTAL SUBDIVISIONS, OR A MINNESOTA VOLUNTEER FIREFIGHTER'S RELIEF ASSOCIATION, BY WAY OF PAYMENT AS A PENSION, PUBLIC EMPLOYEE RETIREMENT BENEFIT, OR ANY COMBINATION THEREOF,)

((B) AS A RETIREMENT OR SURVIVOR'S BENEFIT MADE FROM A PLAN QUALIFYING UNDER SECTION 401, 403, 404, 405, 408, 409, OR 409A OF THE INTERNAL REVENUE CODE, OR)

((C) SEVERANCE PAY DISTRIBUTED TO AN INDIVIDUAL UPON DISCONTINUANCE OF THE INDIVIDUAL'S EMPLOYMENT DUE TO TERMINATION OF BUSINESS OPERATIONS BY THE INDIVIDUAL'S EMPLOYER, IF THE TERMINATION IS REASONABLY LIKELY TO BE PERMANENT, INVOLVES THE DISCHARGE OF AT LEAST 75 PERCENT OF THE EMPLOYEES AT THAT SITE WITHIN A ONE YEAR PERIOD, AND THE BUSINESS IS NOT

ACQUIRED BY ANOTHER PERSON WHO CONTINUES OPERATIONS AT THAT SITE.)

((4) "SEVERANCE PAY" MEANS AN AMOUNT RECEIVED FOR CANCELLATION OF AN EMPLOYMENT CONTRACT OR A COLLECTIVELY BARGAINED TERMINATION PAYMENT MADE AS A SUBSTITUTE FOR INCOME WHICH WOULD HAVE BEEN EARNED FOR PERSONAL SERVICES TO BE RENDERED IN THE FUTURE.)

Sec. 24. Minnesota Statutes 1984, section 290.08, is amended by adding a subdivision to read:

Subd. 27. [EXCLUSION FOR HOME CARE OF THE ELDERLY.] *(a) An exclusion from federal adjusted gross income is allowed to an individual taxpayer with respect to food, clothing, transportation expenses, and medical care except (1) medical expenses deductible pursuant to section 290.089, subdivision 2, or (2) employment related expenses under section 21(b)(2) of the Internal Revenue Code of 1954, as amended through December 31, 1984, paid or incurred by the taxpayer during the taxable year on behalf of a qualified individual, other than the taxpayer, in order to maintain the individual in the private home of either the taxpayer or of the qualified individual.*

(b) The maximum amount of the exclusion to each taxpayer, or in the case of a joint return the taxpayer and the taxpayer's spouse, is $3,000.

(c) For purposes of this subdivision a qualified individual means an individual (1) of at least 65 years of age at the end of the taxable year; (2) who is eligible for medical assistance and who meets the eligibility requirements of section 256B.06; (3) whose health and social services needs have been assessed by a nursing home preadmission screening team pursuant to section 256B.091 or, if a screening team is not operating in the county in which the qualified individual resides, by the designated agent of the local board of health or, if no local board of health is operating in the county, by the designated agent of the county board; and (4) who has been recommended by the screening team or other designated agent as eligible for placement in a nursing home or in need of identified services to maintain the person outside of an institution.

(d) If the taxpayer is receiving a stipend or grant for food, clothing, medical care, or transportation expenses of the qualified individual pursuant to section 256B.091 or 256B.51, the amount of the expenses paid or incurred during the taxable year must be reduced by the amount of the stipends or grants received during the taxable year.

(e) The determination of the local screening team or other designated agent is final for purposes of determining eligibility for the taxable year in which the assessment was made. An in-

dividual may request reassessment in order to determine qualification for this exclusion for the taxable year or for a succeeding taxable year, provided that the local screening team or other designated agent may require that reassessments not be made at intervals of less than one year, absent an affirmative showing of a change in health or social services needs.

(f) The department of revenue, after consultation with the department of human services and the department of health, may provide a form for the certification of the needs assessment by the local screening team or other designated agent and may require that the form be filed with any return filed by the taxpayer initially claiming the exclusion for the qualified individual. If the form is required, the commissioner of revenue must provide an adequate supply of forms to each local screening team or designated agent.

An individual who meets the requirements of clauses (c)(3) and (c)(4) for a taxable year is considered qualified for purposes of clauses (c)(3) and (c)(4) for succeeding taxable years, provided that the commissioner of revenue may require that an individual's qualifications pursuant to clauses (c)(3) and (c)(4) be reassessed. If the individual refuses to submit to the reassessment or a negative recommendation is received under clause (c)(4), the individual is not qualified under this clause for the taxable year for which the commissioner required the reassessment or for succeeding taxable years until all the qualifications contained in clause (c) are met by the individual.

For the taxable year beginning after December 31, 1984, and prior to January 1, 1986, an individual is considered qualified for purposes of clauses (c)(3) and (c)(4) if the requirements of clauses (c)(3) and (c)(4) are met on or before the time prescribed by law for filing the return for the taxable year, including extensions. For all other taxable years, the requirements of clauses (c)(3) and (c)(4) must be met by the close of the taxable year for which the taxpayer first claims the exclusion.

Sec. 25. Minnesota Statutes 1984, section 290.089, subdivision 2, is amended to read:

Subd. 2. [(ITEMIZED DEDUCTIONS) *MINNESOTA NET INCOME.*] (AN AMOUNT EQUAL TO THE AMOUNT DETERMINED PURSUANT TO SECTION 63(F) OF THE INTERNAL REVENUE CODE IS ALLOWED WITH THE FOLLOWING ADJUSTMENTS:) *(a) In the case of an individual, or married individual filing a joint return, who does not itemize deductions for federal income tax purposes, "Minnesota net income" means Minnesota adjusted gross income.*

(b) In the case of an individual, or married individual filing a joint return, who itemizes deductions for federal income tax purposes, "Minnesota net income" means Minnesota adjusted gross income adjusted as follows:

(1) subtract the amount of excess itemized deductions, as determined under section 63(c) of the Internal Revenue Code, to the extent that amount exceeds the sum of (i) income taxes paid or accrued within the taxable year under this chapter, (ii) income taxes paid to any other state or to any province or territory of Canada to the extent a deduction was allowed, and (iii) the amount of the contribution used to compute a credit under section 290.06, subdivision 20;

((A) ADD) *(2) subtract* the amount paid to others not to exceed $650 for each dependent in grades K to 6 and $1,000 for each dependent in grades 7 to 12, for tuition, textbooks, and transportation of each dependent in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363. As used in this clause, "textbooks" includes books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs;

((B) ADD THE AMOUNT OF MINNESOTA AND OTHER STATES' ESTATE OR INHERITANCE TAXES WHICH WERE ALLOWED AS A DEDUCTION UNDER SECTION 290.077, SUBDIVISION 4, ON INCOME IN RESPECT OF A DECEDENT;)

((C) ADD THE AMOUNT BY WHICH THE DEDUCTION FOR THE TAXABLE YEAR ALLOWED PURSUANT TO SUBDIVISION 4 EXCEEDS THE AMOUNT DETERMINED PURSUANT TO SECTION 222 OF THE INTERNAL REVENUE CODE;)

((D) SUBTRACT INCOME TAXES PAID OR ACCRUED WITHIN THE TAXABLE YEAR UNDER THIS CHAPTER;)

((E) SUBTRACT INCOME TAXES PAID TO ANY OTHER STATE OR TO ANY PROVINCE OR TERRITORY OF CANADA;)

((F) IF THE DEDUCTION COMPUTED UNDER SECTION 164 OF THE INTERNAL REVENUE CODE IS NOT

REDUCED BY THE AMOUNT OF THE CREDIT OR REFUND ALLOWED UNDER CHAPTER 290A, SUBTRACT THAT AMOUNT;)

((G) SUBTRACT THE AMOUNT OF INTEREST ON INVESTMENT INDEBTEDNESS PAID OR ACCRUED IN A TAXABLE YEAR BEGINNING BEFORE JANUARY 1, 1981, WHICH HAS BEEN CARRIED FORWARD AND IS ALLOWED AS A DEDUCTION IN THE TAXABLE YEAR UNDER SECTION 163(D) OF THE INTERNAL REVENUE CODE;)

((H) SUBTRACT THE AMOUNT OF CHARITABLE CONTRIBUTIONS DEDUCTED UNDER SECTION 170 OF THE INTERNAL REVENUE CODE THAT (I) EXCEEDS THE FOLLOWING LIMITATIONS: (A) AN OVERALL LIMIT OF 30 PERCENT OF THE TAXPAYER'S MINNESOTA GROSS INCOME WHICH, FOR PURPOSES OF THIS PARAGRAPH, SHALL INCLUDE THE ORDINARY INCOME PORTION OF A LUMP SUM DISTRIBUTION AS DEFINED IN SECTION 402(E) OF THE INTERNAL REVENUE CODE; AND (B) THE AGGREGATE OF CONTRIBUTIONS TO ORGANIZATIONS DESCRIBED IN SECTION 290.21, SUBDIVISION 3, CLAUSE (C) SHALL NOT EXCEED 20 PERCENT OF THE TAXPAYER'S MINNESOTA GROSS INCOME; OR (II) WAS DEDUCTED AS A CARRYOVER UNDER SECTION 170(D) OF THE INTERNAL REVENUE CODE)

(3) subtract the amount by which charitable automobile expenses, figured at the highest standard mileage rate allowed for business automobile expenses under the Internal Revenue Code, exceeds charitable automobile expenses figured at the standard mileage rate for charitable contributions under section 170(j) of the Internal Revenue Code. "Charitable automobile expenses" means automobile expenses necessarily incurred in performing donated services to an organization if a contribution to that organization is deductible under section 170 of the Internal Revenue Code;

(4) to the extent they exceed the amount determined under section 222 of the Internal Revenue Code, subtract expenses incurred during the taxable year arising from the adoption of one or more children, including attorney fees, court costs, social or adoption agency fees, and other necessary costs in connection with an adoption; the total expense, however, shall not exceed $1,250 per child adopted. If under the taxpayer's system of accounting, the expense is deductible in two different taxable years, the total deduction for the two years must not exceed $1,250 per child;

(5) add the unused zero bracket amount, if any, as determined under section 63(e) of the Internal Revenue Code.

Sec. 26. Minnesota Statutes 1984, section 290.09, subdivision 1, is amended to read:

Subdivision 1. [LIMITATIONS.] Except as provided in this subdivision, the deductions provided in this section from gross income shall only be allowed to corporations in computing net income. The provisions of subdivisions 2, clause (c), *and* 28 (, AND 29 SHALL) also apply to individuals (, ESTATES,) and trusts to the extent provided in those subdivisions.

Sec. 27. Minnesota Statutes 1984, section 290.09, subdivision 7, is amended to read:

Subd. 7. [DEPRECIATION.] (A) [CUMULATIVE DEPRECIATION.] (a) There shall be allowed as a depreciation deduction a reasonable allowance for the exhaustion, wear and tear (including a reasonable allowance for obsolescence):

(1) of property used in the trade or business, or

(2) of property held for the production of income.

In the case of recovery property as provided in clause (c), the deduction allowable under clause (c) shall be deemed to constitute the reasonable allowance provided by this subdivision, except for the provisions of Part (B) relating to first year depreciation and except with respect to that portion of the basis of the property to which section 167(k) of the Internal Revenue Code of 1954, as amended through December 31, 1983, applies.

(b) The term "reasonable allowance" as used in clause (a) shall include (but shall not be limited to) an allowance computed in accordance with regulations prescribed by the commissioner, under any of the following methods:

(1) the straight line method.

(2) the declining balance method, using a rate not exceeding twice the rate which would have been used had the annual allowance been computed under the method described in paragraph (1).

(3) the sum of the years-digits method, and

(4) any other consistent method productive of an annual allowance, which, when added to all allowances for the period commencing with the taxpayer's use of the property and including the taxable year, does not, during the first two-thirds of the useful life of the property, exceed the total of such allowances which would have been used had such allowances been computed under the method described in (2). Nothing in this clause (b)

shall be construed to limit or reduce an allowance otherwise allowable under clause (a).

(c) For purposes of this subdivision "reasonable allowance" shall be the accelerated cost recovery system provisions of section 168 of the Internal Revenue Code of 1954, as amended through December 31, 1983, except as provided in this subdivision. In the case of recovery property within the meaning of section 168 of the Internal Revenue Code of 1954, as amended through December 31, 1983, the term "reasonable allowance" as used in clause (a) shall mean 85 percent of the deduction allowed pursuant to section 168 of the Internal Revenue Code of 1954 for property placed in service after December 31, 1980 and for taxable years beginning before January 1, 1982.

For taxable years beginning after December 31, 1981 the term reasonable allowance as used in clause (a) shall mean the following percent of the deduction allowed pursuant to section 168 of the Internal Revenue Code of 1954, as amended through December 31, 1983:

(1) For 3, 5 and 10 year property and for 15 year public utility property the allowable percentage is 83 percent and 80 percent for taxable years beginning after December 31, 1982.

(2) For 15 year real property the allowable percentage is 60 percent.

For property placed in service after December 31, 1980 the term "reasonable allowance" as used in clause (a) shall mean 100 percent of the deduction allowed pursuant to section 168 of the Internal Revenue Code of 1954 where the taxpayer uses for federal income tax purposes the straight line method provided in section 168(b)(3) or a method provided in section 168(e)(2) of the Internal Revenue Code of 1954, as amended through December 31, 1983. For property placed in service after December 31, 1980 and for which the full amount of the deduction allowed under section 168 of the Internal Revenue Code of 1954, as amended through December 31, 1983 has been allowed, the remaining depreciable basis in those assets for Minnesota purposes shall be a depreciation allowance computed by using the straight line method over the following number of years:

(1) 3 year property—1 year.

(2) 5 year property—2 years.

(3) 10 year property—5 years.

(4) All 15 year property—7 years.

When an asset is exchanged for another asset including an involuntary conversion and under the provision of the Internal Revenue Code gain is not recognized in whole or in part on the exchange of the first asset, the basis of the second asset shall be the same as its federal basis provided that the difference in basis due to the limitations provided in this clause can be written off as provided in the preceding sentence.

After the full amount of the allowable deduction for that property under the provision of section 168 of the Internal Revenue Code of 1954, as amended through December 31, 1983, has been obtained, the remaining depreciable basis in those assets for Minnesota purposes that shall be allowed as a depreciation allowance as provided above shall include the amount of any basis reduction made for federal purposes under section 48(q) of the Internal Revenue Code, as amended through December 31, 1983, to reflect the investment tax credit. No amount shall be allowed as a deduction under section 196 of the Internal Revenue Code of 1954, as amended through December 31, 1983.

The provisions of section 168(i)(4) of the Internal Revenue Code of 1954, as amended through December 31, 1983 shall apply to restrict research credit carrybacks and net operating loss carrybacks which are allocable to elected qualified leased property, notwithstanding section 290.068, subdivision 3, or 290.095, subdivision 3.

(THE MODIFICATION PROVIDED IN THIS CLAUSE SHALL APPLY BEFORE APPLYING A LIMITATION ON FARM LOSSES AS CONTAINED IN SUBDIVISION 29.)

(d) Paragraphs (2), (3), and (4) of clause (b) shall apply only in the case of property (other than intangible property) described in clause (a) with a useful life of three years or more.

(1) the construction, reconstruction, or erection of which is completed after December 31, 1958, and then only to that portion of the basis which is properly attributable to such construction, reconstruction, or erection after December 31, 1958, or

(2) acquired after December 31, 1958, if the original use of such property commenced with the taxpayer and commences after such date.

(e) Where, under rules prescribed by the commissioner, the taxpayer and the commissioner have, after June 30, 1959, entered into an agreement in writing specifically dealing with the useful life and rate of depreciation of any property, the rate so agreed upon shall be binding on both the taxpayer and the commissioner in the absence of facts or circumstances not taken into consideration in the adoption of such agreement. The

responsibility of establishing the existence of such facts and circumstances shall rest with the party initiating the modification. Any change in the agreed rate and useful life specified in the agreement shall not be effective for taxable years before the taxable year in which notice in writing by certified mail is served by the party to the agreement initiating such change. This clause shall not apply with respect to recovery property as defined in clause (c).

(f) In the absence of an agreement under clause (e) containing a provision to the contrary, a taxpayer may at any time elect in accordance with rules prescribed by the commissioner to change from the method of depreciation prescribed in clause (b)(2) to the method described in clause (b)(1).

(g) The basis on which exhaustion, wear and tear, and obsolescence are to be allowed in respect of any property shall be the adjusted basis provided in this chapter for the purpose of determining the gain on the sale or other disposition of such property.

(B) [FIRST YEAR DEPRECIATION.] The term "reasonable allowance" as used in this subdivision may, at the election of the taxpayer, include an amount as provided under section 179 of the Internal Revenue Code of 1954, as amended through December 31, 1983.

Sec. 28. Minnesota Statutes 1984, section 290.091, is amended to read:

290.091 [*ALTERNATIVE* MINIMUM TAX ON PREFERENCE ITEMS.]

Subdivision 1. [IMPOSITION OF TAX.] In addition to all other taxes imposed by this chapter (THERE) *a tax* is (HEREBY) imposed on individuals, estates, and trusts (A TAX WHICH, IN THE CASE OF A RESIDENT INDIVIDUAL, SHALL BE) equal to (40 PERCENT OF THE AMOUNT OF THE TAXPAYER'S ALTERNATIVE MINIMUM TAX LIABILITY FOR TAX PREFERENCE ITEMS PURSUANT TO THE PROVISIONS OF SECTIONS 55, 57, 58 AND 443(D) OF THE INTERNAL REVENUE CODE OF 1954 AS AMENDED THROUGH DECEMBER 31, 1983) *the excess (if any) of*

(a) an amount equal to five percent of alternative minimum taxable income after subtracting the exemption amount, over

(b) the regular tax for the taxable year.

Subd. 2. [DEFINITIONS.] For purposes of the tax imposed by this section, the following (MODIFICATIONS SHALL BE MADE) *terms have the meanings given:*

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal adjusted gross income as defined in the Internal Revenue Code;

(2) the taxpayer's federal tax preference items; less

(3) interest income as defined in section 290.01, subdivision 20b, clause (1).

(b) "Federal tax preference items" means items as defined in sections 57, 58, and 443(d) of the Internal Revenue Code, modified as follows:

(1) (ALTERNATIVE TAX ITEMIZED DEDUCTIONS SHALL INCLUDE THE AMOUNT ALLOWABLE AS A DEDUCTION FOR THE TAXABLE YEAR UNDER SECTION 164 OF THE INTERNAL REVENUE CODE FOR MINNESOTA INCOME TAX PAID OR ACCRUED.)

((2)) The capital gain preference item shall be reduced where the gain would be modified because some or all of the assets have a higher basis for Minnesota purposes than for federal purposes.

((3)) *(2)* In the case of a nonresident individual, or an estate or trust, with a net operating loss that is a larger amount for Minnesota than for federal, the capital gain preference item shall be reduced to the extent it was reduced in the allowance of the net operating loss.

((4)) *(3)* Federal preference items from the business of mining or producing iron ore and other ores which are subject to the occupation tax and exempt from taxation under section 290.05, subdivision 1, shall not be a preference item for Minnesota.

((5) THE TERM "REGULAR TAX" AS DEFINED IN SECTION 55(F)(2) OF THE INTERNAL REVENUE CODE SHALL BE INCREASED BY THE AMOUNT OF THE CREDIT ALLOWABLE UNDER SECTION 38 OF THE INTERNAL REVENUE CODE AND IT SHALL BE COMPUTED BEFORE THE LIMITATION ON TAX PROVIDED IN SECTION 1301 OF THE INTERNAL REVENUE CODE.)

((6) FEDERAL PREFERENCE ITEMS WHICH ARISE FROM A FARM SHALL NOT BE A PREFERENCE ITEM TO THE EXTENT THEY EXCEED THE LOSS ALLOWED UNDER SECTION 290.09, SUBDIVISION 29, OTHER THAN INTEREST AND TAXES.)

(IN THE CASE OF ANY TAXPAYER WHO IS NOT A FULL YEAR RESIDENT INDIVIDUAL, OR WHO IS AN ESTATE OR TRUST THE TAX SHALL EQUAL 40 PERCENT OF THAT FEDERAL LIABILITY, MULTIPLIED BY A FRACTION THE NUMERATOR OF WHICH IS THE AMOUNT OF THE TAXPAYER'S PREFERENCE ITEM INCOME ALLOCATED TO THIS STATE PURSUANT TO THE PROVISIONS OF SECTIONS 290.17 TO 290.20, AND THE DENOMINATOR OF WHICH IS THE TAXPAYER'S TOTAL PREFERENCE ITEM INCOME FOR FEDERAL PURPOSES.)

(THE TAX BENEFIT RULE CONTAINED IN SECTION 58(H) OF THE INTERNAL REVENUE CODE IS APPLIED TO THE MINNESOTA MINIMUM TAX ONLY TO THE EXTENT THAT IT DETERMINES IF THERE IS A FEDERAL MINIMUM TAX. NO SEPARATE TAX BENEFIT RULE IS ALLOWABLE FOR THE MINNESOTA MINIMUM TAX.)

(FOR PROPERTY PLACED IN SERVICE AFTER DECEMBER 31, 1980, AND IN A TAXABLE YEAR BEGINNING BEFORE JANUARY 1, 1983, THE PREFERENCE ITEMS CONTAINED IN SECTION 57 (A)(12) OF THE INTERNAL REVENUE CODE OF 1954, AS AMENDED THROUGH DECEMBER 31, 1983, SHALL NOT APPLY.)

(c) "Internal Revenue Code" means the Internal Revenue Code of 1954, as amended through December 31, 1984.

(d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section), reduced by the sum of the nonrefundable credits allowed under this chapter.

Subd. 3. [EXEMPTION AMOUNT.] *For purposes of computing the alternative minimum tax, the exemption amount is:*

(a) $40,000 in the case of a married couple filing a joint return for federal tax purposes;

(b) $30,000 in the case of an individual who is not married, as defined in section 143 of the Internal Revenue Code;

(c) $20,000 in the case of

(1) an estate or trust or

(2) a married individual who files a separate tax return for federal tax purposes.

Subd. 4. [PART YEAR RESIDENTS; ESTATES AND TRUSTS.] *(a) An individual who is not a Minnesota resident*

for the entire year must compute his alternative minimum tax liability using a regular tax liability determined under section 290.06, subdivision 2c, paragraph (d) without regard to the provision for allocation to Minnesota. The resulting alternative minimum tax liability must be multiplied by the fraction defined in section 290.06, subdivision 2c, paragraph (d).

(b) In the case of an estate or trust, the alternative minimum tax liability must be computed by multiplying alternative minimum taxable income and the exemption amount by a fraction, the numerator of which is the amount of the taxpayer's alternative minimum taxable income allocated to this state pursuant to the provisions of sections 290.17 to 290.20, and the denominator of which is the taxpayer's total alternative minimum taxable income.

Subd. 5. [TAX BENEFIT RULE.] *The tax benefit rule contained in section 58(h) of the Internal Revenue Code applies to computation of the tax under this section only to the extent that it determines if there is an item of tax preference for purposes of subdivision 2, clause (a)(2).*

Sec. 29. Minnesota Statutes 1984, section 290.095, subdivision 7, is amended to read:

Subd. 7. [TENTATIVE CARRYBACK ADJUSTMENTS.] (a) Application for adjustment. A taxpayer may file an application for a tentative carryback adjustment of the tax for the prior taxable year affected by a loss or credit carryback from any taxable year. The application shall be signed and verified as provided in section 290.37, subdivision 1, and shall be filed on or after the date of filing of the return for the taxable year from which the carryback results and within a period of 12 months from the end of such taxable year (or with respect to any portion of a credit carryback from a taxable year attributable to a loss carryback from a subsequent taxable year, the application shall be filed within a period of 12 months from the end of the subsequent taxable year), in the manner and form required by rules prescribed by the commissioner. The application shall set forth in such detail and with such supporting data and explanation as such rules shall require:

(1) The amount of the loss or credit;

(2) The amount of the tax previously determined for the prior taxable year affected by such carryback;

(3) The amount of decrease in such tax, attributable to such carryback, such decrease being determined by applying the carryback in the manner provided by law to the items on the basis of which such tax was determined;

(4) The unpaid amount of such tax;

(5) Such other information for purposes of carrying out the provisions of this subdivision as may be required by such rules.

An application under this subdivision shall not constitute a claim for refund until 90 days from the date on which the application was filed, at which time it will become a claim for refund under the provisions of section 290.50.

(b) Allowance of adjustments. Within a period of 90 days from the date on which an application for a tentative carryback adjustment is filed under (a), or from the last day of the month in which falls the last date prescribed by law (including any extension of time granted the taxpayer) for filing the return for the taxable year from which such carryback results, whichever is the later, the commissioner shall make, to the extent he deems practicable in such period a limited examination of the application, to discover omissions and errors of computation therein, and shall determine the amount of the decrease in the tax attributable to such carryback upon the basis of the application and the examination, except that the commissioner may disallow, without further action, any application which he finds contains errors of computation which he deems cannot be corrected by him within such 90-day period or material omissions. Such decrease shall be applied against any unpaid amount of tax decreased and any remainder shall, within such 90-day period, be either credited against any tax or installment thereof then due from the taxpayer, or refunded to the taxpayer.

(c) The provisions of this subdivision shall apply to net operating loss carrybacks as provided in subdivision 3 or 11; capital loss carrybacks as provided in section 290.16, subdivision 6; (FARM LOSS CARRYBACKS AS PROVIDED IN SECTION 290.09, SUBDIVISION 29;) research credit carrybacks as provided in section 290.068, subdivision 3; and to any other carrybacks which may be provided in this chapter.

Sec. 30. Minnesota Statutes 1984, section 290.095, subdivision 9, is amended to read:

Subd. 9. [SPECIAL PERIOD OF LIMITATION WITH RESPECT TO NET OPERATING LOSS CARRYBACKS.] For the purposes of sections 290.46 and 290.50 if the claim for refund relates to an overpayment attributable to a net operating loss carryback under this section or as the result in the case of an individual of an adjustment of "federal adjusted gross income" because of the carryback under section 172 of the Internal Revenue Code of 1954, as amended through December 31, 1983 in lieu of the period of limitation prescribed in sections 290.46 and 290.50, the period shall be that period which ends with the ex-

piration of the 15th day of the 46th month (or the 45th month, in the case of a corporation) following the end of the taxable year of the net operating loss which results in such carryback or adjustment of "federal adjusted gross income." During this extended period, *for taxable years beginning before January 1, 1985,* married individuals who elected to file separate returns or a combined return may change their election and file a joint return.

Sec. 31. Minnesota Statutes 1984, section 290.095, subdivision 11, is amended to read:

Subd. 11. [CARRYBACK OR CARRYOVER ADJUSTMENTS.] (a) For individuals the amount of a net operating loss that may be carried back or carried over shall be the same dollar amount allowable in the determination of federal adjusted gross income. For estates and trusts the amount of a net operating loss that may be carried back or carried over shall be the same dollar amount allowable in the determination of federal taxable income.

(b) The following adjustments to the amount of the net operating loss that may be carried back or carried over must be made for:

(1) Nonassignable income or losses as required by section 290.17, subdivision 2.

(2) (MODIFICATIONS REQUIRED BECAUSE OF THE RESTRICTIONS ON FARM LOSSES AS PROVIDED IN SECTION 290.09, SUBDIVISION 29.)

((3)) Adjustments to the determination of federal adjusted gross income that must be made because of changes in the Internal Revenue Code that have not yet been adopted by the legislature by updating the reference to the Internal Revenue Code contained in section 290.01, subdivision 20.

((4) MODIFICATIONS TO INCOME CONTAINED IN FEDERAL ADJUSTED GROSS INCOME ACCORDING TO THE PROVISIONS OF SECTION 290.01, SUBDIVISION 20C.)

((5)) *(3)* Gains or losses which result from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes subject to the limitations contained in section 290.01, subdivision 20b, clauses (2) and ((4)) *(3)*.

((6)) *(4)* Interest, taxes, and other expenses not allowed under section 290.10, clause (9) (OR SECTION 290.101).

((7)) *(5)* The modification for accelerated cost recovery system depreciation as provided in section 290.01, subdivision 20f.

(c)(1) The net operating loss carryback or carryover applied as a deduction in the taxable year to which the net operating loss is carried back or carried over shall be equal to the net operating loss carryback or carryover applied in the taxable year in arriving at federal adjusted gross income (or federal taxable income for trusts and estates) subject to the modifications contained in clause (b) and to the following modifications:

(A) Increase the amount of carryback or carryover applied in the taxable year by the amount of losses and interest, taxes and other expenses not assignable or allowable to Minnesota incurred in the taxable year.

(B) Decrease the amount of carryback or carryover applied in the taxable year by the amount of income not assignable to Minnesota earned in the taxable year (AND THE AMOUNT OF FEDERAL JOBS CREDIT EARNED IN THE TAXABLE YEAR).

(C) A taxpayer who is not a resident of Minnesota during any part of the taxable year and who has no income assignable to Minnesota during the taxable year shall apply no net operating loss carryback or carryover in the taxable year.

(2) The provisions of section 172(b) of the Internal Revenue Code of 1954 as amended through December 31, 1983 (relating to carrybacks and carryovers) shall apply. The net operating loss carryback or carryover to the next consecutive taxable year shall be the net operating loss carryback or carryover as calculated in clause (c)(1) less the amount applied in the earlier taxable year(s). No additional net operating loss carryback or carryover shall be allowed if the entire amount has been used to offset Minnesota income in a year earlier than was possible on the federal return. A net operating loss carryback or carryover that was allowed to offset federal income in a year earlier than was possible on the Minnesota return shall still be allowed to offset Minnesota income but only if the loss was assignable to Minnesota in the year the loss occurred.

(d) A net operating loss shall be allowed to be carried back or carried forward only to the extent that loss was assignable to Minnesota in the year the loss occurred or in the year to which the loss was carried over, whichever would allow more of the loss to be allowed for Minnesota purposes.

((E) IF A TAXPAYER HAS A NET OPERATING LOSS FOR FEDERAL PURPOSES AND THE PROVISIONS OF THE FARM LOSS LIMITATION AS PROVIDED IN SECTION 290.09, SUBDIVISION 29 APPLY, THE LIMITATIONS

APPLYING TO THE FARM LOSSES THAT ARE CARRIED BACK OR CARRIED OVER ARE APPLIED FIRST AND THE NET OPERATING LOSS THAT IS CARRIED BACK OR CARRIED OVER IS LIMITED TO THE EXCESS, IF ANY, THAT THE NET OPERATING LOSS EXCEEDS THE FARM LOSS LIMITATION.)

Sec. 32. Minnesota Statutes 1984, section 290.10, is amended to read:

290.10 [NONDEDUCTIBLE ITEMS.]

In computing the net income no deduction shall in any case be allowed for:

(1) Personal, living or family expenses;

(2) Amounts paid out for new buildings or for permanent improvements or betterments made to increase the value of any property or estate, except as otherwise provided in this chapter;

(3) Amounts expended in restoring property or in making good the exhaustion thereof for which an allowance is or has been made;

(4) Premiums paid on any life insurance policy covering the life of the taxpayer or of any other person;

(5) The shrinkage in value, due to the lapse of time, of a life or terminable interest of any kind in property acquired by gift, devise, bequest or inheritance;

(6) Losses from sales or exchanges of property, directly or indirectly, between related taxpayers as defined and as provided in section 267 of the Internal Revenue Code (OF 1954, AS AMENDED THROUGH DECEMBER 31, 1983);

(7) In computing net income, no deduction shall be allowed under section 290.09, subdivision 2, relating to expenses incurred or under section 290.09, subdivision 3, relating to interest accrued as provided in section 267 of the Internal Revenue Code (OF 1954, AS AMENDED THROUGH DECEMBER 31, 1983);

(8) (a) Contributions by employees under the federal railroad retirement act and the federal social security act; (b) Payments to Minnesota or federal public employee retirement funds; (c) (THREE-FOURTHS (75 PERCENT)) *60 percent* of the amount of taxes imposed on self-employment income under section 1401 of the Internal Revenue Code (OF 1954, AS AMENDED THROUGH DECEMBER 31, 1983, PROVIDED THAT). Effective for taxable years beginning after December 31, 1989, no

deduction is allowed for self-employment taxes where the taxpayer claimed a deduction for those taxes under section 164(f) of the Internal Revenue Code (OF 1954, AS AMENDED THROUGH DECEMBER 31, 1983);

(9) Expenses, interest and taxes connected with or allocable against the production or receipt of all income not included in the measure of the tax imposed by this chapter;

(10) In situations where this chapter provides for a subtraction from gross income of a specific dollar amount of an item of income assignable to this state, and within the measure of the tax imposed by this chapter, that portion of the federal income tax liability assessed upon such income subtracted, and any expenses attributable to earning such income, shall not be deductible in computing net income;

(11) Amounts paid or accrued for such taxes and carrying charges as, under rules prescribed by the commissioner, are chargeable to capital account with respect to property, if the taxpayer elects, in accordance with such rules, to treat such taxes or charges as so chargeable;

(12) No deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if the trade or business (or the activities which comprise the trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the federal Controlled Substances Act) which is prohibited by federal law or the law of Minnesota.

For purposes of this section, reference to the Internal Revenue Code means the Internal Revenue Code of 1954, as amended through December 31, 1984.

Sec. 33. Minnesota Statutes 1984, section 290.12, subdivision 2, is amended to read:

Subd. 2. [ADJUSTMENTS.] In computing the amount of gain or loss under subdivision 1 proper adjustment shall be made for any expenditure, receipt, loss, or other item properly chargeable to capital account by the taxpayer during his ownership thereof. The basis shall be diminished by the amount of the deductions for exhaustion, wear and tear, obsolescence, amortization, depletion, and the allowance for amortization of bond premium if an election to amortize was made in accordance with section 290.09, subdivision 13, which could, during the period of his ownership thereof, have been deducted by the taxpayer under this chapter in respect of such property. (THE BASIS SHALL ALSO BE DIMINISHED BY THE AMOUNT OF DEPRECIATION RELATING TO A SUBSTANDARD BUILDING

DISALLOWED BY SECTION 290.101.) In addition, if the property was acquired before January 1, 1933, the basis, if other than the fair market value as of such date, shall be diminished by the amount of exhaustion, wear and tear, obsolescence, amortization, or depletion actually sustained before such date. In respect of any period since December 31, 1932, during which property was held by a person or an organization not subject to income taxation under this chapter, proper adjustment shall be made for exhaustion, wear and tear, obsolescence, amortization, and depletion of such property to the extent sustained. For the purpose of determining the amount of these adjustments the taxpayer who sells or otherwise disposes of property acquired by gift shall be treated as the owner thereof from the time it was acquired by the last preceding owner who did not acquire it by gift, and the taxpayer who sells or otherwise disposes of property acquired by gift through an inter vivos transfer in trust shall be treated as the owner from the time it was acquired by the grantor.

No adjustment shall be made:

(1) for taxes or other carrying charges described in section 290.10, clause (11), or

(2) for expenditures described in section 290.09, subdivision 16 (relating to circulation expenditures), for which deductions have been taken by the taxpayer in determining taxable income for the taxable year or prior years.

Sec. 34. Minnesota Statutes 1984, section 290.14, is amended to read:

290.14 [GAIN OR LOSS ON DISPOSITION OF PROPERTY, BASIS.]

Except as otherwise provided in this chapter, the basis for determining the gain or loss from the sale or other disposition of property acquired on or after January 1, 1933, shall be the cost to the taxpayer of such property, with the following exceptions:

(1) If the property should have been included in the last inventory, it shall be the last inventory value thereof;

(2) If the property was acquired by gift, it shall be the same as it would be if it were being sold or otherwise disposed of by the last preceding owner not acquiring it by gift; if the facts required for this determination cannot be ascertained, it shall be the fair market value as of the date, or approximate date, of acquisition by the last preceding owner, as nearly as the requisite facts can be ascertained by the commissioner;

(3) If the property was acquired by gift through an inter vivos transfer in trust, it shall be the same as it would be if it were being sold or otherwise disposed of by the grantor;

(4) Except as otherwise provided in this clause, the basis of property in the hands of a person acquiring the property from a decedent or to whom the property passed from a decedent shall, if not sold, exchanged or otherwise disposed of before the decedent's death by the person, be the fair market value of the property at the date of decedent's death or, in the case of an election under section 2032 (relating to alternate valuation) of the Internal Revenue Code of 1954, as amended through December 31, 1983, its valuation at the applicable valuation date prescribed by that section, or in the case of an election under section 2032A (relating to valuation of farm real property) of the Internal Revenue Code of 1954, as amended through December 31, 1983, its value determined by that section.

For the purposes of the preceding paragraph, the following property shall be considered to have been acquired from or to have passed from the decedent:

(a) Property acquired by bequest, devise, or inheritance, or by the decedent's estate from the decedent;

(b) Property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent, with the right reserved to the decedent at all times before his death to revoke the trust;

(c) Property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent with the right reserved to the decedent at all times before his death to make any change in the enjoyment thereof through the exercise of a power to alter, amend, or terminate the trust;

(d) Property passing without full and adequate consideration under a general power of appointment exercised by the decedent by will;

(e) In the case of a decedent's dying after December 31, 1956, property acquired from the decedent by reason of death, form of ownership, or other conditions (including property acquired through the exercise or non-exercise of a power of appointment), if by reason thereof the property is required to be included in determining the value of the decedent's gross estate for Minnesota inheritance or estate tax purposes. In this case, if the property is acquired before the death of the decedent, the basis shall be the amount determined under the first paragraph of this clause reduced by the amount allowed to the taxpayer as deductions in computing taxable net income under this chapter

or prior Minnesota income tax laws for exhaustion, wear and tear, obsolescence, amortization, and depletion on the property before the death of the decedent. The basis shall be applicable to the property commencing on the death of the decedent. This paragraph shall not apply to annuities and property described in paragraphs (a), (b), (c) and (d) of this clause.

This clause shall not apply to property which constitutes a right to receive an item of income in respect of a decedent under section 290.077.

(5) If substantially identical property was acquired in the place of stocks or securities which were sold or disposed of and in respect of which loss was not allowed as a deduction under section 290.089 or section 290.09, subdivision 5, the basis in the case of property so acquired shall be the same as that provided in section 1091 of the Internal Revenue Code of 1954, as amended through December 31, 1983.

(6) Neither the basis nor the adjusted basis of any portion of real property shall, in the case of a lessor of the property, be increased or diminished on account of income derived by the lessor in respect of the property and excludable from gross income under section 290.08, subdivision 14.

If an amount representing any part of the value of real property attributable to buildings erected or other improvements made by a lessee in respect of the property was included in gross income of the lessor for any taxable year beginning before January 1, 1943, the basis of each portion of the property shall be properly adjusted for the amount included in gross income.

(7) (IF THE PROPERTY WAS ACQUIRED BY THE TAXPAYER AS A TRANSFER OF PROPERTY IN EXCHANGE FOR THE RELEASE OF THE TAXPAYER'S MARITAL RIGHTS, THE BASIS OF THE PROPERTY SHALL BE THE SAME AS IT WOULD BE IF IT WERE BEING SOLD OR OTHERWISE DISPOSED OF BY THE PERSON WHO TRANSFERRED THE PROPERTY TO THE TAXPAYER.)

((8)) The basis of property subject to the provisions of section 1034 of the Internal Revenue Code of 1954, as amended through December 31, 1983 (relating to the rollover of gain on sale of principal residence) shall be the same as the basis for federal income tax purposes. The basis shall be increased by the amount of gain realized on the sale of a principal residence outside of Minnesota, while a nonresident of this state, which gain was not recognized because of the provisions of section 1034.

Sec. 35. Minnesota Statutes 1984, section 290.18, subdivision 2, is amended to read:

Subd. 2. [FEDERAL INCOME TAX PAYMENTS AND REFUNDS.] The adjusted gross income shall be computed by deducting from the gross income assignable to this state under section 290.17, the deduction for allowable federal income taxes determined under the provisions of sections 290.10 (8), (9) or (10), and 290.18. For purposes of the preceding sentence, federal income tax shall include the foreign tax credit allowed under section 33 of the Internal Revenue Code of 1954, as amended through December 31, 1983.

This deduction shall be allowed to individuals, estates, or trusts (i) for taxable years beginning after December 31, 1980 in the taxable year to which the liability applies. Such liability includes the portion of self-employment tax allowed under section 290.10, clause (8). The self-employment tax must be deducted by the person who is deriving the income. (WHEN THE FEDERAL TAX LIABILITY IS JOINT AND SEVERAL UNDER THE COMPUTATION OF A JOINT FEDERAL RETURN OF HUSBAND AND WIFE, THE FEDERAL TAX LIABILITY MUST BE SPLIT BETWEEN THE SPOUSES IN THE SAME RATIO THAT THE FEDERAL ADJUSTED GROSS INCOME OF THAT SPOUSE BEARS TO THE TOTAL FEDERAL ADJUSTED GROSS INCOME. FOR PURPOSES OF THE PRECEDING SENTENCE, "FEDERAL ADJUSTED GROSS INCOME" INCLUDES THE ORDINARY INCOME PORTION OF A LUMP SUM DISTRIBUTION AS DEFINED IN SECTION 402(E) OF THE INTERNAL REVENUE CODE OF 1954, AS AMENDED THROUGH DECEMBER 31, 1983.)

(ii) Taxes paid for a taxable year beginning before January 1, 1981 shall be allowed as follows:

(1) Those taxes paid in a taxable year beginning before January 1, 1981, shall be claimed in the year in which the payment was made.

(2) Those paid in a taxable year beginning after December 31, 1980 but before January 1, 1983 shall be divided and deducted in equal installments reflected by the yearly periods beginning with the first day of the taxable year in which the payment was made and ending December 31, 1986. (FOR AN AMOUNT WHICH REMAINS TO BE DEDUCTED IN A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 1982, WHERE THE FEDERAL TAX LIABILITY FOR THE YEAR IN WHICH THE PAYMENT WAS MADE IS JOINT AND SEVERAL UNDER THE COMPUTATION OF A JOINT FEDERAL RETURN OF HUSBAND AND WIFE, THE REMAINING AMOUNTS TO BE DEDUCTED SHALL BE CLAIMED BY THE SAME SPOUSE AND IN THE SAME DOLLAR AMOUNT AS THE DEDUCTION WAS CLAIMED IN THE FIRST TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 1981.)

(3) Those paid in a taxable year beginning after December 31, 1982 shall be claimed in the year in which the payment was made. This amount shall be (APPORTIONED BETWEEN SPOUSES AS PROVIDED IN CLAUSE (I) AND SHALL BE) allocated for exempt income under the provisions of section 290.10, clause (9) or (10) as though the payment was part of the federal tax liability for the year in which the payment was made.

(4) In the case of a person who was self employed during all or a portion of the taxable year, the federal income tax liability for purposes of this clause shall be increased by the self-employment tax allowed under section 290.10, clause (8). The self-employment tax shall be deducted in the year paid as provided in paragraph (1), (2), or (3). The self-employment tax must be deducted by the person who earned the income. Self-employment tax paid in a taxable year beginning after December 31, 1982 shall be allocated for exempt income as provided in paragraph (3).

(iii) If a taxpayer's federal tax liability is eventually not paid by reason of compromise, discharge, or court order, the deduction allowed pursuant to this subdivision shall be disallowed for the taxable year in which the liability was accrued.

(iv) In the event a federal tax liability for a taxable year commencing after December 31, 1980 is increased, decreased or modified, and such increase, decrease or modification has resulted in a change in the amount of Minnesota income tax in the year to which such increase, decrease or modification is attributable, the taxpayer's deduction under this subdivision shall be modified for such year.

(v) If the readjustments required in (iii) or (iv) are for taxes reflected in the transition rule described in (ii)(2), the readjustment shall be made equally to the remaining installments and if a reduction to such installments is required under this readjustment which exceeds the total of all remaining installments, the remaining installments will be reduced to zero and the excess included in income as a federal income tax refund.

(vi) Refunds which are not involved with any readjustments under the transition rule shall be included in income under Minnesota Statutes 1982, section 290.01, subdivision 20a, clause (6) if it is from a year beginning before January 1, 1981.

(vii) Refunds of taxes for years beginning after December 31, 1980, shall be used to adjust the deduction in the taxable year of the liability unless that year is closed by statute and no other adjustments are to be required or allowable in which case such refund shall be reportable in the year received.

Sec. 36. Minnesota Statutes 1984, section 290.21, subdivision 3, is amended to read:

Subd. 3. An amount for contribution or gifts made within the taxable year:

(a) to or for the use of the state of Minnesota, or any of its political subdivisions for exclusively public purposes,

(b) to or for the use of any community chest, corporation, organization, trust, fund, association, or foundation located in and carrying on substantially all of its activities within this state, organized and operated exclusively for religious, charitable, public cemetery, scientific, literary, artistic, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual,

(c) to a fraternal society, order, or association, operating under the lodge system located in and carrying on substantially all of their activities within this state if such contributions or gifts are to be used exclusively for the purposes specified in subdivision 3(b), or for or to posts or organizations of war veterans or auxiliary units or societies of such posts or organizations, if they are within the state and no part of their net income inures to the benefit of any private shareholder or individual,

(d) to or for the use of the United States of America for exclusively public purposes, and to or for the use of any community chest, corporation, trust, fund, association, or foundation, organized and operated exclusively for any of the purposes specified in subdivision 3(b) and (c) no part of the net earnings of which inures to the benefit of any private shareholder or individual, but not carrying on substantially all of their activities within this state, in an amount equal to the ratio of Minnesota taxable net income to total net income,

(e) the total deduction hereunder shall not exceed 15 percent of the taxpayer's taxable net income less the deductions allowable under this section other than those for contributions or gifts,

(f) in the case of a corporation reporting its taxable income on the accrual basis, if: (A) the board of directors authorizes a charitable contribution during any taxable year, and (B) payment of such contribution is made after the close of such taxable year and on or before the fifteenth day of the third month following the close of such taxable year; then the taxpayer may elect to treat such contribution as paid during such taxable year. The election may be made only at the time of the filing of the return for such taxable year, and shall be signified in such manner as the commissioner shall by regulations prescribe;

(g) no deduction is allowed under this subdivision for the amount of a contribution used to compute a credit under section 290.06, subdivision 20.

Sec. 37. Minnesota Statutes 1984, section 290.37, subdivision 1, is amended to read:

Subdivision 1. [PERSONS MAKING RETURNS.] (a) The commissioner of revenue shall annually determine the gross income levels at which individuals, trusts, and estates shall be required to file a return for each taxable year. An individual who is not a Minnesota resident for any part of the year is not required to file a Minnesota income tax return if the individual's Minnesota gross income computed under section 290.06, subdivision 2c, clause ((C)(1)) *(d)(1)* is less than the filing requirements for an individual who is a full year resident of Minnesota with the same marital status and number of personal credits.

The decedent's final income tax return, and all other income tax returns for prior years where the decedent had gross income in excess of the minimum amount at which an individual is required to file and did not file, shall be filed by his or her personal representative, if any. If there is no personal representative, the return or returns shall be filed by the transferees as defined in section 290.29, subdivision 3, who receive any property of the decedent.

The trustee or other fiduciary of property held in trust shall file a return with respect to the taxable net income of such trust if that exceeds an amount determined by the commissioner if such trust belongs to the class of taxable persons.

Every corporation shall file a return. The return in this case shall be signed by an officer of the corporation.

The receivers, trustees in bankruptcy, or assignees operating the business or property of a taxpayer shall file a return with respect to the taxable net income of such taxpayer if that exceeds an amount on which a tax at the rates herein provided would exceed the specific credits allowed.

(b) Such return shall (1) be verified or contain a written declaration that it is made under the penalties of criminal liability for willfully making a false return, and (2) shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

(c) For purposes of this subdivision the term "gross income" shall mean gross income as defined in section 61 of the Internal Revenue Code of 1954, as amended through December 31, 1983, modified and adjusted in accordance with the provisions of sections 290.01, subdivision 20b, clauses (1), (6), and ((10)) *(7)*, 290.08, and 290.17.

Sec. 38. Minnesota Statutes 1984, section 290.38, is amended to read:

290.38 [(JOINT) RETURNS OF (HUSBAND AND WIFE) *MARRIED PERSONS.*]

A husband and wife (MAY MAKE A SINGLE RETURN JOINTLY EVEN THOUGH ONE OF THE SPOUSES HAS NEITHER GROSS INCOME NOR DEDUCTIONS) *must file a joint Minnesota income tax return if they filed a joint federal income tax return.* If a joint return is made the tax shall be computed on the aggregate income and the liability with respect to the tax shall be joint and several. If (BOTH) *the* husband and wife have (GROSS INCOME) *elected to file separate federal income tax returns* they (MAY ELECT TO EITHER FILE A SINGLE RETURN JOINTLY OR MAY) *must* file separate *Minnesota income tax* returns (PURSUANT TO THIS SECTION OR AS PROVIDED IN SECTION 290.39, SUBDIVISION 2). This election to file a joint or separate returns (MAY) *must* be changed (WITHIN THE PERIOD PROVIDED FOR THE ASSESSMENT OF ADDITIONAL TAXES ON SAID RETURN OR RETURNS) *if they change their election for federal purposes.* In the event taxpayers desire to change their election, such change shall be done in the manner and on such form as the commissioner shall prescribe by (REGULATION) *rule.*

(NO JOINT RETURN SHALL BE MADE IF THE HUSBAND AND WIFE HAVE DIFFERENT TAXABLE YEARS; EXCEPT THAT IF SUCH TAXABLE YEARS BEGIN ON THE SAME DAY AND END ON DIFFERENT DAYS BECAUSE OF THE DEATH OF EITHER OR OF BOTH, THEN THE JOINT RETURN MAY BE MADE WITH RESPECT TO THE TAXABLE YEAR OF EACH. THE ABOVE EXCEPTION SHALL NOT APPLY IF THE SURVIVING SPOUSE REMARRIES BEFORE THE CLOSE OF HIS TAXABLE YEAR OR IF THE TAXABLE YEAR OF EITHER SPOUSE IS A FRACTIONAL PART OF A YEAR UNDER SECTION 290.32) *The determination of whether an individual is married is made as of the close of that person's taxable year; except that if that person's spouse dies during the taxable year the determination is made as of the time of the death. An individual who is legally separated from a spouse under a decree of divorce, dissolution, or of separate maintenance is not considered to be married.*

In the case of the death of one spouse or both spouses the joint return with respect to the decedent may be made only by the personal representative of his estate; except that in the case of the death of one spouse the joint return may be made by the surviving spouse with respect to both himself and the decedent if (a) no return for the taxable year has been made by the decedent, (b) no personal representative has been appointed, and (c) no personal representative is appointed before the last day prescribed by law for filing the return of the surviving spouse. If a

personal representative of the estate of the decedent is appointed after the joint return has been filed by the surviving spouse, the personal representative may disaffirm such joint return by filing, within one year after the last day prescribed by law for filing the return of the surviving spouse, a separate return for the taxable year of the decedent with respect to which the joint return was made, in which case the return made by the survivor shall constitute his separate return *provided that the election has been also disaffirmed for federal purposes.*

(IF HUSBAND AND WIFE DETERMINE THEIR FEDERAL INCOME TAX ON A JOINT RETURN BUT DETERMINE THEIR MINNESOTA INCOME TAXES SEPARATELY, THEY SHALL DETERMINE THEIR MINNESOTA GROSS INCOME SEPARATELY AS IF THEIR FEDERAL ADJUSTED GROSS INCOMES HAD BEEN DETERMINED SEPARATELY.)

Sec. 39. Minnesota Statutes 1984, section 290.39, subdivision 1a, is amended to read:

Subd. 1a. [TAX TABLES.] Notwithstanding any other provision of this chapter to the contrary, the commissioner may, in his discretion, prepare tables for computing the tax for individuals, estates, and trusts which may reflect the allowance of personal and dependent credits (OR WHICH MAY REFLECT THE ALLOWANCE OF THE STANDARD DEDUCTION AND THE PERSONAL AND DEPENDENT CREDITS).

Sec. 40. Minnesota Statutes 1984, section 290.41, subdivision 2, is amended to read:

Subd. 2. [BY PERSONS, CORPORATIONS, COOPERATIVES, GOVERNMENTAL ENTITIES OR SCHOOL DISTRICTS.] Every person, corporation, or cooperative, the state of Minnesota and its political subdivisions, and every city, county and school district in Minnesota, making payments in the regular course of a trade or business during the taxable year to any person or corporation of $600 or more on account of rents or royalties, or of $10 or more on account of interest, or $10 or more on account of dividends or patronage dividends, or $600 or more on account of either wages, salaries, commissions, fees, prizes, awards, pensions, annuities, or any other fixed or determinable gains, profits or income, not otherwise reportable under section 290.92, subdivision 7, or on account of earnings of $10 or more distributed to its members by savings, building and loan associations or credit unions chartered under the laws of this state or the United States, (a) shall make a return (except in cases where a valid agreement to participate in the combined federal and state information reporting system has been entered into, and such return is therefore filed only with the commissioner of internal revenue pursuant to the applicable filing and informational reporting requirements of the Internal Revenue Code of

1954 as amended through December 31, 1983) in respect to such payments in excess of the amounts specified, giving the names and addresses of the persons to whom such payments were made, the amounts paid to each, and (b) shall make a return in respect to the total number of such payments and total amount of such payments, for each category of income specified, which were in excess of the amounts specified. This subdivision shall not apply to the payment of interest or dividends to a person who was a nonresident of Minnesota for the entire year.

A person, corporation, or cooperative required to file returns under this subdivision on interest, dividends, or patronage dividend payments with respect to more than 50 payees for any calendar year must file all of these returns on magnetic media unless the person establishes to the satisfaction of the commissioner that compliance with this requirement would be an undue hardship.

(UPON REQUEST FROM THE COMMISSIONER, ANY PUBLIC PENSION PLAN AS DEFINED IN SECTION 356.61 IN WHICH THE EMPLOYER PICKS UP THE EMPLOYEE CONTRIBUTIONS UNDER SECTION 356.62 SHALL FURNISH THE COMMISSIONER, ON MAGNETIC MEDIA TO THE EXTENT POSSIBLE, WITH THE NAME, ADDRESS, AND SOCIAL SECURITY NUMBER OF EACH EMPLOYEE WHO PARTICIPATED IN THE PLAN DURING THAT CALENDAR YEAR FOR WHICH PICKED UP CONTRIBUTIONS WERE MADE.)

Sec. 41. [290.491] [TAX ON GAIN; DISCHARGE IN BANKRUPTCY.]

Any tax due under this chapter on a gain realized on a forced sale pursuant to foreclosure of a mortgage or other security interest in agricultural production property, other real property, or equipment, used in a farm business that was owned and operated by the taxpayer shall be a dischargeable debt in a bankruptcy proceeding under United States Code, title 11, section 727.

Sec. 42. Minnesota Statutes 1984, section 290.50, subdivision 5, is amended to read:

Subd. 5. [OVERPAYMENTS; CREDITS AND REFUNDS.] (a) If the amount allowable as a credit under section 290.92, subdivision 12 (relating to credit for tax withheld at source) or an amount determined to be an overpayment under section 290.93, subdivision 9, or 290.936 exceeds the taxes imposed by this chapter against which such credit is allowable the amount of such excess shall be considered an overpayment. An amount paid as tax shall constitute an overpayment even if in fact there was no tax liability with respect to which such amount was paid.

(b) Notwithstanding any other provision of law to the contrary, in the case of any overpayment the commissioner, within the applicable period of limitations, may credit the amount of such overpayment against any liability in respect of Minnesota income tax on the part of the person who made the overpayment or against any liability in respect to Minnesota income tax on the part of either spouse who shall have filed a joint (OR COMBINED) return for the taxable year in which the overpayment was made and shall refund any balance of more than one dollar to such person if the taxpayer shall so request.

The commissioner is authorized to prescribe rules providing for the crediting against the estimated *corporate* income tax for any taxable year of the amount determined by the commissioner to be an overpayment of the income tax for a preceding taxable year.

Sec. 43. Minnesota Statutes 1984, section 290.50, subdivision 6, is amended to read:

Subd. 6. [WITHHOLDING OF REFUNDS FROM CHILD SUPPORT DEBTORS.] Upon a finding by a court of this state that a person obligated to pay child support is delinquent in making payments, the amount of child support unpaid and owing including attorneys fees and costs incurred in ascertaining or collecting child support shall be withheld from a refund due the person under this section. The public agency responsible for child support enforcement or the parent or guardian of a child for whom the support, attorneys fees and costs are owed may petition the district or county court for an order providing for the withholding of the amount of child support, attorneys fees and costs unpaid and owing as determined by court order. The person from whom the refund may be withheld shall be notified of the petition pursuant to the rules of civil procedure prior to the issuance of an order pursuant to this subdivision. The order may be granted on a showing to the court that required support payments, attorneys fees and costs have not been made when they were due.

On order of the court, the money shall be withheld by the commissioner from the refund due to the person obligated to pay and the amount withheld shall be remitted to the public agency responsible for child support enforcement or to the parent or guardian petitioning on behalf of the child, provided that any delinquent tax obligations of the taxpayer owed to the revenue department shall be satisfied first. Any amount received by the responsible public agency or the petitioning parent or guardian in excess of the amount of public assistance expended for the benefit of the child to be supported, or the amount of any support, attorneys fees and costs that had been the subject of the claim pursuant to this subdivision which has been paid by the taxpayer prior to the diversion of the refund, shall be remitted to the person entitled to the money. If the refund is based on a

joint (OR COMBINED) return, the portion of the refund that shall be remitted to the petitioner shall be the proportion of the total refund that equals the proportion of the total federal adjusted gross income of the spouses that is the federal adjusted gross income of the spouse who is delinquent in making the child support payments. A petition filed pursuant to this subdivision shall be in effect with respect to any refunds due under this section until the support money, attorneys fees and costs have been paid in full or the court orders the commissioner to discontinue withholding the money from the refund due the person obligated to pay the support, attorneys fees and costs. If a petition is filed pursuant to this subdivision and a claim is made pursuant to chapter 270A with respect to the same individual's refund and notices of both are received prior to the time when payment of the refund is made on either claim, the claim relating to the liability that accrued first in time shall be paid first; any amount of the refund remaining shall then be applied to the other claim. The provisions of section 290.61 shall not prohibit the exchange of information among the department, the petitioner, and the court to the extent necessary to accomplish the intent of this subdivision.

Sec. 44. Minnesota Statutes 1984, section 290.92, subdivision 2a, is amended to read:

Subd. 2a. [COLLECTION AT SOURCE.] (1) [DEDUCTIONS.] Every employer making payment of wages shall deduct and withhold upon such wages a tax as provided in this section.

(2) [WITHHOLDING ON PAYROLL PERIOD.] The employer shall withhold the tax on the basis of each payroll period or as otherwise provided in this section.

(3) [WITHHOLDING TABLES.] Unless the amount of tax to be withheld is determined as provided in subdivision 3, the amount of tax to be withheld for each individual shall be based upon tables to be prepared and distributed by the commissioner. The tables shall be computed for the several permissible withholding periods and shall take account of exemptions allowed under this section; and the amounts computed for withholding shall be such that the amount withheld for any individual during his taxable year shall approximate in the aggregate as closely as possible the tax which is levied and imposed under this chapter for that taxable year, upon his salary, wages, or compensation for personal services of any kind for the employer, and shall take into consideration the allowable deduction for federal income tax and the (DEDUCTION ALLOWABLE UNDER SECTION 290.089, SUBDIVISION 3) *zero bracket amount determined under section 63(d) of the Internal Revenue Code of 1954, as amended through December 31, 1984,* and the personal credits allowed against the tax.

(4) [MISCELLANEOUS PAYROLL PERIOD.] If wages are paid with respect to a period which is not a payroll period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days, including Sundays and holidays, equal to the number of days in the period with respect to which such wages are paid.

(5) [MISCELLANEOUS PAYROLL PERIOD.] (a) In any case in which wages are paid by an employer without regard to any payroll period or other period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days equal to the number of days, including Sundays and holidays, which have elapsed since the date of the last payment of such wages by such employer during the calendar year, or the date of commencement of employment with such employer during such year, or January 1 of such year, whichever is the later.

(b) In any case in which the period, or the time described in clause (a), in respect of any wages is less than one week, the commissioner, under regulations prescribed by him, may authorize an employer to determine the amount to be deducted and withheld under the tables applicable in the case of a weekly payroll period, in which case the aggregate of the wages paid to the employee during the calendar week shall be considered the weekly wages.

(6) [WAGES COMPUTED TO NEAREST DOLLAR.] If the wages exceed the highest bracket, in determining the amount to be deducted and withheld under this subdivision, the wages may, at the election of the employer, be computed to the nearest dollar.

(7) [REGULATIONS ON WITHHOLDING.] The commissioner may, by regulations, authorize employers:

(a) To estimate the wages which will be paid to any employee in any quarter of the calendar year;

(b) To determine the amount to be deducted and withheld upon each payment of wages to such employee during such quarter as if the appropriate average of the wages so estimated constituted the actual wages paid; and

(c) To deduct and withhold upon any payment of wages to such employee during such quarter such amount as may be necessary to adjust the amount actually deducted and withheld upon wages of such employee during such quarter to the amount required to be deducted and withheld during such quarter without regard to this paragraph (7).

(8) [ADDITIONAL WITHHOLDING.] The commissioner is authorized to provide by rule for increases or decreases in the

amount of withholding otherwise required under this section in cases where the employee requests the changes. Such additional withholding shall for all purposes be considered tax required to be deducted and withheld under this section.

(9) [TIPS.] In the case of tips which constitute wages, this subdivision shall be applicable only to such tips as are included in a written statement furnished to the employer pursuant to section 6053 of the Internal Revenue Code of 1954, as amended through December 31, 1983, and only to the extent that the tax can be deducted and withheld by the employer, at or after the time such statement is so furnished and before the close of the calendar year in which such statement is furnished, from such wages of the employee (excluding tips, but including funds turned over by the employee to the employer for the purpose of such deduction and withholding) as are under the control of the employer; and an employer who is furnished by an employee a written statement of tips (received in a calendar month) pursuant to section 6053 of the Internal Revenue Code of 1954 as amended through December 31, 1983 to which subdivision 1 is applicable may deduct and withhold the tax with respect to such tips from any wages of the employee (excluding tips) under his control, even though at the time such statement is furnished the total amount of the tips included in statements furnished to the employer as having been received by the employee in such calendar month in the course of his employment by such employer is less than $20. Such tax shall not at any time be deducted and withheld in an amount which exceeds the aggregate of such wages and funds as are under the control of the employer minus any tax required by other provisions of state or federal law to be collected from such wages and funds.

Sec. 45. Minnesota Statutes 1984, section 290.92, subdivision 19, is amended to read:

Subd. 19. [EMPLOYEES INCURRING NO INCOME TAX LIABILITY.] Notwithstanding any other provision of this section, an employer shall not be required to deduct and withhold any tax under this chapter upon a payment of wages to an employee if there is in effect with respect to such payment a withholding exemption certificate, in such form and containing such other information as the commissioner may prescribe, furnished to the employer by the employee certifying that the employee

(a) incurred no liability for income tax imposed under this chapter for his preceding taxable year, and

(b) anticipates that he will incur no liability for income tax imposed under this chapter for his current taxable year. (WHEN AN EMPLOYEE ANTICIPATES NO LIABILITY FOR THE CURRENT TAXABLE YEAR BECAUSE OF THE PROVISION CONTAINED IN SECTION 290.06, SUBDIVISION 3D, NO WITHHOLDING SHALL BE REQUIRED, CLAUSE (A)

NOTWITHSTANDING.) The commissioner shall by (REGULATIONS) *rule* provide for the coordination of the provisions of this subdivision with the provisions of subdivision 7.

Sec. 46. Minnesota Statutes 1984, section 290A.03, subdivision 3, is amended to read:

Subd. 3. [INCOME.] (1) "Income" means the sum of the following:

(a) federal adjusted gross income as defined in the Internal Revenue Code of 1954 as amended through December 31, 1983; and

(b) the sum of the following amounts to the extent not included in clause (a):

(i) additions to federal adjusted gross income as provided in Minnesota Statutes, section 290.01, subdivision 20a, clauses (1), (2), *(3), and* (4) (, (9), (10), AND (14));

(ii) all nontaxable income;

(iii) recognized net long term capital gains;

(iv) dividends (AND INTEREST) excluded from federal adjusted gross income under (SECTIONS) *section* 116 (OR 128) of the Internal Revenue Code of 1954;

(v) cash public assistance and relief;

(vi) any pension or annuity (including railroad retirement benefits, all payments received under the federal social security act, supplemental security income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vii) nontaxable interest received from the state or federal government or any instrumentality or political subdivision thereof;

(viii) workers' compensation;

(ix) unemployment benefits;

(x) nontaxable strike benefits; and

(xi) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness,

or other disability, whether funded through insurance or otherwise. In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced by the amount of a net operating loss carryback.

(2) "Income" does not include:

(a) amounts excluded pursuant to the Internal Revenue Code, Sections 101(a), 102, 117, and 121;

(b) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(c) surplus food or other relief in kind supplied by a governmental agency;

(d) relief granted under this chapter; *or*

(e) child support payments received under a temporary or final decree of dissolution or legal separation (; OR)

((F) FEDERAL ADJUSTED GROSS INCOME SHALL BE REDUCED BY WAGE OR SALARY EXPENSE WHICH IS NOT ALLOWED AS A DEDUCTION UNDER PROVISIONS OF SECTION 280C OF THE INTERNAL REVENUE CODE OF 1954).

Sec. 47. Minnesota Statutes 1984, section 298.40, is amended by adding a subdivision to read:

Subd. 5. (a) There is appropriated effective July 1, 1986, to the commissioner of revenue from the general fund an amount equal to one-half of any credits due as a result of a recomputation of occupation taxes for production year 1984 and previous years based on the limitations prescribed in section 298.40, subdivision 1, and established by the commissioner as an account payable on or before May 1, 1985. The commissioner shall refund to the taxpayers the amount computed plus six percent interest per annum from the date of the overpayment.

(b) There is appropriated effective July 1, 1987, to the commissioner of revenue from the general fund the remainder of the amount computed pursuant to clause (a). The commissioner shall refund to the taxpayers the amount computed plus six percent interest per annum from the date of the overpayment.

Sec. 48. [REPEALER.]

Minnesota Statutes 1984, sections 41.58, subdivision 3; 41.59, subdivisions 2 and 3; 62E.03, subdivision 2; 290.01, subdivisions 20c and 26; 290.012; 290.06, subdivisions 2f, 3d, 3e, 14, 16, 17, 18, and 19; 290.077, subdivision 4; 290.08, subdivisions 23 and 24; 290.089, subdivisions 1, 3, 4, 5, and 6; 290.09, subdivision 29; 290.101; 290.18, subdivision 4; 290.39, subdivision 2; 290.41, subdivision 5; and Laws 1982, chapter 523, article 7, section 3, are repealed.

Sec. 49. [CARRYFORWARD OF FARM LOSS DEDUCTION.]

Any remaining balance of the deductions attributable to farming from taxable years beginning before January 1, 1985, after any carryback or carryforward deductions allowed under Minnesota Statutes 1984, section 290.09, subdivision 29 in taxable years beginning before January 1, 1985, may be carried forward to taxable years beginning after December 31, 1984. The deductions carried over to taxable years beginning after December 31, 1984, shall be allowed in an amount up to gross income or, in the case of a corporation, taxable net income. The term "gross income" includes the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code of 1954, as amended through December 31, 1984.

Sec. 50. Laws 1984, chapter 644, section 85, is amended to read:

Sec. 85. [EFFECTIVE DATE.]

Sections 1 to 45, 48 to 51, 56 to 72, and 78 to 84 are effective the day following final enactment. Sections 46, 47, and 73 to 77 are effective January 1, 1985, except that the fees imposed in sections 46, 47, and 73 shall be effective January 1, 1988, with respect to nonhazardous solid waste from metalcasting facilities. Prior to January 1, 1988, an operator of a facility that is located in the metropolitan area for the disposal of mixed municipal solid waste shall deduct from the disposal charge for nonhazardous solid waste from metalcasting facilities the fee imposed under sections 46, 47, and 73.

Section 52 is effective for taxable years after December 31, 1983. Section 55 is effective for sales after June 30, 1984. (SECTIONS 53 AND) *Section* 54 (ARE) *is* effective for taxable years (AFTER DECEMBER 31, 1984) *beginning during calendar year 1983.*

Sec. 51. [EFFECTIVE DATE.]

Sections 1 to 9, 12 to 18, 20 to 45, 48, and 49 are effective for taxable years beginning after December 31, 1984. Section 19 is

effective for taxable years beginning after December 31, 1985. Section 46 is effective for claims based on rent paid in 1985 and thereafter and for property taxes payable in 1986 and thereafter. Section 50 is effective the day after final enactment.

ARTICLE 2

Section 1. Minnesota Statutes 1984, section 297A.01, subdivision 15, is amended to read:

Subd. 15. "Farm machinery" means new or used machinery, equipment, implements, accessories and contrivances used directly and principally in the production for sale, but not including the processing, of livestock, dairy animals, dairy products, poultry and poultry products, fruits, vegetables, forage, grains and bees and apiary products. "Farm machinery" shall include machinery for the preparation, seeding or cultivation of soil for growing agricultural crops, harvesting and threshing of agricultural products, and certain machinery for dairy, livestock and poultry farms, together with barn cleaners, milking systems, grain dryers, automatic feeding systems and similar installations. Irrigation equipment sold for exclusively agricultural use, including pumps, pipe fittings, valves, sprinklers and other equipment necessary to the operation of an irrigation system when sold as part of an irrigation system, except irrigation equipment which is situated below ground and considered to be a part of the real property, shall be included in the definition of farm machinery. Logging equipment, (EXCEPT) *including* chain saws *used for logging only if the engine displacement equals or exceeds five cubic inches,* shall be included in the definition of farm machinery. *Only* repair (OR) *and* replacement parts *that have been assigned a specific or generic repair part number and are used* for *the maintenance or repair of* farm machinery (SHALL NOT BE) *are* included in the definition of farm machinery.

Tools, shop equipment, grain bins, feed bunks, fencing material, communication equipment and other farm supplies shall not be considered to be farm machinery. "Farm machinery" does not include motor vehicles taxed under chapter 297B, snowmobiles, snow blowers, lawn mowers, garden-type tractors or garden tillers and the repair and replacement parts for those vehicles and machines.

Sec. 2. Minnesota Statutes 1984, section 297A.01, subdivision 16, is amended to read:

Subd. 16. [CAPITAL EQUIPMENT.] Capital equipment means machinery and equipment and the materials and supplies necessary to construct or install the machinery or equipment. To qualify under this definition the capital equipment must be used by the purchaser or lessee for manufacturing, fabricating, or refining a product to be sold at retail (AND MUST BE USED

FOR THE ESTABLISHMENT OF A NEW OR THE PHYSICAL EXPANSION OF AN EXISTING MANUFACTURING, FABRICATING, OR REFINING FACILITY IN THE STATE). Capital equipment does not include ((1) MACHINERY OR EQUIPMENT PURCHASED OR LEASED TO REPLACE MACHINERY OR EQUIPMENT PERFORMING SUBSTANTIALLY THE SAME FUNCTION IN AN EXISTING FACILITY, (2) REPAIR OR REPLACEMENT PARTS, OR (3)) machinery or equipment used to extract, receive, or store raw materials.

Sec. 3. Minnesota Statutes 1984, section 297A.02, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] Except as otherwise provided in this chapter, there is imposed an excise tax of (SIX) *5.5* percent of the gross receipts from sales at retail made by any person in this state.

Sec. 4. Minnesota Statutes 1984, section 297A.02, subdivision 2, is amended to read:

Subd. 2. [MACHINERY AND EQUIPMENT.] Notwithstanding the provisions of subdivision 1, the rate of the excise tax imposed upon sales of (FARM MACHINERY,) special tooling (,) and capital equipment is (FOUR) *three* percent.

Sec. 5. Minnesota Statutes 1984, section 297A.02, subdivision 3, is amended to read:

Subd. 3. [LIQUOR AND BEER SALES.] Notwithstanding the provisions of subdivision 1, the rate of the excise tax imposed upon sales of intoxicating liquor, as defined in section 340.07, subdivision 2, and nonintoxicating malt liquor, as defined in section 340.001, subdivision 2, shall be (8.5) *eight* percent *for sales occurring after June 30, 1985, 7.5 percent for sales occurring after June 30, 1986, seven percent for sales occurring after June 30, 1987, 6.5 percent for sales occurring after June 30, 1988, six percent for sales occurring after June 30, 1989, and 5.5 percent for sales occurring after June 30, 1990.* Nonintoxicating malt liquor is subject to taxation under this subdivision only when sold at an on-sale or off-sale municipal liquor store or other establishment licensed to sell any type of intoxicating liquor.

Sec. 6. Minnesota Statutes 1984, section 297A.03, subdivision 2, is amended to read:

Subd. 2. It shall be unlawful for any retailer to advertise or hold out or state to the public or any customer, directly or indirectly, that the tax or any part thereof will be assumed or absorbed by the retailer, or that it will not be added to the sales price or that, if added, it or any part thereof will be refunded

except that in computing the tax to be collected as the result of any transaction amounts of tax less than one-half of one cent may be disregarded and amounts of tax if one-half cent or more may be considered an additional cent. If the sales price of any sale at retail is (EIGHT) *nine* cents or less, no tax shall be collected. Any person violating this provision shall be guilty of a misdemeanor.

Sec. 7. Minnesota Statutes 1984, section 297A.14, is amended to read:

297A.14 [USING, STORING OR CONSUMING TANGIBLE PERSONAL PROPERTY; ADMISSIONS; UTILITIES.]

For the privilege of using, storing or consuming in Minnesota tangible personal property, tickets or admissions to places of amusement and athletic events, electricity, gas, and local exchange telephone service purchased for use, storage or consumption in this state, a use tax is imposed on every person in this state at the rate of (SIX) *5.5* percent of the sales price of sales at retail unless the tax imposed by section 297A.02 was paid on the sales price. Notwithstanding the provisions of the preceding sentence, the rate of the use tax imposed upon the sales price of sales of (FARM MACHINERY,) special tooling (,) and capital equipment is (FOUR) *three* percent.

A motor vehicle subject to tax under this section shall be taxed at its fair market value at the time of transport into Minnesota if the motor vehicle was acquired more than three months prior to its transport into this state.

Sec. 8. Minnesota Statutes 1984, section 297A.25, subdivision 1, is amended to read:

Subdivision 1. The following are specifically exempted from the taxes imposed by sections 297A.01 to 297A.44:

(a) The gross receipts from the sale of food products including but not limited to cereal and cereal products, butter, cheese, milk and milk products, oleomargarine, meat and meat products, fish and fish products, eggs and egg products, vegetables and vegetable products, fruit and fruit products, spices and salt, sugar and sugar products, coffee and coffee substitutes, tea, cocoa and cocoa products, and food products which are not taxable pursuant to section 297A.01, subdivision 3, clause (c) and which are sold by a retailer, organized as a nonprofit corporation or association, within a place located on property owned by the state or an agency or instrumentality of the state, the entrance to which is subject to an admission charge. This exemption does not include the following:

(i) candy and candy products, except when sold for fundraising purposes by a nonprofit organization that provides edu-

cational and social activities for young people primarily aged 18 and under;

(ii) carbonated beverages, beverages commonly referred to as soft drinks containing less than 15 percent fruit juice, or bottled water other than noncarbonated and noneffervescent bottled water sold in individual containers of one-half gallon or more in size;

(b) The gross receipts from the sale of prescribed drugs and medicine intended for use, internal or external, in the cure, mitigation, treatment or prevention of illness or disease in human beings and products consumed by humans for the preservation of health, including prescription glasses, therapeutic and prosthetic devices, but not including cosmetics or toilet articles notwithstanding the presence of medicinal ingredients therein;

(c) The gross receipts from the sale of and the storage, use or other consumption in Minnesota of tangible personal property, tickets, or admissions, electricity, gas, or local exchange telephone service, which under the Constitution or laws of the United States or under the Constitution of Minnesota, the state of Minnesota is prohibited from taxing;

(d) The gross receipts from the sale of tangible personal property (i) which, without intermediate use, is shipped or transported outside Minnesota by the purchaser and thereafter used in a trade or business or is stored, processed, fabricated or manufactured into, attached to or incorporated into other tangible personal property transported or shipped outside Minnesota and thereafter used in a trade or business outside Minnesota, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce (storage shall not constitute intermediate use); provided that the property is not subject to tax in that state or country to which it is transported for storage or use, or, if subject to tax in that other state, that state allows a similar exemption for property purchased therein and transported to Minnesota for use in this state; except that sales of tangible personal property that is shipped or transported for use outside Minnesota shall be taxed at the rate of the use tax imposed by the state to which the property is shipped or transported, unless that state has no use tax, in which case the sale shall be taxed at the rate generally imposed by this state; and provided further that sales of tangible personal property to be used in other states or countries as part of a maintenance contract shall be specifically exempt; or (ii) which the seller delivers to a common carrier for delivery outside Minnesota, places in the United States mail or parcel post directed to the purchaser outside Minnesota, or delivers to the purchaser outside Minnesota by means of the seller's own delivery vehicles, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce;

(e) The gross receipts from the sale of packing materials used to pack and ship household goods, the ultimate destination of which is outside the state of Minnesota and which are not thereafter returned to a point within Minnesota, except in the course of interstate commerce;

(f) The gross receipts from the sale of and storage, use or consumption of petroleum products upon which a tax has been imposed under the provisions of chapter 296, whether or not any part of said tax may be subsequently refunded;

(g) The gross receipts from the sale of clothing and wearing apparel except the following:

(i) all articles commonly or commercially known as jewelry, whether real or imitation; pearls, precious and semi-precious stones, and imitations thereof; articles made of, or ornamented, mounted or fitted with precious metals or imitations thereof; watches; clocks; cases and movements for watches and clocks; gold, gold-plated, silver, or sterling flatware or hollow ware and silver-plated hollow ware; opera glasses; lorgnettes; marine glasses; field glasses and binoculars;

(ii) articles made of fur on the hide or pelt, and articles of which such fur is the component material or chief value, but only if such value is more than three times the value of the next most valuable component material;

(iii) perfume, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, aromatic cachous and toilet powders. The tax imposed by this act shall not apply to lotion, oil, powder, or other article intended to be used or applied only in the case of babies;

(iv) trunks, valises, traveling bags, suitcases, satchels, overnight bags, hat boxes for use by travelers, beach bags, bathing suit bags, brief cases made of leather or imitation leather, salesmen's sample and display cases, purses, handbags, pocketbooks, wallets, billfolds, card, pass, and key cases and toilet cases;

(h) The gross receipts from the sale of and the storage, use, or consumption of all materials, including chemicals, fuels, petroleum products, lubricants, packaging materials, including returnable containers used in packaging food and beverage products, feeds, seeds, fertilizers, electricity, gas and steam, used or consumed in agricultural or industrial production of personal property intended to be sold ultimately at retail, whether or not the item so used becomes an ingredient or constituent part of the property produced. Such production shall include, but is not limited to, research, development, design or production of any tangible personal property, manufacturing, processing (other

than by restaurants and consumers) of agricultural products whether vegetable or animal, commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining, quarrying, lumbering, generating electricity and the production of road building materials. Such production shall not include painting, cleaning, repairing or similar processing of property except as part of the original manufacturing process. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures, used in such production and fuel, electricity, gas or steam used for space heating or lighting, are not included within this exemption; however, accessory tools, equipment and other short lived items, which are separate detachable units used in producing a direct effect upon the product, where such items have an ordinary useful life of less than 12 months, are included within the exemption provided herein;

(i) The gross receipts from the sale of and storage, use or other consumption in Minnesota of tangible personal property (except as provided in section 297A.14) which is used or consumed in producing any publication regularly issued at average intervals not exceeding three months, and any such publication. For purposes of this subsection, "publication" as used herein shall include, without limiting the foregoing, a legal newspaper as defined by Minnesota Statutes 1965, section 331.02, and any supplements or enclosures with or part of said newspaper; and the gross receipts of any advertising contained therein or therewith shall be exempt. For this purpose, advertising in any such publication shall be deemed to be a service and not tangible personal property, and persons or their agents who publish or sell such newspapers shall be deemed to be engaging in a service with respect to gross receipts realized from such newsgathering or publishing activities by them, including the sale of advertising. The term "publication" shall not include magazines and periodicals sold over the counter. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures used in such publication and fuel, electricity, gas or steam used for space heating or lighting, are not exempt;

(j) The gross receipts from all sales, including sales in which title is retained by a seller or a vendor or is assigned to a third party under an installment sale or lease purchase agreement under section 465.71, of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities or a state and its agencies, instrumentalities and political subdivisions. Sales exempted by this clause include sales pursuant to section 297A.01, subdivision 3, clauses (d) and (f). This exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration or repair of a building or facility. This

exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities;

(k) The gross receipts from the isolated or occasional sale of tangible personal property in Minnesota not made in the normal course of business of selling that kind of property, and the storage, use, or consumption of property acquired as a result of such a sale. For purposes of this clause, sales by a nonprofit organization shall be deemed to be "isolated or occasional" if they occur at sale events that have a duration of three or fewer consecutive days. The granting of the privilege of admission to places of amusement and the privilege of use of amusement devices by a nonprofit organization at an isolated or occasional event conducted on property owned or leased for a continuous period of more than 30 days by the nonprofit organization are also exempt. The exemption provided for isolated sales of tangible personal property and of the granting of admissions or the privilege of use of amusement devices by nonprofit organizations pursuant to this clause shall be available only if the sum of the days on which the organization and any subsidiary nonprofit organization sponsored by it that does not have a separate sales tax exemption permit conduct sales of tangible personal property, plus the days with respect to which the organization charges for the use of amusement devices or admission to places of amusement, does not exceed eight days in a calendar year. For purposes of this clause, a "nonprofit organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, no part of the net earnings of which inures to the benefit of a private individual;

(l) The gross receipts from sales of rolling stock and the storage, use or other consumption of such property by railroads, freight line companies, sleeping car companies and express companies taxed on the gross earnings basis in lieu of ad valorem taxes. For purposes of this clause "rolling stock" is defined as the portable or moving apparatus and machinery of any such company which moves on the road, and includes, but is not limited to, engines, cars, tenders, coaches, sleeping cars and parts necessary for the repair and maintenance of such rolling stock;

(m) The gross receipts from sales of airflight equipment and the storage, use or other consumption of such property by airline companies taxed under the provisions of sections 270.071 to 270.079. For purposes of this clause, "airflight equipment" includes airplanes and parts necessary for the repair and maintenance of such airflight equipment, and flight simulators;

(n) The gross receipts from the sale of telephone central office telephone equipment used in furnishing intrastate and interstate telephone service to the public;

(o) The gross receipts from the sale of and the storage, use or other consumption by persons taxed under the in lieu provisions of chapter 298, of mill liners, grinding rods and grinding balls which are substantially consumed in the production of taconite, the material of which primarily is added to and becomes a part of the material being processed;

(p) The gross receipts from the sale of tangible personal property to, and the storage, use or other consumption of such property by, any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious or educational purposes if the property purchased is to be used in the performance of charitable, religious or educational functions, or any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders. Sales exempted by this clause include sales pursuant to section 297A.01, subdivision 3, clauses(d) and (f). This exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities;

(q) The gross receipts from the sale of caskets and burial vaults;

(r) The gross receipts from the sale of an automobile or other conveyance if the purchaser is assisted by a grant from the United States in accordance with 38 United States Code, section 1901, as amended;

(s) The gross receipts from the sale to the licensed aircraft dealer of an aircraft for which a commercial use permit has been issued pursuant to section 360.654, if the aircraft is resold while the permit is in effect;

(t) The gross receipts from the sale of building materials to be used in the construction or remodeling of a residence when the construction or remodeling is financed in whole or in part by the United States in accordance with 38 United States Code, sections 801 to 805, as amended. This exemption shall not be effective at time of sale of the materials to contractors, subcontractors, builders or owners, but shall be applicable only upon a claim for refund to the commissioner of revenue filed by recipients of the benefits provided in title 38 United States Code, chapter 21, as amended. The commissioner shall provide by reg-

ulation for the refund of taxes paid on sales exempt in accordance with this paragraph;

(u) The gross receipts from the sale of textbooks which are prescribed for use in conjunction with a course of study in a public or private school, college, university and business or trade school to students who are regularly enrolled at such institutions. For purposes of this clause a "public school" is defined as one that furnishes course of study, enrollment and staff that meets standards of the state board of education and a private school is one which under the standards of the state board of education, provides an education substantially equivalent to that furnished at a public school. Business and trade schools shall mean such schools licensed pursuant to section 141.25;

(v) The gross receipts from the sale of and the storage of material designed to advertise and promote the sale of merchandise or services, which material is purchased and stored for the purpose of subsequently shipping or otherwise transferring outside the state by the purchaser for use thereafter solely outside the state of Minnesota. *This exemption includes envelopes used to transmit advertising and promotional materials outside the state, and also includes reply envelopes included with the advertising and promotional materials for use by customers located outside the state, even if the reply envelopes may be returned to Minnesota and processed within the state*;

(w) The gross receipt from the sale of residential heating fuels in the following manner:

(i) all fuel oil, coal, wood, steam, hot water, propane gas, and L.P. gas sold to residential customers for residential use;

(ii) natural gas sold for residential use to customers who are metered and billed as residential users and who use natural gas for their primary source of residential heat, for the billing months of November, December, January, February, March and April;

(iii) electricity sold for residential use to customers who are metered and billed as residential users and who use electricity for their primary source of residential heat, for the billing months of November, December, January, February, March and April;

(x) The gross receipts from the sale or use of tickets or admissions to the premises of or events sponsored by an association, corporation or other group of persons which provides an opportunity for citizens of the state to participate in the creation, performance or appreciation of the arts and which qualifies as a tax-exempt organization within the meaning of Minnesota Statutes 1980, section 290.05, subdivision 1, clause (i);

(y) The gross receipts from either the sales to or the storage, use or consumption of tangible personal property by an organization of military service veterans or an auxiliary unit of an organization of military service veterans, provided that:

(i) the organization or auxiliary unit is organized within the state of Minnesota and is exempt from federal taxation pursuant to section 501(c), clause (19), of the Internal Revenue Code as amended through December 31, 1982; and

(ii) the tangible personal property which is sold to or stored, used or consumed by the organization or auxiliary unit is for charitable, civic, educational, or nonprofit uses and not for social, recreational, pleasure or profit uses;

(z) The gross receipts from the sale of sanitary napkins, tampons, or similar items used for feminine hygiene;

(aa) The gross receipts from the sale of a manufactured home, as defined in section 327.31, subdivision 6, to be used by the purchaser for residential purposes, unless the sale is the first retail sale of the manufactured home in this state;

(bb) The gross receipts from the sale of equipment used for processing solid or hazardous waste at a resource recovery facility, as defined in section 115A.03, subdivision 28;

(cc) The gross receipts from sales of farm machinery;

(dd) The gross receipts from sales of tickets or admissions to school games, events, and activities. For purposes of this clause, "school" has the meaning given it in section 120.10, subdivision 2.

Sec. 9. [297A.256] [EXEMPTIONS FOR CERTAIN NONPROFIT GROUPS.]

Notwithstanding the provisions of this chapter, the following sales made by a "nonprofit organization" are exempt from the sales and use tax.

(a) All sales made by an organization for fundraising purposes if that organization exists solely for the purpose of providing educational or social activities for young people primarily age 18 and under. This exemption shall apply only if the gross annual sales receipts of the organization from fundraising do not exceed $10,000.

(b) All sales made by an organization for fundraising purposes if that organization is a senior citizen group which qualifies for exemption on its purchases pursuant to section 297A.25,

subdivision 1, clause (p). This exemption shall apply only if the gross annual sales receipts of the organization from fundraising do not exceed $10,000.

(c) The gross receipts from the sales of tangible personal property at, admission charges for, and sales of food, meals, or drinks at fundraising events sponsored by a nonprofit organization when the entire proceeds, except for the necessary expenses therewith, will be used solely and exclusively for charitable, religious, or educational purposes. This exemption does not apply to admission charges for events involving bingo or other gambling activities or to charges for use of amusement devices involving bingo or other gambling activities. For purposes of this clause, a "nonprofit organization" means any unit of government, corporation, society, association, foundation, or institution organized and operated for charitable, religious, educational, civic, fraternal, senior citizens' or veterans' purposes, no part of the net earnings of which enures to the benefit of a private individual.

If the profits are not used solely and exclusively for charitable, religious, or educational purposes, the entire gross receipts are subject to tax.

Each nonprofit organization shall keep a separate accounting record, including receipts and disbursements from each fundraising event. All deductions from gross receipts must be documented with receipts and other records. If records are not maintained as required, the entire gross receipts are subject to tax.

The exemption provided by this section does not apply to any sale made by or in the name of a nonprofit corporation as the active or passive agent of a person that is not a nonprofit corporation.

The exemption for fundraising events under this clause is limited to no more than six events a year with each event having a duration of no longer than four days.

Sec. 10. [297A.257] [DISTRESSED COUNTIES; CAPITAL EQUIPMENT EXEMPTION.]

Subdivision 1. [DESIGNATION OF DISTRESSED COUNTIES.] *(a) The commissioner of energy and economic development shall annually on June 1 designate those counties which are distressed. A county is distressed if it satisfies either of the following two criteria:*

(1) The county has an average unemployment rate of ten percent or more for the one-year period ending on April 30 of the year in which the designation is made; or

(2) Ten percent or more of the total work force in the county is employed in agriculture for the one-year period ending on April 30 of the year in which the designation is made. The determination of whether a county is distressed must be made using the most current data available from the state demographer. The designation of a distressed county is effective for the 12-month period beginning July 1. A county may be designated as distressed as often as it qualifies.

(b) The authority to designate counties as distressed expires on June 30, 1989.

Subd. 2. [SALES TAX EXEMPTION.] *Purchase and use of capital equipment is exempt from the sales and use tax imposed by chapter 297A if the capital equipment is placed in service in connection with the construction of a new or an expansion of an existing manufacturing facility in a distressed county. The county is a distressed county for purposes of this subdivision if it was designated as a distressed county for the time period during which the contract to purchase the equipment was executed.*

Subd. 3. [RULEMAKING AUTHORITY.] *In order to carry out the purposes of this section, the commissioner of energy and economic development may adopt administrative rules under chapter 14. The commissioner may adopt emergency rules effective through December 31, 1986.*

Sec. 11. Minnesota Statutes 1984, section 297A.26, is amended by adding a subdivision to read:

Subd. 1a. As compensation for the cost of collecting and remitting sales and use tax, a retailer filing a monthly return may retain the following percentage of tax collected:

(1) if the sales tax collected is $1,000 or less, two percent of the tax if the balance is received by the commissioner on or before the 20th day of the month succeeding the month in which the taxable events occurred;

(2) if the sales tax collected is greater than $1,000, two percent of the first $1,000 of tax if the balance is received by the commissioner on or before the 20th day of the month succeeding the month in which the taxable events occurred, plus 0.5 percent of the amount in excess of $1,000, if the entire tax, less the amount deducted under this subdivision, is received by the commissioner on or before the tenth day of the month following the month in which the taxable events occurred.

Sec. 12. Minnesota Statutes 1984, section 297A.27, subdivision 1, is amended to read:

Subdivision 1. (EXCEPT AS PROVIDED IN SECTION 297A.275,) On or before the 25th day of each month in which taxes imposed by sections 297A.01 to 297A.44 are payable, a return for the preceding reporting period shall be filed with the commissioner in such form as the commissioner may prescribe, verified by a written declaration that it is made under the criminal penalties for wilfully making a false return, and in addition shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid. Any person making sales at retail at two or more places of business may file a consolidated return subject to such regulations as the commissioner may prescribe.

Sec. 13. Minnesota Statutes 1984, section 477A.018, is amended to read:

477A.018 [(CITY) *LOCAL* LODGING TAX.]

Subdivision 1. [AUTHORIZATION.] Notwithstanding section 477A.016 or any other law, a statutory or home rule charter city may by ordinance, *and a town may by vote at its annual meeting*, impose a tax of up to three percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or (OTHER USE OF SPACE BY A TRANSIENT) *resort*, other than the renting or leasing of it for a continuous period of 30 days or more. *A statutory or home rule charter city may by ordinance impose the tax authorized under this subdivision on the camping site receipts of a municipal campground.*

Subd. 2. [EXISTING TAXES.] No statutory or home rule charter city *or town* may impose a tax under this section upon transient lodging that, when combined with any tax authorized by special law or enacted prior to 1972, exceeds a rate of three percent.

Subd. 3. [DISPOSITION OF PROCEEDS.] Ninety-five percent of the gross proceeds from any tax imposed under subdivision 1 shall be used by the statutory or home rule charter city *or town* to fund a local convention or tourism bureau for the purpose of marketing and promoting the city *or town* as a tourist or convention center. This subdivision shall not apply to any statutory or home rule charter city *or town* that has a lodging tax authorized by special law or enacted prior to 1972 at the time of enactment of this section.

Subd. 4. [UNORGANIZED TERRITORIES.] *A county board acting as a town board with respect to an unorganized territory may impose a lodging tax within the unorganized territory according to this section if it determines by resolution that imposition of the tax is in the public interest.*

Subd. 5. [JOINT POWERS AGREEMENTS.] *Any statutory or home rule charter city, town, or county when the county board is acting as a town board with respect to an unorganized territory, may enter into a joint exercise of powers agreement pursuant to section 471.59 for the purpose of imposing the tax and disposing of its proceeds pursuant to this section.*

Sec. 14. [REPEALER.]

Minnesota Statutes 1984, sections 297A.15, subdivision 5; and 297A.275, are repealed.

Sec. 15. [EFFECTIVE DATE.]

Sections 1, 2, 4, 5, 8, 9, 11, and that portion of section 14 which repeals Minnesota Statutes 1984, section 297A.15, subdivision 5, are effective for sales occurring after June 30, 1985. Sections 3 and 6 are effective for sales occurring after June 30, 1986. That portion of section 7 pertaining to the reduced rate for special tooling and capital equipment is effective for sales occurring after June 30, 1985; the rest of section 7 is effective for sales occurring after June 30, 1986. The commissioner of energy and economic development shall designate distressed counties pursuant to section 10, subdivision 1, for the period beginning July 1, 1985 as soon as practicable after the effective date of section 10, notwithstanding the requirement that the designation be made by June 1. Sections 10, 12, and that portion of section 14 which repeals Minnesota Statutes 1984, section 297A.275, are effective the day after final enactment.

ARTICLE 3

Section 1. Minnesota Statutes 1984, section 60A.15, subdivision 12, is amended to read:

Subd. 12. [OVERPAYMENTS, CLAIMS FOR REFUND.]

(1) [PROCEDURE, TIME LIMIT, APPROPRIATION.] A company who has paid, voluntarily or otherwise, or from whom there has been collected an amount of tax for any year in excess of the amount legally due for that year, may file with the commissioner of revenue a claim for a refund of the excess. Except as provided in subdivision 11, no claim or refund shall be allowed or made after 3-1/2 years from the date prescribed for filing the return (plus any extension of time granted for filing the return but only if filed within the extended time) or after two years from the date of overpayment, whichever period is longer, unless before the expiration of the period a claim is filed by the company. For this purpose, a return or amended return claiming an overpayment constitutes a claim for refund.

Upon the filing of a claim, the commissioner shall examine it and shall make and file written findings denying or allowing the

claim in whole or in part. He shall mail a notice thereof to the company at the address stated upon the return. If the claim is allowed in whole or in part, the commissioner shall issue his certificate for the refundment of the excess paid by the company, with interest at the rate (OF SIX PERCENT PER ANNUM) *specified in section 3* computed from the date of the payment of the tax until the date the refund is paid or the credit is made to the company. The commissioner of finance shall pay the refund out of the proceeds of the taxes imposed by this section, as other state moneys are expended. As much of the proceeds of the taxes as necessary are appropriated for that purpose.

(2) [DENIAL OF CLAIM, COURT PROCEEDINGS.] If the claim is denied in whole or in part, the commissioner shall mail an order of denial to the company in the manner prescribed in subdivision 8. An appeal from this order may be taken to the Minnesota tax court in the manner prescribed in section 271.06, or the company may commence an action against the commissioner to recover the denied overpayment. The action may be brought in the district court of the district in the county of its principal place of business, or in the district court for Ramsey county. The action in the district court must be commenced within 18 months following the mailing of the order of denial to the company. If a claim for refund is filed by a company and no order of denial is issued within six months of the filing, the company may commence an action in the district court as in the case of a denial, but the action must be commenced within two years of the date that the claim for refund was filed.

(3) [CONSENT TO EXTEND TIME.] If the commissioner and the company have, within the periods prescribed in clause (1), consented in writing to any extension of time for the assessment of the tax, the period within which a claim for refund may be filed, or a refund may be made or allowed, if no claim is filed, shall be the period within which the commissioner and the company have consented to an extension for the assessment of the tax and six months thereafter. The period within which a claim for refund may be filed shall not expire prior to two years after the tax was paid.

(4) [OVERPAYMENTS; REFUNDS.] If the amount determined to be an overpayment exceeds the taxes imposed by this section, the amount of excess shall be considered an overpayment. An amount paid as tax constitutes an overpayment even if in fact there was no tax liability with respect to which the amount was paid.

Notwithstanding any other provision of law to the contrary, in the case of any overpayment, the commissioner, within the applicable period of limitations, shall refund any balance of more than one dollar to the company if the company requests the refund.

Sec. 2. Minnesota Statutes 1984, section 60A.199, subdivision 8, is amended to read:

Subd. 8. [REFUND PROCEDURE; TIME LIMIT; APPROPRIATION.] A company which has paid, voluntarily or otherwise, or from which there was collected an amount of tax for any year in excess of the amount legally due for that year, may file with the commissioner of revenue a claim for a refund of the excess. Except as provided in subdivision 3, no claim or refund shall be allowed or made after 3-1/2 years from the date prescribed for filing the return (plus any extension of time granted for filing the return but only if filed within the extended time) or after two years from the date of overpayment, whichever period is longer, unless before the expiration of the period a claim is filed by the company. For this purpose, a return or amended return claiming an overpayment constitutes a claim for refund.

Upon the filing of a claim the commissioner shall examine the same and shall make and file written findings thereon denying or allowing the claim in whole or in part. He shall mail a notice thereof to the company at the address stated upon the return. If the claim is allowed in whole or in part, the commissioner shall issue his certificate for a refund of the excess paid by the company, with interest at the rate (OF SIX PERCENT PER ANNUM) *specified in section 3* computed from the date of the payment of the tax until the date the refund is paid or credit is made to the company. The commissioner of finance shall cause the refund to be paid as other state moneys are expended. So much of the proceeds of the taxes as is necessary are appropriated for that purpose.

Sec. 3. [270.76] [INTEREST ON REFUNDS.]

When any tax payable to the commissioner of revenue or to the department of revenue is overpaid and an amount is due the taxpayer as a refund of the overpayment, the overpayment shall bear interest from the date of payment of the tax until the date the refund is paid or credit is made, unless another period for computing interest is provided by law. The interest rate per annum on overpayments shall be 80 percent of the interest rate contained in section 270.75; the rate shall be adjusted annually and become effective as provided in section 270.75, subdivision 5; and the result of the adjustment in the rate shall be rounded to the nearest full percent. The determination of the commissioner pursuant to this subdivision is not a "rule" and is not subject to the administrative procedure act contained in chapter 14.

Sec. 4. Minnesota Statutes 1984, section 270A.07, subdivision 5, is amended to read:

Subd. 5. [INTEREST ON REFUNDS.] Any refund wrongfully or incorrectly applied to a debt and transferred to a claim-

ant agency shall be paid by the agency to the debtor. The sum wrongfully or incorrectly withheld shall bear interest at (SIX PERCENT PER YEAR) *the rate specified in section 3,* computed from the date when the refund would begin to bear interest under section 290.92, subdivision 13, clause (1), regardless of whether the refund is payable under chapter 290 or 290A. If the claimant agency is a state agency, the payment shall be made out of the agency's appropriation.

Sec. 5. Minnesota Statutes 1984, section 271.12, is amended to read:

271.12 [WHEN ORDER EFFECTIVE.]

No order for refundment by the commissioner of revenue, the appropriate unit of government, or the tax court shall take effect until the time for appeal therefrom or review thereof by all parties entitled thereto has expired. Otherwise every order of the commissioner, the appropriate unit of government, or the tax court shall take effect immediately upon the filing thereof, and no appeal therefrom or review thereof shall stay the execution thereof or extend the time for payment of any tax or other obligation unless otherwise expressly provided by law; provided, that in case an order which has been acted upon, in whole or in part, shall thereafter be set aside or modified upon appeal, the determination upon appeal or review shall supersede the order appealed from and be binding upon all parties affected thereby, and such adjustments as may be necessary to give effect thereto shall be made accordingly. If it be finally determined upon such appeal or review that any person is entitled to refundment of any amount which has been paid for a tax or other obligation, such amount, unless otherwise provided by law, shall be paid to him by the state treasurer, or other proper officer, out of funds derived from taxes of the same kind, if available for the purpose, or out of other available funds, if any, with interest at (SIX PERCENT) *the rate specified in section 3* from the date of payment of the tax, unless a different rate of interest is otherwise provided by law, in which case such other rate shall apply, upon certification by the commissioner of revenue, the appropriate unit of government, the tax court or the supreme court. If any tax, assessment, or other obligation be increased upon such appeal or review, the increase shall be added to the original amount, and may be enforced and collected therewith.

Sec. 6. Minnesota Statutes 1984, section 290.50, subdivision 1, is amended to read:

Subdivision 1. [PROCEDURE, TIME LIMIT.] (a) A taxpayer who has paid or from whom there has been collected an amount of tax for any year in excess of the amount legally due for that year, may file with the commissioner a claim for a refund of such excess. Except as otherwise provided in this section, no claim or refund shall be allowed or made after three and

one-half years from the date prescribed for filing the return (plus any extension of time granted for filing the return, but only if filed within the extended time) or after two years from the date of overpayment, whichever period is longer, unless before the expiration of the period a claim is filed by the taxpayer. For this purpose an income tax return or amended return claiming an overpayment shall constitute a claim for refund.

(b) If no claim was filed, the credit or refund shall not exceed the amount which would be allowable if a claim was filed on the date the credit or refund is allowed.

(c) If a claim relates to an overpayment on account of a failure to deduct a loss due to a bad debt or to a security becoming worthless, the claim shall be allowed if filed within seven years from the date prescribed in section 290.42 for the filing of the return, and the refund or credit shall be limited to the amount of overpayment attributable to the loss.

(d) For purposes of this section, the prepayment of tax made through the withholding of tax at the source, or payment of estimated tax, prior to the due date of the tax are considered as having been paid on the last day prescribed by law for the payment of the tax by the taxpayer. A return filed before the due date shall be considered as filed on the due date.

(e) Except as provided in sections 290.92, subdivision 13, 290.93, subdivision 9, and 290.936, interest on the overpayment refunded or credited to the taxpayer shall be allowed at the rate (OF SIX PERCENT PER ANNUM) *specified in section 3* computed from the date of payment of the tax until the date the refund is paid or credit is made to the taxpayer. However, to the extent that the basis for the refund is a net operating loss carryback or a capital loss carryback, interest shall be computed only from the end of the taxable year in which the loss occurs.

(f) If a taxpayer reports a change in his federal gross income, items of tax preference, deductions, credits, or a renegotiation, or files a copy of his amended federal return, within 90 days as provided by section 290.56, subdivision 2, a refund may be made of any overpayment within one year after such report or amended return is filed except as provided in subdivision 2.

(g) There is hereby appropriated from the general fund to the commissioner of revenue the amounts necessary to make payments of refunds allowed pursuant to this section.

Sec. 7. Minnesota Statutes 1984, section 290.92, subdivision 6, is amended to read:

Subd. 6. [RETURNS, DEPOSITS.] (1) (a) [RETURNS.] Every employer who is required to deduct and withhold tax un-

der subdivision 2a or 3 shall file a return with the commissioner for each quarterly period, on or before the last day of the month following the close of each quarterly period, unless otherwise prescribed by the commissioner. Any tax required to be deducted and withheld during the quarterly period shall be paid with the return unless an earlier time for payment is provided. However, any return may be filed on or before the tenth day of the second calendar month following the period if the return shows timely deposits in full payment of the taxes due for that period. For the purpose of the preceding sentence, a deposit which is not required to be made within the return period, may be made on or before the last day of the first calendar month following the close of the period. Every employer, in preparing a quarterly return, shall take credit for monthly deposits previously made in accordance with this subdivision.

The return shall be in the form and contain the information prescribed by the commissioner. The commissioner may grant a reasonable extension of time for filing the return and paying the tax, but no extension shall be granted for more than six months.

(b) [ADVANCE DEPOSITS REQUIRED IN CERTAIN CASES.] (i) Unless clause (ii) is applicable, if during any calendar month, other than the last month of the calendar quarter, the aggregate amount of the tax withheld during that quarter under subdivision 2a or 3 exceeds $500, the employer shall deposit the aggregate amount with the commissioner within 15 days after the close of the calendar month. (ii) If at the close of any eighth-monthly period the aggregate amount of undeposited taxes is $3,000 or more, the employer shall deposit the undeposited taxes with the commissioner within three banking days after the close of the eighth-monthly period. For purposes of this subparagraph, the term "eighth-monthly period" means the first three days of a calendar month, the fourth day through the seventh day of a calendar month, the eighth day through the 11th day of a calendar month, the 12th day through the 15th day of a calendar month, the 16th day through the 19th day of a calendar month, the 20th day through the 22nd day of a calendar month, the 23rd day through the 25th day of a calendar month, or the portion of a calendar month following the 25th day of the month.

(c) [OTHER METHODS.] The commissioner may by rule prescribe other return periods or deposit requirements. In prescribing the reporting period, the commissioner may classify employers according to the amount of their tax liability and may adopt an appropriate reporting period for each class which he deems to be consistent with efficient tax collection. In no event shall the duration of the reporting period be more than one year, provided that for employers with annual withholding tax liabilities of less than $1,200 the reporting period shall be no more frequent than quarterly.

(2) If less than the correct amount of tax is paid to the commissioner, proper adjustments, with respect to both the tax and the amount to be deducted, shall be made, without interest, in the manner and at the times as the commissioner prescribes. If the underpayment cannot be adjusted, the amount of the underpayment shall be assessed and collected in the manner and at the times as the commissioner prescribes.

(3) If any employer fails to make and file any return required by paragraph (1) at the time prescribed, or makes and files a false or fraudulent return, the commissioner shall make for him a return from his own knowledge and from information he obtains through testimony, or otherwise, and assess a tax on the basis of it. The amount of tax shown on it shall be paid to the commissioner at the times as the commissioner prescribes. Any return or assessment made by the commissioner shall be prima facie correct and valid, and the employer shall have the burden of establishing its incorrectness or invalidity in any action or proceeding in respect to it.

(4) If the commissioner, in any case, has reason to believe that the collection of the tax provided for in paragraph (1) of this subdivision, and any added penalties and interest, if any, will be jeopardized by delay, he may immediately assess the tax, whether or not the time otherwise prescribed by law for making and filing the return and paying the tax has expired.

(5) Any assessment under this subdivision shall be made by recording the liability of the employer in the office of the commissioner in accordance with rules prescribed by the commissioner. Upon request of the employer, the commissioner shall furnish the employer a copy of the record of assessment.

(6) Any assessment of tax under this subdivision shall be made within 3-1/2 years after the due date of the return required by paragraph (1), or the date the return was filed, whichever is later. In the case of a false or fraudulent return or failure to file a return, the tax may be assessed at any time.

(7) (a) Except as provided in (b) of this paragraph, every employer who fails to pay to or deposit with the commissioner any sum or sums required by this section to be deducted, withheld and paid, shall be personally and individually liable to the state for the sum or sums (and any added penalties and interest). Any sum or sums deducted and withheld in accordance with the provisions of subdivision 2a or subdivision 3 shall be held to be a special fund in trust for the state of Minnesota.

(b) If the employer, in violation of this section, fails to deduct and withhold the tax under this section, and thereafter the taxes against which the tax may be credited are paid, the tax required to be deducted and withheld shall not be collected from

the employer; but this does not relieve the employer from liability for any penalties and interest otherwise applicable for failure to deduct and withhold.

(8) Upon the failure of any employer to pay to or deposit with the commissioner, within the time provided by paragraphs (1), (2), or (3) of this subdivision, any tax required to be withheld in accordance with the provisions of subdivision 2a or subdivision 3, or if the commissioner has assessed a tax pursuant to paragraph (4), the tax shall become immediately due and payable, and the commissioner may deliver to the attorney general a certified statement of the tax, penalties and interest due from the employer. The statement shall also give the address of the employer owing the tax, the period for which the tax is due, the date of the delinquency, and any other information required by the attorney general. The attorney general shall institute legal action in the name of the state to recover the amount of the tax, penalties, interest and costs. The commissioner's certified statement to the attorney general shall for all purposes and in all courts be prima facie evidence of the facts stated in it and that the amount shown in it is due from the employer named in the statement. If an action is instituted, the court shall, upon application of the attorney general, appoint a receiver of the property and business of the delinquent employer for the purpose of impounding it as security for any judgment which has been or may be recovered. Any action shall be brought within five years after the due date of the return or deposit required by paragraph (1), or the date the return was filed, or deposit made whichever is later. In the case of failure to make and file the return or if the return is false or fraudulent, or the deposit is not made, the action may be brought at any time.

(8a) The period of time during which a tax must be assessed or collection proceedings commenced under this subdivision shall be suspended during the period from the date of filing of a petition in bankruptcy until 30 days after the commissioner of revenue receives notice that the bankruptcy proceedings have been closed or dismissed or the automatic stay has been terminated or has expired.

The suspension of the statute of limitations under this subdivision shall apply to the person against whom the petition in bankruptcy is filed and all other persons who may also be wholly or partially liable for the tax under this chapter.

(9) Either party to an action for the recovery of any tax, interest or penalties under this subdivision may appeal the judgment as in other civil cases.

(10) No suit shall lie to enjoin the assessment or collection of any tax imposed by this section, or the interest and penalties added to it.

(11) Except as provided by rule for eighth-monthly deposits required under clause (1)(b)(ii) of this subdivision, a withholding tax payment, return, or deposit is made or filed on time if it is mailed to the commissioner of revenue on or before the due date, including any extension of time. The payment, return, or deposit must be timely mailed by United States mail in an envelope, postage prepaid, and properly addressed.

Sec. 8. Minnesota Statutes 1984, section 290.92, subdivision 11, is amended to read:

Subd. 11. [REFUNDS.] Where there has been an overpayment of tax imposed by this section, refund of such overpayment or credit shall be made to the employer in accordance with regulations prescribed by the commissioner, but only to the extent that the amount of such overpayment was not deducted and withheld under subdivision 2a or subdivision 3 by the employer. Any overpayment which is refunded shall bear interest at the rate (OF SIX PERCENT PER ANNUM) *specified in section 3*, computed from the date of payment until the date the refund is paid to the employer. The commissioner of finance shall cause any such refund of tax and interest to be paid out of the general fund in accordance with the provisions of section 290.62 and so much of said fund as may be necessary is hereby appropriated for that purpose. Notwithstanding the provisions of section 290.50, written findings by the commissioner, notice by mail to the taxpayer, and certificate for refundment by the commissioner, shall not be necessary. The provisions of section 270.10, shall not be applicable.

Sec. 9. Minnesota Statutes 1984, section 290.92, subdivision 13, is amended to read:

Subd. 13. [REFUNDS.] (1) Where the amount of the tax withheld at the source under subdivision 2a or subdivision 3 exceeds by $1 or more the taxes (and any added penalties and interest) reported in the return of the employee taxpayer or imposed upon him by this chapter, the amount of such excess shall be refunded to the employee taxpayer. If the amount of such excess is less than $1 the commissioner shall not be required to refund that amount. Where any amount of such excess to be refunded exceeds $10, such amount on the original return shall bear interest at the rate (OF SIX PERCENT PER ANNUM) *specified in section 3*, computed from 90 days after (a) the due date of the return of the employee taxpayer or (b) the date on which his return is filed, whichever is later, to the date the refund is paid to the taxpayer. A return shall not be treated as filed until it is in processible form. A return is in processible form when it is filed on a permitted form containing the taxpayer's name, address, social security account number, the required signature, and sufficient required information (whether on the return or on required attachments) to permit the mathematical verification of tax liability shown on the return. Not-

withstanding the provisions of section 290.50, written findings by the commissioner, notice by mail to the taxpayer, and certificate for refundment by the commissioner, shall not be necessary. The provisions of section 270.10, shall not be applicable.

(2) Any action of the commissioner in refunding the amount of such excess shall not constitute a determination of the correctness of the return of the employee taxpayer within the purview of section 290.46.

(3) The commissioner of finance shall cause any such refund of tax and interest, to be paid out of the general fund in accordance with the provisions of section 290.62, and so much of said fund as may be necessary is hereby appropriated for that purpose.

Sec. 10. Minnesota Statutes 1984, section 290.93, subdivision 9, is amended to read:

Subd. 9. [OVERPAYMENT OF ESTIMATED TAX.] (1) Where the amount of an installment payment of estimated tax exceeds the amount determined to be the correct amount of such installment payment, the overpayment shall be credited against the unpaid installments, if any. Where the total amount of the estimated tax payments plus (a) the total amount of tax withheld at the source under section 290.92, subdivision 2a or subdivision 3 (if any) and (b) and other payments (if any) exceeds by $1 or more the taxes (and any added penalties and interest) reported in the return of the taxpayer or imposed upon him by this chapter, the amount of such excess shall be refunded to the taxpayer. If the amount of such excess is less than $1 the commissioner shall not be required to refund that amount. Where any amount of such excess to be refunded exceeds $10, such amount on the original return shall bear interest at the rate (OF SIX PERCENT PER ANNUM) *specified in section 3*, computed from 90 days after (a) the due date of the return of the taxpayer or (b) the date on which his return is filed, whichever is later, until the date the refund is paid to the taxpayer. A return shall not be treated as filed until it is in processible form. A return is in processible form when the return is filed on a permitted form, and the return contains the taxpayer's name, address, social security account number, the required signature, and sufficient required information (whether on the return or on required attachments) to permit the mathematical verification of tax liability shown on the return. Notwithstanding the provisions of section 290.50, written findings by the commissioner, notice by mail to the taxpayer, and certificate for refundment by the commissioner, shall not be necessary. The provisions of section 270.10, shall not be applicable.

(2) Any action of the commissioner in refunding the amount of such excess shall not constitute a determination of the correct-

ness of the return of the taxpayer within the purview of section 290.46.

(3) The commissioner of finance shall cause any such refund of tax and interest to be paid out of the general fund in accordance with the provisions of section 290.62, and so much of said fund as may be necessary is hereby appropriated for that purpose.

Sec. 11. Minnesota Statutes 1984, section 290.936, is amended to read:

290.936 [OVERPAYMENT OF ESTIMATED TAX.]

(1) Where the amount of an installment payment of estimated tax exceeds the amount determined to be the correct amount of such installment payment, the overpayment shall be credited against the unpaid installments, if any. Where the total amount of the estimated tax payments and other payments, if any, exceeds by $1 or more the taxes (and any added penalties and interest) reported in the return of the taxpayer or imposed upon him by this chapter, the amount of such excess shall be refunded to the taxpayer. If the amount of such excess is less than $1, the commissioner shall not be required to refund. Where any amount of such excess to be refunded exceeds $10, such amount on the original return shall bear interest at the rate (OF SIX PERCENT PER ANNUM) *specified in section 3*, computed from 90 days after (a) the due date of the return of the taxpayer or (b) the date on which his return is filed, whichever is later, until the date the refund is paid to the taxpayer. Notwithstanding the provisions of section 290.50, written findings by the commissioner, notice by mail to the taxpayer, and certificate for refundment by the commissioner, shall not be necessary. The provisions of section 270.10, shall not be applicable.

(2) Any action of the commissioner in refunding the amount of such excess shall not constitute a determination of the correctness of the return of the taxpayer within the purview of section 290.46.

(3) The commissioner of finance shall cause any such refund of tax and interest to be paid out of the general fund in accordance with the provisions of section 290.62, and so much of said fund as may be necessary is hereby appropriated for that purpose.

Sec. 12. Minnesota Statutes 1984, section 290A.07, subdivision 2a, is amended to read:

Subd. 2a. A claimant who is a renter shall receive full payment after August 1 and prior to August 15 or 60 days after

receipt of the application, whichever is later. Interest shall be added at (SIX PERCENT PER ANNUM) *the rate specified in section 3* from August 15 or 60 days after receipt of the application whichever is later.

Sec. 13. Minnesota Statutes 1984, section 290A.07, subdivision 3, is amended to read:

Subd. 3. Any claimant not included in subdivision 2a shall receive full payment after September 15 and prior to September 30. Interest shall be added at (SIX PERCENT PER ANNUM) *the rate specified in section 3* from September 30 or 60 days after receipt of the application, whichever is later. Interest will be computed until the date the claim is paid.

Sec. 14. Minnesota Statutes 1984, section 291.18, is amended to read:

291.18 [OVERPAYMENT OF TAX; REFUNDS; APPROPRIATION.]

(1) When any tax or penalty and accrued interest thereon, imposed by this chapter shall have been paid or collected, in excess of the amount legally due, the person or corporation paying the same shall be entitled to a refundment of the amount of such taxes, penalty and interest overpaid, together with interest thereon at the rate (OF SIX PERCENT PER ANNUM) *specified in section 3* from the date of payment, or from the date beginning nine months after death of the decedent, whichever date occurs later, in the manner provided by section 291.32; provided that all applications for such refundment shall be made within two years from the date of final determination or adjustment of any part of such tax by the taxpayer and the commissioner, the probate court or the tax court, as the case may be.

(2) There is hereby appropriated to the persons entitled to such refund, from the fund or account in the state treasury to which the money was credited, an amount sufficient to make the refund and payment.

Sec. 15. Minnesota Statutes 1984, section 294.09, subdivision 1, is amended to read:

Subdivision 1. [PROCEDURES; TIME LIMIT.] A company, joint stock association, copartnership, corporation, or individual who has paid, voluntarily or otherwise, or from whom there has been collected (other than by proceedings instituted by the attorney general under sections 294.06 and 294.08, subdivision 3) an amount of gross earnings tax for any year in excess of the amount legally due for that year, may file with the commissioner of revenue a claim for a refund of such excess. Except as provided in subdivision 4, no such claim shall be entertained un-

less filed within two years after such tax was paid or collected, or within three and one-half years from the filing of the return, whichever period is the longer. Upon the filing of a claim the commissioner shall examine the same and shall make and file written findings thereon denying or allowing the claim in whole or in part and shall mail a notice thereof to such company, joint stock association, copartnership, corporation, or individual at the address stated upon the return. If such claim is allowed in whole or in part, the commissioner shall credit the amount of the allowance against any tax due the state from the claimant and for the balance of said allowance, if any, the commissioner shall issue his certificate for the refundment of the excess paid. The commissioner of finance shall cause such refund to be paid out of the proceeds of the gross earnings taxes imposed by Minnesota Statutes 1967, Chapters 294 and 295 as other state moneys are expended. So much of the proceeds as may be necessary are hereby appropriated for that purpose. Any allowance so made by the commissioner shall include interest at the rate (OF SIX PERCENT) *specified in section 3* computed from the date of payment or collection of the tax until the date the refund is paid to the claimant.

Sec. 16. Minnesota Statutes 1984, section 297A.26, subdivision 1, is amended to read:

Subdivision 1. The taxes imposed by sections 297A.01 to 297A.44 shall be due and payable to the commissioner monthly on or before the 25th day of the month next succeeding the month in which the taxable event occurred or succeeding such other reporting period as the commissioner may prescribe. *The tax payment is made on time if it is mailed to the commissioner on or before the due date. The payment must be mailed by United States mail in an envelope, postage prepaid, and properly addressed.*

Sec. 17. Minnesota Statutes 1984, section 297A.27, subdivision 1, is amended to read:

Subdivision 1. Except as provided in section 297A.275, on or before the 25th day of each month in which taxes imposed by sections 297A.01 to 297A.44 are payable, a return for the preceding reporting period shall be filed with the commissioner in such form as the commissioner may prescribe, verified by a written declaration that it is made under the criminal penalties for wilfully making a false return, and in addition shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid. Any person making sales at retail at two or more places of business may file a consolidated return subject to such regulations as the commissioner may prescribe. *A return is filed on time if it is mailed to the commissioner of revenue on or before the due date. The return must be timely mailed by United States mail in an envelope, postage prepaid, and properly addressed.*

Sec. 18. Minnesota Statutes 1984, section 297A.35, subdivision 1, is amended to read:

Subdivision 1. A person who has, pursuant to the provisions of this chapter, paid to the commissioner an amount of tax for any period in excess of the amount legally due for that period, may file with the commissioner a claim for a refund of such excess subject to the conditions specified in subdivision 5. Except as provided in subdivision 4 no such claim shall be entertained unless filed within two years after such tax was paid, or within three years from the filing of the return, whichever period is the longer. The commissioner shall examine the claim and make and file written findings thereon denying or allowing the claim in whole or in part and shall mail a notice thereof to such person at the address stated upon the claim. Any allowance shall include interest on the excess determined at a rate (OF SIX PERCENT PER ANNUM) *specified in section 3* from the date such excess was paid or collected until the date it is refunded or credited. If such claim is allowed in whole or in part, the commissioner shall credit the amount of the allowance against any taxes under sections 297A.01 to 297A.44 due from the claimant and for the balance of said allowance, if any, the commissioner shall issue his certificate for the refundment of the excess paid, and the commissioner of finance shall cause such refund to be paid out of the proceeds of the taxes imposed by sections 297A.01 to 297A.44, as other state moneys are expended. So much of the proceeds of such taxes as may be necessary are hereby appropriated for that purpose.

Sec. 19. Minnesota Statutes 1984, section 298.09, subdivision 4, is amended to read:

Subd. 4. If the amount of tax determined by the commissioner is subsequently found to be erroneous, the commissioner may, at any time within three years from the date the tax is certified as provided in section 298.10, redetermine the amount thereof. No such redetermination shall be made increasing the tax unless the person from whom the additional amount is due is given ten days written notice thereof and an opportunity to be heard thereon. If an order is made increasing the tax, the same proceedings shall be had as provided for occupation taxes originally determined and certified. Any person who has paid an occupation tax may apply to the commissioner within the time herein limited for a redetermination of the tax, and if the commissioner determines that the tax has been overpaid, he shall make and file an order determining the amount of such overpayment, and credit it against occupation taxes otherwise payable by the person who has overpaid the amount as so determined. If the tax is increased, interest at the rate specified in section 270.75 from the date payment should have been made shall be determined and paid; if the tax is reduced, interest at the rate (OF SIX PERCENT PER ANNUM) *specified in section 3* from the date of overpayment shall be allowed.

Sec. 20. Minnesota Statutes 1984, section 299.05, is amended to read:

299.05 [ASSESSMENT BY COMMISSIONER.]

Upon receipt of the report provided for in section 299.03, the commissioner of revenue shall determine, from information as may be possessed, or obtained, whether the report is correct, or incorrect; and, if found correct, the commissioner shall determine the amount of tax due from the person, enter the amount of the tax in department records, make assessment of taxes due from the person, and the amount that has been paid; and, on or before June 30, of each year, demand payment from the person. The commissioner of revenue shall have power, in case he shall deem the report incorrect, or in case the report is not made and filed with the commissioner as provided in section 299.03, to make findings as to the amount of taxes due after hearing upon notice to the person interested, and the findings shall have the same effect as the determination of the amount of such taxes upon a report made as hereinbefore provided.

A person subletting land for the use of which is received royalty shall be required to pay taxes only on the difference between the amount of royalty paid by him or her and the amount received.

If the amount of tax determined by the commissioner is subsequently found to be erroneous, the commissioner may, at any time within three years from the date allowed above for the original assessment, redetermine the amount of the tax. No redetermination shall be made increasing the tax unless the person from whom the additional amount is due is given ten days written notice of the proposed increase and the person's right to a hearing pursuant to chapter 14. Any person who has paid a royalty tax may apply to the commissioner within three years from the date allowed above for the original assessment for a redetermination of the tax and if the commissioner determines that the tax has been overpaid, he or she shall make and file an order determining the amount of the overpayment and credit the overpayment against the royalty taxes otherwise payable by the person who overpaid the tax. If the tax is increased, interest at the rate specified in section 270.75 from the date payment should have been made shall be determined and added to the tax. If the tax is reduced, interest at the rate (OF SIX PERCENT PER ANNUM) *specified in section 3* from the date of the overpayment shall be allowed.

Sec. 21. Minnesota Statutes 1984, section 299F.26, subdivision 1, is amended to read:

Subdivision 1. [PROCEDURE, TIME LIMIT, APPROPRIATION.] A company which has paid, voluntarily or otherwise, or

from which there was collected an amount of tax for any year in excess of the amount legally due for that year, may file with the commissioner of revenue a claim for a refund of the excess. Except as provided in subdivision 4, no claim or refund shall be allowed or made after 3-1/2 years from the date prescribed for filing the return (plus any extension of time granted for filing the return but only if filed within the extended time) or after two years from the date of overpayment, whichever period is longer, unless before the expiration of the period a claim is filed by the company. For this purpose a return or amended return claiming an overpayment constitutes a claim for refund.

Upon the filing of a claim the commissioner shall examine the same and shall make and file written findings thereon denying or allowing the claim in whole or in part and shall mail a notice thereof to the company at the address stated upon the return. If such claim is allowed in whole or in part, the commissioner shall issue his certificate for the refundment of the excess paid by the company, with interest at the rate (OF SIX PERCENT PER ANNUM) *specified in section 3* computed from the date of the payment of the tax until the date the refund is paid or the credit is made to the company, and the commissioner of finance shall cause the refund to be paid as other state moneys are expended. So much of the proceeds of the taxes as is necessary are appropriated for that purpose.

Sec. 22. [REPEALER.]

Minnesota Statutes 1984, section 297A.26, subdivision 3, is repealed.

Sec. 23. [EFFECTIVE DATE.]

Section 7 is effective for payments and returns of withholding taxes due after December 31, 1985. Sections 16, 17, and 22 are effective for tax payments and returns due after August 1, 1985. The remainder of the article is effective for interest earned on overpayments after December 31, 1985.

ARTICLE 4

Section 1. Minnesota Statutes 1984, section 290.01, subdivision 20e, is amended to read:

Subd. 20e. [MODIFICATION IN COMPUTING TAXABLE INCOME OF THE ESTATE OF A DECEDENT.] Amounts allowable under section (291.07, SUBDIVISION 1, CLAUSE (2)) *2053 or 2054 of the Internal Revenue Code of 1954* in computing (MINNESOTA INHERITANCE OR) *federal* estate tax liability shall not be allowed as a deduction (or as an offset

against the sales price of property in determining gain or loss) in computing the taxable income of the estate or any person unless (THERE IS FILED WITHIN THE TIME AND IN THE MANNER AND FORM PRESCRIBED BY THE COMMISSIONER A STATEMENT THAT THE AMOUNTS HAVE NOT BEEN ALLOWED AS A DEDUCTION UNDER SECTION 291.07 AND A WAIVER OF THE RIGHT TO HAVE THE AMOUNTS ALLOWED AT ANY TIME AS DEDUCTIONS UNDER SECTION 291.07. THE PROVISIONS OF THIS PARAGRAPH SHALL NOT APPLY WITH RESPECT TO DEDUCTIONS ALLOWED UNDER SECTION 290.077 (RELATING TO INCOME IN RESPECT OF DECEDENTS)) *an election is made for federal income tax purposes under section 642(g) of the Internal Revenue Code of 1954.* The election made for federal tax purposes under section 642(g) of the Internal Revenue Code of 1954 is binding for Minnesota tax purposes.

Sec. 2. Minnesota Statutes 1984, section 291.005, subdivision 1, is amended to read:

Subdivision 1. Unless the context otherwise clearly requires, the following terms used in this chapter shall have the following meanings:

(1) "Federal gross estate" means the gross estate of a decedent as valued and otherwise determined for federal estate tax purposes by federal taxing authorities pursuant to the provisions of the Internal Revenue Code.

(2) "Minnesota gross estate" means the federal gross estate of a decedent after (a) excluding therefrom any property included therein which has its situs outside Minnesota and (b) including therein any property omitted from the federal gross estate which is includable therein, has its situs in Minnesota, and was not disclosed to federal taxing authorities. (THE MINNESOTA GROSS ESTATE SHALL BE VALUED PURSUANT TO THE PROVISIONS OF SECTION 291.215, SUBDIVISION 1.)

(3) "Personal representative" means the executor, administrator or other person appointed by the court to administer and dispose of the property of the decedent. If there is no executor, administrator or other person appointed, qualified, and acting within this state, then any person in actual or constructive possession of any property having a situs in this state which is included in the federal gross estate of the decedent shall be deemed to be a personal representative to the extent of the property and the Minnesota estate tax due with respect to the property.

(4) "Resident decedent" means an individual whose domicile at the time of his death was in Minnesota.

(5) "Nonresident decedent" means an individual whose domicile at the time of his death was not in Minnesota.

(6) "Situs of property" means, with respect to real property, the state or country in which it is located; with respect to tangible personal property, the state or country in which it was normally kept or located at the time of the decedent's death; and with respect to intangible personal property, the state or country in which the decedent was domiciled at death.

(7) "Commissioner" means the commissioner of revenue or any person to whom the commissioner has delegated functions under this chapter.

(8) "Internal Revenue Code" means the United States Internal Revenue Code of 1954 as amended through (MARCH 12, 1983) *December 31, 1984.*

Sec. 3. Minnesota Statutes 1984, section 291.03, subdivision 1, is amended to read:

Subdivision 1. [(GENERALLY) *TAX AMOUNT.*] The tax imposed shall be an amount equal to the (GREATER OF:)

((1) A TAX COMPUTED BY APPLYING TO THE MINNESOTA TAXABLE ESTATE THE FOLLOWING PRESCRIBED RATES:)

(10 PERCENT ON THE FIRST $100,000,)

(11 PERCENT ON THE NEXT $500,000 OR PART THEREOF,)

(12 PERCENT ON THE EXCESS, OR)

((2) A TAX EQUAL TO THE SAME) proportion of the maximum credit allowable under section 2011 of the Internal Revenue Code for state death taxes (DESCRIBED HEREIN) as the Minnesota gross estate bears to the value of the federal gross estate. *For a resident decedent, the tax shall be the maximum credit allowable under section 2011 of the Internal Revenue Code reduced by the amount of the death tax paid the other state and credited against the federal estate tax if this results in a larger amount of tax than the proportionate amount of the credit.* The tax determined under this paragraph shall not be greater than the maximum credit allowable under section 2011 of the Internal Revenue Code.

Sec. 4. Minnesota Statutes 1984, section 291.075, is amended to read:

291.075 [SPECIAL USE VALUATION OF QUALIFIED PROPERTY.]

(WHEN PROPERTY SUBJECT TO THE TAX IMPOSED BY THIS CHAPTER QUALIFIES FOR VALUATION BASED ON ITS USE PURSUANT TO SECTION 2032A OF THE INTERNAL REVENUE CODE, IT SHALL HAVE THE SAME VALUE FOR MINNESOTA ESTATE TAX PURPOSES AS IT HAS FOR FEDERAL ESTATE TAX PURPOSES.) If, after the final determination of the tax imposed by this chapter, the property valued pursuant to section 2032A of the Internal Revenue Code is disposed of or fails to qualify and an additional tax is imposed pursuant to section 2032A(c), any increase in the credit for state death taxes shall be reported to the commissioner within 90 days after final determination of the increased credit. Upon notification the commissioner may assess an additional tax in accordance with section 291.03, subdivision 1 (, CLAUSE (2). NO ADDITIONAL MINNESOTA ESTATE TAX COMPUTED IN ACCORDANCE WITH SECTION 291.03, SUBDIVISION 1, CLAUSE (1) WILL BE IMPOSED NOR WILL AN ADDITIONAL DEDUCTION FOR FEDERAL ESTATE TAXES PAID BE ALLOWED UNDER SECTION 291.07 OR 291.08).

Sec. 5. Minnesota Statutes 1984, section 291.09, subdivision 1a, is amended to read:

Subd. 1a. (IN ALL INSTANCES IN WHICH A DECEDENT DIES AFTER DECEMBER 31, 1979 AND BEFORE JANUARY 1, 1981 LEAVING A FEDERAL GROSS ESTATE IN EXCESS OF $161,000 AND IN ALL INSTANCES IN WHICH A DECEDENT DIES AFTER DECEMBER 31, 1980 AND BEFORE JANUARY 1, 1982 LEAVING A FEDERAL GROSS ESTATE IN EXCESS OF $175,000, AND THE DECEDENT HAS AN INTEREST IN PROPERTY WITH A SITUS IN MINNESOTA, THE PERSONAL REPRESENTATIVE SHALL SUBMIT TO THE COMMISSIONER, ON A FORM PRESCRIBED BY THE COMMISSIONER, A MINNESOTA ESTATE TAX RETURN.)

In the case of a decedent dying after December 31, (1981) *1985* who has an interest in property with a situs in Minnesota, the personal representative shall submit to the commissioner, on a form prescribed by the commissioner, a Minnesota estate tax return in (THE FOLLOWING) *all* instances (:)

(IN THE CASE OF A DECEDENT DYING IN	(A MINNESOTA ESTATE TAX RETURN SHALL BE FILED IF THE FEDERAL GROSS ESTATE EQUALS OR EXCEEDS
(1982	$225,000)
(1983	275,000)

(1984 ..... 325,000)

(1985 ..... 400,000)

(1986 ..... 500,000)

(1987 AND THEREAFTER ..... 600,000)
in which a federal estate tax return is required to be filed.

The return shall be accompanied by a federal estate tax return, *a schedule of all assets in the estate at their date of death values,* and shall contain a computation of the Minnesota estate tax due. The return shall be signed by the personal representative.

Sec. 6. Minnesota Statutes 1984, section 291.09, subdivision 2a, is amended to read:

Subd. 2a. The commissioner may designate on the return the documents that are required to be filed together with the return in order to determine the (PROPER VALUATION OF ASSETS AND) computation of tax. The commissioner shall not be bound by any item on the return unless he has received all required documents and unless all items of information on the return have been completed.

Sec. 7. Minnesota Statutes 1984, section 291.09, subdivision 3a, is amended to read:

Subd. 3a. (1) The commissioner may challenge matters of (VALUATION OR) taxability of any assets reported on the return (, OR ANY DEDUCTIONS CLAIMED,) or the computation of tax, only if within 180 days from the due date of the return or the receipt of the return and all documents required to be filed with the return, whichever is later, the commissioner mails or delivers a written notice to the personal representative objecting to the return as filed and specifying the reasons for the objection.

(2) If the personal representative disagrees with the objection or does not wish to fully comply with the objection, he may request that the commissioner hold a hearing on the objection. Within 30 days of receipt of a request, the commissioner shall set a time and place for hearing. Unless otherwise agreed upon, the hearing date shall not be earlier than 30 days nor later than 60 days from the date of the notice setting the hearing. The notice of hearing shall set forth the rights available to the personal representative under chapter 14. Not later than 30 days after the commissioner receives the report and recommendation of the administrative law judge, or a written waiver of his hearing rights by the personal representative, the commissioner shall issue an order determining the tax. Any such determination made by the

commissioner may be appealed to the tax court as provided in section 271.09.

(3) At any time together with or after the objection, the commissioner, on his own initiative, may set a time and place for a hearing in accordance with (2) above.

(4) In his objection, or at any time thereafter, the commissioner may assess any additional tax as the facts may warrant, subject to the right of the personal representative to demand a hearing under chapter (15) *14*. If the personal representative does not demand a hearing within 90 days of the date of the assessment, the tax so assessed shall be legally due and the commissioner may proceed to collect (ANY) *the* unpaid tax (AFTER ONE YEAR FROM THE DATE OF DEATH). If the commissioner later finds the tax assessment to be erroneous, he may adjust the assessment prior to collection.

(5) The commissioner shall not be required to object to any subsequent original, amended or supplemental return in order to preserve his rights. The commissioner shall not be precluded from objecting to a subsequent original, amended or supplemental return even though an original return was accepted as filed. If the commissioner had accepted an original return showing no tax due and a subsequent original, amended or supplemental return discloses additional assets not disclosed on the original return, the commissioner may object to any matter of (VALUATION,) taxability (, DEDUCTION) or computation of tax on the original return within 180 days of receipt of the subsequent original, amended or supplemental return.

(6) Subject to the provisions of sections 291.11 and 291.215, the Minnesota estate tax liability shall be considered as finally determined on the date notification of acceptance is issued to the personal representative or, if no objection is filed, on the day following 180 days from the due date of the return or the receipt of the return, together with all other documents required to be filed with the return, whichever is later.

(7) Subject to the time limits imposed elsewhere in this chapter, the commissioner may refund an overpayment of tax, penalty or interest even though the personal representative has not made an application for refund.

Sec. 8. Minnesota Statutes 1984, section 291.11, subdivision 1, is amended to read:

Subdivision 1. (1) All taxes imposed by this chapter shall take effect at and upon the death of the person whose estate is subject to taxation and shall be due and payable at the expiration of nine months from such death, except as otherwise pro-

vided in this chapter. *Where an extension to file the federal estate tax return has been granted under the provision of section 6081 of the Internal Revenue Code, the time for filing the estate tax return or making payment of the tax without penalty, is extended for the same period.* Provided, that any taxpayer who owes at least $5,000 in taxes (MAY CHOOSE TO PAY THESE TAXES IN FIVE EQUAL INSTALLMENTS OVER A PERIOD OF TIME NOT TO EXCEED FIVE YEARS FROM THE DEATH OF THE PERSON WHOSE ESTATE IS SUBJECT TO TAXATION OR FIVE YEARS FROM THE EXPIRATION OF THE EXTENSION GRANTED BY THE COMMISSIONER PURSUANT TO SECTION 291.132, WHICHEVER IS LATER) *and who, under section 6161 or 6166 of the Internal Revenue Code, has been granted an extension for payment of the tax shown on the return, may elect to pay the commissioner the amount of tax due in equal amounts at the same time as required for federal purposes.* When a taxpayer elects to pay the tax in installments, he shall notify the commissioner in writing no later than nine months after the death of the person whose estate is subject to taxation. If the taxpayer fails to pay an installment on time, unless it is shown that such failure is due to reasonable cause, the election shall be revoked and the entire amount of unpaid tax plus accrued interest shall be due and payable 90 days after the date on which the installment was payable.

(2) (a) False return—in the case of a false or fraudulent return with the intent to evade tax, any additional tax resulting therefrom may be assessed at any time.

(b) No return—in the case of failure to file a return, the tax may be assessed at any time.

(c) Omissions—in the case where there is omitted from the estate items subject to tax under this chapter the tax on such omitted items may be assessed at any time.

In determining the items omitted, there shall not be taken into account any item which has been disclosed in the return or in a statement attached to the return in a manner adequate to apprise the commissioner of the nature and amount of such item.

(3) Where, before the expiration of the time prescribed in this chapter for the determination or adjustment of the tax, the commissioner and the taxpayer shall consent in writing to the extension of time for such determination or adjustment the tax may be determined at any time prior to the expiration agreed upon and in the manner agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

Sec. 9. Minnesota Statutes 1984, section 291.15, subdivision 1, is amended to read:

Subdivision 1. If the tax is not paid within (NINE MONTHS FROM THE ACCRUING THEREOF,) *the time specified for payment, the unpaid tax and any penalty imposed under section 291.131 shall bear* interest (SHALL BE CHARGED AND COLLECTED THEREON) at the rate specified in section 270.75 from the due date until the date the tax is paid. *Unpaid tax includes the unpaid tax when the taxpayer elects to pay the tax in installments and the due date is the date the tax was due without regard to any extension that is granted or an election to pay the tax in installments.* In the event a person or corporation upon proper authorization makes a payment to be applied against the tax therafter, no interest shall accrue on the amount so paid. All payments shall be applied first to penalties, next to interest and then upon principal.

Sec. 10. Minnesota Statutes 1984, section 291.15, subdivision 3, is amended to read:

Subd. 3. Interest shall be paid on installment payments of the tax authorized under section 291.11, subdivision 1, (OR 291.132, SUBDIVISION 2,) at the rate of interest in effect pursuant to section 270.75 nine months following the date of death.

Sec. 11. Minnesota Statutes 1984, section 291.215, subdivision 1, is amended to read:

Subdivision 1. All property includable in the Minnesota gross estate of a decedent shall be valued in accordance with the provisions of sections 2031 or 2032 and, if applicable, 2032A, of the Internal Revenue Code and any elections made in valuing the federal gross estate shall be applicable in valuing the Minnesota gross estate. (EXCEPT AS OTHERWISE PROVIDED IN SECTION 291.075, THE VALUE OF ALL PROPERTY INCLUDABLE IN THE MINNESOTA GROSS ESTATE OF A DECEDENT MAY BE INDEPENDENTLY DETERMINED UNDER SAID SECTIONS FOR MINNESOTA ESTATE TAX PURPOSES.) *Values for purposes of the estate tax on both probate and nonprobate assets shall be the same as those finally determined for purposes of the federal estate tax on a decedent's estate.*

Sec. 12. Minnesota Statutes 1984, section 291.32, is amended to read:

291.32 [REFUNDING OF TAX.]

Subdivision 1. (WHENEVER,) *If* under the provisions of this chapter any person or corporation (SHALL BE) *is* entitled to a return of any part of a tax, *penalty or interest* previously paid *in excess of the amount legally due,* he may (MAKE APPLICATION) *apply* to the commissioner for a determination of the amount which he is entitled to have returned (, AND ON SUCH

APPLICATION SHALL). *The applicant must* furnish the commissioner with (AFFIDAVITS AND OTHER) evidence showing the facts which entitled him to such return and the amount he is entitled to have returned. (UPON THE FILING OF SUCH APPLICATION,) The commissioner (SHALL) *must* examine the (SAME) *application* and (SHALL MAKE A WRITTEN ORDER THEREON DENYING OR ALLOWING) *deny or allow, in a written order,* the application in whole or in part (AND SHALL MAIL). A copy of (SUCH ORDER BY CERTIFIED MAIL) *the order must be mailed* to the applicant at the address stated on the application. If such application is allowed in whole or in part, the commissioner shall (CAUSE SUCH) *pay the* refund (TO BE PAID IN THE MANNER PROVIDED BY LAW. IT SHALL BE THE DUTY OF THE STATE TREASURER TO PAY WARRANTS THEREFOR OUT OF ANY FUNDS IN THE STATE TREASURY NOT OTHERWISE APPROPRIATED). *The amount of taxes, penalty and interest in excess of the amount legally due must be paid with interest from the date of payment or from the date beginning nine months after the death of the decedent, whichever is later.* The moneys necessary to pay (SUCH WARRANTS) *the amounts* are (HEREBY) appropriated *to the commissioner* out of (ANY MONEYS IN THE STATE TREASURY NOT OTHERWISE APPROPRIATED) *the general fund.*

Subd. 2. *All applications for refunds must be made within two years from the date of final determination or adjustment of any part of the tax, penalty or interest by the taxpayer, the commissioner or the tax court, as applicable.* If the application is denied in whole or in part the taxpayer may commence an action against the commissioner to recover any overpayments of taxes claimed to be refundable but for which the commissioner has issued no order of refundment. Such action may be brought in the District Court of the district in which lies the county of his residence or principal place of business if an estate or trust, of the principal place of its administration, or in the district court for Ramsey County. Such action may be commenced after the expiration of six months after the application is filed if the commissioner has not taken final action thereon and shall be commenced within 18 months after the date of the order denying the application. If the commissioner has not acted within two years after the application is filed, it shall be considered denied.

Sec. 13. Minnesota Statutes 1984, section 524.3-1202, is amended to read:

524.3-1202 [EFFECT OF AFFIDAVIT.]

The person paying, delivering, transferring, or issuing personal property or the evidence thereof pursuant to affidavit (SHALL SUBMIT A COPY OF THE AFFIDAVIT TO THE COMMISSIONER OF REVENUE WITHIN FIVE DAYS OF ITS RECEIPT AND THEN) is discharged and released to the

same extent as if he dealt with a personal representative of the decedent. He is not required to see to the application of the personal property or evidence thereof or to inquire into the truth of any statement in the affidavit. If any person to whom an affidavit is delivered refuses to pay, deliver, transfer, or issue any personal property or evidence thereof, it may be recovered or its payment, delivery, transfer, or issuance compelled upon proof of their right in a proceeding brought for the purpose by or on behalf of the persons entitled thereto. Any person to whom payment, delivery, transfer or issuance is made is answerable and accountable therefor to any personal representative of the estate or to any other person having a superior right.

Sec. 14. [REPEALER.]

(a) Minnesota Statutes 1984, sections 55.10, subdivision 2; 270.75, subdivision 7; 291.015; 291.03, subdivisions 3, 4, 5, 6, and 7; 291.05; 291.051; 291.06; 291.065; 291.07; 291.08; 291.09, subdivision 5; 291.111; 291.131, subdivision 6; 291.132; 291.15, subdivision 2; 291.18; 291.20; and 385.36, are repealed.

(b) Minnesota Statutes 1984, sections 291.131, subdivision 5; and 291.29, subdivision 5, are repealed.

Sec. 15. [EFFECTIVE DATE.]

Sections 1 to 12 and 14, paragraph (a) are effective for estates of persons dying after December 31, 1985, except that the update of the Internal Revenue Code in section 2 is effective for estates of persons dying after December 31, 1984. Sections 13 and 14, paragraph (b) are effective the day after final enactment.

ARTICLE 5

Section 1. Minnesota Statutes 1984, section 290.07, subdivision 1, is amended to read:

Subdivision 1. [ANNUAL ACCOUNTING PERIOD.] Net income and taxable net income shall be computed upon the basis of the taxpayer's annual accounting period. If a taxpayer has no annual accounting period, or has one other than a fiscal year, as heretofore defined, the net income and taxable net income shall be computed on the basis of the calendar year. Taxpayers shall employ the same accounting period on which they report, or would be required to report, their net income under the Internal Revenue Code. (THE COMMISSIONER SHALL PROVIDE BY RULE FOR THE DETERMINATION OF THE ACCOUNTING PERIOD FOR TAXPAYERS WHO FILE A COMBINED REPORT UNDER SECTION 290.34, SUBDIVISION 2, WHEN MEMBERS OF THE GROUP USE DIFFERENT ACCOUNT-

ING PERIODS FOR FEDERAL INCOME TAX PURPOSES. UNLESS THE TAXPAYER CHANGES ITS ACCOUNTING PERIOD FOR FEDERAL PURPOSES, THE DUE DATE OF THE RETURN IS NOT CHANGED.)

A taxpayer may change his accounting period only with the consent of the commissioner. In case of any such change, he shall pay a tax for the period not included in either his former or newly adopted taxable year, computed as provided in section 290.32.

Sec. 2. Minnesota Statutes 1984, section 290.095, subdivision 3, is amended to read:

Subd. 3. [CARRYOVER AND CARRYBACK.] (a) Except as provided in (CLAUSE (D) OR) subdivision 8, a net operating loss for any taxable year shall be:

(1) A net operating loss carryback to each of the three taxable years preceding the taxable year of such loss, and

(2) A net operating loss carryover to each of the five taxable years following the taxable year of such loss.

(b) The entire amount of the net operating loss for any taxable year shall be carried to the earliest of the taxable years to which, by reason of subdivision 3, clause (a) (OR (D)), such loss may be carried. The portion of such loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of such loss over the sum of the taxable net income, adjusted by the modifications specified in subdivision 4, for each of the prior taxable years to which such loss may be carried.

(c) Where a corporation does business both within and without Minnesota, and apportions its income under the provisions of section 290.19, the net operating loss deduction shall be allowed to the extent of the apportionment ratio of the loss year, or the year to which the loss is carried, whichever is smaller.

((D) WHERE A CORPORATION FILES A COMBINED REPORT WHICH REFLECTS THE ENTIRE UNITARY BUSINESS AS PROVIDED IN SECTION 290.34, SUBDIVISION 2, THE CORPORATION SHALL NOT BE ALLOWED A NET OPERATING LOSS CARRYBACK TO A YEAR IN WHICH IT DID NOT FILE A COMBINED REPORT. THE NUMBER OF TAXABLE YEARS FOR WHICH A NET OPERATING LOSS CARRYOVER IS ALLOWED SHALL BE INCREASED BY THE NUMBER OF TAXABLE YEARS FOR WHICH A NET OPERATING LOSS CARRYBACK IS NOT ALLOWED UNDER THIS CLAUSE.)

Sec. 3. Minnesota Statues 1984, section 290.17, subdivision 2, is amended to read:

Subd. 2. [OTHER TAXPAYERS.] In the case of an individual who is not a full year resident, this subdivision applies to determine what income is assignable to Minnesota for purposes of determining the numerator of the fraction used in section 290.06, subdivision 2c. In the case of taxpayers not subject to the provisions of subdivision 1, items of gross income shall be assigned to this state or other states or countries in accordance with the following principles:

(1)(a) The entire income of all resident or domestic taxpayers from compensation for labor or personal services, or from a business consisting principally of the performance of personal or professional services, shall be assigned to this state, and the income of nonresident taxpayers from such sources shall be assigned to this state if, and to the extent that, the labor or services are performed within it; all other income from such sources shall be treated as income from sources without this state.

(b) In the case of an individual who is a nonresident of Minnesota and who is an athlete or entertainer, income from compensation for labor or personal services performed within this state shall be determined in the following manner.

(i) The amount of income to be assigned to Minnesota for an individual who is a nonresident salaried athletic team employee shall be determined by using a fraction in which the denominator contains the total number of days in which the individual is under a duty to perform for the employer, and the numerator is the total number of those days spent in Minnesota. In order to eliminate the need to file state or provincial income tax returns in several states or provinces, Minnesota will exclude from income any income assigned to Minnesota under the provisions of this clause for a nonresident athlete who is employed by an athletic team whose operations are not based in this state if the state or province in which the athletic team is based provides a similar income exclusion. If the state or province in which the athletic team's operations are based does not have an income tax on an individual's personal service income, it will be deemed that that state or province has a similar income exclusion. As used in the preceding sentence, the term "province" means a province of Canada.

(ii) The amount of income to be assigned to Minnesota for an individual who is a nonresident, and who is an athlete not listed in clause (i), or who is an entertainer, for that person's athletic or entertainment performance in Minnesota shall be determined by assigning to this state all income from performances or athletic contests in this state.

(2) Income from the operation of a farm shall be assigned to this state if the farm is located within this state and to other states only if the farm is not located in this state. Income from winnings on Minnesota pari-mutuel betting tickets shall be assigned to this state. Income and gains received from tangible property not employed in the business of the recipient of such income or gains, and from tangible property employed in the business of such recipient if such business consists principally of the holding of such property and the collection of the income and gains therefrom, shall be assigned to this state if such property has a situs within it, and to other states only if it has no situs in this state. Income or gains from intangible personal property not employed in the business of the recipient of such income or gains, and from intangible personal property employed in the business of such recipient if such business consists principally of the holding of such property and the collection of the income and gains therefrom, wherever held, whether in trust, or otherwise, shall be assigned to this state if the recipient thereof is domiciled within this state or is a resident trust or estate.

(3) Income derived from carrying on a trade or business, including in the case of a business owned by natural persons the income imputable to the owner for his services and the use of his property therein, shall be assigned to this state if the trade or business is conducted wholly within this state, and to other states if conducted wholly without this state. This provision shall not apply to business income subject to the provisions of clause (1).

(4) When a trade or business is carried on partly within and partly without this state, the entire income derived from such trade or business, including income from intangible property employed in such business and including, in the case of a business owned by natural persons, the income imputable to the owner for his services and the use of his property therein, shall be governed, except as otherwise provided in sections 290.35 and 290.36, by the provisions of section 290.19, notwithstanding any provisions of this section to the contrary. This shall not apply to business income subject to the provisions of clause (1), nor shall it apply to income from the operation of a farm which is subject to the provisions of clause (2). For the purposes of this clause, a trade or business located in Minnesota is carried on partly within and partly without this state if tangible personal property is sold by such trade or business and delivered or shipped to a purchaser located outside the state of Minnesota.

(IF THE TRADE OR BUSINESS CARRIED ON WHOLLY OR PARTLY IN MINNESOTA IS PART OF A UNITARY BUSINESS, THE ENTIRE INCOME OF THAT UNITARY BUSINESS SHALL BE SUBJECT TO APPORTIONMENT UNDER SECTION 290.19 EXCEPT FOR BUSINESS INCOME SUBJECT TO THE PROVISIONS OF CLAUSE (1) AND

FARM INCOME SUBJECT TO THE PROVISIONS OF CLAUSE (2). THE TERM "UNITARY BUSINESS" SHALL MEAN BUSINESS ACTIVITIES OR OPERATIONS WHICH ARE OF MUTUAL BENEFIT, DEPENDENT UPON, OR CONTRIBUTORY TO ONE ANOTHER, INDIVIDUALLY OR AS A GROUP. UNITY SHALL BE PRESUMED WHENEVER THERE IS UNITY OF OWNERSHIP, OPERATION, AND USE, EVIDENCED BY CENTRALIZED MANAGEMENT OR EXECUTIVE FORCE, CENTRALIZED PURCHASING, ADVERTISING, ACCOUNTING, OR OTHER CONTROLLED INTERACTION BUT THE ABSENCE OF THESE CENTRALIZED ACTIVITIES WILL NOT NECESSARILY EVIDENCE A NONUNITARY BUSINESS. UNITY OF OWNERSHIP WILL NOT BE DEEMED TO EXIST WHEN A CORPORATION IS INVOLVED UNLESS THAT CORPORATION IS A MEMBER OF A GROUP OF TWO OR MORE CORPORATIONS MORE THAN 50 PERCENT OF THE VOTING STOCK OF EACH MEMBER OF THE GROUP IS DIRECTLY OR INDIRECTLY OWNED BY A COMMON OWNER OR BY COMMON OWNERS, EITHER CORPORATE OR NONCORPORATE, OR BY ONE OR MORE OF THE MEMBER CORPORATIONS OF THE GROUP.)

(THE ENTIRE INCOME OF A UNITARY BUSINESS SHALL BE SUBJECT TO APPORTIONMENT AS PROVIDED IN SECTION 290.19. NONE OF THE INCOME OF A UNITARY BUSINESS SHALL BE CONSIDERED AS DERIVED FROM ANY PARTICULAR SOURCE AND NONE SHALL BE ALLOCATED TO ANY PARTICULAR PLACE EXCEPT AS PROVIDED BY THE APPLICABLE APPORTIONMENT FORMULA.)

In determining whether or not intangible property is employed in a unitary business carried on partly within and partly without this state so that income derived therefrom is subject to apportionment under section 290.19 the following rules and guidelines shall apply.

(a) Intangible property is employed in a business if the business entity owning intangible property holds it as a means of furthering the business operation of which a part is located within the territorial confines of this state.

(b) Where a business operation conducted in Minnesota, is owned by a business entity which carries on business activity outside of the state different in kind from that conducted within this state, and such other business is conducted entirely outside the state, it will be presumed that the two business operations are unitary in nature, interrelated, connected and interdependent unless it can be shown to the contrary.

(5) For purposes of this section, amounts received by a nonresident from the United States, its agencies or instrumentali-

ties, the Federal Reserve Bank, the state of Minnesota or any of its political or governmental subdivisions, or a Minnesota volunteer fireman's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof, or as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 404, 405, 408, 409 or 409A of the Internal Revenue Code of 1954, as amended through December 31, 1983, are not considered income derived from carrying on a trade or business or from performing personal or professional services in Minnesota, and are not taxable under this chapter.

(6) All other items of gross income shall be assigned to the taxpayer's domicile.

Sec. 4. Minnesota Statutes 1984, section 290.175, is amended to read:

290.175 [OPTIONAL APPORTIONMENT.]

Notwithstanding the provisions of section 290.171, the taxpayer may elect to apportion his income to Minnesota pursuant to this chapter, without regard to section 290.171, article IV. *Combined reporting is not allowed under section 290.171.* The provisions of section 290.171, article IV, are effective for taxable years beginning after December 31, 1982 (AND ALLOW COMBINED REPORTING ONLY TO THE EXTENT ALLOWED UNDER SECTION 290.34, SUBDIVISION 2).

Sec. 5. Minnesota Statutes 1984, section 290.21, subdivision 4, is amended to read:

Subd. 4. (a) 85 percent of dividends received by a corporation during the taxable year from another corporation, when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer or would not be included in the inventory of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of the income and gains therefrom. The remaining 15 percent shall be allowed if the recipient owns 80 percent or more of all the voting stock of the other corporation, *and the dividends were paid from income arising out of business done in this state by the corporation paying the dividends; but if the income out of which the dividends are declared was derived from business done within and without this state, then as much of the remaining 15 percent is allowed as a deduction as the amount of the taxable net income of the corporation paying the dividends assignable or allocable to this state bears to the entire net income of the corporation, the rate being determined by the returns under this chapter of the corporation paying the dividends for the taxable year preceding the distribu-*

tion. The burden is on the taxpayer to show that the amount of remainder claimed as a deduction has been received from income arising out of business done in this state.

(b) If the trade or business of the taxpayer consists principally of the holding of the stocks and the collection of the income and gains therefrom, dividends received by a corporation during the taxable year from another corporation, if the recipient owns 80 percent or more of all the voting stock of the other corporation, *and the dividends were paid from income arising out of business done in this state by the corporation paying the dividends; but, if the income out of which the dividends are declared was derived from business done within and without this state, then as much of the dividends is allowed as a deduction as the amount of the taxable net income of the corporation paying the dividends assignable or allocable to this state bears to the entire net income of the corporation, the rate being determined by the returns under this chapter of the corporation paying such dividends for the taxable year preceding the distribution. The burden is on the taxpayer to show that the amount of dividends claimed as a deduction has been received from income arising out of business done in this state.*

(c) The dividend deduction provided in this subdivision shall be allowed only with respect to dividends that are included in a corporation's Minnesota taxable net income for the taxable year.

The dividend deduction provided in this subdivision does not apply to a dividend from a corporation which, for the taxable year of the corporation in which the distribution is made or for the next preceding taxable year of the corporation, is a corporation exempt from tax under section 501 of the Internal Revenue Code of 1954, as amended through December 31, 1983.

The dividend deduction provided in this subdivision applies to the amount of regulated investment company dividends only to the extent determined under section 854(b) of the Internal Revenue Code of 1954, as amended through December 31, 1983.

((D) IF DIVIDENDS RECEIVED BY A CORPORATION THAT DOES NOT HAVE NEXUS WITH MINNESOTA UNDER THE PROVISIONS OF PUBLIC LAW 86-272 ARE INCLUDED AS INCOME ON THE RETURN OF AN AFFILIATED CORPORATION PERMITTED OR REQUIRED TO FILE A COMBINED REPORT UNDER SECTION 290.34, SUBDIVISION 2, THEN FOR PURPOSES OF THIS SUBDIVISION THE DETERMINATION AS TO WHETHER THE TRADE OR BUSINESS OF THE CORPORATION CONSISTS PRINCIPALLY OF THE HOLDING OF STOCKS AND THE COLLECTION OF INCOME AND GAINS THEREFROM SHALL BE MADE WITH REFERENCE TO THE TRADE OR BUSINESS OF THE AFFILIATED CORPORATION HAVING A NEXUS WITH MINNESOTA.)

((E) DIVIDENDS RECEIVED BY A CORPORATION FROM ANOTHER CORPORATION WHICH IS ORGANIZED UNDER THE LAWS OF A FOREIGN COUNTRY OR A POLITICAL SUBDIVISION OF A FOREIGN COUNTRY, IF THE DIVIDENDS ARE PAID FROM INCOME ARISING FROM SOURCES WITHOUT THE UNITED STATES, THE COMMONWEALTH OF PUERTO RICO, AND THE POSSESSIONS OF THE UNITED STATES. THE DEDUCTION PROVIDED BY THIS CLAUSE DOES NOT APPLY IF THE CORPORATE STOCK WITH RESPECT TO WHICH DIVIDENDS ARE PAID CONSTITUTES THE STOCK IN TRADE OF THE TAXPAYER, OR WOULD BE INCLUDED IN THE INVENTORY OF THE TAXPAYER, OR CONSTITUTES PROPERTY HELD BY THE TAXPAYER PRIMARILY FOR SALE TO CUSTOMERS IN THE ORDINARY COURSE OF THE TAXPAYER'S TRADE OR BUSINESS, OR IF THE TRADE OR BUSINESS OF THE TAXPAYER CONSISTS PRINCIPALLY OF THE HOLDING OF STOCKS AND THE COLLECTION OF THE INCOME OR GAINS THEREFROM. NO DIVIDEND MAY BE DEDUCTED UNDER THIS CLAUSE IF IT IS DEDUCTED UNDER CLAUSE (A).)

Sec. 6. Minnesota Statutes 1984, section 290.34, subdivision 1, is amended to read:

Subdivision 1. [BUSINESS CONDUCTED IN SUCH A WAY AS TO CREATE LOSSES OR IMPROPER TAXABLE NET INCOME.] When any corporation liable to taxation under this chapter conducts its business in such a manner as, directly or indirectly, to benefit its members or stockholders or any person or corporation interested in such business or to reduce the income attributable to this state by selling the commodities or services in which it deals at less than the fair price which might be obtained therefor, or buying such commodities or services at more than the fair price for which they might have been obtained, or when any corporation, a substantial portion of whose shares is owned directly or indirectly by another corporation, deals in the commodities or services of the latter corporation in such a manner as to create a loss or improper net income or to reduce the taxable net income attributable to this state, the commissioner of revenue may determine the amount of its income so as to reflect what would have been its reasonable taxable net income but for the arrangements causing the understatement of its taxable net income or the overstatement of its losses, having regard to the fair profits which, but for any agreement, arrangement, or understanding, might have been or could have been obtained from such business.

For purposes of this section, a small foreign sales corporation, as defined in section 922(b) of the Internal Rvenue Code of 1954, as amended through December 31, 1984, is treated as a separate corporation.

Sec. 7. Minnesota Statutes 1984, section 290.34, is amended by adding a subdivision to read:

Subd. 5. [AFFILIATED CORPORATIONS, CONSOLIDATED RETURNS.] *An affiliated group of corporations, filing a federal consolidated income tax return pursuant to section 1501 of the Internal Revenue Code of 1954, as amended through December 31, 1984, any of the members of which are required to file income tax returns under the provisions of this chapter, may file a consolidated return in lieu of separate returns if any income of any of the members of the affiliated group including the common parent, if any, is assignable to this state under the provisions of this chapter. No group of corporations filing separate federal income tax returns may file a Minnesota consolidated return. In the case of a corporation which is a member of the affiliated group for a fractional part of the taxable year, the consolidated return must include the income of that corporation for the part of the year that it was a member of the affiliated group. The commissioner may adopt rules governing the determination of the consolidated income of the affiliated group.*

Sec. 8. Minnesota Statutes 1984, section 290.932, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] The declaration of estimated tax required of corporations by section 290.931 shall be filed as follows:

If the requirements of section 290.931 are first met—	The declaration shall be filed on or before—
before the 1st day of the (3RD) *4th* month of the taxable year	the 15th day of the (3RD) *4th* month of the taxable year
after the last day of the (2ND) *3rd* month and before the 1st day of the 6th month of the taxable year	the 15th day of the 6th month of the taxable year
after the last day of the 5th month and before the 1st day of the 9th month of the taxable year	the 15th day of the 9th month of the taxable year
after the last day of the 8th month and before the 1st day of the 12th month of the taxable year	the 15th day of the 12th month of the taxable year

Sec. 9. Minnesota Statutes 1984, section 290.933, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT AND TIME FOR PAYMENT OF EACH INSTALLMENT.] The amount of estimated tax with respect to which a declaration is required under section 290.931 shall be paid as follows:

(1) [PAYMENT IN FOUR INSTALLMENTS.] If the declaration is filed on or before the 15th day of the (3RD) *4th* month of the taxable year, the estimated tax shall be paid in four equal installments on the 15th day of the (3RD) *4th*, 6th, 9th and 12th month of the taxable year.

(2) [PAYMENT IN THREE INSTALLMENTS.] If the declaration is filed after the 15th day of the (3RD) *4th* month and not after the 15th day of the 6th month of the taxable year, and is not required by section 290.932, subdivision 1, to be filed on or before the 15th day of such (3RD) *4th* month, the estimated tax shall be paid in three equal installments on the 15th day of the 6th, 9th and 12th month of the taxable year.

(3) [PAYMENT IN TWO INSTALLMENTS.] If the declaration of estimated tax is filed after the 15th day of the 6th month and not after the 15th day of the 9th month of the taxable year, and is not required by section 290.932, subdivision 1, to be filed on or before the 15th day of such 6th month, the estimated tax shall be paid in two equal installments on the 15th day of the 9th and 12th month of the taxable year.

(4) [PAYMENT IN ONE INSTALLMENT.] If the declaration of estimated tax is filed after the 15th day of the 9th month of the taxable year, and is not required by section 290.932, subdivision 1, to be filed on or before the 15th day of such 9th month, the estimated tax shall be paid in one installment.

(5) [LATE FILING.] If the declaration is filed after the time prescribed in section 290.932, subdivision 1 (determined without regard to any extension of time for filing the declaration under section 290.932, subdivision 4), paragraphs (2), (3), and (4) of this subdivision shall not apply, and there shall be paid at the time of such filing all installments of estimated tax which would have been payable on or before such time if the declaration had been filed within the time prescribed in section 290.932, subdivision 1, and the remaining installments shall be paid at the times at which, and in the amounts in which, they would have been payable if the declaration had been so filed.

Sec. 10. [REPEALER.]

Minnesota Statutes 1984, sections 290.06, subdivision 15; 290.-068, subdivision 6; 290.21, subdivision 8; and 290.34, subdivision 2, are repealed.

Sec. 11. [EFFECTIVE DATE.]

Sections 1 to 5, 7, and 10 are effective for taxable years beginning after December 31, 1984. Sections 8 and 9 are effective for taxable years beginning after December 31, 1985. Section 6 applies to transactions after December 31, 1984.

ARTICLE 6

Section 1. [16A.042] [CONTINGENT PAYMENT SCHEDULES; TAX REFUNDS AND INTERGOVERNMENTAL AIDS.]

Subdivision 1. [REVENUE AND CASH FLOW ESTIMATES; DUTIES OF COMMISSIONER.] *The commissioner shall regularly prepare estimates of the state's revenues, expenditures, and cash flow relative to the amounts appropriated and payment schedules established by law: (i) upon the conditions provided by subdivision 3, and (ii) if the commissioner determines that adoption of the new payment schedule would not require the state to engage in additional borrowing in anticipation of the receipt of revenues, the commissioner shall issue an order establishing new payment schedules as provided by this section. The commissioner must certify the new payment schedule to the commissioner of revenue and notify the appropriations, finance, and tax committees of the house of representatives and senate of the new payment schedules. The commissioner's order must state the first fiscal and calendar years for which the new payment schedule is effective. The payment schedule shall remain in effect unless subsequently modified by law.*

Subd. 2. [NEW PAYMENT SCHEDULES.] *(a) Notwithstanding the provisions of sections 124.195, subdivisions 7 and 10; 273.13, subdivision 15a; 290A.07, subdivision 2a; and 477A.015 or any other law, the payment schedules established by this section apply if the commissioner issues an order pursuant to this section imposing the schedules.*

(b) The property tax refund for a claimant who is a renter must be paid in full not later than 60 days after receipt of the application or the claimant may elect to take the refund as a credit against his income tax liability.

(c) The school aid percentage of entitlement paid during the fiscal year of the entitlement pursuant to section 124.195, subdivisions 7 and 10, shall be increased from 85 percent to 90 percent and the 90 percent figure shall apply to the computation of the cumulative amount guaranteed under section 124.195, subdivision 2.

(d) The local government aid amounts provided by sections 477A.011 to 477A.04 must be paid in four equal installments on

March 1, May 1, September 1, and December 1 of each calendar year.

(e) The state paid homestead credit, reimbursement for assessment reductions resulting from a major disaster, and any other state paid property tax reimbursement otherwise paid pursuant to the schedule provided by section 273.13, subdivision 15a, must be paid in four equal installments on March 1, May 1, September 1, and December 1 of each calendar year.

If actual data are not available, the commissioner of revenue shall estimate the amounts to which the local governments are entitled for the March and May payments under paragraphs (d) and (e). The subsequent payments shall be adjusted to reflect the estimated payments and the actual amounts due.

Subd. 3. [TIMING; PRIORITY.] *The following order of priority and timing apply in the establishment of the payment schedules provided by subdivision 2:*

(a) The commissioner shall establish the new payment schedule provided by subdivision 2, paragraph (b), for the property tax refund for renters beginning with the succeeding calendar year if the following conditions are met:

(1) the commissioner determines that there will be an unobligated general fund balance at the close of the biennium sufficient to fund, in full, the new payment schedule; and

(2) the certification of the new payment schedules is made prior to September 1 or otherwise within sufficient time to permit the commissioner of revenue to make the necessary modifications in printing the property refund and income tax forms.

(b) The commissioner may establish the new payment schedules provided by subdivision 2, paragraphs (c), (d), and (e), if either (1) the new property tax refund schedule has been adopted or (2) the estimate of sufficient general fund moneys is made after September 1 of an even-numbered year. The order of priority is to establish the new payment schedule for: first, the school aid entitlement percentage; second, local government aids; and third, state property tax reimbursement. The commissioner shall establish the new payment schedules if he determines that the unobligated general fund balance at the close of the fiscal year will be sufficient to fund in full the new payment schedule and if the conditions established in the first sentence of this paragraph are satisfied.

Subd. 4. [PARTIAL ESTABLISHMENT OF NEW PAYMENT SCHEDULES.] *The commissioner shall issue an order providing for partial establishment of the new payment sched-*

ules for local government aids or state reimbursement for property tax reductions under the following circumstances:

(1) the commissioner determines that there are insufficient funds to establish fully a new payment schedule as provided by subdivisions 1, 2, and 3;

(2) the commissioner determines that the unobligated general fund balance at the close of the biennium will exceed $30 million; and

(3) less than six months remain until the end of the biennium.

The order of priority is to establish the payment schedule for: first, the school aid entitlement percentage; second, the local government aid payment schedule; and third, the state reimbursement for property tax reductions. In the case of local government aids and property tax reimbursement, the partial establishment shall be done by taking the estimated available general fund moneys and allocating them equally between the March and May payments. The balance of the amount of the aids or reimbursement due shall be paid out in six installments as provided by sections 273.13, subdivision 15a; and 477A.015.

Subd. 5. [DEFINITION.] *For purposes of this section, "unobligated fund balance" does not include funds transferred to the budget reserve account pursuant to section 16A.15, subdivision 6, and must be determined after application of the property tax shift reduction provided by section 121.904, subdivision 4c, to the extent applicable.*

Subd. 6. [ADMINISTRATIVE PROCEDURE ACT.] *The activities required by the commissioner under this section are not subject to the administrative procedure act, chapter 14.*

Sec. 2. Minnesota Statutes 1984, section 16A.15, subdivision 6, is amended to read:

Subd. 6. [BUDGET RESERVE ACCOUNT.] A budget reserve account is created (IN THE GENERAL) *as a segregated fund, separate from the general* fund, in the state treasury. The commissioner of finance on (JULY 1, 1983) *July 1, 1985*, shall transfer $250,000,000 to the budget reserve account. (THE COMMISSIONER OF FINANCE ON JULY 1, 1984, SHALL TRANSFER AN ADDITIONAL $125,000,000 TO THE BUDGET RESERVE ACCOUNT IN THE GENERAL FUND.) The amounts transferred shall remain in the budget reserve account until expended under subdivision 1. *Investment earnings from funds in the budget reserve account shall be retained in the account.*

The commissioner of finance may borrow as many times as necessary from the budget reserve account to disburse appropriations for a period of up to 90 days, but each time he must credit, from the investment income of the general fund, the amount of interest the loan would have earned at the prevailing market interest rate back into the budget reserve account.

ARTICLE 7

Section 1. Minnesota Statutes 1984, section 124.2137, subdivision 1, is amended to read:

Subdivision 1. [TAX REDUCTIONS.] The county auditor shall reduce the tax for school purposes on all *agricultural* property (RECEIVING THE HOMESTEAD CREDIT) *classified as homestead* pursuant to section 273.13, subdivision 6, by an amount equal to (33) *50* percent of the tax levy imposed on up to 320 acres of land including the buildings and structures thereon but excluding all dwellings and an acre of land for each dwelling. The county auditor shall reduce the tax for school purposes on (THE NEXT 320 ACRES CLASSIFIED PURSUANT TO SECTION 273.13, SUBDIVISION 6 BY AN AMOUNT EQUAL TO 15 PERCENT OF THE TAX LEVY IMPOSED ON THE PROPERTY. THE TAX ON) all other agricultural lands classified pursuant to section 273.13, subdivision 6 (SHALL BE REDUCED) by an amount equal to ten percent of the tax levy imposed on the property. The tax on (THE FIRST 320 ACRES OF) *all* agricultural land classified pursuant to section 273.13, subdivision 4 including buildings and structures thereon but excluding all dwellings and an acre of land for each dwelling and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, (SHALL BE REDUCED BY AN AMOUNT EQUAL TO 15 PERCENT OF THE TAX IMPOSED ON THE PROPERTY. THE TAX) *and* on timber land classified pursuant to section 273.13, subdivision 8a (AND AGRICULTURAL LAND IN EXCESS OF 320 ACRES CLASSIFIED PURSUANT TO SECTION 273.13, SUBDIVISION 4) shall be reduced by an amount equal to ten percent of the tax levy imposed on the property. The amounts so computed by the county auditor shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner of revenue shall review the certifications to determine their accuracy. He may make changes in the certification as he may deem necessary or return a certification to the county auditor for corrections. (THE AMOUNT OF THE REDUCTION PROVIDED UNDER THIS SUBDIVISION WHICH ANY TAXPAYER CAN RECEIVE ON ALL QUALIFYING PROPERTY WHICH HE OWNS SHALL NOT EXCEED $4,000 IN THE CASE OF AGRICULTURAL PROPERTY AND SHALL NOT EXCEED $100 IN THE CASE OF

SEASONAL RESIDENTIAL RECREATIONAL PROPERTY. IN THE CASE OF PROPERTY OWNED BY MORE THAN ONE PERSON, THE MAXIMUM AMOUNT OF THE REDUCTION SHALL APPLY TO THE TOTAL OF ALL THE OWNERS.) For purposes of computing the credit pursuant to this subdivision, the "tax levy" shall be the tax levy reduced by the credits provided by sections (273.115, 273.116,) 273.123, 273.42, subdivision 2, and 473H.10.

Sec. 2. Minnesota Statutes 1984, section 124A.02, subdivision 7, is amended to read:

Subd. 7. [BASIC MAINTENANCE MILL RATE.] "Basic maintenance mill rate" means the mill rate applicable to the adjusted assessed valuation of a district, used in the computation of basic foundation aid for a particular school year and of the basic maintenance levy for use in that school year. (THE BASIC MAINTENANCE MILL RATE SHALL BE .024 FOR THE 1982 PAYABLE 1983 LEVIES AND FOR FOUNDATION AID FOR THE 1983-1984 SCHOOL YEAR.) The basic maintenance mill rate shall be .024 for the 1983 payable 1984 levies and for foundation aid for the 1984-1985 school year. The basic maintenance mill rate shall be .0235 for the 1984 payable 1985 levies and for foundation aid for the 1985-1986 school year. *The basic maintenance mill rate for 1985 payable 1986 levies and each year thereafter, and for foundation aid for the 1986-1987 school year and each year thereafter, shall be established as provided in section 3.*

Sec. 3. [124A.025] [ESTABLISHMENT OF BASIC MAINTENANCE MILL RATE.]

(a) The commissioner of revenue shall establish the basic maintenance mill rate and certify it to the commissioner of education by August 1 of each year for levies payable in the following year. The established basic maintenance mill rate shall be a rate, rounded up to the nearest tenth of a mill, which when applied to the adjusted assessed valuation of taxable property for each school district under the provisions of section 124A.03, subdivisions 1 or 3, as applicable, will raise the total amount specified in this section. The amount levied by a school district to replace aids subtracted pursuant to section 124A.037 shall not be included in the computation of the mill rate.

(b) The basic maintenance mill rate for the 1985 payable 1986 levies and for foundation aid for the 1986-1987 school year shall be established at a rate that will raise a total of $613,000,000. The basic maintenance mill rate computed by the commissioner of revenue shall not be recomputed due to changes or corrections made in a school district's adjusted assessed valuation after the mill rate has been certified to the department of education pursuant to paragraph (a).

Sec. 4. Minnesota Statutes 1984, section 272.02, subdivision 1, is amended to read:

Subdivision 1. All property described in this section to the extent herein limited shall be exempt from taxation:

(1) All public burying grounds;

(2) All public schoolhouses;

(3) All public hospitals;

(4) All academies, colleges, and universities, and all seminaries of learning;

(5) All churches, church property, and houses of worship;

(6) Institutions of purely public charity except parcels of property containing structures and the structures assessed pursuant to section 273.13, subdivisions 17, 17b, 17c or 17d;

(7) All public property exclusively used for any public purpose;

(8) Except for the taxable personal property enumerated below, all personal property and the property described in section 272.03, subdivision 1, (CLAUSE) *paragraphs* (c) *and (d)* shall be exempt.

The following personal property shall be taxable:

(a) personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures;

(b) railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80;

(c) personal property defined in section 272.03, subdivision 2, clause (3);

(d) leasehold or other personal property interests which are taxed pursuant to section 272.01, subdivision 2; 273.13, subdivision 7b or 7d; or 273.19, subdivision 1; or any other law providing the property is taxable as if the lessee or user were the fee owner;

(e) property classified as class 2a property; and

(f) flight property as defined in section 270.071.

(9) Real and personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used, other than real property used primarily as a solid waste disposal site.

Any taxpayer requesting exemption of all or a portion of any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. The equipment or device shall meet standards, regulations or criteria prescribed by the Minnesota Pollution Control Agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota Pollution Control Agency shall upon request of the commissioner furnish information or advice to the commissioner. If the commissioner determines that property qualifies for exemption, he shall issue an order exempting the property from taxation. The equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota Pollution Control Agency remains in effect.

(10) Wetlands. For purposes of this subdivision, "wetlands" means (1) land described in section 105.37, subdivision 15, or (2) land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes, provided it is preserved in its natural condition and drainage of it would be legal, feasible, and economically practical for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice. "Wetlands" shall include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands. "Wetlands" shall not include woody swamps containing shrubs or trees, wet meadows, meandered water, streams, rivers, and floodplains or river bottoms. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

(11) Native prairie. The commissioner of the department of natural resources shall determine lands in the state which are native prairie and shall notify the county assessor of each county in which the lands are located. Pasture land used for livestock grazing purposes shall not be considered native prairie for the purposes of this clause and section 273.116. Upon receipt of an application for the exemption (AND CREDIT) provided in this clause (AND SECTION 273.116) for lands for which the assessor has no determination from the commissioner of natural resources, the assessor shall refer the application to the commis-

sioner of natural resources who shall determine within 30 days whether the land is native prairie and notify the county assessor of his decision. Exemption of native prairie pursuant to this clause shall not grant the public any additional or greater right of access to the native prairie or diminish any right of ownership to it.

(12) Property used in a continuous program to provide emergency shelter for victims of domestic abuse, provided the organization that owns and sponsors the shelter is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1982, notwithstanding the fact that the sponsoring organization receives funding under section 8 of the United States Housing Act of 1937, as amended.

(13) If approved by the governing body of the municipality in which the property is located, property not exceeding one acre which is owned and operated by any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders; provided the property is used primarily as a clubhouse, meeting facility or recreational facility by the group or association and the property is not used for residential purposes on either a temporary or permanent basis.

(14) To the extent provided by section 295.44, real and personal property used or to be used primarily for the production of hydroelectric or hydromechanical power on a site owned by the state or a local governmental unit which is developed and operated pursuant to the provisions of section 105.482, subdivisions 1, 8 and 9.

(15) If approved by the governing body of the municipality in which the property is located, and if construction is commenced after June 30, 1983:

(a) a "direct satellite broadcasting facility" operated by a corporation licensed by the federal communications commission to provide direct satellite broadcasting services using direct broadcast satellites operating in the 12-ghz. band;

(b) a "fixed satellite regional or national program service facility" operated by a corporation licensed by the federal communications commission to provide fixed satellite-transmitted regularly scheduled broadcasting services using satellites operating in the 6-ghz. band; and

(c) a facility at which a licensed Minnesota manufacturer produces distilled spirituous liquors, liqueurs, cordials, or liquors designated as specialties regardless of alcoholic content, but not

including ethyl alcohol, distilled with a majority of the ingredients grown or produced in Minnesota. An exemption provided by paragraph (15) shall apply for a period not to exceed five years. When the facility no longer qualifies for exemption, it shall be placed on the assessment rolls as provided in subdivision 4. Before approving a tax exemption pursuant to this paragraph, the governing body of the municipality shall provide an opportunity to the members of the county board of commissioners of the county in which the facility is proposed to be located and the members of the school board of the school district in which the facility is proposed to be located to meet with the governing body. The governing body shall present to the members of those boards its estimate of the fiscal impact of the proposed property tax exemption. The tax exemption shall not be approved by the governing body until the county board of commissioners has presented its written comment on the proposal to the governing body, or 30 days has passed from the date of the transmittal by the governing body to the board of the information on the fiscal impact, whichever occurs first.

The exemptions granted by this subdivision shall be subject to the limits contained in the other subdivisions of this section, section 272.025, or section 273.13, subdivisions 17, 17b, 17c, or 17d.

(16) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used in the generation and distribution of hot water for heating buildings and structures.

Sec. 5. Minnesota Statutes 1984, section 272.03, subdivision 1, is amended to read:

Subdivision 1. [REAL PROPERTY.] (a) For the purposes of taxation, "real property" includes the land itself, rails, ties, and other track materials annexed to the land, and all buildings, structures, and improvements or other fixtures on it, bridges of bridge companies, and all rights and privileges belonging or appertaining to the land, and all mines, minerals, quarries, fossils, and trees on or under it.

(b) A building or structure shall include the building or structure itself, together with all improvements or fixtures annexed to the building or structure, which are integrated with and of permanent benefit to the building or structure, regardless of the present use of the building, and which cannot be removed without substantial damage to itself or to the building or structure.

(c) (i) The term real property shall not include tools, implements, machinery, and equipment attached to or installed in real property for use in the business or production activity conducted thereon, regardless of size, weight or method of attachment.

(ii) The exclusion provided in (CLAUSE) *paragraph* (c) (i) shall not apply to machinery and equipment includable as real estate by clauses (a) and (b) even though such machinery and equipment is used in the business or production activity conducted on the real property if and to the extent such business or production activity consists of furnishing services or products to other buildings or structures which are subject to taxation under this chapter.

(iii) The exclusion provided in paragraph (c)(i) does not apply to the exterior shell of a structure which constitutes walls, ceilings, roofs, or floors if the shell of the structure has structural, insulation, or temperature control functions or provides protection from the elements. Such an exterior shell is included in the definition of real property even if it also has special functions distinct from that of a building.

(d) The term real property does not include tools, implements, machinery, equipment, poles, lines, cables, wires, conduit, and station connections which are part of a telephone communications system, regardless of attachment to or installation in real property and regardless of size, weight, or method of attachment or installation.

Sec. 6. Minnesota Statutes 1984, section 273.115, subdivision 2, is amended to read:

Subd. 2. The total amounts of (CREDITS ALLOWED PURSUANT TO SUBDIVISION 1 AND THE TOTAL AMOUNTS OF) revenue lost as a result of the exemption provided in section 272.02, subdivision 1, clause (15), shall be submitted by the county auditor to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. The amount of revenue lost as a result of the exemption shall be computed each year by applying the current mill rates of the taxing jurisdictions in which the wetlands are located to the assessed valuation of the wetlands for purposes of taxes levied in 1979, payable in 1980. Provided that payment to the county for lost revenue shall not be less than the revenue which would have been received in taxes if the wetlands had an assessed value of $5 per acre. The commissioner of revenue shall review such certifications to determine their accuracy. He may make such changes in the certification as he may deem necessary or return a certification to the county auditor for corrections.

Sec. 7. Minnesota Statutes 1984, section 273.115, subdivision 3, is amended to read:

Subd. 3. Payment shall be made according to the procedure provided in section 273.13, subdivision 15a, for the purpose of replacing revenue lost as a result of the exemption provided in

section 272.02, subdivision 1, clause (15) (, AND THE CREDIT PROVIDED IN THIS SECTION).

Sec. 8. Minnesota Statutes 1984, section 273.116, subdivision 2, is amended to read:

Subd. 2. The total amounts of (CREDITS ALLOWED PURSUANT TO SUBDIVISION 1 AND THE TOTAL AMOUNTS OF) revenue lost as a result of the exemption provided in section 272.02, subdivision 1, clause (16), shall be submitted by the county auditor to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. The amount of revenue lost as a result of the exemption shall be computed each year by applying the current mill rates of the taxing jurisdictions in which the native prairie is located to the assessed valuation of the native prairie for purposes of taxes levied in 1979, payable in 1980. Provided that payment to the county for lost revenue shall not be less than the revenue which would have been received in taxes if the native prairie had an assessed value of $5 per acre. The commissioner of revenue shall review such certifications to determine their accuracy. He may make any changes in the certification he may deem necessary or return a certification to the county auditor for corrections.

Sec. 9. Minnesota Statutes 1984, section 273.116, subdivision 3, is amended to read:

Subd. 3. Payment shall be made according to the procedure provided in section 273.13, subdivision 15a, for the purpose of replacing revenue lost as a result of the exemption provided in section 272.02, subdivision 1 (, AND THE CREDIT PROVIDED IN THIS SECTION).

Sec. 10. Minnesota Statutes 1984, section 273.13, subdivision 4, is amended to read:

Subd. 4. [CLASS 3.] (a) *Except as provided in section 273.38 or 273.41,* tools, implements (AND), machinery, *poles, towers, wires, and equipment attached thereto,* of an electric generating, transmission or distribution system*;* or *tools, implements, machinery, pipes, mains and valves of* a pipeline system (TRANSPORTING OR) distributing water (,) *or* gas (,)*;* or (PETROLEUM PRODUCTS) *tools, implements, and machinery of a pipeline system transporting gas, petroleum products, or crude oil;* or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, (WHICH ARE FIXTURES) *whether classified as real or personal property,* all agricultural land, except as provided by classes 1, 3b, 3e, shall constitute class 3 and shall be valued and assessed at (33-1/3) *35* percent of the market value thereof, except as provided in clause (b). All buildings and structures assessed as per-

sonal property and situated upon land of the state of Minnesota or the United States government which is rural in character and devoted or adaptable to rural but not necessarily agricultural use shall be assessed based upon the use made of the building or structure. Except as provided in subdivision 5a, all real property devoted to temporary and seasonal residential occupancy for recreational purposes, and which is not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment, shall be class 3 property and assessed accordingly. For this purpose, property is devoted to commercial use on a specific day if it is used, or offered for use, and a fee is charged for such use. Class 3 shall also include commercial use real property used exclusively for recreational purposes in conjunction with class 3 property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 200 days in the year preceding the year of assessment and is located within two miles of the class 3 property with which it is used.

Class 3 shall also include real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization; provided that the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment and the property is not used for residential purposes on either a temporary or permanent basis. For purposes of this subdivision, a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1954, as amended through December 31, 1984. For purposes of this subdivision, "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or nonintoxicating malt liquor establishment licensed under chapter 340, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of the property which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 4. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity.

(b) Agricultural land which is classified as class 3 shall be assessed at (19) *15* percent of its market value. Real property devoted to temporary and seasonal residential occupancy for

recreation purposes which is classified as class 3 shall be assessed at (21) *20* percent (OF ITS) *on the first $64,000 of* market value *and 28 percent on the remainder of market value. Real property owned by a nonprofit community service oriented organization which is classified as class 3 shall be assessed at 21 percent of its market value.*

Sec. 11. Minnesota Statutes 1984, section 273.13, subdivision 5a, is amended to read:

Subd. 5a. [CLASS 3A.] Class 3a shall constitute commercial use real property which abuts a lakeshore line and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment, which includes a portion used as a homestead by the owner, with the following limitations: *the homestead dwelling and surrounding acre of land must be assessed pursuant to subdivision 7 as if it were class 3c property and must receive the homestead credit pursuant to subdivision 7;* the *additional* area of the property which shall be included in class 3a shall not exceed 100 feet of lakeshore footage for each cabin or campsite located on the property, up to a total of 800 feet, and 500 feet in depth measured away from the lakeshore. *Other than the homestead dwelling and surrounding one acre of land,* class 3a shall be assessed at (12) *15* percent of the market value thereof (IN 1980, FOR TAXES PAYABLE IN 1981, AND THEREAFTER). The remainder of the parcel shall be classified and assessed according to the provisions of subdivision 4.

Sec. 12. Minnesota Statutes 1984, section 273.13, subdivision 6, is amended to read:

Subd. 6. [CLASS 3B.] Agricultural land, except as provided by class 1, which is used for the purposes of a homestead shall constitute class 3b and shall be valued and assessed as follows: the (FIRST $60,000 OF MARKET VALUE SHALL BE VALUED AND ASSESSED AT 14 PERCENT) *dwelling and surrounding one acre of land, not including any farm buildings or structures, shall be assessed pursuant to subdivision 7 as if it were class 3c property and shall receive the homestead credit pursuant to subdivision 7*; the remaining market value shall be valued and assessed at (19) *15* percent. (THE MAXIMUM AMOUNT OF THE MARKET VALUE OF THE HOMESTEAD BRACKET SUBJECT TO THE 14 PERCENT RATE SHALL BE ADJUSTED BY THE COMMISSIONER OF REVENUE AS PROVIDED IN SECTION 273.1311.) The property tax to be paid on *that portion of* class 3b property *consisting of the dwelling and surrounding one acre* as otherwise determined by law less any reduction received pursuant to sections (124.2137,) 273.123, *273.135,* and 473H.10 shall be reduced by (54) *50* percent of the tax. The amount of the reduction shall not exceed ($650) *$700.* Noncontiguous land shall constitute class 3b only

if the homestead is classified as class 3b and the detached land is located in the same township or city or not farther than two townships or cities or combination thereof from the homestead.

Agricultural land as used herein, and in section 124.2137, shall mean contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Aricultural use may include pasture, timber, waste, unusable wild land and land included in federal farm programs.

Real estate of less than ten acres used principally for raising poultry, livestock, fruit, vegetables or other agricultural products, shall be considered as agricultural land, if it is not used primarily for residential purposes.

The assessor shall determine and list separately on his records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified class 3b. If agricultural land is classified class 3b, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 3b and is entitled to the homestead credit.

Sec. 13. Minnesota Statutes 1984, section 273.13, subdivision 6a, is amended to read:

Subd. 6a. [HOMESTEAD OWNED BY FAMILY FARM CORPORATION OR PARTNERSHIP.] ((A)) Each family farm corporation and each partnership operating a family farm shall be entitled to class 3b assessment and shall be eligible for the credit provided in subdivision 6 for (ONE) *each* homestead occupied by a shareholder or partner thereof who is residing on the land and actively engaged in farming of the land owned by the corporation or partnership. The homestead shall be assessed as provided in subdivision 6, notwithstanding the fact that legal title to the property may be in the name of the corporation or partnership and not in the name of the person residing thereon. "Family farm corporation" and "family farm" shall mean as defined in section 500.24.

((B) IN ADDITION TO PROPERTY SPECIFIED IN PARAGRAPH (A), ANY OTHER RESIDENCES OWNED BY CORPORATIONS OR PARTNERSHIPS DESCRIBED IN

PARAGRAPH (A) WHICH ARE LOCATED ON AGRICULTURAL LAND AND OCCUPIED AS HOMESTEADS BY SHAREHOLDERS OR PARTNERS WHO ARE ACTIVELY ENGAGED IN FARMING ON BEHALF OF THE CORPORATION OR PARTNERSHIP SHALL ALSO BE ASSESSED AS CLASS 3B PROPERTY, AND BE ENTITLED TO THE CREDIT PROVIDED IN SUBDIVISION 6, BUT THE PROPERTY ELIGIBLE SHALL BE LIMITED TO THE RESIDENCE ITSELF AND AS MUCH OF THE LAND SURROUNDING THE HOMESTEAD, NOT EXCEEDING ONE ACRE, AS IS REASONABLY NECESSARY FOR THE USE OF THE DWELLING AS A HOME, AND SHALL NOT INCLUDE ANY OTHER STRUCTURES THAT MAY BE LOCATED THEREON.)

Sec. 14. Minnesota Statutes 1984, section 273.13, subdivision 7, is amended to read:

Subd. 7. [CLASS 3C, 3CC.] All other real estate and class 2a property, except as provided by (CLASSES) *class* 1 (AND 3CC), which is used for the purposes of a homestead, shall constitute class 3c, and shall be valued and assessed as follows: the first ($30,000) *$64,000* of market value shall be valued and assessed at (17) *20* percent; (THE NEXT $30,000 OF MARKET VALUE SHALL BE VALUED AND ASSESSED AT 19 PERCENT;) and the remaining market value shall be valued and assessed at (30) *28* percent. (THE MAXIMUM AMOUNTS OF THE MARKET VALUE OF THE HOMESTEAD BRACKETS SUBJECT TO THE 17 PERCENT AND 19 PERCENT RATES SHALL BE ADJUSTED BY THE COMMISSIONER OF REVENUE AS PROVIDED IN SECTION 273.1311.) The property tax to be paid on class 3c property as otherwise determined by law, less any reduction received pursuant to sections 273.123, *273.135*, and 473H.10 shall be reduced by (54) *50* percent of the tax (IMPOSED ON THE FIRST $67,000 OF MARKET VALUE). The amount of the reduction shall not exceed ($650) *$700*.

(CLASS 3CC PROPERTY SHALL INCLUDE REAL ESTATE OR MANUFACTURED HOMES USED FOR THE PURPOSES OF A HOMESTEAD BY (A) ANY BLIND PERSON, IF THE BLIND PERSON IS THE OWNER THEREOF OR IF THE BLIND PERSON AND HIS OR HER SPOUSE ARE THE SOLE OWNERS THEREOF; OR (B) ANY PERSON (HEREINAFTER REFERRED TO AS VETERAN) WHO: (1) SERVED IN THE ACTIVE MILITARY OR NAVAL SERVICE OF THE UNITED STATES AND (2) IS ENTITLED TO COMPENSATION UNDER THE LAWS AND REGULATIONS OF THE UNITED STATES FOR PERMANENT AND TOTAL SERVICE CONNECTED DISABILITY DUE TO THE LOSS, OR LOSS OF USE, BY REASON OF AMPUTATION, ANKYLOSIS, PROGRESSIVE MUSCULAR DYSTROPHIES, OR PARALYSIS, OF BOTH LOWER EX-

TREMITIES, SUCH AS TO PRECLUDE MOTION WITHOUT THE AID OF BRACES, CRUTCHES, CANES, OR A WHEELCHAIR, AND (3) WITH ASSISTANCE BY THE ADMINISTRATION OF VETERANS AFFAIRS HAS ACQUIRED A SPECIAL HOUSING UNIT WITH SPECIAL FIXTURES OR MOVABLE FACILITIES MADE NECESSARY BY THE NATURE OF THE VETERAN'S DISABILITY, OR THE SURVIVING SPOUSE OF THE DECEASED VETERAN FOR AS LONG AS THE SURVIVING SPOUSE RETAINS THE SPECIAL HOUSING UNIT AS HIS OR HER HOMESTEAD; OR (C) ANY PERSON WHO: (1) IS PERMANENTLY AND TOTALLY DISABLED AND (2) RECEIVES 90 PERCENT OR MORE OF HIS TOTAL INCOME FROM (I) AID FROM ANY STATE AS A RESULT OF THAT DISABILITY, OR (II) SUPPLEMENTAL SECURITY INCOME FOR THE DISABLED, OR (III) WORKERS' COMPENSATION BASED ON A FINDING OF TOTAL AND PERMANENT DISABILITY, OR (IV) SOCIAL SECURITY DISABILITY, INCLUDING THE AMOUNT OF A DISABILITY INSURANCE BENEFIT WHICH IS CONVERTED TO AN OLD AGE INSURANCE BENEFIT AND ANY SUBSEQUENT COST OF LIVING INCREASES, OR (V) AID UNDER THE FEDERAL RAILROAD RETIREMENT ACT OF 1937, 45 UNITED STATES CODE ANNOTATED, SECTION 228B(A)5. OR (VI) A PENSION FROM ANY LOCAL GOVERNMENT RETIREMENT FUND LOCATED IN THE STATE OF MINNESOTA AS A RESULT OF THAT DISABILITY. PROPERTY SHALL BE CLASSIFIED AND ASSESSED PURSUANT TO CLAUSE (A) ONLY IF THE COMMISSIONER OF HUMAN SERVICES CERTIFIES TO THE ASSESSOR THAT THE OWNER OF THE PROPERTY SATISFIES THE REQUIREMENTS OF THIS SUBDIVISION. THE COMMISSIONER OF HUMAN SERVICES SHALL PROVIDE A COPY OF THE CERTIFICATION TO THE COMMISSIONER OF REVENUE. CLASS 3CC PROPERTY SHALL BE VALUED AND ASSESSED AS FOLLOWS: IN THE CASE OF AGRICULTURAL LAND, INCLUDING A MANUFACTURED HOME, USED FOR A HOMESTEAD, THE FIRST $30,000 OF MARKET VALUE SHALL BE VALUED AND ASSESSED AT FIVE PERCENT, THE NEXT $30,000 OF MARKET VALUE SHALL BE VALUED AND ASSESSED AT 14 PERCENT, AND THE REMAINING MARKET VALUE SHALL BE VALUED AND ASSESSED AT 19 PERCENT; AND IN THE CASE OF ALL OTHER REAL ESTATE AND MANUFACTURED HOMES, THE FIRST $30,000 OF MARKET VALUE SHALL BE VALUED AND ASSESSED AT FIVE PERCENT, THE NEXT $30,000 OF MARKET VALUE SHALL BE VALUED AND ASSESSED AT 19 PERCENT, AND THE REMAINING MARKET VALUE SHALL BE VALUED AND ASSESSED AT 30 PERCENT. IN THE CASE OF AGRICULTURAL LAND INCLUDING A MANUFACTURED HOME USED FOR PURPOSES OF A HOMESTEAD, THE COMMISSIONER OF REV-

ENUE SHALL ADJUST, AS PROVIDED IN SECTION 273.1311, THE MAXIMUM AMOUNT OF THE MARKET VALUE OF THE HOMESTEAD BRACKETS SUBJECT TO THE FIVE PERCENT AND 14 PERCENT RATES; AND FOR ALL OTHER REAL ESTATE AND MANUFACTURED HOMES, THE COMMISSIONER OF REVENUE SHALL ADJUST, AS PROVIDED IN SECTION 273.1311, THE MAXIMUM AMOUNT OF THE MARKET VALUE OF THE HOMESTEAD BRACKETS SUBJECT TO THE FIVE PERCENT AND 19 PERCENT RATES. PERMANENTLY AND TOTALLY DISABLED FOR THE PURPOSE OF THIS SUBDIVISION MEANS A CONDITION WHICH IS PERMANENT IN NATURE AND TOTALLY INCAPACITATES THE PERSON FROM WORKING AT AN OCCUPATION WHICH BRINGS HIM AN INCOME. THE PROPERTY TAX TO BE PAID ON CLASS 3CC PROPERTY AS OTHERWISE DETERMINED BY LAW, SHALL BE REDUCED BY 54 PERCENT OF THE TAX IMPOSED ON THE FIRST $67,000 OF MARKET VALUE. THE AMOUNT OF THE REDUCTION SHALL NOT EXCEED $650.)

For purposes of this subdivision, homestead property which qualifies for the classification ratios and credits provided in this subdivision shall include property which is used for purposes of the homestead but is separated from the homestead by a road, street, lot, waterway, or other similar intervening property. The term "used for purposes of the homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings commonly associated with a homestead, but shall not include vacant land held primarily for future development. In order to receive homestead treatment for the noncontiguous property, the owner shall apply for it to the assessor by July 1 of the year when the treatment is initially sought. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

Sec. 15. Minnesota Statutes 1984, section 273.13, subdivision 7b, is amended to read:

Subd. 7b. [CLASS 3F.] Class 3f consists of all buildings and appurtenances thereto owned by the occupant and used by him as a permanent residence which are located upon land the title to which is vested in a person or entity other than the occupant. Such buildings shall be valued and assessed as if they were homestead property within the scope of class 3b (,) *or* 3c, (OR 3CC,) whichever is applicable.

Sec. 16. Minnesota Statutes 1984, section 273.13, subdivision 7c, is amended to read:

Subd. 7c. [TOWNHOUSES; COMMON AREAS; CONDOMINIUMS; COOPERATIVES.] (a) Townhouse property

shall be classified and valued as is other property under this section except that the value of the townhouse property shall be increased by the value added by the right to use any common areas in connection with the townhouse development. The common areas of the development shall not be separately taxed. The total value of the townhouse property, including the value added as provided herein, shall have the benefit of homestead treatment or other special classification if the townhouse otherwise qualifies.

(b) Condominium property qualifying as a homestead under section 515A.1-105 and property owned by a cooperative association that qualifies as a homestead under section 273.133 shall have the benefit of homestead treatment or other special classification if the condominium or cooperative association property otherwise qualifies. In the event that the condominium or cooperative association property is owned by the occupant and used for the purposes of a homestead but is located upon land which is leased, that leased land shall be valued and assessed as if it were homestead property within the scope of class 3c (OR 3CC, WHICHEVER IS APPLICABLE,) if all of the following criteria are met:

(1) The occupant is using the property as his permanent residence;

(2) The occupant or the cooperative association is paying the ad valorem property taxes and any special assessments levied against the land and structure;

(3) The occupant or the cooperative association has signed a land lease; and

(4) The term of the land lease is at least 50 years, notwithstanding the fact that the amount of the rental payment may be renegotiated at shorter intervals.

Sec. 17. Minnesota Statutes 1984, section 273.13, subdivision 7d, is amended to read:

Subd. 7d. [LEASED HOMESTEAD PROPERTY.] Class 3g consists of all buildings and appurtenances located upon land owned by the occupant and used for the purposes of a homestead together with the land upon which they are located. Class 3g property shall be valued and assessed as if it were homestead property within the scope of class 3c (OR 3CC, WHICHEVER IS APPLICABLE,) if all of the following criteria are met:

(a) the occupant is using such property as his permanent residence; and

(b) the occupant is paying the ad valorem property taxes and any special assessments levied against such property; and

(c) the occupant has signed a lease which has an option to purchase the buildings and appurtenances; and

(d) the term of the lease is at least five years.

Any taxpayer meeting all the requirements herein must notify the county assessor, or the assessor who has the powers of the county assessor pursuant to section 273.063, in writing, as soon as possible after signing the lease agreement and occupying the buildings as his homestead.

Sec. 18. Minnesota Statutes 1984, section 273.13, subdivision 8a, is amended to read:

Subd. 8a. [CLASS 3E.] Real estate, rural in character, and used exclusively for the purpose of growing trees for timber, lumber, wood and wood products shall constitute class 3e, and shall be valued and assessed at (19) *21* percent of the market value thereof.

Sec. 19. Minnesota Statutes 1984, section 273.13, subdivision 9, is amended to read:

Subd. 9. [CLASS 4A, 4B, 4C, AND 4D.] (1) All property not included in the preceding classes shall constitute class 4a and shall be valued and assessed at (43) *42* percent of the market value thereof, except as otherwise provided in this subdivision.

(2) Real property which is not improved with a structure and which is not utilized as part of a commercial or industrial activity shall constitute class 4b and shall be valued and assessed at (40) *35* percent of market value.

(3) Commercial and industrial property, except as provided in this subdivision, shall constitute class 4c and shall be valued and assessed at (28) *30* percent of the first $60,000 of market value and (43) *42* percent of the remainder, provided that in the case of state-assessed commercial or industrial property owned by one person or entity, only one parcel shall qualify for the (28) *30* percent assessment (, AND IN THE CASE OF OTHER COMMERCIAL OR INDUSTRIAL PROPERTY OWNED BY ONE PERSON OR ENTITY, ONLY ONE PARCEL IN EACH COUNTY SHALL QUALIFY FOR THE 28 PERCENT ASSESSMENT).

(4) Employment property defined in section 273.1313, during the period provided in section 273.1313, shall constitute class 4d and shall be valued and assessed at (20) *21* percent (OF THE FIRST $50,000 OF MARKET VALUE AND 21.5 PERCENT OF THE REMAINDER), except that for employment property located in an enterprise zone designated pursuant to section 273.1312, subdivision 4, paragraph (c), clause (3), the first

($50,000) *$60,000* of market value shall be valued and assessed at (31.5) *28* percent and the remainder shall be assessed and valued at (38.5) *35* percent, unless the governing body of the city designated as an enterprise zone determines that a specific parcel shall be assessed pursuant to the first clause of this sentence. The governing body may provide for assessment under the first clause of the preceding sentence only for property which is located in an area which has been designated by the governing body for the receipt of tax reductions authorized by section 273.1314, subdivision 9, paragraph (a).

Sec. 20. Minnesota Statutes 1984, section 273.13, subdivision 14a, is amended to read:

Subd. 14a. [BUILDINGS AND APPURTENANCES ON LAND NOT OWNED BY OCCUPANT.] The property tax to be paid in respect of the value of all buildings and appurtenances thereto owned and used by the occupant for the purposes of a homestead, which are located upon land subject to property taxes and the title to which is vested in a person or entity other than the occupant, for all purposes shall be reduced by (54) *50* percent of the amount of the tax (IN RESPECT OF THE VALUE NOT IN EXCESS OF $67,000 AS OTHERWISE DETERMINED BY LAW), but not by more than ($650) *$700.*

Sec. 21. Minnesota Statutes 1984, section 273.13, subdivision 16, is amended to read:

Subd. 16. [HOMESTEAD ESTABLISHED AFTER ASSESSMENT DATE.] (1) Any property which was not used for the purpose of a homestead on the assessment date, but which was used for the purpose of a homestead on June 1 of such year, shall constitute class 3b (,) *or* class 3c (OR CLASS 3CC), as the case may be, to the extent of one-half of the valuation which would have been includible in such class and one-half the homestead tax credit to which it would have been entitled had the property been used as a homestead on both such dates.

(2) Any taxpayer meeting the requirements of clause (1) must notify the county assessor, or the assessor who has the powers of the county assessor pursuant to section 273.063, in writing, prior to June 15 of such year in order to qualify thereunder.

The county assessor and the county auditor are hereby empowered to make the necessary changes on their assessment and tax records to provide for proper homestead classification and credit as provided in clauses (1) and (2).

(3) The owner of any property qualifying under this subdivision, which has not been accorded the benefits of this subdivision, regardless of whether or not the notification required

in clause (2) has been timely filed, may be entitled to receive such benefits by proper application as provided in sections 270.-07 or 375.192.

The county assessor shall cause to be published in a newspaper of general circulation within the county no later than June 1 of each year a notice to the public informing them of the requirement to file an application for homestead prior to June 15.

Sec. 22. Minnesota Statutes 1984, section 273.13, subdivision 17, is amended to read:

Subd. 17. [TITLE II OR STATE HOUSING FINANCE AGENCY PROPERTY USED FOR ELDERLY AND LOW AND MODERATE INCOME FAMILIES.] (a) Except as provided in clause (b), a structure situated on real property that is used for housing for the elderly or for low and moderate income families as defined by Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or regulations promulgated by the agency pursuant thereto and financed by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency pursuant to the provisions of either of those acts and acts amendatory thereof shall, for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan, be assessed at (20) *21* percent of the market value thereof, provided that the fair market value as determined by the assessor is based on the normal approach to value using normal unrestricted rents.

(b) In the case of a structure described in clause (a), the (20) *21* percent assessment ratio shall apply only to that portion of the structure that is occupied by elderly persons or low and moderate income families as defined above unless (1) construction or substantial rehabilitation of the structure had been commenced prior to January 1, 1984; or (2) the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or (3) financing of the project had been approved by a federal or state agency prior to June 30, 1983.

Sec. 23. Minnesota Statutes 1984, section 273.13, subdivision 17b, is amended to read:

Subd. 17b. [VALUATION OF FARMERS HOME ADMINISTRATION PROPERTY IN MUNICIPALITIES OF UNDER 10,000.] (a) Notwithstanding any other provision of law, except as provided in clause (b), any structure

(1) situated on real property that is used for housing for the elderly or for low and moderate income families as defined by the farmers home administration,

(2) located in a municipality of less than 10,000 population,

(3) financed by a direct loan or insured loan from the farmers home administration, and

(4) which qualifies under subdivision 17a, shall, for 15 years from the date of the completion of the original construction or for the original term of the loan, be assessed at (FIVE) *15* percent of the market value thereof, provided that the fair market value as determined by the assessor is based on the normal approach to value using normal unrestricted rents.

(b) A structure described in clause (a) shall be assessed at (20) *21* percent of its market value, but only in proportion to its occupancy by elderly persons or low and moderate income families as defined above unless (1) construction of the structure had been commenced prior to January 1, 1984; or (2) the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or (3) financing of the project had been approved by a federal or state agency prior to June 30, 1983.

Sec. 24. Minnesota Statutes 1984, section 273.13, subdivision 17c, is amended to read:

Subd. 17c. [VALUATION OF LOWER INCOME HOUSING.] (a) Except as provided in clause (b), a structure which is

(1) situated upon real property that is used for housing lower income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended, and

(2) owned by an entity which has entered into a housing assistance payments contract under section 8 which provides assistance for 100 percent of the dwelling units in the structure, other than dwelling units intended for management or maintenance personnel, shall, for the term of the housing assistance payments contract, including all renewals, or for the term of its permanent financing, whichever is shorter, be assessed at (20) *21* percent of its market value. The market value determined by the assessor shall be based on the normal approach to value using normal unrestricted rents.

(b) In the case of a structure described in clause (a), the (20) *21* percent assessment ratio shall apply only to that portion of the structure that is occupied by lower income families or elderly or handicapped persons as defined above unless (1) construction of the structure had been commenced prior to January 1, 1984; or (2) the project had been approved by the governing body of the municipality in which it is located prior to

June 30, 1983; or (3) financing of the project had been approved by a federal or state agency prior to June 30, 1983.

Sec. 25. Minnesota Statutes 1984, section 273.13, subdivision 17d, is amended to read:

Subd. 17d. [NEIGHBORHOOD REAL ESTATE TRUSTS.] When a parcel of land, not to exceed one acre, and its improvements or a parecl of unimproved land, not to exceed one acre, are owned by a neighborhood real estate trust and at least 60 percent of the dwelling units, if any, on all land owned by the trust are leased to or occupied by lower income families, the land and improvements, if any, shall be assessed at (20) *21* percent of the market value. This subdivision shall not apply to any portion of the land or improvements used for nonresidential purposes.

For purposes of this subdivision, a lower income family is a family with an income that does not exceed 65 percent of the median family income for the area as determined by the U.S. Secretary of Housing and Urban Development.

For purposes of this subdivision, neighborhood real estate trust means an entity which is certified by the governing body of the municipality in which it is located to have the following characteristics: (a) it is a nonprofit corporation organized under chapter 317; (b) it has as its principal purpose providing housing for lower income families in a specific geographic community designated in its articles or bylaws; (c) it limits membership with voting rights to residents of the designated community; and (d) it has a board of directors consisting of at least seven directors, 60 percent of whom are members with voting rights and, to the extent feasible, 25 percent of whom are elected by resident members of buildings owned by the trust.

Sec. 26. Minnesota Statutes 1984, section 273.13, subdivision 19, is amended to read:

Subd. 19. [CLASS 3D, 3DD.] *For taxes levied in 1985, payable in 1986,* residential real estate containing four or more units, other than seasonal residential, recreational and homesteads shall be clasified as class 3d property and shall have a taxable value equal to 34 percent. *For taxes levied in 1986 and thereafter, payable in 1987 and thereafter, the taxable value of class 3d property shall be equal to 28 percent on the first $100,000* of market value *and 35 percent on the remainder.*

For taxes levied in 1985, payable in 1986, residential real estate containing three or less units, other than seasonal residential, recreational and homesteads, shall be classified as class 3dd property and shall have a taxable value equal to (28) *26* percent. *For taxes levied in 1986 and thereafter, payable in 1987 and*

thereafter, the taxable value of class 3dd property shall be equal to 20 percent on the first $64,000 of market value *and 28 percent on the remainder of market value.*

Residential real estate as used in this subdivision means real property used or held for use by the owner thereof, or by his tenants or lessees as a residence for rental periods of 30 days or more, but shall not include homesteads, or real estate devoted to temporary or seasonal residential occupancy for recreational purposes. Where a portion of a parcel of property qualified for class 3d or 3dd and a portion does not qualify for class 3d or 3dd the valuation shall be apportioned according to the respective uses.

Residential real estate containing less than four units when entitled to homestead classification for one or more units shall be classed as 3b (,) *or* 3c (OR 3CC) according to the provisions of subdivisions 6 and 7. A single rented or leased dwelling unit located within or attached to a private garage or similar structure owned by the owner of a homestead and located on the premises of that homestead must be classified as 3b (,) *or* 3c (, OR 3CC) as part of the owner's homestead according to the provisions of subdivisions 6 and 7. If more than one dwelling unit is attached to the structure, the units must be assessed as class 3d or 3dd property.

For purposes of this subdivision, class 3d also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided.

For purposes of this subdivision, class 3dd shall also include post-secondary student housing not to exceed one acre of land which is owned by a nonprofit corporation organized under chapter 317 and is used exclusively by a sorority or fraternity organization for housing.

Sec. 27. Minnesota Statutes 1984, section 273.13, subdivision 20, is amended to read:

Subd. 20. [TAXATION; APARTMENTS; ASSESSED VALUE; APARTMENT HOUSING OF TYPE I OR II CONSTRUCTION.] That portion of real property subject to a general property tax and assessed as a structure upon the land shall, when such structure is constructed with materials meeting the requirements for type I or II construction as defined in the state building code, 90 percent or more is used or is to be used as apartment housing, and no part of which is subject to the provisions of subdivisions 7, 17, 17b, 17c, and 17d be classified for the purposes of taxation for a period of 40 years from the date of completion of original construction, or the date of initial

though partial use, whichever is the earlier date, when the structure is of a height of five or more stories that part, section, floor or area used or to be used for apartment housing shall be valued and assessed at (25) *28* percent (OF THE) *for taxes levied in 1985, payable in 1986. For taxes levied in 1986 and thereafter, payable in 1987 and thereafter, the property shall be valued and assessed at 28 percent on the first $100,000 of* market value *and 35 percent on the remainder.*

Sec. 28. Minnesota Statutes 1984, section 273.13, subdivision 21, is amended to read:

Subd. 21. [LIMITATION ON HOMESTEAD CLASSIFICATION.] If the assessor has classified a property as both homestead and nonhomestead, the greater of the value attirbutable to the portion of the property classified as 3b (,) *or* 3c (, OR 3CC) or the value of the first tier of assessment percentages provided under those subdivisions shall be entitled to homestead treatment, except as provided in subdivision 19 for buildings containing fewer than four residential units and for a single rented or leased dwelling unit located within or attached to a private garage or similar structure owned by the owner of a homestead and located on the premises of that homestead.

If the assessor has classified a property as both homestead and nonhomestead, the homestead credit provided under subdivisions 6 and 7 and the reductions in tax provided under sections 273.-135 and 273.1391, shall apply to the value of both the homestead and the nonhomestead portions of the property.

Sec. 29. Minnesota Statutes 1984, section 273.133, is amended by adding a subdivision to read:

Subd. 2a. [CONTINUING CARE FACILITIES.] *When a building containing serveral dwelling units is owned by an entity which is regulated under the provisions of chapter 80D and operating as a continuing care facility enters into residency agreements with persons who occupy a unit in the building and the residency agreement entitles the resident to occupancy in the building after personal assets are exhausted and regardless of ability to pay the monthly maintenance fee, homestead classification shall be given to each unit so occupied and the entire building shall be assessed in the manner provided in subdivision 1 for cooperatives and charitable corporations.*

Sec. 30. Minnesota Statutes 1984, section 273.135, subdivision 1, is amended to read:

Subdivision 1. The property tax to be paid in respect to property taxable within a tax relief area on class 3b property (,) *and* on class 3c property, (AND ON CLASS 3CC PROP-

ERTY,) as otherwise determined by law and regardless of the market value of the property, for all purposes shall be reduced in the amount prescribed by subdivision 2, subject to the limitation contained therein.

Sec. 31. Minnesota Statutes 1984, section 273.135, subdivision 2, is amended to read:

Subd. 2. The amount of the reduction authorized by subdivision 1 shall be

(a) in the case of property located within the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 66 percent of the (NET) tax (UP TO THE TACONITE BREAKPOINT PLUS A PERCENTAGE EQUAL TO THE HOMESTEAD CREDIT EQUIVALENCY PERCENTAGE OF THE NET TAX IN EXCESS OF THE TACONITE BREAKPOINT), provided that the reduction shall not exceed the maximum (AMOUNTS) *amount* specified in clause (c).

(b) in the case of property located within the boundaries of a school district which qualifies as a tax relief area but which is outside the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 57 percent of the (NET) tax (UP TO THE TACONITE BREAKPOINT PLUS A PERCENTAGE EQUAL TO THE HOMESTEAD CREDIT EQUIVALENCY PERCENTAGE OF THE NET TAX IN EXCESS OF THE TACONITE BREAKPOINT), provided that the reduction shall not exceed the maximum (AMOUNTS) *amount* specified in clause (c).

(c) ((1)) The maximum reduction of the (NET) tax (UP TO THE TACONITE BREAKPOINT) is ($225.40) *$505* on property described in clause (a) and ($200.10) *$450* on property described in clause (b), for taxes payable in (1985) *1986*. These maximum amounts shall increase by $15 (TIMES THE QUANTITY ONE MINUS THE HOMESTEAD CREDIT EQUIVALENCY PERCENTAGE) per year for taxes payable in (1986) *1987* and subsequent years.

((2) THE TOTAL MAXIMUM REDUCTION OF THE NET TAX ON PROPERTY DESCRIBED IN CLAUSE (A) IS $490 FOR TAXES PAYABLE IN 1985. THE TOTAL MAXIMUM REDUCTION FOR THE NET TAX ON PROPERTY DESCRIBED IN CLAUSE (B) IS $435 FOR TAXES PAYABLE IN 1985. THESE MAXIMUM AMOUNTS SHALL INCREASE BY $15 PER YEAR FOR TAXES PAYABLE IN 1986 AND THEREAFTER.)

(FOR THE PURPOSES OF THIS SUBDIVISION, "NET TAX" MEANS THE TAX ON THE PROPERTY AFTER DEDUCTION OF ANY CREDIT UNDER SECTION 273.13,

SUBDIVISION 6, 7, OR 14A, "TACONITE BREAKPOINT" MEANS THE LOWEST POSSIBLE NET TAX FOR A HOMESTEAD QUALIFYING FOR THE MAXIMUM REDUCTION PURSUANT TO SECTION 273.13, SUBDIVISION 7, ROUNDED TO THE NEAREST WHOLE DOLLAR, AND "HOMESTEAD CREDIT EQUIVALENCY PERCENTAGE" MEANS A PERCENTAGE EQUAL TO THE PERCENTAGE REDUCTION AUTHORIZED IN SECTION 273.13, SUBDIVISION 7.)

Sec. 32. Minnesota Statutes 1984, section 273.135, subdivision 5, is amended to read:

Subd. 5. For the purposes of this section, the amount of property tax to be paid shall be determined (AFTER) *before* the allowance of any reduction prescribed by section 273.13, and the reduction prescribed by this section shall be in addition to that prescribed by section 273.13.

Sec. 33. Minnesota Statutes 1984, section 273.1391, subdivision 1, is amended to read:

Subdivision 1. The property tax to be paid in respect to property taxable within a tax relief area described in subdivision 2 on class 3b property (,) *and* on class 3c property, (AND ON CLASS 3CC PROPERTY,) as otherwise determined by law and regardless of the market value of the property, for all purposes shall be reduced in the amount prescribed by subdivision 2, subject to the limitations contained therein.

Sec. 34. Minnesota Statutes 1984, section 273.1391, subdivision 2, is amended to read:

Subd. 2. The amount of the reduction authorized by subdivision 1 shall be:

(a) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a county with a population of less than 100,000 in which taconite is mined or quarried and wherein a school district is located which does meet the qualifications of a tax relief area, and provided that at least 90 percent of the area of the school district which does not meet the qualifications of section 273.134 lies within such county, 57 percent of the (NET) tax (UP TO THE TACONITE BREAKPOINT PLUS A PERCENTAGE EQUAL TO THE HOMESTEAD CREDIT EQUIVALENCY PERCENTAGE OF THE NET TAX IN EXCESS OF THE TACONITE BREAKPOINT) on qualified property located in the school district that does not meet the qualifications of section 273.134, provided that the amount of said reduction shall not exceed the maximum (AMOUNTS) *amount* specified in clause (c). The reduction provided by this clause

shall only be applicable to property located within the boundaries of the county described therein.

(b) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a school district in a county containing a city of the first class and a qualifying municipality, but not in a school district containing a city of the first class or adjacent to a school district containing a city of the first class unless the school district so adjacent contains a qualifying municipality, 57 percent of the (NET) tax (UP TO THE TACONITE BREAKPOINT PLUS A PERCENTAGE EQUAL TO THE HOMESTEAD CREDIT EQUIVALENCY PERCENTAGE OF THE NET TAX IN EXCESS OF THE TACONITE BREAKPOINT), but not to exceed the (MAXIMUMS) *maximum* specified in clause (c).

(c) ((1)) The maximum reduction of the (NET) tax (UP TO THE TACONITE BREAKPOINT) is ($200.10) *$450* for taxes payable in (1985) *1986*. This maximum amount shall increase by $15 (MULTIPLIED BY THE QUANTITY ONE MINUS THE HOMESTEAD CREDIT EQUIVALENCY PERCENTAGE) per year for taxes payable in (1986) *1987* and subsequent years.

((2) THE TOTAL MAXIMUM REDUCTION OF THE NET TAX IS $435 FOR TAXES PAYABLE IN 1985. THIS TOTAL MAXIMUM AMOUNT SHALL INCREASE BY $15 PER YEAR FOR TAXES PAYABLE IN 1986 AND THEREAFTER.)

(FOR THE PURPOSES OF THIS SUBDIVISION, "NET TAX" MEANS THE TAX ON THE PROPERTY AFTER DEDUCTION OF ANY CREDIT UNDER SECTION 273.13, SUBDIVISION 6, 7, OR 14A, "TACONITE BREAKPOINT" MEANS THE LOWEST POSSIBLE NET TAX FOR A HOMESTEAD QUALIFYING FOR THE MAXIMUM REDUCTION PURSUANT TO SECTION 273.13, SUBDIVISION 7, ROUNDED TO THE NEAREST WHOLE DOLLAR, AND "HOMESTEAD CREDIT EQUIVALENCY PERCENTAGE" MEANS A PERCENTAGE EQUAL TO THE PERCENTAGE REDUCTION AUTHORIZED IN SECTION 273.13, SUBDIVISION 7.)

Sec. 35. Minnesota Statutes 1984, section 273.1391, subdivision 4, is amended to read:

Subd. 4. For the purposes of this section, the amount of property tax to be paid shall be determined (AFTER) *before* the allowance of any reduction prescribed by section 273.13, and the reduction prescribed by this section shall be in addition to that prescribed by section 273.13.

Sec. 36. Minnesota Statutes 1984, section 273.1392, is amended to read:

273.1392 [PAYMENT; AIDS TO SCHOOL DISTRICTS.]

The amounts of homestead credit under section 273.13, subdivisions 6, 7, and 14a; wetlands (CREDIT AND) reimbursement under section 273.115; native prairie (CREDIT AND) reimbursement under section 273.116; disaster or emergency reimbursement under section 273.123; attached machinery aid under section 273.138; (REIMBURSEMENT UNDER SECTION 273.-139;) and metropolitan agricultural preserve reduction under section 473H.10, shall be certified to the department of education by the department of revenue. (THE AMOUNTS SO CERTIFIED SHALL BE PAID ACCORDING TO THE SCHEDULE FOR PAYMENT OF FOUNDATION AIDS PURSUANT TO SECTION 124.11 FOR FISCAL YEAR 1983. BEGINNING IN FISCAL YEAR 1984,) The amounts so certified shall be paid according to section 124.195, subdivisions 6 and 10.

Sec. 37. Minnesota Statutes 1984, section 273.40, is amended to read:

273.40 [ANNUAL TAX ON COOPERATIVE ASSOCIATIONS.]

Cooperative associations organized under the provisions of Laws 1923, Chapter 326, and laws amendatory thereof and laws supplemental thereto, and engaged in electrical heat, light or power business upon a mutual, non-profit, and cooperative plan in rural areas, as hereinafter defined, are hereby recognized as quasi-public in their nature and purposes; but such cooperative associations, which operate within the corporate limits of any city shall be assessed (ON THE BASIS OF 43 PERCENT OF THE MARKET VALUE OF THAT PORTION OF ITS PROPERTY LOCATED WITHIN THE CORPORATE LIMITS OF ANY CITY) as provided (FOR) in section 273.13.

Sec. 38. Minnesota Statutes 1984, section 273.42, subdivision 2, is amended to read:

Subd. 2. Owners of land defined as class 3, 3b, 3c, (3CC,) 3d or 3f pursuant to section 273.13 listed on records of the county auditor or county treasurer over which runs a high voltage transmission line as defined in section 116C.52, subdivision 3, except a high voltage transmission line the construction of which was commenced prior to July 1, 1974, shall receive a property tax credit in an amount determined by multiplying a fraction, the numerator of which is the length of high voltage transmission line which runs over that parcel and the denominator of which is the total length of that particular line running over all property within the city or township by ten percent of the trans-

mission line tax revenue derived from the tax on that portion of the line within the city or township pursuant to section 273.36. In the case of property owners in unorganized townships, the property tax credit shall be determined by multiplying a fraction, the numerator of which is the length of the qualifying high voltage transmission line which runs over the parcel and the denominator of which is the total length of the qualifying high voltage transmission line running over all property within all the unorganized townships within the county, by the total utility property tax credit fund amount available within the county for that year pursuant to section 273.42, subdivision 1. Where a right-of-way width is shared by more than one property owner, the numerator shall be adjusted by multiplying the length of line on the parcel by the proportion of the total width on the parcel owned by that property owner. The amount of credit for which the property qualifies shall not exceed 20 percent of the total gross tax on the parcel prior to deduction of the state paid agricultural credit and the state paid homestead credit, provided that, if the property containing the right of way is included in a parcel which exceeds 40 acres, the total gross tax on the parcel shall be multiplied by a fraction, the numerator of which is the sum of the number of acres in each quarter-quarter section or portion thereof which contains a right of way and the denominator of which is the total number of acres in the parcel set forth on the tax statement, and the maximum credit shall be 20 percent of the product of that computation, prior to deduction of those credits. The auditor of the county in which the affected parcel is located shall calculate the amount of the credit due for each parcel and transmit that information to the county treasurer. The county auditor, in computing the credits received pursuant to sections 273.13 and 273.135, shall reduce the gross tax by the amount of the credit received pursuant to this section, unless the amount of the credit would be less than $10.

If, after the county auditor has computed the credit to those qualifying property owners in unorganized townships, there is money remaining in the utility property tax credit fund, then that excess amount in the fund shall be returned to the general school fund of the county.

Sec. 39. Minnesota Statutes 1984, section 290A.03, subdivision 13, is amended to read:

Subd. 13. [PROPERTY TAXES PAYABLE.] "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead before reductions made pursuant to section 273.13, subdivisions 6, 7 and 14a, but after deductions made pursuant to sections 124.2137, (273.115, 273.116,) 273.135, 273.139, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of

the payments directly attributable to the property taxes assessed against the parcel on which the house is located. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are manufactured homes as defined in section 168.011, subdivision 8, "property taxes payable" shall also include the amount of the gross rent paid in the preceding year for the site in which the homestead is located, which is attributable to the net tax paid on the site. The amount attributable to property taxes shall be determined by multiplying the net tax on the parcel by a fraction, the numerator of which is the gross rent paid for the calendar year for the site and the denominator of which is the gross rent paid for the calendar year for the parcel. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue and his decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.13, subdivisions 6, 7, or 14a on or before June 1 of the year in which the "property taxes payable" were levied; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made prior to October 1 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

Sec. 40. [REVISION OF MINNESOTA ASSESSORS' MANUAL.]

In accordance with the provisions of Minnesota Statutes, section 270.06, clause (14), the commisioner of revenue shall prepare a revised Minnesota assessors' manual by July 1, 1986, and thereafter shall revise the manual in a timely manner.

Sec. 41. [LOCAL GOVERNMENT FINANCE STUDY COMMISSION.]

A local government finance study commission consisting of 18 members is created. Nine members of the commission shall be members of the senate and appointed by the committee on committees. Nine members of the commission shall be members of the house of representatives and appointed by the speaker. The

study commision shall elect a chairman from among its members and meetings of the commission will be held at the call of the chairman.

The purpose of the commission is to study the present local government finance structure, concentrating on the state paid homestead credit and agricultural credit distribution amounts, historical changes, and relationship to local government property tax levies and spending patterns. The commission may do all things necessary and reasonable to conduct the study including holding meetings and soliciting testimony and information. The commission shall make specific recommendations on changes in the present system which encourage local government accountability while at the same time attempting to simplify the property tax system. The commission shall report to the legislature and the governor its conclusions and recommendations by January 15, 1986. The commission shall expire on February 1, 1986. Expenses of the commission including per diem and expenses of commission members will be provided by the appointing authority.

Sec. 42. [REPEALER.]

Minnesota Statutes 1984, sections 273.115, subdivisions 1, 5, 6, and 7; 273.116, subdivisions 1, 5, 6, and 7; 273.1311; and 273.1315, are repealed.

Sec. 43. [EFFECTIVE DATES.]

Sections 1, 4 to 38, and 42 are effective for taxes levied in 1985 and thereafter, payable in 1986 and thereafter, except that section 5, clause (d) and the amendment to section 272.02, subdivision 1, clause (8) in section 4 are effective beginning with taxes assessed in 1986, payable in 1987.

Section 39 is effective for claims based on property taxes payable in 1986 and thereafter. Sections 40 and 41 are effective the day after final enactment.

ARTICLE 8

Section 1. Minnesota Statutes 1984, section 92.46, subdivision 1, is amended to read:

Subdiivsion 1. [PUBLIC CAMP GROUNDS.] The director may designate suitable portions of the state lands so withdrawn from sale and not reserved, as provided in section 92.45, as permanent state public camp grounds and cause the same to be surveyed and platted into lots of convenient size, and may lease and let such lots for cottage and camp purposes under such terms and conditions as he may prescribe; *provided, however,*

that the appraised value of this land as determined by the department of natural resources shall be of a comparable market value to other equivalent land within the same county of the same property use. No lease shall be made for a longer term than ten years, with the privilege of renewal, from time to time, for additional terms of not to exceed ten years each.

Pursuant to chapter 14, by June 1, 1986, the commissioner of revenue, in consultation with the commissioner of natural resources and the commissioner of education, shall adopt rules establishing procedures for leasing lands under this section. The rules must address at least the following:

(1) method of appraising the property;

(2) determination of lease rates; and

(3) an appeal procedure for both the appraised values and lease rates.

All moneys received from these leases of state lands so withdrawn from sale shall be credited to the fund to which the proceeds of the land belong. *Notwithstanding section 16A.125 or any other law to the contrary, all money received from the lease of permanent school fund lands leased pursuant to this subdivision shall be deposited into the permanent school trust fund.*

Sec. 2. Minnesota Statutes 1984, section 272.02, subdivision 1, is amended to read:

Subdiviison 1. All property described in this section to the extent herein limited shall be exempt from taxation:

(1) All public burying grounds;

(2) All public schoolhouses;

(3) All public hospitals;

(4) All academies, colleges, and universities, and all seminaries of learning;

(5) All churches, church property, and houses of worship;

(6) Institutions of purely public charity except parcels of property containing structures and the structures assessed pursuant to section 273.13, subdivisions 17, 17b, 17c or 17d;

(7) All public property exclusively used for any public purpose;

(8) Except for the taxable personal property enumerated below, all personal property and the property described in section 272.03, subdivision 1, clause (c) shall be exempt.

The following personal property shall be taxable:

(a) personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures;

(b) railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80;

(c) personal property defined in section 272.03, subdivision 2, clause (3);

(d) leasehold or other personal property interests which are taxed pursuant to section 272.01, subdivision 2; 273.13, subdivision 7b or 7d; or 273.19, subdivision 1; or any other law providing the property is taxable as if the lessee or user were the fee owner;

(e) property classified as class 2a property; and

(f) flight property as defined in section 270.071.

(9) Real and personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used, other than real property used primarily as a solid waste disposal site.

Any taxpayer requesting exemption of all or a portion of any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. The equipment or device shall meet standards, regulations or criteria prescribed by the Minnesota Pollution Control Agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota Pollution Control Agency shall upon request of the commissioner furnish information or advice to the commissioner. If the commissioner determines that property qualifies for exemption, he shall issue an order exempting the property from taxation. The equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota Pollution Control Agency remains in effect.

(10) Wetlands. For purposes of this subdivision, "wetlands" means (1) land described in section 105.37, subdivision 15, or

(2) land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes, provided it is preserved in its natural condition and drainage of it would be legal, feasible, and economically practical for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice. "Wetlands" shall include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands. "Wetlands" shall not include woody swamps containing shrubs or trees, wet meadows, meandered water, streams, rivers, and floodplains or river bottoms. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

(11) Native prairie. The commissioner of the department of natural resources shall determine lands in the state which are native prairie and shall notify the county assessor of each county in which the lands are located. Pasture land used for livestock grazing purposes shall not be considered native prairie for the purposes of this clause and section 273.116. Upon receipt of an application for the exemption and credit provided in this clause and section 273.116 for lands for which the assessor has no determination from the commissioner of natural resources, the assessor shall refer the application to the commissioner of natural resources who shall determine within 30 days whether the land is native prairie and notify the county assessor of his decision. Exemption of native prairie pursuant to this clause shall not grant the public any additional or greater right of access to the native prairie or diminish any right of ownership to it.

(12) Property used in a continuous program to provide emergency shelter for victims of domestic abuse, provided the organization that owns and sponsors the shelter is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1982, notwithstanding the fact that the sponsoring organization receives funding under section 8 of the United States Housing Act of 1937, as amended.

(13) If approved by the governing body of the municipality in which the property is located, property not exceeding one acre which is owned and operated by any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders; provided the property is used primarily as a clubhouse, meeting facility or recreational facility by the group or association and the property is not used for residential purposes on either a temporary or permanent basis.

(14) To the extent provided by section 295.44, real and personal property used or to be used primarily for the production of hydroelectric or hydromechanical power on a site owned by the state or a local governmental unit which is developed and operated pursuant to the provisions of section 105.482, subdivisions 1, 8 and 9.

(15) If approved by the governing body of the municipality in which the property is located, and if construction is commenced after June 30, 1983:

(a) a "direct satellite broadcasting facility" operated by a corporation licensed by the federal communications commission to provide direct satellite broadcasting services using direct broadcast satellites operating in the 12-ghz. band;

(b) a "fixed satellite regional or national program service facility" operated by a corporation licensed by the federal communications commission to provide fixed satellite-transmitted regularly scheduled broadcasting services using satellites operating in the 6-ghz. band; and

(c) a facility at which a licensed Minnesota manufacturer produces distilled spirituous liquors, liqueurs, cordials, or liquors designated as specialties regardless of alcoholic content, but not including ethyl alcohol, distilled with a majority of the ingredients grown or produced in Minnesota. An exemption provided by paragraph (15) shall apply for a period not to exceed five years. When the facility no longer qualifies for exemption, it shall be placed on the assessment rolls as provided in subdivision 4. Before approving a tax exemption pursuant to this paragraph, the governing body of the municipality shall provide an opportunity to the members of the county board of commissioners of the county in which the facility is proposed to be located and the members of the school board of the school district in which the facility is proposed to be located to meet with the governing body. The governing body shall present to the members of those boards its estimate of the fiscal impact of the proposed property tax exemption. The tax exemption shall not be approved by the governing body until the county board of commissioners has presented its written comment on the proposal to the governing body, or 30 days has passed from the date of the transmittal by the governing body to the board of the information on the fiscal impact, whichever occurs first.

The exemptions granted by this subdivision shall be subject to the limits contained in the other subdivisions of this section, section 272.025, or section 273.13, subdivisions 17, 17b, 17c, or 17d.

(16) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3),

primarily used in the generation and distribution of hot water for heating buildings and structures.

(17) Notwithstanding section 273.19, state trust fund lands as contained in section 92.46 and which are leased from the department of natural resources.

Sec. 3. [LEASE RATE INCREASES.]

Increases of lease rates to be effective on January 1, 1986, for state lands leased pursuant to Minnesota Statutes, section 92.46, subdivision 1, shall be phased in by three equal annual increments except that lease rates shall be adjusted to reflect changes in lease rates resulting from rules promulgated pursuant to section 1.

Sec. 4. [REPORT.]

The commissioner of natural resources shall inventory the lakeshore leases and prepare a report on any leased land that should be sold. The report must be submitted by January 1, 1987, to the house committees on environment and natural resources and on education, to the senate committees on agriculture and natural resources and on education, and to the permanent school fund advisory committee.

Sec. 5. [EFFECTIVE DATE.]

Section 1 is effective January 1, 1986, and thereafter, except that portion of section 1 containing the promulgation of rules is effective the day following final enactment. Section 2 is effective for taxes levied in 1985 and thereafter, payable in 1986 and thereafter. The appraised value used in determining the lease rate increases as provided in section 3 shall be subject to the limitations contained in section 1.

ARTICLE 9

Section 1. Minnesota Statutes 1984, section 295.34, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 2 every telephone company shall file a return with the commissioner of revenue on or before April 15 of each year, and submit payment therewith, of the following percentages of its gross earnings of the preceding calendar year derived from business within this state:

(a) (4 PERCENT OF ITS) *for* gross earnings from service to rural subscribers (; (B) 4 PERCENT OF ITS GROSS

EARNINGS) *and* from exchange business of all cities of the fourth class and statutory cities having a population of 10,000 or less

for calendar years beginning before December 31, 1985, 4 percent,

for calendar year 1986, 3 percent,

for calendar years 1987 and 1988, 2 percent,

for calendar year 1989, 1 percent, and

for calendar years beginning after December 31, 1989, exempt; and ((C) 7 PERCENT OF ITS)

(b) for gross earnings derived from all other business (; WHICH SHALL BE)

for calendar years beginning before December 31, 1985, 7 percent,

for calendar year 1986, 6 percent,

for calendar year 1987, 4.5 percent,

for calendar year 1988, 3 percent,

for calendar year 1989, 1.5 percent, and

for calendar years beginning after December 31, 1989, exempt.

The tax imposed is in lieu of all other taxes, except the taxes imposed by chapter 290, *property taxes assessed beginning in 1986, and sales and use taxes imposed as a result of section 4.* All moneys paid by a company for connecting fees and switching charges to any other company shall be reported as earnings by the company to which they are paid, but shall not be deemed earnings of the collecting and paying company. For the purposes of this section, the population of any statutory city shall be considered as that stated in the latest federal census.

Sec. 2. Minnesota Statutes 1984, section 297A.25, subdivision 1, is amended to read:

Subdivision 1. The following are specifically exempted from the taxes imposed by sections 297A.01 to 297A.44:

(a) The gross receipts from the sale of food products including but not limited to cereal and cereal products, butter, cheese, milk and milk products, oleomargarine, meat and meat products, fish and fish products, eggs and egg products, vegetables and vegetable products, fruit and fruit products,

spices and salt, sugar and sugar products, coffee and coffee substitutes, tea, cocoa and cocoa products, and food products which are not taxable pursuant to section 297A.01, subdivision 3, clause (c) and which are sold by a retailer, organized as a nonprofit corporation or association, within a place located on property owned by the state or an agency or instrumentality of the state, the entrance to which is subject to an admission charge. This exemption does not include the following:

(i) candy and candy products, except when sold for fundraising purposes by a nonprofit organization that provides educational and social activities for young people primarily aged 18 and under;

(ii) carbonated beverages, beverages commonly referred to as soft drinks containing less than 15 percent fruit juice, or bottled water other than noncarbonated and noneffervescent bottled water sold in individual containers of one-half gallon or more in size;

(b) The gross receipts from the sale of prescribed drugs and medicine intended for use, internal or external, in the cure, mitigation, treatment or prevention of illness or disease in human beings and products consumed by humans for the preservation of health, including prescription glasses, therapeutic and prosthetic devices, but not including cosmetics or toilet articles notwithstanding the presence of medicinal ingredients therein;

(c) The gross receipts from the sale of and the storage, use or other consumption in Minnesota of tangible personal property, tickets, or admissions, electricity, gas, or local exchange telephone service, which under the Constitution or laws of the United States or under the Constitution of Minnesota, the state of Minnesota is prohibited from taxing;

(d) The gross receipts from the sale of tangible personal property (i) which, without intermediate use, is shipped or transported outside Minnesota by the purchaser and thereafter used in a trade or business or is stored, processed, fabricated or manufactured into, attached to or incorporated into other tangible personal property transported or shipped outside Minnesota and thereafter used in a trade or business outside Minnesota, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce (storage shall not constitute intermediate use); provided that the property is not subject to tax in that state or country to which it is transported for storage or use, or, if subject to tax in that other state, that state allows a similar exemption for property purchased therein and transported to Minnesota for use in this state; except that sales of tangible personal property that is shipped or transported for use outside Minnesota shall be taxed at the rate of the use tax imposed by the state to which the prop-

erty is shipped or transported, unless that state has no use tax, in which case the sale shall be taxed at the rate generally imposed by this state; and provided further that sales of tangible personal property to be used in other states or countries as part of a maintenance contract shall be specifically exempt; or (ii) which the seller delivers to a common carrier for delivery outside Minnesota, places in the United States mail or parcel post directed to the purchaser outside Minnesota, or delivers to the purchaser outside Minnesota by means of the seller's own delivery vehicles, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce;

(e) The gross receipts from the sale of packing materials used to pack and ship household goods, the ultimate destination of which is outside the state of Minnesota and which are not thereafter returned to a point within Minnesota, except in the course of interstate commerce;

(f) The gross receipts from the sale of and storage, use or consumption of petroleum products upon which a tax has been imposed under the provisions of chapter 296, whether or not any part of said tax may be subsequently refunded;

(g) The gross receipts from the sale of clothing and wearing apparel except the following:

(i) all articles commonly or commercially known as jewelry, whether real or imitation; pearls, precious and semi-precious stones, and imitations thereof; articles made of, or ornamented, mounted or fitted with precious metals or imitations thereof; watches; clocks; cases and movements for watches and clocks; gold, gold-plated, silver, or sterling flatware or hollow ware and silver-plated hollow ware; opera glasses; lorgnettes; marine glasses; field glasses and binoculars;

(ii) articles made of fur on the hide or pelt, and articles of which such fur is the component material or chief value, but only if such value is more than three times the value of the next most valuable component material;

(iii) perfume, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, aromatic cachous and toilet powders. The tax imposed by this act shall not apply to lotion, oil, powder, or other article intended to be used or applied only in the case of babies;

(iv) trunks, valises, traveling bags, suitcases, satchels, overnight bags, hat boxes for use by travelers, beach bags, bathing suit bags, brief cases made of leather or imitation leather, salesmen's sample and display cases, purses, handbags, pocketbooks, wallets, billfolds, card, pass, and key cases and toilet cases;

(h) The gross receipts from the sale of and the storage, use, or consumption of all materials, including chemicals, fuels, petroleum products, lubricants, packaging materials, including returnable containers used in packaging food and beverage products, feeds, seeds, fertilizers, electricity, gas and steam, used or consumed in agricultural or industrial production of personal property intended to be sold ultimately at retail, whether or not the item so used becomes an ingredient or constituent part of the property produced. Such production shall include, but is not limited to, research, development, design or production of any tangible personal property, manufacturing, processing (other than by restaurants and consumers) of agricultural products whether vegetable or animal, commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining, quarrying, lumbering, generating electricity and the production of road building materials. Such production shall not include painting, cleaning, repairing or similar processing of property except as part of the original manufacturing process. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures, used in such production and fuel, electricity, gas or steam used for space heating or lighting, are not included within this exemption; however, accessory tools, equipment and other short lived items, which are separate detachable units used in producing a direct effect upon the product, where such items have an ordinary useful life of less than 12 months, are included within the exemption provided herein;

(i) The gross receipts from the sale of and storage, use or other consumption in Minnesota of tangible personal property (except as provided in section 297A.14) which is used or consumed in producing any publication regularly issued at average intervals not exceeding three months, and any such publication. For purposes of this subsection, "publication" as used herein shall include, without limiting the foregoing, a legal newspaper as defined by Minnesota Statutes 1965, section 331.02, and any supplements or enclosures with or part of said newspaper; and the gross receipts of any advertising contained therein or therewith shall be exempt. For this purpose, advertising in any such publication shall be deemed to be a service and not tangible personal property, and persons or their agents who publish or sell such newspapers shall be deemed to be engaging in a service with respect to gross receipts realized from such newsgathering or publishing activities by them, including the sale of advertising. The term "publication" shall not include magazines and periodicals sold over the counter. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures used in such publication and fuel, electricity, gas or steam used for space heating or lighting, are not exempt;

(j) The gross receipts from all sales, including sales in which title is retained by a sellor or a vendor or is assigned to a third party under an installment sale or lease purchase agreement

under section 465.71, of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities or a state and its agencies, instrumentalities and political subdivisions. Sales exempted by this clause include sales pursuant to section 297A.01, subdivision 3, clauses (d) and (f). This exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities;

(k) The gross receipts from the isolated or occasional sale of tangible personal property in Minnesota not made in the normal course of business of selling that kind of property, and the storage, use, or consumption of property acquired as a result of such a sale. For purposes of this clause, sales by a nonprofit organization shall be deemed to be "isolated or occasional" if they occur at sale events that have a duration of three or fewer consecutive days. The granting of the privilege of admission to places of amusement and the privilege of use of amusement devices by a nonprofit organization at an isolated or occasional event conducted on property owned or leased for a continuous period of more than 30 days by the nonprofit organization are also exempt. The exemption provided for isolated sales of tangible personal property and of the granting of admissions or the privilege of use of amusement devices by nonprofit organizations pursuant to this clause shall be available only if the sum of the days on which the organization and any subsidiary nonprofit organization sponsored by it that does not have a separate sales tax exemption permit conduct sales of tangible personal property, plus the days with respect to which the organization charges for the use of amusement devices or admission to places of amusement, does not exceed eight days in a calendar year. For purposes of this clause, a "nonprofit organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, no part of the net earnings of which inures to the benefit of a private individual;

(l) The gross receipts from sales of rolling stock and the storage, use or other consumption of such property by railroads, freight line companies, sleeping car companies and express companies taxed on the gross earnings basis in lieu of ad valorem taxes. For purposes of this clause "rolling stock" is defined as the portable or moving apparatus and machinery of any such company which moves on the road, and includes, but is not limited to, engines, cars, tenders, coaches, sleeping cars and parts necessary for the repair and maintenance of such rolling stock;

(m) The gross receipts from sales of airflight equipment and the storage, use or other consumption of such property by airline companies taxed under the provisions of sections 270.071 to 270.079. For purposes of this clause, "airflight equipment" includes airplanes and parts necessary for the repair and maintenance of such airflight equipment, and flight simulators;

(n) (THE GROSS RECEIPTS FROM THE SALE OF TELEPHONE CENTRAL OFFICE TELEPHONE EQUIPMENT USED IN FURNISHING INTRASTATE AND INTERSTATE TELEPHONE SERVICE TO THE PUBLIC;)

((O)) The gross receipts from the sale of and the storage, use or other consumption by persons taxed under the in lieu provisions of chapter 298, of mill liners, grinding rods and grinding balls which are substantially consumed in the production of taconite, the material of which primarily is added to and becomes a part of the material being processed;

((P)) *(o)* The gross receipts from the sale of tangible personal property to, and the storage, use or other consumption of such property by, any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious or educational purposes if the property purchased is to be used in the performance of charitable, religious or educational functions, or any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders. Sales exempted by this clause include sales pursuant to section 297A.01, subdivision 3, clauses (d) and (f). This exemption shall not apply to building, construction or reconstruction materials purchased by a contrator or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities;

((Q)) *(p)* The gross receipts from the sale of caskets and burial vaults;

((R)) *(q)* The gross receipts from the sale of an automobile or other conveyance if the purchaser is assisted by a grant from the United States in accordance with 38 United States Code, section 1901, as amended;

((S)) *(r)* The gross receipts from the sale to the licensed aircraft dealer of an aircraft for which a commercial use permit

has been issued pursuant to section 360.654, if the aircraft is resold while the permit is in effect;

((T)) *(s)* The gross receipts from the sale of building materials to be used in the construction or remodeling of a residence when the construction or remodeling is financed in whole or in part by the United States in accordance with 38 United States Code, sections 801 to 805, as amended. This exemption shall not be effective at time of sale of the materials to contractors, subcontractors, builders or owners, but shall be applicable only upon a claim for refund to the commissioner of revenue filed by recipients of the benefits provided in title 38 United States Code, chapter 21, as amended. The commissioner shall provide by regulation for the refund of taxes paid on sales exempt in accordance with this paragraph;

((U)) *(t)* The gross receipts from the sale of textbooks which are prescribed for use in conjunction with a course of study in a public or private school, college, university and business or trade school to students who are regularly enrolled at such institutions. For purposes of this clause a "public school" is defined as one that furnishes course of study, enrollment and staff that meets standards of the state board of education and a private school is one which under the standards of the state board of education, provides an education substantially equivalent to that furnished at a public school. Business and trade schools shall mean such schools licensed pursuant to section 141.25;

((V)) *(u)* The gross receipts from the sale of and the storage of material designed to advertise and promote the sale of merchandise or services, which material is purchased and stored for the purpose of subsequently shipping or otherwise transferring outside the state by the purchaser for use thereafter solely outside the state of Minnesota;

((W)) *(v)* The gross receipt from the sale of residential heating fuels in the following manner:

(i) all fuel oil, coal, wood, steam, hot water, propane gas, and L.P. gas sold to residential customers for residential use;

(ii) natural gas sold for residential use to customers who are metered and billed as residential users and who use natural gas for their primary source of residential heat, for the billing months of November, December, January, February, March and April;

(iii) electricity sold for residential use to customers who are metered and billed as residential users and who use electricity for their primary source of residential heat, for the billing months of November, December, January, February, March and April;

((X)) *(w)* The gross receipts from the sale or use of tickets or admissions to the premises of or events sponsored by an association, corporation or other group of persons which provides an opportunity for citizens of the state to participate in the creation, performance or appreciation of the arts and which qualifies as a tax-exempt organization within the meaning of Minnesota Statutes 1980, section 290.05, subdivision 1, clause (i);

((Y)) *(x)* The gross receipts from either the sales to or the storage, use or consumption of tangible personal property by an organization of military service veterans or an auxiliary unit of an organization of military service veterans, provided that:

(i) the organization or auxiliary unit is organized within the state of Minnesota and is exempt from federal taxation pursuant to section 501(c), clause (19), of the Internal Revenue Code as amended through December 31, 1982; and

(ii) the tangible personal property which is sold to or stored, used or consumed by the organization or auxiliary unit is for charitable, civic, educational, or nonprofit uses and not for social, recreational, pleasure or profit uses;

((Z)) *(y)* The gross receipts from the sale of sanitary napkins, tampons, or similar items used for feminine hygiene;

((AA)) *(z)* The gross receipts from the sale of a manufactured home, as defined in section 327.31, subdivision 6, to be used by the purchaser for residential purposes, unless the sale is the first retail sale of the manufactured home in this state;

((BB)) *(aa)* The gross receipts from the sale of equipment used for processing solid or hazardous waste at a resource recovery facility, as defined in section 115A.03, subdivision 28.

Sec. 3. [REPEALER.]

Minnesota Statutes 1984, section 295.34, subdivision 2, is repealed.

Sec. 4. [EFFECTIVE DATE.]

Section 2 is effective for sales made after December 31, 1986. Section 3 is effective beginning for calendar year 1990.

ARTICLE 10

Section 1. Minnesota Statutes 1984, section 273.111, subdivision 11, is amended to read:

Subd. 11. The payment of special local assessments levied after June 1, 1967 for improvements made to any real property

described in subdivision 3 together with the interest thereon shall, on timely application as provided in subdivision 8, be deferred as long as such property meets the conditions contained in subdivisions 3 and 6. If special assessments against the property have been deferred pursuant to this subdivision, the governmental unit shall file with the county recorder in the county in which the property is located a certificate containing the legal description of the affected property and of the amount deferred. When such property no longer qualifies under subdivisions 3 and 6, all deferred special assessments plus interest shall be payable (WITHIN 90 DAYS) *in equal installments spread over the time remaining until the last maturity date of the bonds issued to finance the improvement for which the assessments were levied. If the bonds have matured, the deferred special assessments plus interest shall be payable within 90 days. The provisions of section 429.061, subdivision 2, apply to the collection of these installments.* Penalty shall not be levied on any such special assessments if timely paid. (IF NOT PAID WITHIN SUCH 90 DAYS, THE COUNTY AUDITOR SHALL INCLUDE SUCH DEFERRED SPECIAL ASSESSMENTS PLUS A TEN PERCENT PENALTY ON THE TAX LIST FOR THE CURRENT YEAR.)

Sec. 2. Minnesota Statutes 1984, section 275.50, is amended by adding a subdivision to read:

Subd. 9. [CERTAIN LOCAL ENTITIES.] *Notwithstanding any other law to the contrary, any entity or appointing authority, except special taxing districts as determined by the department of revenue, which possesses statutory or other authority to submit budgets to counties shall be subject to the provisions of sections 275.51 to 275.56. The county board may, at its discretion, waive by resolution the application of sections 275.51 to 275.56 to the entity or appointing authority in any budget year.*

Sec. 3. Minnesota Statutes 1984, section 275.51, subdivision 3h, is amended to read:

Subd. 3h. [ADJUSTED LEVY LIMIT BASE.] For taxes levied in (1983) *1985* and thereafter, the adjusted levy limit base is equal to the levy limit base computed pursuant to subdivision 3f, increased by:

(a) a percentage equal to the percentage growth in the implicit price deflator, or five percent, whichever is greater;

(b) a percentage equal to the greater of the percentage increases in population or in number of households, if any, for the most recent 12-month period for which data is available, using figures derived pursuant to section 275.51, subdivision 6;

(c) one-half of the amount levied as a special levy in the previous year for paying the costs of municipal services provided

to new private industrial and nonresidential commercial development pursuant to section 275.50, subdivision 5, clause (m), if the special levy is discontinued; (AND)

(d) the amount of any permanent increase in the levy limit base approved at a general or special election held during the 12-month period ending September 30 of the levy year, pursuant to section 275.58, subdivisions 1 and 2; *and*

(e) the amount, if known, equal to the decrease in federal revenue sharing allotment from the levy year to the year in which the levy is payable; otherwise the amount equal to the decrease in federal revenue sharing allotment in the levy year as compared to the previous year if the levy base for the previous year has not been adjusted for a decrease in federal revenue sharing allotment.

Sec. 4. Minnesota Statutes 1984, section 277.03, is amended to read:

277.03 [DISTRESS AND SALE.]

Upon the tenth secular day next after the filing of such list the clerk of the district court shall issue his warrants to the sheriff of the county as to all the taxes and penalties embraced in the list, except those as to which a petition has been filed, pursuant to section 277.011, directing him to proceed to collect the same. If such taxes are not paid upon demand, the sheriff shall distrain sufficient goods and chattels belonging to the person charged with such taxes, if found within the county, to pay the same, with the said penalty of eight percent and all accruing costs, together with (25 CENTS) *a fee as set by the county board to cover administrative costs* from each delinquent, as compensation to the clerk of the district court. Immediately after making distress, the sheriff shall give at least ten days' posted notice in the town or district where the property is taken, stating that the property, or so much thereof as will be sufficient to pay the taxes for which it is distrained, with penalty and costs of distress and sale, will be sold at public vendue at a place and time therein designated, which time shall not be less than ten days after such taking. If such taxes and penalties and accrued costs are not paid before the day designated, the sheriff or his deputy shall proceed to sell the property pursuant to the notice.

Sec. 5. Minnesota Statutes 1984, section 277.10, is amended to read:

277.10 [CLERK'S FEES; EXECUTION.]

The clerk of the district court shall receive (AS) fees *as set by the county board to cover administrative costs* for issuing such citation and perfecting the judgment ($1.50) in cases not con-

tested, and in contested cases such fees as are allowed by law in civil actions (; AND, FOR EACH CITATION ISSUED IN CASES WHERE THE SHERIFF SHALL FAIL, AFTER DILIGENT INQUIRY, TO FIND THE DEFENDANT, 25 CENTS). All such fees and costs shall be entered, taxed, and made part of the judgment. Execution shall be issued upon the judgment at the request of the county attorney, and shall state that the judgment was obtained for delinquent personal property taxes, and no property shall be exempt from seizure thereon, and such execution may be renewed and reissued in the same manner as provided by law in case of executions upon judgments in civil actions.

Sec. 6. Minnesota Statutes 1984, section 279.37, subdivision 8, is amended to read:

Subd. 8. The party or parties making such confession of judgment shall pay the county auditor a fee (OF 50 CENTS AND A FEE OF 50 CENTS TO THE CLERK OF THE COURT FOR ENTRY OF JUDGMENT AND 15 CENTS FOR EACH FULL OR PARTIAL RELEASE THEREOF, WHICH SHALL BE COLLECTED BY THE COUNTY AUDITOR; PROVIDED, THAT IN COUNTIES WHERE SAID FEES WOULD REVERT TO THE COUNTY REVENUE FUND UNDER EXISTING LAWS, THE COUNTY AUDITOR MAY USE SAID FEES FOR THE PURCHASE OF SUPPLIES NECESSARY TO CARRY OUT THE PROVISIONS OF THIS SECTION OR FOR ADDITIONAL CLERK HIRE IN HIS OFFICE) *as set by the county board to defray the costs of processing the confession of judgment and making the annual billings required. Fees as set by the county board shall be paid to the clerk of the court for entry of judgment and for the entry of each full or partial release thereof. Fees shall be credited to the general revenue fund of the county.*

Sec. 7. Minnesota Statutes 1984, section 279.37, subdivision 1, is amended to read:

Subdivision 1. [COMPOSITION INTO ONE ITEM.] Delinquent taxes upon any parcel of real estate (WHICH HAVE BEEN BID IN FOR AND ARE HELD BY THE STATE AND NOT ASSIGNED BY IT,) may be composed into one item or amount by confession of judgment at any time prior to the forfeiture of the parcel of land to the state for taxes, for the aggregate amount of all the taxes, costs, penalties, and interest accrued against the parcel, as hereinafter provided (; EXCEPT THAT). Taxes upon property which, for the previous year's assessment, was classified as vacant land, mineral property, employment property, or commercial or industrial property shall not be eligible to be composed into any confession of judgment pursuant to this section *except as provided in subdivision 1a. The entire parcel is eligible for the ten-year installment plan as provided in sub-*

division 2 if 25 percent or more of the market value of the parcel is eligible for confession of judgment under this subdivision.

Sec. 8. Minnesota Statutes 1984, section 279.37, is amended by adding a subdivision to read:

Subd. 1a. The delinquent taxes upon a parcel of property which was classified pursuant to section 273.13, subdivision 9, clause (4)(c), for the previous year's assessment and had a total market value of less than $100,000 for that same assessment shall be eligible to be composed into a confession of judgment. Property qualifying under this subdivision shall be subject to the same provisions as provided in section 279.37 except as herein provided.

(a) The down payment shall include all special assessments due in the current tax year, all delinquent special assessments, and 20 percent of the ad valorem tax, penalties, and interest accrued against the parcel. The balance remaining shall be payable in four equal annual installments; and

(b) The amounts entered in judgment shall bear interest at the rate provided in section 270.75, subdivision 5, commencing with the date the judgment is entered. The interest rate is subject to change each year on the unpaid balance in the manner provided in section 270.75, subdivision 5, except that the interest change will be implemented on January 1 of each year.

Sec. 9. Minnesota Statutes 1984, section 279.37, subdivision 3, is amended to read:

Subd. 3. Upon the receipt of the offer and payment of the sum required, the auditor shall notify the county board of the offer. (IF THE COUNTY BOARD APPROVES THE OFFER,) The auditor shall note it upon his records and shall file the offer and confession of judgment with the clerk of the district court of the county who is directed to enter judgment in accordance with the offer. (IF THE COUNTY BOARD DOES NOT APPROVE THE OFFER WITHIN 30 DAYS OF ITS NOTIFICATION BY THE COUNTY AUDITOR, CONFESSION OF JUDGMENT WILL NOT BE ALLOWED FOR THE PROPERTY, AND THE AMOUNT REMITTED PURSUANT TO SUBDIVISION 2 SHALL BE RETURNED TO THE PAYOR.)

Sec. 10. Minnesota Statutes 1984, section 279.37, subdivision 4, is amended to read:

Subd. 4. The auditor shall immediately deliver to the treasurer the initial payments received by him. The judgment so rendered shall not constitute a personal judgment against the party or parties therein and shall be a judgment in rem. *For the*

purpose of computing the applicable period of redemption pursuant to section 281.17, lands included in a confession of judgment will be deemed to be sold to the state at the first tax judgment sale following the entry of judgment.

Sec. 11. Minnesota Statutes 1984, section 281.23, subdivision 1, is amended to read:

Subdivision 1. [DUTY OF AUDITOR.] In case any parcel of land bid in for the state at any tax judgment sale has not been redeemed by (60) *120* days before the expiration of the period of redemption of such parcel, it shall be the duty of the county auditor thereupon forthwith to give notice of expiration of the time for redemption of such parcel, as herein provided; provided, that delay in giving such notice shall not affect the validity thereof.

Sec. 12. Minnesota Statutes 1984, section 281.29, is amended to read:

281.29 [STATEMENT TO BE FILED WITH COUNTY AUDITOR.]

Each such statement so filed in the office of the county auditor in this state shall be immediately numbered and filed in his office by such auditor consecutively in the order in which it is received and he shall, at the same time, enter consecutively in the order in which such statement is received, in a book to be kept by him for that purpose, first, the file number of such statement; second, the date when such statement is received and filed by him; third, the name of the person or corporation named in such statement as having some right, title, or interest in land or real property, with the post-office address of such person or corporation, if given in such statement; and, fourth, the name of the person or corporation named in such statement as the one upon whom or upon which a personal service of notice may be made. At the same time the auditor shall enter the file number of such statement in his real estate transfer book or books under each piece or parcel of land described in such statement. For the duties required of the auditor by sections 281.28 to 281.30 he shall be paid, (FOR HIS OWN USE AND AS AN ADDITIONAL EMOLUMENT OF HIS OFFICE,) by the person presenting such statement to be filed, a fee (OF 25 CENTS) *as set by the county board to cover administrative costs* for each piece or parcel of land described in such statement. Each such statement shall cease to be valid and effectual as such for any and all purposes of sections 281.28 to 281.30 at the expiration of five years from the date of its filing, or when the person named therein as the one upon whom a personal service of notices may be made dies or ceases to be a resident of such county, or when the corporation named therein as the one upon which a personal service of notices may be made ceases to have an office or place of busi-

ness within such county. The person or corporation named in a statement filed under the provision of sections 281.28 to 281.30 as having such right, title, or interest may file in the same office in which such statement is filed an instrument releasing any particular piece or parcel of land or real property described in such statement from the effect of such statement, such releasing instrument to be executed with the same formalities as are necessary to entitle conveyances of real estate to record. Such releasing instrument shall be, by the auditor, immediately attached to and filed with such statement affected thereby. Every person or corporation filing such releasing instrument shall, before such releasing instrument is filed, pay to the auditor, for his own use, a fee of ten cents for each such releasing instrument. From the time such releasing instrument is so filed such statement affected thereby shall cease to be valid and effectual as to such particular piece or parcel of land or real property so released, but shall nevertheless be and remain valid and effectual as such for any and all the purposes of sections 281.28 to 281.30 as to each and every other piece or parcel of land or real property therein described.

Sec. 13. Minnesota Statutes 1984, section 282.01, subdivision 7a, is amended to read:

Subd. 7a. [ALTERNATE SALE PROCEDURE.] Land located in a home rule charter or statutory city, or in a town (DESCRIBED IN SECTION 368.01, SUBDIVISION 1,) which cannot be improved because of noncompliance with local ordinances regarding minimum area, shape, frontage or access may be sold by the county auditor pursuant to this subdivision if the auditor determines that a nonpublic sale will encourage the approval of sale of the land by the city or town and promote its return to the tax rolls. If the physical characteristics of the land indicate that its highest and best use will be achieved by combining it with an adjoining parcel and the city or town has not adopted a local ordinance governing minimum area, shape, frontage, or access, the land may also be sold pursuant to this subdivision. The sale of land pursuant to this subdivision shall be subject to any conditions imposed by the county board pursuant to section 282.03. The governing body of the city or town may recommend to the county board conditions to be imposed on the sale. The county auditor may restrict the sale to owners of lands adjoining the land to be sold. The county auditor shall conduct the sale by sealed bid or may select another means of sale. The land shall be sold to the highest bidder but in no event shall the land be sold for less than its appraised value. All owners of land adjoining the land to be sold shall be given a written notice at least 30 days prior to the sale.

This subdivision shall be liberally construed to encourage the sale and utilization of tax-forfeited land, to eliminate nuisances and dangerous conditions and to increase compliance with land use ordinances.

Sec. 14. Minnesota Statutes 1984, section 282.021, is amended to read:

282.021 [NOTIFICATION OF SALE.]

Thirty days before the sale of tax-forfeited land at public auction, the county auditor shall publish in a newspaper of general circulation the notice of sale and each parcel's appraised value (OR MARKET VALUE, WHICHEVER IS HIGHER, AS DETERMINED BY THE COUNTY OR LOCAL ASSESSOR WHO IS RESPONSIBLE FOR VALUING THE PROPERTY) *for sale purposes.* The county auditor shall also mail notice to all owners of land adjoining each parcel to be sold and to all owners of platted or unplatted land whose boundaries are within 300 feet of the boundaries of each parcel (TO BE SOLD) *offered for sale having an appraised value of $1,000 or more. For purposes of this section, owner shall mean the taxpayer as listed in the records of the county auditor.*

Sec. 15. Minnesota Statutes 1984, section 282.261, is amended by adding a subdivision to read:

Subd. 4. [SERVICE FEE.] *The county auditor may collect a service fee to cover administrative costs as set by the county board for each repurchase contract approved after July 1, 1985. The fee shall be paid at the time of repurchase and shall be credited to the county general revenue fund.*

Sec. 16. Minnesota Statutes 1984, section 473.556, subdivision 4, is amended to read:

Subd. 4. [EXEMPTION OF PROPERTY.] (ANY) *Notwithstanding the lease or other grant of exclusive use of all or part thereof to others by the commission, the sports facilities constructed under the provisions of sections 473.551 to 473.595, the metropolitan sports area, and any other* real or personal property acquired, owned, leased, controlled, used, or occupied by the commission for any of the purposes of sections 473.551 to 473.595 is declared to be acquired, owned, leased, controlled, used and occupied for public, governmental, and municipal purposes, and shall be exempt from *ad valorem* taxation by the state or any political subdivision of the state, provided that such properties shall be subject to special assessments levied by a political subdivision for a local improvement in amounts proportionate to and not exceeding the special benefit received by the properties from the improvement. No possible use of any such properties in any manner different from their use under sections 473.551 to 473.595 at the time shall be considered in determining the special benefit received by the properties. All assessments shall be subject to final confirmation by the council, whose determination of the benefits shall be conclusive upon the political subdivision levying the assessment. The provisions of this subdivision, insofar as they

require exemption or special treatment, shall not apply to any real property at the metropolitan sports area which is leased by the commission for development pursuant to subdivision 6.

Sec. 17. [1985 ASSESSMENT ADJUSTMENT BASED ON REAL ESTATE SALES ANALYSIS.]

Notwithstanding the provisions of Minnesota Statutes, section 270.12, subdivision 2, for property tax assessments made in 1985 only, the commissioner of revenue, acting as the state board of equalization, shall adjust the aggregate value of any class of real property in any county to reflect reductions in market values for that class of property for the January 2, 1985, assessment. To determine changes in market values, the commissioner shall analyze real estate sales in the county in calendar year 1984.

Sec. 18. [DISASTER CREDIT REFUND.]

Notwithstanding any other law to the contrary, a taxpayer who made application to the county assessor in calendar year 1984 and qualified pursuant to the provisions of section 273.123, subdivision 7, clauses (a), (b), and (c), is eligible to receive the disaster credit based upon the destruction which occurred to the owner's homestead in 1984.

Sec. 19. [EFFECTIVE DATE.]

Section 1 is effective for property that no longer qualifies under Minnesota Statutes, section 273.111, subdivisions 3 and 6, after July 31, 1985. Sections 2 and 3 are effective for taxes levied in 1985 and thereafter, for taxes payable in 1986 and thereafter. Sections 4 to 6, 12, and 15 are effective July 1, 1985. Sections 14 and 18 are effective the day after final enactment. Section 17 is effective only for taxes assessed in 1985 and payable in 1986.

ARTICLE 11

Section 1. Minnesota Statutes 1984, section 290A.03, subdivision 3, is amended to read:

Subd. 3. [INCOME.] (1) "Income" means the sum of the following:

(a) federal adjusted gross income as defined in the Internal Revenue Code of 1954 as amended through December 31, 1983; and

(b) the sum of the following amounts to the extent not included in clause (a):

(i) additions to federal adjusted gross income as provided in Minnesota Statutes, section 290.01, subdivision 20a, clauses (1), (2), (4), (9), (10), and (14);

(ii) all nontaxable income;

(iii) recognized net long term capital gains;

(iv) dividends and interest excluded from federal adjusted gross income under sections 116 or 128 of the Internal Revenue Code of 1954;

(v) cash public assistance and relief;

(vi) any pension or annuity (including railroad retirement benefits, all payments received under the federal social security act, supplemental security income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vii) nontaxable interest received from the state or federal government or any instrumentality or political subdivision thereof;

(viii) workers' compensation;

(ix) unemployment benefits;

(x) nontaxable strike benefits; and

(xi) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise. In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced by the amount of a net operating loss carryback.

(2) "Income" does not include

(a) amounts excluded pursuant to the Internal Revenue Code, Sections 101(a), 102, 117, and 121;

(b) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(c) surplus food or other relief in kind supplied by a governmental agency;

(d) relief granted under this chapter;

(e) child support payments received under a temporary or final decree of dissolution or legal separation; (OR)

(f) federal adjusted gross income shall be reduced by wage or salary expense which is not allowed as a deduction under provisions of section 280C of the Internal Revenue Code of 1954; *or*

(g) the first $2,000 of household income if the claimant was disabled on or before June 1 or attained the age of 65 prior to June 1 of the year following the year for which the taxes were levied or in which the rent was paid.

Sec. 2. Minnesota Statutes 1984, section 290A.03, subdivision 13, is amended to read:

Subd. 13. [PROPERTY TAXES PAYABLE.] "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead before reductions made pursuant to section 273.13, subdivisions 6, 7 and 14a, but after deductions made pursuant to sections 124.2137, 273.115, 273.116, 273.135, 273.139, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located *or, if the claimant is required to pay the property taxes assessed against that parcel in addition to paying ground rent, the entire amount of those property taxes.* No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are manufactured homes as defined in section 168.011, subdivision 8, "property taxes payable" shall also include the amount of the gross rent paid in the preceding year for the site on which the homestead is located, which is attributable to the net tax paid on the site. The amount attributable to property taxes shall be determined by multiplying the net tax on the parcel by a fraction, the numerator of which is the gross rent paid for the calendar year for the site and the denominator of which is the gross rent paid for the calendar year for the parcel. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the

commissioner of revenue and his decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.13, subdivisions 6, 7, or 14a on or before June 1 of the year in which the "property taxes payable" were levied; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made prior to October 1 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

Sec. 3. Minnesota Statutes 1984, section 290A.04, subdivision 1, is amended to read:

Subdivision 1. A (CREDIT) *refund* shall be allowed each claimant in the amount that property taxes payable or rent constituting property taxes exceed the percentage of the household income of the claimant specified in subdivision 2 in the year for which the taxes were levied or in the year in which the rent was paid *and the remaining amount of property taxes payable or rent constituting property taxes are then reduced by the percent to be paid by the claimant as specified in subdivision 2.* If the amount of property taxes payable or rent constituting property taxes is equal to or less than the percentage of the household income of the claimant specified in subdivision 2 in the year for which the taxes were levied or in the year in which the rent was paid, the claimant shall not be eligible for a state refund pursuant to this section. For purposes of claiming this (CREDIT) *refund,* a claimant who owns his own homestead part of the year and rents part of the year may add his rent constituting property taxes to the qualifying tax on his homestead.

Sec. 4. Minnesota Statutes 1984, section 290A.04, subdivision 2, is amended to read:

Subd. 2. A claimant whose property taxes payable or rent constituting property taxes are in excess of the percentage of the household income stated below shall pay an amount equal to the percent of income shown for the appropriate household income level (AND) *along with the percent to be paid by the claimant of the remaining amount of property taxes payable or rent constituting property taxes.* The state refund will be equal to (AN) *the* amount *of property taxes payable or rent constituting property taxes that remain,* up to the state refund amount shown below.

Household Income Net loss and	Percent of Income	(STATE REFUND)	*Percent Paid by Claimant*	*Maximum State Refund*
up to $2,999	(0.5) *1.0* percent	($13)	*5 percent*	*$1,250*
3,000 to 3,499	(0.6) *1.0* percent	($15)	*6 percent*	*$1,250*
3,500 to 3,999	(0.6) *1.0* percent	($18)	*7 percent*	*$1,250*
4,000 to 4,499	(0.7) *1.0* percent	($20)	*8 percent*	*$1,250*
4,500 to 4,999	(0.7) *1.0* percent	($23)	*9 percent*	*$1,250*
5,000 to 5,999	(0.8) *1.0* percent	($40)	*10 percent*	*$1,250*
6,000 to 6,999	(0.9) *1.0* percent	($54)	*11 percent*	*$1,250*
7,000 to 7,999	1.0 percent	($70)	*12 percent*	*$1,250*
8,000 to 8,999	1.1 percent	($88)	*13 percent*	*$1,250*
9,000 to 9,999	1.2 percent	($108)	*14 percent*	*$1,250*
10,000 to 10,999	1.3 percent	($130)	*15 percent*	*$1,250*
11,000 to 11,999	1.4 percent	($154)	*16 percent*	*$1,250*
12,000 to 12,999	1.5 percent	($180)	*17 percent*	*$1,250*
13,000 to 13,999	1.5 percent	($195)	*18 percent*	*$1,250*
14,000 to 14,999	1.5 percent	($210)	*19 percent*	*$1,250*
15,000 to 15,999	1.5 percent	($225)	*20 percent*	*$1,250*
16,000 to 16,999	1.5 percent	($240)	*21 percent*	*$1,250*
17,000 to 17,999	1.5 percent	($255)	*22 percent*	*$1,250*
18,000 to 18,999	1.5 percent	($270)	*23 percent*	*$1,250*
19,000 to 19,999	1.5 percent	($285)	*24 percent*	*$1,250*
20,000 to 20,999	1.6 percent	($320)	*25 percent*	*$1,250*
21,000 to 21,999	1.6 percent	($336)	*27 percent*	*$1,250*
22,000 to 22,999	1.6 percent	($352)	*29 percent*	*$1,250*
23,000 to 23,999	1.8 percent	($414)	*30 percent*	*$1,250*
24,000 to 24,999	1.8 percent	($432)	*31 percent*	*$1,230*
25,000 to 25,999	1.8 percent	($450)	*32 percent*	*$1,205*
26,000 to (26,499)	(2.0 PERCENT)	($520)		
(26,500 TO) 26,999	2.0 percent	($530)	*34 percent*	*$1,175*
27,000 to (27,499)	(2.0 PERCENT)	($540)		
(27,500 TO) 27,999	2.0 percent	($550)	*36 percent*	*$1,145*
28,000 to (28,499)	(2.0 PERCENT)	($560)		
(28,500 TO) 28,999	2.0 percent	($570)	*38 percent*	*$1,115*

29,000 to (29,499)	(2.0 PERCENT)	($580)		
(29,500 TO) 29,999	2.0 percent	($590)	*39 percent*	*$1,085*
30,000 to (30,499)	(2.0 PERCENT)	($600)		
(30,500 TO) 30,999	2.0 percent	($610)	*40 percent*	*$1,055*
31,000 to (31,499)	(2.2 PERCENT)	($620)		
(31,500 TO) 31,999	2.2 percent	($630)	*42 percent*	*$1,025*
32,000 to (32,499)	(2.0 PERCENT)	($640)		
(32,500 TO) 32,999	2.2 percent	($650)	*44 percent*	*$925*
33,000 to 33,999	2.2 percent	($700)	*46 percent*	*$825*
34,000 to 34,999	2.2 percent	($600)	*48 percent*	*$725*
35,000 to 35,999	2.2 percent	($500)	*50 percent*	*$625*
36,000 to 36,999	2.4 percent	($400)	*50 percent*	*$525*
37,000 to 37,999	2.4 percent	($300)	*50 percent*	*$425*
38,000 to 38,999	2.4 percent	($200)	*50 percent*	*$325*
39,000 to 39,999	2.4 percent	($100)	*50 percent*	*$225*
40,000 to 40,999	*2.4 percent*		*50 percent*	*$125*
41,000 to 41,249	*2.4 percent*		*50 percent*	*$25*
41,250 and over				*-0-*

The payment made to a claimant shall be the amount of the state refund calculated pursuant to this subdivision, less the homestead credit given pursuant to section 273.13, subdivisions 6, 7 and 14a. *No payment is allowed if the claimant's household income is $41,250 or more.*

Sec. 5. Minnesota Statutes 1984, section 290A.04, is amended by adding a subdivision to read:

Subd. 2h. If the net property taxes payable on a homestead in 1986 increase more than 12.5 percent over the net property taxes payable in 1985 on the same property, a claimant who is a homeowner is allowed an additional refund equal to 50 percent of the amount by which the increase exceeds the greater of 12.5 percent or $100. This subdivision does not apply to any increase in the net property taxes payable attributable to improvements made to the homestead.

For purposes of this subdivision, "net property taxes payable" means property taxes payable after reductions made pursuant to sections 124.2137; 273.13, subdivisions 6, 7, and 14a; 273.135; 273.1391; and 273.42, subdivision 2, and any other state paid property tax credits and after the deduction of tax refund amounts for which the claimant qualifies pursuant to this section.

In addition to the other proofs required by this chapter, each claimant under this subdivision shall file with the property tax refund return a copy of the property tax statement for taxes payable in the preceding year or other documents required by the commissioner.

This subdivision is repealed effective for property taxes levied in 1986, payable in 1987.

Sec. 6. Minnesota Statutes 1984, section 290A.04, subdivision 3, is amended to read:

Subd. 3. The commissioner of revenue shall construct and make available to taxpayers a comprehensive table showing the property taxes to be paid and (CREDIT) *refund* allowed at various levels of income and assessment. The table shall follow the schedule of income percentages, maximums and other provisions specified in (SUBDIVISIONS) *subdivision* 2, (2A, AND 2B,) except that the commissioner may graduate the transition between income brackets. All refunds shall be computed in accordance with tables prepared and issued by the commissioner of revenue.

Sec. 7. Minnesota Statutes 1984, section 290A.06, is amended to read:

290A.06 [FILING TIME LIMIT, LATE FILING.]

Any claim for property taxes payable shall be filed with the department of revenue on or before August (31) *15* of the year in which the property taxes are due and payable. Any claim for rent constituting property taxes shall be filed with the department of revenue on or before August (31) *15* of the year following the year in which the rent was paid. The commissioner may extend the time for filing these claims for a period not to exceed six months in the case of sickness, absence, or other disability, or when in his judgment other good cause exists.

A claim filed after the original or extended due date shall be allowed, but the amount of credit shall be reduced by five percent of the amount otherwise allowable, plus an additional five percent for each month of delinquency, not exceeding a total reduction of 25 percent which may be cancelled or reduced by the commissioner in the case of sickness, absence, or other disability, or when in his judgment other good cause exists. In any event no claim shall be allowed if the initial claim is filed two years after the original due date for filing the claim.

The time limit on redetermination of claims for refund and examination of records shall be governed by sections 290.49, 290.50, and 290.56 and for purposes of computing the time limit as provided in these sections the due date of the property tax

refund return shall be the same as the due date contained in section 290.42 for an income tax return covering the year in which the rent was paid or the year preceding the year in which the property taxes are payable.

Sec. 8. Minnesota Statutes 1984, section 290A.10, is amended to read:

290A.10 [(PROOF OF TAXES PAID) *PAYMENT IF TAXES ARE DELINQUENT.*]

Every claimant who files a claim for relief for property taxes payable shall include with his claim a property tax statement or a reproduction thereof in a form deemed satisfactory by the commissioner of revenue indicating (THAT) *whether* there are (NO) delinquent property taxes on the homestead. (INDICATION ON THE PROPERTY TAX STATEMENT FROM THE COUNTY TREASURER THAT THERE ARE NO DELINQUENT TAXES ON THE HOMESTEAD SHALL BE SUFFICIENT PROOF.) Taxes included in a confession of judgment under section 279.37 shall not constitute delinquent taxes as long as the claimant is current on the payments required to be made under section 279.37.

If it is indicated that taxes are delinquent on the homestead, the commissioner shall allow the claim but the check issued to the claimant must be made payable to the order of the claimant and the county. Amounts received by the county under this section must be apportioned and paid to the taxing districts in the same manner and at the same time payments would be apportioned and paid if made directly by the claimant on the day the payment is received. Notwithstanding sections 279.01 and 279.02, the county shall accept the payment and apply it to the most recent year that there are delinquent taxes.

Sec. 9. Minnesota Statutes 1984, section 290A.19, is amended to read:

290A.19 [OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE; PENALTY.]

(a) The owner or managing agent of any property for which rent is paid for occupancy as a homestead shall furnish a certificate of rent constituting property tax to each person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves prior to December 31, the owner or managing agent shall at his option either provide the certificate to the renter at the time he moves, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate shall be made available to the renter not later than January 31 of the year following the year in which the rent was paid. Any owner or managing agent who willfully

fails to furnish a certificate as provided herein shall be liable to the commissioner for a penalty of $20 for each act or failure to act. The penalty shall be assessed and collected in the manner provided in chapter 290 for the assessment and collection of income tax.

(b) If the owner or managing agent elects to provide the renter with the certificate at the time he moves, rather than after December 31, the amount of rent constituting property taxes shall be computed as follows:

(i) The net tax shall be reduced by 1/12th for each month remaining in the calendar year.

(ii) In calculating the denominator of the fraction pursuant to section 290A.03, subdivision 11, the gross rent paid through the last month of claimant's occupancy shall be substituted for "the gross rent paid for the calendar year for the property in which the unit is located."

(c) The certificate of rent constituting property taxes shall include the address of the property, including the county, and the property tax parcel identification number and any additional information which the commissioner determines is appropriate.

(d) If the owner or managing agent fails to provide the renter with a certificate of rent constituting property taxes, the commissioner shall allocate the net tax on the building to the unit on a square footage basis or other appropriate basis as the commissioner determines. The renter shall supply the commissioner with a statement from the county treasurer which gives the amount of property tax on the parcel, the address and property tax parcel identification number of the property, and the number of units in the building.

((E) EFFECTIVE JANUARY 1, 1986, THE COMMISSIONER SHALL PROVIDE TO THE COMMISSIONER OF ENERGY AND ECONOMIC DEVELOPMENT A COPY OF ALL CERTIFICATES OF RENT CONSTITUTING PROPERTY TAXES THAT HAVE BEEN FILED WITH THE DEPARTMENT. THE COPIES OF THE CERTIFICATES SHALL BE PROVIDED BY JUNE 1 OF EACH YEAR.)

Sec. 10. [REPEALER.]

Minnesota Statutes 1984, section 290A.04, subdivisions 2a and 2b are repealed.

Sec. 11. [EFFECTIVE DATE.]

Sections 1, 3, 4, 6, 7, and 10 are effective for claims based on rent paid in 1985 and thereafter and for property taxes payable

in 1986 and thereafter. Section 2 is effective for claims based on property taxes payable in 1985 and thereafter. Section 5 is effective for property taxes payable in 1986. Section 8 is effective for claims based on property taxes payable in 1986 and thereafter. Section 9 is effective the day after final enactment.

ARTICLE 12

Section 1. Minnesota Statutes 1984, section 477A.011, is amended by adding a subdivision to read:

Subd. 1a. [CITY.] *City means a statutory or home rule charter city.*

Sec. 2. Minnesota Statutes 1984, section 477A.011, subdivision 3, is amended to read:

Subd. 3. [POPULATION.] Population means the population established by the most recent federal census, by a special census conducted under contract with the United States bureau of the census, by a population estimate made by the metropolitan council, or by a population estimate of the state demographer made pursuant to section 116K.04, subdivision 4, clause (10), whichever is the most recent as to the stated date of the count or estimate. *The term "per capita" refers to population as defined by this subdivision.*

Sec. 3. Minnesota Statutes 1984, section 477A.011, is amended by adding a subdivision to read:

Subd. 12. [PREVIOUS YEAR AID AMOUNT.] *For any calendar year aid distribution, a municipality's previous year aid amount means the amount that it was certified to receive for the previous calendar year pursuant to sections 477A.011 to 477A.03.*

Sec. 4. Minnesota Statutes 1984, section 477A.011, is amended by adding a subdivision to read:

Subd. 13. [FISCAL NEED FACTOR.] *For any calendar year aid distribution, a city's fiscal need factor means the three-year average of the sum of its municipal levy, its fiscal disparities distribution amount and its local government aid distribution amount, for taxes payable and distribution amounts receivable in the three years immediately preceding the aid distribution year.*

Sec. 5. Minnesota Statutes 1984, section 477A.011, is amended by adding a subdivision to read:

Subd. 14. [LOCAL EFFORT MILL RATE.] *For any calendar year aid distribution, a city's local effort mill rate means its*

fiscal need factor per capita divided by $16 per capita per mill for the first $250 of its fiscal need factor per capita; plus its fiscal need factor per capita divided by $13 per capita per mill on that part of its fiscal need factor per capita, if any, between $250 and $350; plus its fiscal need factor per capita divided by $11 per capita per mill on that part of its fiscal need factor per capita, if any, in excess of $350. In no case shall a city's local effort mill rate be less than eight mills.

Sec. 6. Minnesota Statutes 1984, section 477A.013, is amended to read:

477A.013 [MUNICIPAL GOVERNMENT DISTRIBUTIONS.]

Subdivision 1. [TOWNS.] ((A) IN 1984, EACH TOWN SHALL RECEIVE A DISTRIBUTION EQUAL TO 50 PERCENT OF THE AMOUNT RECEIVED IN 1983 PURSUANT TO MINNESOTA STATUTES 1982, SECTIONS 273.138, 273.-139, AND 477A.011 TO 477A.03.)

((B)) In (1985 AND) each (SUCCEEDING) calendar year, each town which had levied for taxes payable in the previous year at least one mill on the dollar of the assessed value of the town shall receive a distribution equal to (50) *the greater of: (a) 60* percent of the amount received in 1983 pursuant to Minnesota Statutes 1982, sections 273.138, 273.139, and 477A.011 to 477A.-03 (.)

(SUBD. 2. [CITIES AND TOWNS.] IN EACH CALENDAR YEAR, EACH STATUTORY AND HOME RULE CHARTER CITY SHALL RECEIVE A DISTRIBUTION EQUAL TO THE AMOUNT OBTAINED BY SUBTRACTING TEN MILLS MULTIPLIED BY THE MUNICIPALITY'S EQUALIZED ASSESSED VALUE FROM THE ADJUSTED LOCAL REVENUE BASE.)

(AN AID AMOUNT SHALL BE COMPUTED IN THE SAME MANNER FOR ALL TOWNS WHICH HAD LEVIED FOR TAXES PAYABLE IN THE PREVIOUS YEAR AT LEAST ONE MILL ON THE DOLLAR OF THE ASSESSED VALUE OF THE TOWN. A TOWN'S FINAL AID AMOUNT SHALL BE DETERMINED BY EITHER THE SUBDIVISION 1 OR THE SUBDIVISION 2 CALCULATION, WHICHEVER IS GREATER.)

(SUBD. 3. [AID LIMITATION.] THE AID AMOUNT DETERMINED PURSUANT TO SUBDIVISION 2 SHALL BE LIMITED SO THAT IT IS NOT GREATER THAN THE MUNICIPALITY'S MAXIMUM AID AMOUNT) *; or (b) 106 percent of the amount received in 1985 pursuant to Minnesota Statutes 1984, sections 477A.011 to 477A.03.*

Subd. 2. [CITIES.] *For each calendar year aid distribution, a preliminary aid amount shall be computed for each city equal to the amount obtained by subtracting its local effort mill rate multiplied by its equalized assessed value from its fiscal need factor, except that its preliminary aid amount may not be less than its previous year aid amount.*

For each city, an aid increase amount equal to the amount by which its preliminary aid amount exceeds its previous year aid amount shall be determined. Each city's aid increase amount shall be reduced by a uniform percentage as determined by the commissioner of revenue, to bring the total aid distribution into conformity with the aid limitation pursuant to subdivision 3. Each city's aid increase amount shall be further limited so that it does not exceed ten percent of its previous year aid.

Each city's final aid amount shall be equal to the sum of its aid increase amount, as adjusted, and its previous year aid amount.

Subd. 3. [AID LIMITATION.] *The total amount available for distribution to cities pursuant to subdivision 2 shall be $280,-800,000 for calendar year 1986.*

Sec. 7. [REPEALER.]

Minnesota Statutes 1984, sections 477A.011, subdivision 10, and 477A.0131, are repealed.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective for local government aid distributions beginning with calendar year 1986."

Delete the title and insert:

"A bill for an act relating to taxation; simplifying Minnesota income tax law by increasing conformity to federal income tax law; changing income tax rates, rate brackets, credits, and deductions; providing for computation of interest on overpayments; providing for timely payment of certain taxes; changing the estate tax; changing corporate income tax provisions; rescheduling payments and reducing the budget reserve; reducing sales tax rates and providing sales tax exemptions; authorizing lodging taxes for towns; reducing the basic maintenance mill rate; changing the computation of or eliminating certain property tax credits; changing property tax exemptions, classes, and classification ratios; changing the taxation of telephone companies; providing for studies; imposing duties on the commissioner of revenue and commissioner of natural resources; providing for increase in the levy limit base; changing property tax

provisions relating to collection of property tax, confessions of judgment, and sale of tax forfeit lands; changing property tax refund benefit schedules, eligible claimants, and definition of property taxes payable; changing local government aids; appropriating money; amending Minnesota Statutes 1984, sections 10A.31, subdivisions 1 and 3; 13.04, subdivision 2; 16A.15, subdivision 6; 41.55; 60A.15, subdivision 12; 60A.199, subdivision 8; 92.46, subdivision 1; 117.55; 124.2137, subdivision 1; 124A.02, subdivision 7; 270A.07, subdivision 5; 271.12; 272.02, subdivision 1; 272.03, subdivision 1; 273.111, subdivision 11; 273.115, subdivisions 2 and 3; 273.116, subdivisions 2 and 3; 273.13, subdivisions 4, 5a, 6, 6a, 7, 7b, 7c, 7d, 8a, 9, 14a, 16, 17, 17b, 17c, 17d, 19, 20 and 21; 273.133, by adding a subdivision; 273.135, subdivisions 1, 2, and 5; 273.1391, subdivisions 1, 2, and 4; 273.1392; 273.40; 273.42, subdivision 2; 275.50, by adding a subdivision; 275.51, subdivision 3h; 277.03; 277.10; 279.37, subdivisions 1, 3, 4, 8, and by adding a subdivision; 281.23, subdivision 1; 281.29; 282.01, subdivision 7a; 282.021; 282.261, by adding a subdivision; 290.01, subdivisions 20, 20a, 20b, 20d, and 20e; 290.032, subdivision 2; 290.05, subdivision 3; 290.06, subdivisions 2c, 2d, 3f, 3g, 11, and by adding a subdivision; 290.067, subdivision 1; 290.069, subdivision 4; 290.07, subdivision 1; 290.08, subdivision 26, and by adding a subdivision; 290.089, subdivision 2; 290.09, subdivisions 1 and 7; 290.091; 290.095, subdivisions 3, 7, 9, and 11; 290.10; 290.12, subdivision 2; 290.14; 290.17, subdivision 2; 290.175; 290.18, subdivision 2; 290.21, subdivisions 3 and 4; 290.34, subdivision 1, and by adding a subdivision; 290.37, subdivision 1; 290.38; 290.39, subdivision 1a; 290.41, subdivision 2; 290.50, subdivisions 1, 5, and 6; 290.92, subdivisions 2a, 6, 11, 13, and 19; 290.93, subdivision 9; 290.932, subdivision 1; 290.933, subdivision 1; 290.936; 290A.03, subdivisions 3 and 13; 290A.04, subdivisions 1, 2, and 3; 290A.06; 290A.07, subdivisions 2a and 3; 290A.10; 290A.19; 291.005, subdivision 1; 291.03, subdivision 1; 291.075; 291.09, subdivisions 1a, 2a, and 3a; 291.11, subdivision 1; 291.15, subdivisions 1 and 3; 291.18; 291.215, subdivision 1; 291.32; 294.09, subdivision 1; 295.34, subdivision 1; 297A.01, subdivisions 15 and 16; 297A.02, subdivisions 1, 2, and 3; 297A.03, subdivision 2; 297A.14; 297A.25, subdivision 1; 297A.26, subdivision 1, and by adding a subdivision; 297A.27, subdivision 1; 297A.35, subdivision 1; 298.09, subdivision 4; 298.40, by adding a subdivision; 299.05; 299F.26, subdivision 1; 473.556, subdivision 4; 477A.011, subdivision 3, and by adding subdivisions; 477A.013; 477A.018; 524.3-1202; amending Laws 1984, chapter 644, section 85; proposing coding for new law in Minnesota Statutes, chapters 16A; 124A; 270; 290; and 297A; repealing Minnesota Statutes 1984, sections 41.58, subdivision 3; 41.59, subdivisions 2 and 3; 55.10, subdivision 2; 62E.03, subdivision 2; 270.75, subdivision 7; 273.115, subdivisions 1, 5, 6, and 7; 273.116, subdivisions 1, 5, 6, and 7; 273.1311; 273.1315; 290.01, subdivisions 20c and 26; 290.012; 290.06, subdivisions 2f, 3d, 3e, 14, 15, 16, 17, 18, and 19; 290.067, subdivisions 2 and 4; 290.068, subdivision 6; 290.077, subdivision 4; 290.08, subdivisions 23 and 24;

290.089, subdivisions 1, 3, 4, 5, and 6; 290.09, subdivision 29; 290.101; 290.18, subdivision 4; 290.21, subdivision 8; 290.34, subdivision 2; 290.39, subdivision 2; 290.41, subdivision 5; 290A.04, subdivisions 2a and 2b; 291.015; 291.03, subdivisions 3, 4, 5, 6, and 7; 291.05; 291.051; 291.06; 291.065; 291.07; 291.08; 291.09, subdivision 5; 291.111; 291.131, subdivisions 5 and 6; 291.132; 291.15, subdivision 2; 291.18; 291.20; 291.29, subdivision 5; 295.34, subdivision 2; 297A.15, subdivision 5; 297A.26, subdivision 3; 297A.275; 385.36; 477A.011, subdivision 10; and 477A.0131; repealing Laws 1982, chapter 523, article 7, section 3."

With the recommendation that when so amended the bill pass.

MINORITY REPORT

April 24, 1985

We, the undersigned, being a minority of the Committee on Taxes, recommend that H. F. No. 756, do pass with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 10A.31, subdivision 1, is amended to read:

Subdivision 1. Every individual resident of Minnesota who files an income tax return or a renter and homeowner property tax refund return with the commissioner of revenue may designate on their original return that $2 shall be paid from the general fund of the state into the state elections campaign fund. If a husband and wife file a joint return, each spouse may designate that $2 shall be paid. (AN INDIVIDUAL WHO IS 18 YEARS OF AGE OR OLDER, WHO IS A RESIDENT OF MINNESOTA, AND WHO IS A DEPENDENT OF ANOTHER INDIVIDUAL WHO FILES A TAX RETURN OR A RENTER AND HOMEOWNER PROPERTY TAX REFUND RETURN, MAY DESIGNATE THAT $2 SHALL BE PAID FROM THE GENERAL FUND OF THE STATE INTO THE STATE ELECTIONS CAMPAIGN FUND.) No individual shall be allowed to designate $2 more than once in any year.

Sec. 2. Minnesota Statutes 1984, section 10A.31, subdivision 3, is amended to read:

Subd. 3. The commissioner of the department of revenue shall provide on the first page of the income tax form and the renter and homeowner property tax refund return a space for the (FILING) individual (AND ANY ADULT DEPENDENT OF THAT INDIVIDUAL) to indicate (WHETHER OR NOT) he

wishes to allocate $2 ($4 if filing a joint return) from the general fund of the state to finance the election campaigns of state candidates. The form shall also contain language prepared by the commissioner which permits the individual to direct the state to allocate the $2 (or $4 if filing a joint return) to: (i) one of the major political parties; (ii) any minor political party as defined in section 10A.01, subdivision 13, which qualifies under the provisions of subdivision 3a; or (iii) all qualifying candidates as provided by subdivision 7. (THE DEPENDENT ON THE TAX RETURN OR THE RENTER AND HOMEOWNER PROPERTY TAX REFUND RETURN SHALL SIGN A STATEMENT WHICH AUTHORIZES THE DESIGNATION OF $2.) The renter and homeowner property tax refund return shall include instructions that the individual filing the return may designate $2 on the return only if he has not designated $2 on the income tax return.

Sec. 3. Minnesota Statutes 1984, section 13.04, subdivision 2, is amended to read:

Subd. 2. [INFORMATION REQUIRED TO BE GIVEN INDIVIDUAL.] An individual asked to supply private or confidential data concerning himself shall be informed of: (a) the purpose and intended use of the requested data within the collecting state agency, political subdivision, or statewide system; (b) whether he may refuse or is legally required to supply the requested data; (c) any known consequence arising from his supplying or refusing to supply private or confidential data; and (d) the identity of other persons or entities authorized by state or federal law to receive the data. This requirement shall not apply when an individual is asked to supply investigative data, pursuant to section 13.82, subdivision 5, to a law enforcement officer.

The commissioner of revenue may place the notice required under this subdivision in the individual income tax or property tax refund instructions instead of on those forms.

Sec. 4. Minnesota Statutes 1984, section 41.55, is amended to read:

41.55 [ELIGIBILITY.]

A family farm security loan approval may be granted if the following criteria are satisfied:

(a) That the applicant is a resident of the state of Minnesota;

(b) That the applicant has sufficient education, training, or experience in the type of farming for which he wishes the loan and continued participation in a farm management program, approved by the commissioner, for at least the first ten years of the family farm security loan;

(c) That the applicant, his dependents and spouse have total net worth valued at less than $75,000 and has demonstrated a need for the loan;

(d) That the applicant intends to purchase farm land to be used by the applicant for agricultural purposes;

(e) That the applicant is credit worthy according to standards prescribed by the commissioner (;)

((F) THAT THE SELLER HAS NOT ACQUIRED THE FARM LAND FOR PURPOSES OF OBTAINING THE INCOME TAX EXEMPTION ALLOWED BY SECTIONS 41.58 AND LAWS 1976, CHAPTER 210, SECTION 12).

Sec. 5. Minnesota Statutes 1984, section 117.55, is amended to read:

117.55 [PAYMENTS NOT CONSIDERED INCOME FOR TAX OR PUBLIC ASSISTANCE PURPOSES.]

No payments received under sections 117.50 to 117.56 shall be considered (AS INCOME FOR THE PURPOSES OF CHAPTER 290, OR) for purposes of determining the eligibility or the extent of eligibility of any person for public assistance based on need under the laws of the state of Minnesota.

Sec. 6. Minnesota Statutes 1984, section 270.68, subdivision 4, is amended to read:

Subd. 4. [CONFESSION OF JUDGMENT.] (a) The commissioner may, within 3-1/2 years after any return or report is filed, notwithstanding section 541.09, enter judgment on any confession of judgment contained in the return or report after ten days notice served upon the taxpayer by mail at the address shown in his return or report. The judgment shall be entered by the clerk of court of any county upon the filing of a photocopy or similar reproduction of that part of the return or report containing the confession of judgment along with a statement of the commissioner or his agent that the tax has not been paid. *The commissioner may prescribe the words for the confession of judgment statement contained in the return or report.*

(b) Notwithstanding any other provision of the law to the contrary, the commissioner may, within five years after a written agreement is signed by the taxpayer and the commissioner under the provisions of section 270.67, subdivision 2, enter judgment on the confession of judgment contained within the agreement after ten days notice served upon the taxpayer at the address shown in the agreement. Such judgment shall be entered by the clerk of court of any county upon the filing of the agreement

or a certified copy thereof along with a statement of the commissioner or his agent that the tax has not been paid.

Sec. 7. Minnesota Statutes 1984, section 290.01, subdivision 19, is amended to read:

Subd. 19. [NET INCOME.] The term "net income" means the gross income, as defined in subdivision 20, less the following deductions to the extent allowed by section 290.18, subdivision 1:

(a) For corporations, the deductions allowed by section 290.-09;

(b) For individuals, the deductions allowed in (SECTION 290.088, WITHOUT REGARD TO) sections 290.18, subdivision 1, 290.089, and 290.09; and

(c) For estates and trusts, the deduction allowed by section 290.088, without regard to section 290.18, subdivision 1.

Sec. 8. Minnesota Statutes 1984, section 290.01, subdivision 20, is amended to read:

Subd. 20. [GROSS INCOME.] Except as otherwise provided in this chapter, the term "gross income," as applied to corporations includes every kind of compensation for labor or personal services of every kind from any private or public employment, office, position or services; income derived from the ownership or use of property; gains or profits derived from every kind of disposition of, or every kind of dealing in, property; income derived from the transaction of any trade or business; and income derived from any source.

The term "gross income" in its application to individuals, estates, and trusts shall mean the adjusted gross income as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this subdivision and in subdivisions 20a to 20f. For estates and trusts the adjusted gross income shall be their federal taxable income as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this subdivision and in subdivisions 20a to 20f.

(i) (THE INTERNAL REVENUE CODE OF 1954, AS AMENDED THROUGH DECEMBER 31, 1976, INCLUDING THE AMENDMENTS MADE TO SECTION 280A (RELATING TO LICENSED DAY CARE CENTERS) IN H.R. 3477 AS IT PASSED THE CONGRESS ON MAY 16, 1977, SHALL BE IN EFFECT FOR THE TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1976. THE PROVISIONS OF THE

TAX REFORM ACT OF 1976, P.L. 94-455, WHICH AFFECT ADJUSTED GROSS INCOME SHALL BECOME EFFECTIVE FOR PURPOSES OF THIS CHAPTER AT THE SAME TIME THEY BECOME EFFECTIVE FOR FEDERAL INCOME TAX PURPOSES.)

(THE PROVISIONS OF SECTION 4 OF P.L. 95-458, SECTIONS 131, 133, 134, 141, 152, 156, 157, 405, AND 543 OF P.L. 95-600, AND SECTION 2 OF P.L. 96-608 (RELATING TO PENSIONS, INDIVIDUAL RETIREMENT ACCOUNTS, DEFERRED COMPENSATION PLANS, THE SALE OF A RESIDENCE AND TO CONSERVATION PAYMENTS TO FARMERS) INCLUDING THE AMENDMENTS MADE TO THESE SECTIONS IN P.L. 96-222 SHALL BE EFFECTIVE AT THE SAME TIME THAT THESE PROVISIONS BECAME EFFECTIVE FOR FEDERAL INCOME TAX PURPOSES.)

((II) THE INTERNAL REVENUE CODE OF 1954, AS AMENDED THROUGH DECEMBER 31, 1979, SHALL BE IN EFFECT FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1979.)

((III)) The Internal Revenue Code of 1954, as amended through December 31, 1980, and as amended by sections 302(b) and 501 to 509 of Public Law Number 97-34, shall be in effect for taxable years beginning after December 31, 1980 including the provisions of section 404 (relating to partial exclusions of dividends and interest received by individuals) of the Crude Oil Windfall Profit Tax Act of 1980, P.L. 96-223. The provisions of P.L. 96-471 (relating to installment sales) sections 122, 123, 126, 201, 202, 203, 204, 211, 213, 214, 251, 261, 264, 265, 311(g)(3), 313, 314(a)(1), 321(a), 501 to 507, 811, and 812 of the Economic Recovery Tax Act of 1981, Public Law Number 97-34 and section 113 of Public Law Number 97-119 shall be effective at the same time that they become effective for federal income tax purposes.

((IV)) *(ii)* The Internal Revenue Code of 1954, as amended through December 31, 1981, shall be in effect for taxable years beginning after December 31, 1981. The provisions of sections 205(a), 214 to 222, 231, 232, 236, 247, 251, 252, 253, 265, 266, 285, 288, and 335 of the Tax Equity and Fiscal Responsibility Act of 1982, Public Law Number 97-248, section 6(b)(2) and (3) of the Subchapter S Revision Act of 1982, Public Law Number 97-354, section 517 of Public Law Number 97-424, sections 101(c) and (d), 102(a), (aa), (f)(4), (g), (j), (l), 103(c), 104(b)(3), 105, 305(d), 306(a)(9) of Public Law Number 97-448, and sections 101 and 102 of Public Law Number 97-473 shall be effective at the same time that they become effective for federal income tax purposes. The Payment-in-Kind Tax Treatment Act of 1983, Public Law Number 98-4, shall be effective at the same time that it becomes effective for federal income tax purposes.

((V)) *(iii)* The Internal Revenue Code of 1954, as amended through January 15, 1983, shall be in effect for taxable years beginning after December 31, 1982.

((VI)) *(iv)* The Internal Revenue Code of 1954, as amended through December 31, (1983) *1984*, (SHALL BE) *is* in effect for taxable years beginning after December 31, (1983) *1984*.

References to the Internal Revenue Code of 1954 in subdivisions 20a, 20b, (20C,) 20e, and 20f (SHALL) mean the code in effect for the purpose of defining gross income for the applicable taxable year.

Sec. 9. Minnesota Statutes 1984, section 290.01, subdivision 20a, is amended to read:

Subd. 20a. [MODIFICATIONS INCREASING FEDERAL ADJUSTED GROSS INCOME.] There shall be added to federal adjusted gross income:

(1) Interest income on obligations of any state other than Minnesota or a political subdivision of any other state exempt from federal income taxes under the Internal Revenue Code of 1954;

(2) Income taxes imposed by this state or any other taxing jurisdiction, to the extent deductible in determining federal adjusted gross income and not credited against federal income tax;

(3) (THE AMOUNT OF ANY INCREASE IN THE TAXPAYER'S FEDERAL TAX LIABILITY UNDER SECTION 47 OF THE INTERNAL REVENUE CODE OF 1954 TO THE EXTENT OF THE CREDIT UNDER SECTION 38 OF THE INTERNAL REVENUE CODE OF 1954 THAT WAS PREVIOUSLY ALLOWED AS A DEDUCTION UNDER MINNESOTA STATUTES 1982, SECTION 290.01, SUBDIVISION 20B, CLAUSE (7);)

((4)) Expenses and losses arising from a farm which are not allowable under section 290.09, subdivision 29;

((5) EXPENSES AND DEPRECIATION ATTRIBUTABLE TO SUBSTANDARD BUILDINGS DISALLOWED BY SECTION 290.101;)

((6) THE AMOUNT BY WHICH THE GAIN DETERMINED PURSUANT TO SECTION 41.59, SUBDIVISION 2 EXCEEDS THE AMOUNT OF SUCH GAIN INCLUDED IN FEDERAL ADJUSTED GROSS INCOME;)

((7) TO THE EXTENT DEDUCTED IN COMPUTING THE TAXPAYER'S FEDERAL ADJUSTED GROSS INCOME FOR THE TAXABLE YEAR, LOSSES RECOGNIZED UPON A TRANSFER OF PROPERTY TO THE SPOUSE OR FORMER SPOUSE OF THE TAXPAYER IN EXCHANGE FOR THE RELEASE OF THE SPOUSE'S MARITAL RIGHTS;)

((8)) *(4)* Interest income from qualified scholarship funding bonds as defined in section 103(e) of the Internal Revenue Code of 1954, if the nonprofit corporation is domiciled outside of Minnesota;

((9)) *(5)* Exempt-interest dividends, as defined in section 852(b)(5)(A) of the Internal Revenue Code of 1954, not included in federal adjusted gross income pursuant to section 852(b)(5)(B) of the Internal Revenue Code of 1954, except for that portion of exempt-interest dividends derived from interest income on obligations of the state of Minnesota, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities;

((10) THE AMOUNT OF ANY EXCLUDED GAIN RECOGNIZED BY A TRUST ON THE SALE OR EXCHANGE OF PROPERTY AS DEFINED IN SECTION 641(C)(1) OF THE INTERNAL REVENUE CODE OF 1954;)

((11) TO THE EXTENT NOT INCLUDED IN THE TAXPAYER'S FEDERAL ADJUSTED GROSS INCOME, THE AMOUNT OF ANY GAIN, FROM THE SALE OR OTHER DISPOSITION OF PROPERTY HAVING A LOWER ADJUSTED BASIS FOR MINNESOTA INCOME TAX PURPOSES THAN FOR FEDERAL INCOME TAX PURPOSES. THIS MODIFICATION SHALL NOT EXCEED THE DIFFERENCE IN BASIS. IF THE GAIN IS CONSIDERED A LONG TERM CAPITAL GAIN FOR FEDERAL INCOME TAX PURPOSES, THE MODIFICATION SHALL BE LIMITED TO 40 PERCENT OF THE PORTION OF THE GAIN. THIS MODIFICATION IS LIMITED TO PROPERTY THAT QUALIFIED FOR THE EQUITY INVESTMENT CREDIT CONTAINED IN SECTION 290.069, SUBDIVISION 4, AND TO PROPERTY ACQUIRED IN EXCHANGE FOR THE RELEASE OF THE TAXPAYER'S MARITAL RIGHTS CONTAINED IN SECTION 290.14, CLAUSE (7);)

((12)) *(6)* For an estate or trust, the amount of any loss from a source outside of Minnesota which is not allowed under section 290.17 including any capital loss or net operating loss carryforwards or carrybacks resulting from the loss;

((13)) *(7)* To the extent deducted in computing the estate or trust's federal taxable income, interest, taxes and other ex-

penses which are not allowed under section 290.10, clause (9) or (10); *and*

((14) THE DEDUCTION FOR TWO-EARNER MARRIED COUPLES PROVIDED IN SECTION 221 OF THE INTERNAL REVENUE CODE OF 1954;)

((15)) *(8)* Losses from the business of mining as defined in section 290.05, subdivision 1, clause (a) which is not subject to the Minnesota income tax (;)

((16) EXPENSES AND DEPRECIATION ATTRIBUTABLE TO PROPERTY SUBJECT TO LAWS 1982, CHAPTER 523, ARTICLE 7, SECTION 3 WHICH HAS NOT BEEN REGISTERED;)

((17) THE AMOUNT OF CONTRIBUTIONS TO AN INDIVIDUAL RETIREMENT ACCOUNT, INCLUDING A QUALIFIED VOLUNTARY EMPLOYEE CONTRIBUTION, SIMPLIFIED EMPLOYEE PENSION PLAN, OR SELF-EMPLOYED RETIREMENT PLAN WHICH IS ALLOWED UNDER SECTIONS 311 AND 312 OF PUBLIC LAW NUMBER 97-34, SECTION 238 OF PUBLIC LAW NUMBER 97-248, AND SECTION 103(D)(1)(B) OF PUBLIC LAW NUMBER 97-448 TO THE EXTENT THOSE CONTRIBUTIONS WERE NOT AN ALLOWABLE DEDUCTION PRIOR TO THE ENACTMENT OF THAT LAW; PROVIDED THAT AN INDIVIDUAL ON WHOSE BEHALF STOCK WORTH LESS THAN $300 IS CONTRIBUTED DURING THE TAXABLE YEAR TO A TAX CREDIT EMPLOYEE STOCK OWNERSHIP PLAN THAT SATISFIES THE REQUIREMENTS OF SECTIONS 44G AND 409A OF THE INTERNAL REVENUE CODE OF 1954 SHALL NOT BE REQUIRED, AS A CONSEQUENCE OF THAT CONTRIBUTION, TO INCLUDE CONTRIBUTIONS TO ANOTHER PLAN OR ACCOUNT IN GROSS INCOME UNDER THIS CLAUSE TO THE EXTENT THE CONTRIBUTIONS DO NOT EXCEED THE DIFFERENCE BETWEEN THE VALUE OF THE STOCK CONTRIBUTED DURING THE TAXABLE YEAR AND $1,500; AND)

((18) TO THE EXTENT NOT INCLUDED IN THE TAXPAYER'S FEDERAL ADJUSTED GROSS INCOME, THE AMOUNT OF ANY CONTRIBUTIONS TO A QUALIFIED PENSION PLAN, DESIGNATED AS EMPLOYEE CONTRIBUTIONS BUT WHICH THE EMPLOYING UNIT PICKS UP AND WHICH ARE TREATED AS EMPLOYER CONTRIBUTIONS PURSUANT TO SECTION 414(H)(2) OF THE INTERNAL REVENUE CODE OF 1954, PROVIDED THAT EMPLOYEE CONTRIBUTIONS TO POLICE AND FIRE RELIEF ASSOCIATIONS THAT PREVIOUSLY WERE NOT INCLUDED WITHIN GROSS INCOME AS CONTRIBUTIONS TO ORGANIZATIONS QUALIFIED UNDER SECTION 501(C)(4)

OF THE INTERNAL REVENUE CODE OF 1954 SHALL NOT BE INCLUDED IN GROSS INCOME UNDER THIS CLAUSE.)

Sec. 10. Minnesota Statutes 1984, section 290.01, subdivision 20b, is amended to read:

Subd. 20b. [MODIFICATIONS REDUCING FEDERAL ADJUSTED GROSS INCOME.] There shall be subtracted from federal adjusted gross income:

(1) Interest income on obligations of any authority, commission or instrumentality of the United States to the extent includible in gross income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) The portion of any gain, from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes, that does not exceed such difference in basis; but if such gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to 40 per centum of the portion of the gain. (THIS MODIFICATION SHALL NOT BE APPLICABLE IF THE DIFFERENCE IN BASIS IS DUE TO DISALLOWANCE OF DEPRECIATION PURSUANT TO SECTION 290.101.)

(3) (INCOME FROM THE PERFORMANCE OF PERSONAL OR PROFESSIONAL SERVICES WHICH IS SUBJECT TO THE RECIPROCITY EXCLUSION CONTAINED IN SECTION 290.081, CLAUSE (A);)

((4)) Losses, not otherwise reducing federal adjusted gross income assignable to Minnesota, arising from events or transactions which are assignable to Minnesota under the provisions of sections 290.17 to 290.20, including any capital loss or net operating loss carryforwards or carrybacks or out of state loss carryforwards resulting from the losses, and including any farm loss carryforwards or carrybacks;

((5)) *(4)* If included in federal adjusted gross income, (THE AMOUNT OF ANY CREDIT RECEIVED, WHETHER RECEIVED AS A REFUND OR CREDIT TO ANOTHER TAXABLE YEAR'S INCOME TAX LIABILITY, PURSUANT TO CHAPTER 290A, AND) the amount of any overpayment of income tax to Minnesota, or any other state, for any previous taxable year, whether the amount is received as a refund or credited to another taxable year's income tax liability;

((6) TO THE EXTENT INCLUDED IN FEDERAL ADJUSTED GROSS INCOME, OR THE AMOUNT REFLECTED AS THE ORDINARY INCOME PORTION OF A LUMP SUM DISTRIBUTION UNDER SECTION 402(E) OF THE INTER-

NAL REVENUE CODE OF 1954, NOTWITHSTANDING ANY OTHER LAW TO THE CONTRARY, THE AMOUNT RECEIVED BY ANY PERSON (I) FROM THE UNITED STATES, ITS AGENCIES OR INSTRUMENTALITIES, THE FEDERAL RESERVE BANK OR FROM THE STATE OF MINNESOTA OR ANY OF ITS POLITICAL OR GOVERNMENTAL SUBDIVISIONS OR FROM ANY OTHER STATE OR ITS POLITICAL OR GOVERNMENTAL SUBDIVISIONS, OR A MINNESOTA VOLUNTEER FIREFIGHTER'S RELIEF ASSOCIATION, BY WAY OF PAYMENT AS A PENSION, PUBLIC EMPLOYEE RETIREMENT BENEFIT, OR ANY COMBINATION THEREOF, (II) AS A RETIREMENT OR SURVIVOR'S BENEFIT MADE FROM A PLAN QUALIFYING UNDER SECTION 401, 403, 404, 405, 408, 409 OR 409A OF THE INTERNAL REVENUE CODE OF 1954, OR (III) SEVERANCE PAY DISTRIBUTED TO AN INDIVIDUAL UPON DISCONTINUANCE OF THE INDIVIDUAL'S EMPLOYMENT DUE TO TERMINATION OF BUSINESS OPERATIONS BY THE INDIVIDUAL'S EMPLOYER, PROVIDED THAT THE TERMINATION IS REASONABLY LIKELY TO BE PERMANENT, INVOLVES THE DISCHARGE OF AT LEAST 75 PERCENT OF THE EMPLOYEES AT THAT SITE WITHIN A ONE-YEAR PERIOD, AND THE BUSINESS IS NOT ACQUIRED BY ANOTHER PERSON WHO CONTINUES OPERATIONS AT THAT SITE. THE MAXIMUM AMOUNT OF THIS SUBTRACTION SHALL BE $11,000 LESS THE AMOUNT BY WHICH THE INDIVIDUAL'S FEDERAL ADJUSTED GROSS INCOME, PLUS THE ORDINARY INCOME PORTION OF A LUMP SUM DISTRIBUTION AS DEFINED IN SECTION 402(E) OF THE INTERNAL REVENUE CODE OF 1954, EXCEEDS $17,000. FOR PURPOSES OF THE PRECEDING SENTENCE, "FEDERAL ADJUSTED GROSS INCOME" SHALL NOT INCLUDE RAILROAD RETIREMENT OR SOCIAL SECURITY BENEFIT AMOUNTS PROVIDED IN SECTIONS 86 AND 72(R) OF THE INTERNAL REVENUE CODE OF 1954. FOR PURPOSES OF THIS CLAUSE, "SEVERANCE PAY" MEANS AN AMOUNT RECEIVED FOR CANCELLATION OF AN EMPLOYMENT CONTRACT OR A COLLECTIVELY BARGAINED TERMINATION PAYMENT MADE AS A SUBSTITUTE FOR INCOME WHICH WOULD HAVE BEEN EARNED FOR PERSONAL SERVICES TO BE RENDERED IN THE FUTURE. IN THE CASE OF A VOLUNTEER FIREFIGHTER WHO RECEIVES AN INVOLUNTARY LUMP SUM DISTRIBUTION OF HIS PENSION OR RETIREMENT BENEFITS, THE MAXIMUM AMOUNT OF THIS SUBTRACTION SHALL BE $11,000; THIS SUBTRACTION SHALL NOT BE REDUCED BY THE AMOUNT OF THE INDIVIDUAL'S FEDERAL ADJUSTED GROSS INCOME IN EXCESS OF $17,000;

((7) TO THE EXTENT INCLUDED IN THE TAXPAYER'S FEDERAL ADJUSTED GROSS INCOME FOR THE TAXABLE YEAR, GAIN RECOGNIZED UPON A TRANSFER OF PROPERTY TO THE SPOUSE OR FORMER SPOUSE OF

THE TAXPAYER IN EXCHANGE FOR THE RELEASE OF THE SPOUSE'S MARITAL RIGHTS;)

((8)) *(5) Pension income as provided by section 290.08, subdivision 26;*

(6) The amount of any distribution from a qualified pension or profit sharing plan included in federal adjusted gross income in the year of receipt to the extent of any contribution not previously allowed as a deduction by reason of a change in federal law which was not adopted by Minnesota law for a taxable year beginning in 1974 or later;

((9) INTEREST, INCLUDING PAYMENT ADJUSTMENT TO THE EXTENT THAT IT IS APPLIED TO INTEREST, EARNED BY THE SELLER OF THE PROPERTY ON A FAMILY FARM SECURITY LOAN EXECUTED BEFORE JANUARY 1, 1986 THAT IS GUARANTEED BY THE COMMISSIONER OF AGRICULTURE AS PROVIDED IN SECTIONS 41.51 TO 41.60;

((10)) *(7)* The first $3,000 of compensation for personal services in the armed forces of the United States or the United Nations, and the next $2,000 of compensation for personal services in the armed forces of the United States or the United Nations wholly performed outside the state of Minnesota. This modification does not apply to compensation defined in subdivision 20b, clause ((6)) *(5)*;

((11) IN THE CASE OF WAGES OR SALARIES PAID OR INCURRED ON OR AFTER JANUARY 1, 1977, THE AMOUNT OF ANY CREDIT FOR EMPLOYMENT OF CERTAIN NEW EMPLOYEES UNDER SECTIONS 44B AND 51 TO 53 OF THE INTERNAL REVENUE CODE OF 1954 WHICH IS CLAIMED AS A CREDIT AGAINST THE TAXPAYER'S FEDERAL TAX LIABILITY, BUT ONLY TO THE EXTENT THAT THE CREDIT IS CONNECTED WITH OR ALLOCABLE AGAINST THE PRODUCTION OR RECEIPT OF INCOME INCLUDED IN THE MEASURE OF THE TAX IMPOSED BY THIS CHAPTER;

((12)) *(8)* Unemployment compensation to the extent includible in gross income for federal income tax purposes under section 85 of the Internal Revenue Code of 1954;

((13)) *(9)* For an estate or trust, the amount of any income or gain which is not assignable to Minnesota under the provisions of section 290.17;

((14) INTEREST EARNED ON A CONTRACT FOR DEED ENTERED INTO FOR THE SALE OF PROPERTY FOR AGRICULTURAL USE IF THE RATE OF INTEREST

SET IN THE CONTRACT IS NO MORE THAN NINE PERCENT PER YEAR FOR THE DURATION OF THE TERM OF THE CONTRACT. THIS EXCLUSION SHALL BE AVAILABLE ONLY IF (1) THE PURCHASER IS AN INDIVIDUAL WHO, TOGETHER WITH HIS SPOUSE AND DEPENDENTS, HAS A TOTAL NET WORTH VALUED AT LESS THAN $150,000 AND (2) THE PROPERTY SOLD UNDER THE CONTRACT IS FARM LAND AS DEFINED IN SECTION 41.52, SUBDIVISION 6 OF NO MORE THAN 1,000 ACRES THAT THE PURCHASER INTENDS TO USE FOR AGRICULUTURAL PURPOSES. COMPLIANCE WITH THESE REQUIREMENTS SHALL BE STATED IN AN AFFIDAVIT TO BE FILED WITH THE FIRST INCOME TAX RETURN ON WHICH THE TAXPAYER CLAIMS THE EXCLUSION PROVIDED IN THIS CLAUSE. UPON REQUEST ACCOMPANIED BY THE INFORMATION NECESSARY TO MAKE THE DETERMINATION, THE COMMISSIONER SHALL DETERMINE WHETHER INTEREST TO BE PAID ON A PROPOSED TRANSACTION WILL QUALIFY FOR THIS EXCLUSION; THE DETERMINATION SHALL BE PROVIDED WITHIN 30 DAYS OF RECEIPT OF THE REQUEST, UNLESS THE COMMISSIONER FINDS IT NECESSARY TO OBTAIN ADDITIONAL INFORMATION, OR VERIFICATION OF THE INFORMATION PROVIDED, IN WHICH CASE THE DETERMINATION SHALL BE PROVIDED WITHIN 30 DAYS OF RECEIPT OF THE FINAL ITEM OF INFORMATION OR VERIFICATION. THE EXCLUSION PROVIDED IN THIS CLAUSE SHALL APPLY TO INTEREST EARNED ON CONTRACTS FOR DEED ENTERED INTO AFTER DECEMBER 31, 1981 AND BEFORE JULY 1, 1983;)

((15)) *(10)* Income from the business of mining as defined in section 290.05, subdivision 1, clause (a) which is not subject to the Minnesota income tax;

((16)) *(11)* To the extent included in federal adjusted gross income, distributions from a qualified governmental pension plan which represents a return of designated employee contributions to the plan and which contributions were included in gross income pursuant to *Minnesota Statutes 1984, section 290.01,* subdivision 20a, clause (18). The provisions of this clause shall apply before the provisions of clause ((6)) *(5)* apply and an amount subtracted under this clause may not be subtracted under clause ((6)) *(5)*;

((17)) *(12)* To the extent included in federal adjusted gross income, distributions from an individual retirement account which represent a return of contributions if the contributions were included in gross income pursuant to *Minnesota Statutes 1984, section 290.01,* subdivision 20a, clause (17). The distribution shall be allocated first to return of contributions included in

gross income until the amount of the contributions has been exhausted; and

((18)) *(13)* To the extent included in federal adjusted gross income, social security benefits as defined and as provided in section 86 of the Internal Revenue Code of 1954, railroad retirement benefits as provided in section 72(r) of the Internal Revenue Code of 1954, and sick pay paid under the Railroad Unemployment Insurance Act as provided in section 105(i) of the Internal Revenue Code of 1954, provided that any amount subtracted under this clause may not be subtracted under clause ((6)) *(5);*

(14) The amount paid to others not to exceed $650 for each dependent in grades K to 6 and $1,000 for each dependent in grades 7 to 12, for tuition, textbooks, and transportation of each dependent in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363. As used in this clause, "textbooks" includes books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs; and

(15) For the taxpayer, each dependent of the taxpayer, and, in the case of a joint return, the taxpayer's spouse, $1,000 for each of the following that is satisfied: (a) the individual is deaf, (b) the individual is a quadriplegic, or (c) in the case of a dependent only, the individual is blind. For purposes of this clause, an individual is blind if his central visual acuity does not exceed 20/200 in the better eye with correcting lenses, or if his visual acuity is greater than 20/200 but is accompanied by a limitation in the field of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees. An individual is deaf if the average loss in the speech frequencies (500-2000 Hertz) in the better ear, unaided, is 92 decibels, American National Standards Institute, or worse. Quadriplegic means an individual who has a congenital or traumatic partial or total loss of all four limbs or who has a disability that substantially impairs the functioning of all four limbs.

Sec. 11. Minnesota Statutes 1984, section 290.01, subdivision 20d, is amended to read:

Subd. 20d. [MODIFICATION FOR AMOUNTS TRANSFERRED TO SURPLUS.] Amounts transferred from a reserve or other account, if in effect transfers to surplus, shall, *for corporate taxpayers,* to the extent that the amounts were accumulated through deductions from gross income or entered into the computation of taxable net income during any taxable year, be treated as gross income for the year in which the transfer occurs, but only to the extent that the amounts resulted in a reduction of the tax imposed by this chapter and amounts received as refunds on account of taxes deducted from gross income during any taxable year shall be treated as gross income for the year in which actually received, but only to the extent that such amounts resulted in a reduction of the tax imposed by this chapter.

Sec. 12. Minnesota Statutes 1984, section 290.032, subdivision 2, is amended to read:

Subd. 2. The amount of tax imposed by subdivision 1 shall be computed in the same way as the tax imposed under section 402(e) of the Internal Revenue Code of 1954, as amended through December 31, 1983, except that the initial separate tax shall be an amount equal to ten times the tax which would be imposed by section (290.03) *290.06, subdivision 2c,* if the recipient was an *unmarried* individual (REFERRED TO IN SUCH SECTION) and the taxable net income, excluding the credits allowed in section 290.06, subdivision 3f, was an amount equal to one-tenth of the excess of

(i) the total taxable amount of the lump sum distribution for the year, over

(ii) the minimum distribution allowance, and except that references in section 402(e) of the Internal Revenue Code of 1954, as amended through December 31, 1983, to paragraph (1)(A) thereof shall instead be references to subdivision 1 of this section.

The amount of any distribution from a qualified pension or profit sharing plan which is received as a lump sum distribution shall be reduced to the extent of any contribution:

(1) not previously allowed as a deduction by reason of a change in federal law which was not adopted by Minnesota for a taxable year beginning in 1974 or thereafter; or

(2) designated as an employee contribution but which the employing unit picks up and which is treated as an employer contribution and which was taxed on the Minnesota return but not the federal return in the year the contribution was made.

Sec. 13. Minnesota Statutes 1984, section 290.06, subdivision 2c, is amended to read:

Subd. 2c. [(SCHEDULE) *SCHEDULES* OF RATES FOR INDIVIDUALS, ESTATES, AND TRUSTS.] (a) The income taxes imposed by this chapter upon *married* individuals (, ESTATES AND TRUSTS, OTHER THAN THOSE TAXABLE AS CORPORATIONS, SHALL) *filing joint returns must* be computed by applying to their taxable net income the following schedule of rates:

(1) On the first ($500, ONE AND SIX-TENTHS) *$2,700, two* percent;

(2) On (THE SECOND $500, TWO AND TWO-TENTHS) *all over $2,700, but not over $5,700, 3.5* percent;

(3) On (THE NEXT $1,000, THREE AND FIVE-TENTHS) *all over $5,700, but not over $9,600, 5.3* percent;

(4) On (THE NEXT $1,000, FIVE AND EIGHT-TENTHS) *all over $9,600, but not over $13,800, 6.9* percent;

(5) On (THE NEXT $1,000, SEVEN AND THREE-TENTHS) *all over $13,800, 9.3* percent (;)

((6) ON THE NEXT $1,000, EIGHT AND EIGHT-TENTHS PERCENT;)

((7) ON THE NEXT $2,000, TEN AND TWO-TENTHS PERCENT;)

((8) ON THE NEXT $2,000, ELEVEN AND FIVE-TENTHS PERCENT;)

((9) ON THE NEXT $3,500, TWELVE AND EIGHT-TENTHS PERCENT;)

((10) ON ALL OVER $12,500, AND NOT OVER $20,000, FOURTEEN PERCENT;)

((11) ON ALL OVER $20,000 AND NOT OVER $27,500, FIFTEEN PERCENT;)

((12) ON ALL OVER $27,500, SIXTEEN PERCENT).

(b) *The income taxes imposed by this chapter upon unmarried individuals, married individuals filing separate returns, estates, and trusts must be computed by applying to taxable net income the following schedule of rates:*

(1) On the first $3,000, 2.4 percent;

(2) On all over $3,000, but not over $6,800, 5.4 percent;

(3) On all over $6,800, but not over $12,000, 8.3 percent;

(4) On all over $12,000, 9.0 percent.

(c) In lieu of a tax computed according to the rates set forth in (CLAUSE) *paragraph* (a) *or (b)* of this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than ($40,000 SHALL) *an amount determined by the commissioner must* be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than $100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to $1.

((C)) *(d)* An individual who is not a Minnesota resident for the entire year must compute his Minnesota income tax as provided in (CLAUSE) *paragraph* (a) *or (b)*. After the application of the nonrefundable credits provided in this chapter, the tax liability must then be multiplied by a fraction in which:

(1) The numerator is the individual's Minnesota gross income, computed as if the provisions of section 290.17, subdivision 2, or 290.171 applied; and

(2) the denominator is the individual's federal adjusted gross income.

Sec. 14. Minnesota Statutes 1984, section 290.06, subdivision 2d, is amended to read:

Subd. 2d. [INFLATION ADJUSTMENT OF BRACKETS.] For taxable years beginning after December 31, (1980) *1985*, the taxable net income brackets in subdivision 2c shall be adjusted for inflation. For the purpose of making the adjustment as provided in this subdivision all of the *rate* brackets provided in subdivision 2c shall be the (ADJUSTED) *rate* brackets as they existed for taxable years beginning after December 31, (1979) *1984* and before January 1, (1981) *1986*. The commissioner shall determine (: (A)) the percentage increase in the revised consumer price index for all urban consumers (FOR THE MINNEAPOLIS-ST. PAUL METROPOLITAN AREA) prepared by the United States department of labor. He shall then determine the percent change from August, (1980) *1985*, to, in (1981) *1986*, August, (1981) *1986*, and in each subsequent year, from August of the preceding year to August of the current year (; AND (B) THE PERCENTAGE INCREASE IN AVERAGE MINNESOTA GROSS INCOME FROM TAX YEAR 1980 TO, IN 1981, TAX YEAR 1981, AND IN EACH SUBSEQUENT TAX YEAR BETWEEN THE PREVIOUS TAX YEAR AND

THE CURRENT TAX YEAR. THE PERCENT INCREASES IN MINNESOTA GROSS INCOME SHALL BE ESTIMATED USING THE BEST AVAILABLE DATA SOURCES AND REASONABLE FORECASTING PROCEDURES). The determination of the commissioner pursuant to this (SECTION) *subdivision* shall not be considered a "rule" and shall not be subject to the administrative procedures act contained in chapter 14.

The dollar amount in each taxable net income bracket for the prior year in subdivision 2c shall be multiplied by a figure calculated as one plus 100 percent of the consumer price index increase (OR 100 PERCENT OF THE MINNESOTA GROSS INCOME INCREASE, WHICHEVER IS SMALLER). The product of the calculation shall yield the inflation adjusted tax brackets for each succeeding year. If the product exceeds a whole dollar amount, it shall be rounded to the nearest whole dollar.

No later than October 1 of each year, the commissioner shall announce (BOTH PERCENTAGE INCREASES AND) the (SPECIFIC) percentage that will be used to adjust the tax *rate* brackets the maximum standard deduction amount, and the personal credit amounts.

Sec. 15. Minnesota Statutes 1984, section 290.06, subdivision 3f, is amended to read:

Subd. 3f. [CREDITS AGAINST TAX.] Subject to the provisions of subdivision 3g the taxes due under the computation in accordance with this section shall be credited with the following amounts:

(1) In the case of an unmarried individual ($68) *or a married individual filing separately, $72*;

(2) In the case of (A) married (INDIVIDUAL, $136. IF THE SPOUSES FILE SEPARATE, COMBINED OR JOINT RETURNS THE PERSONAL CREDITS MAY BE TAKEN BY EITHER OR DIVIDED BETWEEN THEM) *individuals filing a joint return, $144*;

(3) In the case of an individual, ($68) *$72* for each person ((OTHER THAN A SPOUSE) DEPENDENT UPON AND RECEIVING HIS CHIEF SUPPORT FROM THE TAXPAYER. ONE TAXPAYER ONLY SHALL BE ALLOWED THIS CREDIT WITH RESPECT TO ANY GIVEN DEPENDENT. A PAYMENT TO A DIVORCED OR SEPARATED SPOUSE, OTHER THAN A PAYMENT FOR SUPPORT OF MINOR CHILDREN UNDER A TEMPORARY ORDER OR FINAL DECREE OF DISSOLUTION OR LEGAL SEPARATION, SHALL NOT BE CONSIDERED A PAYMENT BY THE OTHER SPOUSE FOR

THE SUPPORT OF ANY DEPENDENT) *who was claimed by the individual as a dependent on the individual's federal income tax return as provided in sections 151(e) and 152 of the Internal Revenue Code of 1954, as amended through December 31, 1984.*

(4)(a) In the case of an unmarried individual *or a married individual filing separately* who has attained the age of 65 before the close of his taxable year, an additional ($68) *$72*;

(b) In the case of an unmarried individual *or a married individual filing separately* who is blind at the close of the taxable year, an additional ($68) *$72*;

(c) In the case of (A) married (INDIVIDUAL) *individuals filing a joint return,* an additional ($68) *$72* for each spouse who has attained the age of 65 before the close of the individual's taxable year, and an additional ($68) *$72* for each spouse who is blind at the close of the individual's taxable year. (IF THE SPOUSES FILE SEPARATE, COMBINED OR JOINT RETURNS, THESE CREDITS MAY BE TAKEN BY EITHER OR DIVIDED BETWEEN THEM);

((D) IN THE CASE OF AN INDIVDUAL, ANOTHER $68 FOR EACH PERSON, OTHER THAN A SPOUSE, WHO IS BLIND AND DEPENDENT UPON AND RECEIVING HIS CHIEF SUPPORT FROM THE TAXPAYER;)

((E) FOR THE PURPOSES OF SUBPARAGRAPHS (B), (C) AND (D) OF PARAGRAPH (4), AN INDIVIDUAL IS BLIND IF HIS CENTRAL VISUAL ACUITY DOES NOT EXCEED 20/200 IN THE BETTER EYE WITH CORRECTING LENSES, OR IF HIS VISUAL ACUITY IS GREATER THAN 20/200 BUT IS ACCOMPANIED BY A LIMITATION IN THE FIELDS OF VISION SUCH THAT THE WIDEST DIAMETER OF THE VISUAL FIELD SUBTENDS AN ANGLE NO GREATER THAN 20 DEGREES.)

((F) IN THE CASE OF AN UNMARRIED INDIVIDUAL WHO IS DEAF AT THE CLOSE OF THE TAXABLE YEAR, AN ADDITIONAL $68.)

((G) IN THE CASE OF A MARRIED INDIVIDUAL, AN ADDITIONAL $68 *$70* FOR EACH SPOUSE WHO IS DEAF AT THE CLOSE OF THE TAXABLE YEAR. IF THE SPOUSES FILE SEPARATE, COMBINED OR JOINT RETURNS, THESE CREDITS MAY BE TAKEN BY EITHER OR DIVIDED BETWEEN THEM.)

((H) IN THE CASE OF AN INDIVIDUAL, AN ADDITIONAL $68 FOR EACH PERSON (OTHER THAN A

SPOUSE) WHO IS DEAF AND DEPENDENT UPON AND RECEIVING HIS CHIEF SUPPORT FROM THE TAXPAYER.)

((I) FOR THE PURPOSES OF SUBPARAGRAPHS (F), (G) AND (H) OF PARAGRAPH (4), AN INDIVIDUAL IS DEAF IF THE AVERAGE LOSS IN THE SPEECH FREQUENCIES (500-2000 HERTZ) IN THE BETTER EAR, UNAIDED, IS 92 DECIBELS, AMERICAN NATIONAL STANDARDS INSTITUTE, OR WORSE.)

(5) ((A) IN THE CASE OF AN UNMARRIED INDIVIDUAL WHO IS A QUADRIPLEGIC AT THE CLOSE OF THE TAXABLE YEAR, AN ADDITIONAL $68;)

((B) IN THE CASE OF A MARRIED INDIVIDUAL, AN ADDITIONAL $68 FOR EACH SPOUSE WHO IS A QUADRIPLEGIC AT THE CLOSE OF THE TAXABLE YEAR. IF THE SPOUSES FILE SEPARATE, COMBINED OR JOINT RETURNS, THESE CREDITS MAY BE TAKEN BY EITHER OR DIVIDED BETWEEN THEM;)

((C) IN THE CASE OF AN INDIVIDUAL, ANOTHER $68 FOR EACH PERSON, OTHER THAN A SPOUSE, WHO IS QUADRIPLEGIC AND DEPENDENT UPON AND RECEIVING HIS CHIEF SUPPORT FROM THE TAXPAYER; AND)

((D) FOR THE PURPOSES OF SUBPARAGRAPHS (A), (B) AND (C) OF PARAGRAPH 5, "QUADRIPLEGIC" MEANS AN INDIVIDUAL WHO HAS A CONGENITAL OR TRAUMATIC PARTIAL OR TOTAL LOSS OF ALL FOUR LIMBS OR WHO HAS A DISABILITY THAT SUBSTANTIALLY IMPAIRS THE FUNCTIONING OF ALL FOUR LIMBS.)

((6)) In the case of an insurance company, it shall receive a credit on the tax computed as above equal in amount to any taxes based on premiums paid by it during the period for which the tax under this chapter is imposed by virtue of any law of this state, other than the surcharge on premiums imposed by sections 69.54 to 69.56.

Sec. 16. Minnesota Statutes 1984, section 290.06, subdivision 3g, is amended to read:

Subd. 3g. [INFLATION ADJUSTMENT OF CREDITS.] For taxable years beginning after December 31, (1980) *1985*, the credits provided for individuals in subdivision 3f shall be adjusted for inflation. The dollar amount of each credit for the prior year in subdivision 3f shall be increased in the same manner as provided in subdivision 2d for the expansion of the taxable net income brackets.

Sec. 17. Minnesota Statutes 1984, section 290.068, subdivision 1, is amended to read:

Subdivision 1. [CREDIT ALLOWED.] In addition to the deduction provided in section 290.09, a (CREDIT) *corporation* shall be allowed *a credit* against the tax imposed by this chapter for the taxable year equal to

(a) 12.5 percent of the first $2 million of the excess (if any) of

(1) the qualified research expenses for the taxable year, over

(2) the base period research expenses; and

(b) 6.25 percent on all of such excess expenses over $2 million.

Sec. 18. Minnesota Statutes 1984, section 290.068, subdivision 3, is amended to read:

Subd. 3. [LIMITATION; CARRYBACK AND CARRYOVER.] (a) ((1)) The credit for the taxable year shall not exceed the liability for tax. "Liability for tax" for purposes of this section means the tax imposed under this chapter for the taxable year reduced by the sum of the nonrefundable credits allowed under this chapter.

((2) IN THE CASE OF AN INDIVIDUAL WHO)

((A) OWNS AN INTEREST IN AN UNINCORPORATED BUSINESS,)

((B) IS A PARTNER IN A PARTNERSHIP,)

((C) IS A BENEFICIARY OF AN ESTATE OR TRUST, OR)

((D) IS A SHAREHOLDER IN AN S CORPORATION,)

(THE CREDIT ALLOWED FOR THE TAXABLE YEAR SHALL NOT EXCEED THE LESSER OF THE AMOUNT DETERMINED UNDER CLAUSE (1) FOR THE TAXABLE YEAR OR AN AMOUNT (SEPARATELY COMPUTED WITH RESPECT TO SUCH PERSON'S INTEREST IN THE TRADE OR BUSINESS OR ENTITY) EQUAL TO THE AMOUNT OF TAX ATTRIBUTABLE TO THAT PORTION OF A PERSON'S TAXABLE INCOME WHICH IS ALLOCABLE OR APPORTIONABLE TO THE PERSON'S INTEREST IN THE TRADE OR BUSINESS OR ENTITY.)

(b) If the amount of the credit determined under this section for any taxable year exceeds the limitation under clause (a), the

excess shall be a research credit carryback to each of the three preceding taxable years and a research credit carryover to each of the 15 succeeding taxable years. The entire amount of the excess unused credit for the taxable year shall be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. The amount of the unused credit which may be added under this clause shall not exceed the taxpayer's liability for tax less the research credit for the taxable year.

For the purposes of sections 290.46 and 290.50, if the claim for refund relates to an overpayment attributable to a research and experimental expenditure credit carryback under this subdivision, in lieu of the period of limitation prescribed in sections 290.46 and 290.50, the period of limitation shall be that period which ends with the expiration of the 15th day of the (46TH MONTH, OR THE) 45th month (, IN THE CASE OF A CORPORATION,) following the end of the taxable year in which the research and experimental expenditure credit arises which results in the carryback. With respect to any portion of a credit carryback from a taxable year attributable to a loss carryback from a subsequent taxable year, the period of limitations shall be that period which ends with the expiration of the 15th day of (THE 46TH MONTH, OR, IN THE CASE OF A CORPORATION,) the 45th month following the end of the subsequent taxable year. In any case in which a taxpayer is entitled to a refund in a carryback year due to the carryback of a research and experimental expenditure credit, interest shall be computed only from the end of the taxable year in which the credit arises. With respect to any portion of a credit carryback from a taxable year attributable to a loss carryback from a subsequent taxable year, interest shall be computed from the end of the subsequent taxable year.

Sec. 19. Minnesota Statutes 1984, section 290.068, subdivision 4, is amended to read:

Subd. 4. [(ESTATES AND TRUSTS;) PARTNERSHIPS.] In the case of (ESTATES AND TRUSTS, AND) partnerships, the credit shall be allocated *to corporate partners* in the same manner provided by section (44F) *30*(f)(2) of the Internal Revenue Code.

Sec. 20. Minnesota Statutes 1984, section 290.069, subdivision 5, is amended to read:

Subd. 5. [CARRYOVER; OTHER CONDITIONS.] If the amount of the allowable credit pursuant to subdivision 2 or 3 for the taxable year exceeds the taxpayer's tax liability or if the limitation contained in subdivision 4, clause (a)(3) applies, the unused credit for the taxable year is a carryover to each of the succeeding five taxable years. The entire amount of the unused

credit must be carried to the earliest of the taxable years to which it may be carried. "Tax liability" means the tax imposed by this chapter reduced by the sum of the nonrefundable credits allowed under this chapter except the credit allowed by section 290.068. The credits allowed by (SUBDIVISIONS 2 AND 3) *this section* shall only be available to corporations and banks whose tax is computed pursuant to section 290.06, subdivision 1.

The maximum limitations on the amount of credits pursuant to subdivisions 2, 3, and 4 shall be determined by aggregating together the credits of all the corporations in the controlled group of corporations with the taxpayer. In order to facilitate compliance with and enforcement of this provision the commissioner may require the taxpayer to claim the credit on a combined report of the unitary business or to file a copy of the consolidated federal return with the state return or both.

Sec. 21. Minnesota Statutes 1984, section 290.069, subdivision 6, is amended to read:

Subd. 6. [REPEALER.] This section is repealed effective for contributions made to a small business office or to an innovation center public corporation as provided in subdivision 3, for technology transferred as described in subdivision 2 *in taxable years beginning after December 31, 1985,* and for investments made as described in subdivision 4 in taxable years beginning after December 31, (1985) *1984.*

Sec. 22. Minnesota Statutes 1984, section 290.08, subdivision 26, is amended to read:

Subd. 26. [PENSION INCOME *EXCLUSION.*] (a) ([EXCLUSION.]) Gross income shall not include the (TAXPAYER'S) *individual's* pension income. The maximum amount of this exclusion is the greater of the following two amounts:

(1) $11,000 reduced by the amount of the (TAXPAYER'S) *individual's* federal adjusted gross income in excess of $17,000 excluding social security benefits and railroad retirement benefits to the extent included in federal adjusted gross income; or

(2) $11,000 reduced by the sum of *the individual's*

(A) social security benefits,

(B) railroad retirement benefits, and

(C) the excess over $23,000 of federal adjusted gross income, but excluding social security benefits and railroad retirement benefits to the extent included in federal adjusted gross income.

(3) Notwithstanding clauses (1) and (2), in the case of an involuntary lump sum distribution of pension or retirement benefits to volunteer firefighters, the maximum amount of the exclusion is $11,000. This amount is not subject to reduction for other income of the taxpayer.

(4) Pension income consisting of severance pay qualifies only for the exclusion computed according to paragraph (a), clause (1).

(b) ([DEFINITIONS.]) *In the case of a married couple filing a joint return, the exclusion applies to the pension income, social security and railroad retirement benefits, and federal adjusted gross income of each spouse and must be computed separately for each spouse.*

(c) For purposes of this subdivision the following terms have the meanings given:

(1) "Internal Revenue Code" means the Internal Revenue Code of 1954, as amended through December 31, 1983.

(2) "Federal adjusted gross income" is the federal adjusted gross income referred to in section 290.01, subdivision 20, for the current taxable year, and includes the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code.

(3) "Pension income" means to the extent included in the taxpayer's federal adjusted gross income the amount received by the taxpayer

(A) from the United States, its agencies or instrumentalities, the Federal Reserve Bank or from the state of Minnesota or any of its political or governmental subdivisions or from any other state or its political or governmental subdivisions, or a Minnesota volunteer firefighter's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof,

(B) as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 404, 405, 408, 409, or 409A of the Internal Revenue Code, or

(C) severance pay distributed to an individual upon discontinuance of the individual's employment due to termination of business operations by the individual's employer, if the termination is reasonably likely to be permanent, involves the discharge of at least 75 percent of the employees at that site within a one-year period, and the business is not acquired by another person who continues operations at that site.

(4) "Severance pay" means an amount received for cancellation of an employment contract or a collectively bargained termination payment made as a substitute for income which would have been earned for personal services to be rendered in the future.

Sec. 23. Minnesota Statutes 1984, section 290.089, subdivision 2, is amended to read:

Subd. 2. [ITEMIZED DEDUCTIONS.] An amount equal to the amount determined pursuant to section 63(f) of the Internal Revenue Code is allowed with the following adjustments:

(a) (ADD THE AMOUNT PAID TO OTHERS NOT TO EXCEED $650 FOR EACH DEPENDENT IN GRADES K TO 6 AND $1,000 FOR EACH DEPENDENT IN GRADES 7 TO 12, FOR TUITION, TEXTBOOKS, AND TRANSPORTATION OF EACH DEPENDENT IN ATTENDING AN ELEMENTARY OR SECONDARY SCHOOL SITUATED IN MINNESOTA, NORTH DAKOTA, SOUTH DAKOTA, IOWA, OR WISCONSIN, WHEREIN A RESIDENT OF THIS STATE MAY LEGALLY FULFILL THE STATE'S COMPULSORY ATTENDANCE LAWS, WHICH IS NOT OPERATED FOR PROFIT, AND WHICH ADHERES TO THE PROVISIONS OF THE CIVIL RIGHTS ACT OF 1964 AND CHAPTER 363. AS USED IN THIS CLAUSE, "TEXTBOOKS" INCLUDES BOOKS AND OTHER INSTRUCTIONAL MATERIALS AND EQUIPMENT USED IN ELEMENTARY AND SECONDARY SCHOOLS IN TEACHING ONLY THOSE SUBJECTS LEGALLY AND COMMONLY TAUGHT IN PUBLIC ELEMENTARY AND SECONDARY SCHOOLS IN THIS STATE. "TEXTBOOKS" DOES NOT INCLUDE INSTRUCTIONAL BOOKS AND MATERIALS USED IN THE TEACHING OF RELIGIOUS TENETS, DOCTRINES, OR WORSHIP, THE PURPOSE OF WHICH IS TO INSTILL SUCH TENETS, DOCTRINES, OR WORSHIP, NOR DOES IT INCLUDE BOOKS OR MATERIALS FOR, OR TRANSPORTATION TO, EXTRACURRICULAR ACTIVITIES INCLUDING SPORTING EVENTS, MUSICAL OR DRAMATIC EVENTS, SPEECH ACTIVITIES, DRIVER'S EDUCATION, OR SIMILAR PROGRAMS;)

((B) ADD THE AMOUNT OF MINNESOTA AND OTHER STATES' ESTATE OR INHERITANCE TAXES WHICH WERE ALLOWED AS A DEDUCTION UNDER SECTION 290.077, SUBDIVISION 4, ON INCOME IN RESPECT OF A DECEDENT;)

((C)) Add the amount by which the deduction for the taxable year allowed pursuant to subdivision 4 exceeds the amount determined pursuant to section 222 of the Internal Revenue Code;

((D)) *(b)* Subtract income taxes paid or accrued within the taxable year under this chapter;

((E)) *(c)* Subtract income taxes paid to any other state or to any province or territory of Canada (;)

((F) IF THE DEDUCTION COMPUTED UNDER SECTION 164 OF THE INTERNAL REVENUE CODE IS NOT REDUCED BY THE AMOUNT OF THE CREDIT OR REFUND ALLOWED UNDER CHAPTER 290A, SUBTRACT THAT AMOUNT;)

((G) SUBTRACT THE AMOUNT OF INTEREST ON INVESTMENT INDEBTEDNESS PAID OR ACCRUED IN A TAXABLE YEAR BEGINNING BEFORE JANUARY 1, 1981, WHICH HAS BEEN CARRIED FORWARD AND IS ALLOWED AS A DEDUCTION IN THE TAXABLE YEAR UNDER SECTION 163(D) OF THE INTERNAL REVENUE CODE;)

((H) SUBTRACT THE AMOUNT OF CHARITABLE CONTRIBUTIONS DEDUCTED UNDER SECTION 170 OF THE INTERNAL REVENUE CODE THAT (I) EXCEEDS THE FOLLOWING LIMITATIONS: (A) AN OVERALL LIMIT OF 30 PERCENT OF THE TAXPAYER'S MINNESOTA GROSS INCOME WHICH, FOR PURPOSES OF THIS PARAGRAPH, SHALL INCLUDE THE ORDINARY INCOME PORTION OF A LUMP SUM DISTRIBUTION AS DEFINED IN SECTION 402(E) OF THE INTERNAL REVENUE CODE; AND (B) THE AGGREGATE OF CONTRIBUTIONS TO ORGANIZATIONS DESCRIBED IN SECTION 290.21, SUBDIVISION 3, CLAUSE (C) SHALL NOT EXCEED 20 PERCENT OF THE TAXPAYER'S MINNESOTA GROSS INCOME; OR (II) WAS DEDUCTED AS A CARRYOVER UNDER SECTION 170(D) OF THE INTERNAL REVENUE CODE).

Sec. 24. Minnesota Statutes 1984, section 290.089, subdivision 3, is amended to read:

Subd. 3. [STANDARD DEDUCTION.] In lieu of the deductions provided in subdivision 2, an individual may claim or be allowed a standard deduction as follows:

(a) Subject to modification pursuant to clause (b), the standard deduction shall be an amount equal to ten percent of the (ADJUSTED) gross income of the taxpayer *or the aggregate gross in the case of a husband and wife filing a joint return,* up to a maximum deduction of ($2,268) *$2,400.*

In the case of a (HUSBAND AND WIFE) *married individual filing a separate return, the standard deduction is ten percent*

of the gross income of the taxpayer, up to a maximum of $1,200, except that the standard deduction shall not be allowed (TO EITHER) if the net income of (ONE OF) the (SPOUSES) *spouse* is determined without regard to the standard deduction.

(b) The maximum amount of the standard deduction shall be adjusted for inflation in the same manner as provided in section 290.06, subdivision 2d, for the expansion of the taxable net income brackets. The commissioner shall then round the maximum amount of the standard deduction to the nearest hundred dollar amount. When adjusting the maximum amount of standard deduction for inflation, the commissioner shall use the actual dollar amount of the maximum amount of the standard deduction prior to rounding the dollar amounts.

(c) The commissioner of revenue may establish a standard deduction tax table incorporating the rates set forth in section 290.06, subdivision 2c, and the standard deduction. The tax of any individual taxpayer whose adjusted gross income is less than $20,000 shall, if an election is made not to itemize nonbusiness deductions, be computed in accordance with tables prepared and issued by the commissioner of revenue. The tables shall be prepared to reflect the allowance of the standard deduction and the personal and dependent credits.

Sec. 25. Minnesota Statutes 1984, section 290.09, subdivision 29, is amended to read:

Subd. 29. [DEDUCTIONS ATTRIBUTABLE TO FARMING.] (a) [DEFINITIONS.] For purposes of this subdivision, income and gains and expenses and losses shall be considered as "arising from a farm" if such items are received or incurred in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, including horses, bees, poultry, and fur-bearing animals and wildlife, and all operations incident thereto, including but not limited to the common use of "hedging."

(b) [DEDUCTIONS LIMITED.] Except as provided in this subdivision, expenses and losses, except for interest and taxes, arising from a farm shall not be allowed as deductions in excess of income and gains arising from a farm.

(c) [DEDUCTIONS ALLOWED; CARRYOVER DEDUCTIONS.] Expenses and losses arising from a farm or farms shall be allowed as deductions up to the amount of the income and gains arising from a farm or farms in any taxable year, plus the first ($30,000) *$35,000* of nonfarm gross income, or nonfarm taxable net income in the case of a corporation, provided however that in any case where nonfarm income exceeds ($30,000) *$35,000*, the maximum allowable amount of ($30,000) *$35,000*

shall be reduced by an amount equal to the nonfarm income in excess of ($30,000) *$35,000* multiplied by (THREE) *3.5*. For this purpose and for the purpose of applying the limitation in the following paragraph regarding the application of any carryback or carryforward, the term gross income shall include the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code of 1954, as amended through December 31, 1983, and no deduction shall be allowed for two-earner married couples as provided in section 221 of the Internal Revenue Code of 1954, as amended through December 31, 1983. Any remaining balance of the deductions shall be carried back three years and carried forward five years, in chronological order, provided, however, that in any case in which any individual, estate or trust which elects a net operating loss carryforward under section 172(b)(3)(C) of the Internal Revenue Code of 1954, as amended through December 31, 1983, such losses shall not be carried back but shall only be carried forward.

Current expenses and losses shall be utilized as deductions in any taxable year, to the extent herein allowable, prior to the application of any carryback or carryover deductions. In any event, the combined amounts of such current expenses and losses and carryback or carryover deductions shall be allowed as deductions up to the amount of the income and gains arising from a farm or farms in any taxable year, plus the first ($30,000) *$35,000* of nonfarm gross income, or nonfarm taxable net income in the case of a corporation, provided however that in any case where nonfarm income exceeds ($30,000) *$35,000*, the maximum allowable amount of ($30,000) *$35,000* shall be reduced by an amount equal to the nonfarm income in excess of ($30,000) *$35,000* multiplied by (THREE) *3.5*. For taxable years beginning after Decembr 31, (1984) *1985*, the ($30,000) *$35,000* amount in this subdivision shall be adjusted for inflation in the manner provided in section 290.06, subdivision 2d. The commissioner shall round that amount to the nearest hundred dollar amount. When adjusting the amount for inflation, the commissioner shall use the actual dollar amount of the maximum allowable amount of nonfarm income prior to rounding. Carryback or carryover deductions will be subject to the maximum amount in effect for the year to which the deduction is carried.

(d) [SHAREHOLDERS SEPARATE ENTITIES.] For purposes of this subdivision, individual shareholders of an S corporation shall be considered separate entities.

(e) [SPECIAL PERIOD OF LIMITATION WITH RESPECT TO FARM LOSS LIMITATION CARRYBACKS.] For the purposes of sections 290.46 and 290.50, if the claim for refund relates to an overpayment attributable to a farm loss limitation carryback under this subdivision, in lieu of the period of limitation prescribed in sections 290.46 and 290.50, the period of limitation shall be that period which ends with the expiration of

the 15th day of the 46th month (or the 45th month, in the case of a corporation) following the end of the taxable year of the farm loss which results in the carryback. During this extended period, married individuals who elected to file separate returns or a combined return may change their election and file a joint return.

(f) [INTEREST ON CLAIMS.] In any case in which a taxpayer is entitled to a refund in a carryback year due to the carryback of a farm loss, interest shall be computed only from the end of the taxable year in which the loss occurs.

Sec. 26. Minnesota Statutes 1984, section 290.095, subdivision 9, is amended to read:

Subd. 9. [SPECIAL PERIOD OF LIMITATION WITH RESPECT TO NET OPERATING LOSS CARRYBACKS.] For the purposes of sections 290.46 and 290.50 if the claim for refund relates to an overpayment attributable to a net operating loss carryback under this section or as the result in the case of an individual of an adjustment of "federal adjusted gross income" because of the carryback under section 172 of the Internal Revenue Code of 1954, as amended through December 31, 1983 in lieu of the period of limitation prescribed in sections 290.46 and 290.50, the period shall be that period which ends with the expiration of the 15th day of the 46th month (or the 45th month, in the case of a corporation) following the end of the taxable year of the net operating loss which results in such carryback or adjustment of "federal adjusted gross income." During this extended period, *for taxable years beginning before January 1, 1985,* married individuals who elected to file separate returns or a combined return may change their election and file a joint return.

Sec. 27. Minnesota Statutes 1984, section 290.095, subdivision 11, is amended to read:

Subd. 11. [CARRYBACK OR CARRYOVER ADJUSTMENTS.] (a) For individuals the amount of a net operating loss that may be carried back or carried over shall be the same dollar amount allowable in the determination of federal adjusted gross income. For estates and trusts the amount of a net operating loss that may be carried back or carried over shall be the same dollar amount allowable in the determination of federal taxable income.

(b) The following adjustments to the amount of the net operating loss that may be carried back or carried over must be made for:

(1) Nonassignable income or losses as required by section 290.17, subdivision 2.

(2) Modifications required because of the restrictions on farm losses as provided in section 290.09, subdivision 29.

(3) Adjustments to the determination of federal adjusted gross income that must be made because of changes in the Internal Revenue Code that have not yet been adopted by the legislature by updating the reference to the Internal Revenue Code contained in section 290.01, subdivision 20.

(4) (MODIFICATIONS TO INCOME CONTAINED IN FEDERAL ADJUSTED GROSS INCOME ACCORDING TO THE PROVISIONS OF SECTION 290.01, SUBDIVISION 20C.)

((5)) Gains or losses which result from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes subject to the limitations contained in section 290.01, subdivision 20b, clauses (2) and ((4)) *(3)*.

((6)) *(5)* Interest, taxes, and other expenses not allowed under section 290.10, clause ((9) OR SECTION 290.101) *(8)*.

((7)) *(6)* The modification for accelerated cost recovery system depreciation as provided in section 290.01, subdivision 20f.

(c)(1) The net operating loss carryback or carryover applied as a deduction in the taxable year to which the net operating loss is carried back or carried over shall be equal to the net operating loss carryback or carryover applied in the taxable year in arriving at federal adjusted gross income (or federal taxable income for trusts and estates) subject to the modifications contained in clause (b) and to the following modifications:

(A) Increase the amount of carryback or carryover applied in the taxable year by the amount of losses and interest, taxes and other expenses not assignable or allowable to Minnesota incurred in the taxable year.

(B) Decrease the amount of carryback or carryover applied in the taxable year by the amount of income not assignable to Minnesota earned in the taxable year (AND THE AMOUNT OF FEDERAL JOBS CREDIT EARNED IN THE TAXABLE YEAR).

(C) A taxpayer who is not a resident of Minnesota during any part of the taxable year and who has no income assignable to Minnesota during the taxable year shall apply no net operating loss carryback or carryover in the taxable year.

(2) The provisions of section 172(b) of the Internal Revenue Code of 1954 as amended through December 31, 1983 (relating

to carrybacks and carryovers) shall apply. The net operating loss carryback or carryover to the next consecutive taxable year shall be the net operating loss carryback or carryover as calculated in clause (c)(1) less the amount applied in the earlier taxable year(s). No additional net operating loss carryback or carryover shall be allowed if the entire amount has been used to offset Minnesota income in a year earlier than was possible on the federal return. A net operating loss carryback or carryover that was allowed to offset federal income in a year earlier than was possible on the Minnesota return shall still be allowed to offset Minnesota income but only if the loss was assignable to Minnesota in the year the loss occurred.

(d) A net operating loss shall be allowed to be carried back or carried forward only to the extent that loss was assignable to Minnesota in the year the loss occurred or in the year to which the loss was carried over, whichever would allow more of the loss to be allowed for Minnesota purposes.

(e) If a taxpayer has a net operating loss for federal purposes and the provisions of the farm loss limitation as provided in section 290.09, subdivision 29 apply, the limitations applying to the farm losses that are carried back or carried over are applied first and the net operating loss that is carried back or carried over is limited to the excess, if any, that the net operating loss exceeds the farm loss limitation.

Sec. 28. Minnesota Statutes 1984, section 290.10, is amended to read:

290.10 [NONDEDUCTIBLE ITEMS.]

In computing the net income no deduction shall in any case be allowed for:

(1) Personal, living or family expenses;

(2) Amounts paid out for new buildings or for permanent improvements or betterments made to increase the value of any property or estate, except as otherwise provided in this chapter;

(3) Amounts expended in restoring property or in making good the exhaustion thereof for which an allowance is or has been made;

(4) Premiums paid on any life insurance policy covering the life of the taxpayer or of any other person;

(5) The shrinkage in value, due to the lapse of time, of a life or terminable interest of any kind in property acquired by gift, devise, bequest or inheritance;

(6) Losses from sales or exchanges of property, directly or indirectly, between related taxpayers as defined and as provided in section 267 of the Internal Revenue Code of 1954, as amended through December 31, 1983;

(7) In computing net income, no deduction shall be allowed under section 290.09, subdivision 2, relating to expenses incurred or under section 290.09, subdivision 3, relating to interest accrued as provided in section 267 of the Internal Revenue Code of 1954, as amended through December 31, 1983;

(8) ((A) CONTRIBUTIONS BY EMPLOYEES UNDER THE FEDERAL RAILROAD RETIREMENT ACT AND THE FEDERAL SOCIAL SECURITY ACT; (B) PAYMENTS TO MINNESOTA OR FEDERAL PUBLIC EMPLOYEE RETIREMENT FUNDS; (C) THREE-FOURTHS (75 PERCENT) OF THE AMOUNT OF TAXES IMPOSED ON SELF EMPLOYMENT INCOME UNDER SECTION 1401 OF THE INTERNAL REVENUE CODE OF 1954, AS AMENDED THROUGH DECEMBER 31, 1983, PROVIDED THAT EFFECTIVE FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1989, NO DEDUCTION IS ALLOWED FOR SELF EMPLOYMENT TAXES WHERE THE TAXPAYER CLAIMED A DEDUCTION FOR THOSE TAXES UNDER SECTION 164 (F) OF THE INTERNAL REVENUE CODE OF 1954, AS AMENDED THROUGH DECEMBER 31, 1983;)

((9)) Expenses, interest and taxes connected with or allocable against the production or receipt of all income not included in the measure of the tax imposed by this chapter;

((10) IN SITUATIONS WHERE THIS CHAPTER PROVIDES FOR A SUBTRACTION FROM GROSS INCOME OF A SPECIFIC DOLLAR AMOUNT OF AN ITEM OF INCOME ASSIGNABLE TO THIS STATE, AND WITHIN THE MEASURE OF THE TAX IMPOSED BY THIS CHAPTER, THAT PORTION OF THE FEDERAL INCOME TAX LIABILITY ASSESSED UPON SUCH INCOME SUBTRACTED, AND ANY EXPENSES ATTRIBUTABLE TO EARNING SUCH INCOME, SHALL NOT BE DEDUCTIBLE IN COMPUTING NET INCOME;)

((11)) *(9)* Amounts paid or accrued for such taxes and carrying charges as, under rules prescribed by the commissioner, are chargeable to capital account with respect to property, if the taxpayer elects, in accordance with such rules, to treat such taxes or charges as so chargeable;

((12)) *(10)* No deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if the trade or business (or the activities which comprise the trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II

of the federal Controlled Substances Act) which is prohibited by federal law or the law of Minnesota.

Sec. 29. Minnesota Statutes 1984, section 290.12, subdivision 2, is amended to read:

Subd. 2. [ADJUSTMENTS.] In computing the amount of gain or loss under subdivision 1 proper adjustment shall be made for any expenditure, receipt, loss, or other item properly chargeable to capital account by the taxpayer during his ownership thereof. The basis shall be diminished by the amount of the deductions for exhaustion, wear and tear, obsolescence, amortization, depletion, and the allowance for amortization of bond premium if an election to amortize was made in accordance with section 290.09, subdivision 13, which could, during the period of his ownership thereof, have been deducted by the taxpayer under this chapter in respect of such property. (THE BASIS SHALL ALSO BE DIMINISHED BY THE AMOUNT OF DEPRECIATION RELATING TO A SUBSTANDARD BUILDING DISALLOWED BY SECTION 290.101.) In addition, if the property was acquired before January 1, 1933, the basis, if other than the fair market value as of such date, shall be diminished by the amount of exhaustion, wear and tear, obsolescence, amortization, or depletion actually sustained before such date. In respect of any period since December 31, 1932, during which property was held by a person or an organization not subject to income taxation under this chapter, proper adjustment shall be made for exhaustion, wear and tear, obsolescence, amortization, and depletion of such property to the extent sustained. For the purpose of determining the amount of these adjustments the taxpayer who sells or otherwise disposes of property acquired by gift shall be treated as the owner thereof from the time it was acquired by the last preceding owner who did not acquire it by gift, and the taxpayer who sells or otherwise disposes of property acquired by gift through an inter vivos transfer in trust shall be treated as the owner from the time it was acquired by the grantor.

No adjustment shall be made:

(1) for taxes or other carrying charges described in section 290.10, clause ((11)) *(9)*, or

(2) for expenditures described in section 290.09, subdivision 16 (relating to circulation expenditures), for which deductions have been taken by the taxpayer in determining taxable income for the taxable year or prior years.

Sec. 30. Minnesota Statutes 1984, section 290.14, is amended to read:

290.14 [GAIN OR LOSS ON DISPOSITION OF PROPERTY, BASIS.]

Except as otherwise provided in this chapter, the basis for determining the gain or loss from the sale or other disposition of property acquired on or after January 1, 1933, shall be the cost to the taxpayer of such property, with the following exceptions:

(1) If the property should have been included in the last inventory, it shall be the last inventory value thereof;

(2) If the property was acquired by gift, it shall be the same as it would be if it were being sold or otherwise disposed of by the last preceding owner not acquiring it by gift; if the facts required for this determination cannot be ascertained, it shall be the fair market value as of the date, or approximate date, of acquisition by the last preceding owner, as nearly as the requisite facts can be ascertained by the commissioner;

(3) If the property was acquired by gift through an inter vivos transfer in trust, it shall be the same as it would be if it were being sold or otherwise disposed of by the grantor;

(4) Except as otherwise provided in this clause, the basis of property in the hands of a person acquiring the property from a decedent or to whom the property passed from a decedent shall, if not sold, exchanged or otherwise disposed of before the decedent's death by the person, be the fair market value of the property at the date of decedent's death or, in the case of an election under section 2032 (relating to alternate valuation) of the Internal Revenue Code of 1954, as amended through December 31, 1983, its valuation at the applicable valuation date prescribed by that section, or in the case of an election under section 2032A (relating to valuation of farm real property) of the Internal Revenue Code of 1954, as amended through December 31, 1983, its value determined by that section.

For the purposes of the preceding pragraph, the following property shall be considered to have been acquired from or to have passed from the decedent:

(a) Property acquired by bequest, devise, or inheritance, or by the decedent's estate from the decedent;

(b) Property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent, with the right reserved to the decedent at all times before his death to revoke the trust;

(c) Property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent with the right reserved to the decedent at all times before his death to make any change in the enjoyment thereof through the exercise of a power to alter, amend, or terminate the trust;

(d) Property passing without full and adequate consideration under a general power of appointment exercised by the decendent by will;

(e) In the case of a decedent's dying after December 31, 1956, property acquired from the decedent by reason of death, form of ownership, or other conditions (including property acquired through the exercise or non-exercise of a power of appointment), if by reason thereof the property is required to be included in determining the value of the decedent's gross estate for Minnesota inheritance or estate tax purposes. In this case, if the property is acquired before the death of the decedent, the basis shall be the amount determined under the first paragraph of this clause reduced by the amount allowed to the taxpayer as deductions in computing taxable net income under this chapter or prior Minnesota income tax laws for exhaustion, wear and tear, obsolescence, amortization, and depletion on the property before the death of the decedent. The basis shall be applicable to the property commencing on the death of the decedent. This paragraph shall not apply to annuities and property described in paragraphs (a), (b), (c) and (d) of this clause.

This clause shall not apply to property which constitutes a right to receive an item of income in respect of a decedent under section 290.077.

(5) If substantially identical property was acquired in the place of stocks or securities which were sold or disposed of and in respect of which loss was not allowed as a deduction under section 290.089 or section 290.09, subdivision 5, the basis in the case of property so acquired shall be the same as that provided in section 1091 of the Internal Revenue Code of 1954, as amended through December 31, 1983.

(6) Neither the basis nor the adjusted basis of any portion of real property shall, in the case of a lessor of the property, be increased or diminished on account of income derived by the lessor in respect of the property and excludable from gross income under section 290.08, subdivision 14.

If an amount representing any part of the value of real property attributable to buildings erected or other improvements made by a lessee in respect of the property was included in gross income of the lessor for any taxable year beginning before January 1, 1943, the basis of each portion of the property shall be properly adjusted for the amount included in gross income.

(7) (IF THE PROPERTY WAS ACQUIRED BY THE TAXPAYER AS A TRANSFER OF PROPERTY IN EXCHANGE FOR THE RELEASE OF THE TAXPAYER'S MARITAL RIGHTS, THE BASIS OF THE PROPERTY SHALL BE THE SAME AS IT WOULD BE IF IT WERE

BEING SOLD OR OTHERWISE DISPOSED OF BY THE PERSON WHO TRANSFERRED THE PROPERTY TO THE TAXPAYER.)

((8)) The basis of property subject to the provisions of section 1034 of the Internal Revenue Code of 1954, as amended through December 31, 1983 (relating to the rollover of gain on sale of principal residence) shall be the same as the basis for federal income tax purposes. The basis shall be increased by the amount of gain realized on the sale of a principal residence outside of Minnesota, while a nonresident of this state, which gain was not recognized because of the provisions of section 1034.

Sec. 31. Minnesota Statutes 1984, section 290.23, subdivision 5, is amended to read:

Subd. 5. [DISTRIBUTABLE NET INCOME, INCOME, BENEFICIARY; DEFINED.] (1) For purposes of sections 290.22 through 290.25, the term "distributable net income" means the same as that term is defined in section 643(a) of the Internal Revenue Code of 1954, as amended through December 31, 1983 with the following modification:

There shall be included any tax-exempt interest to which section 290.01, subdivision 20b, clause (1) applies, reduced by any amounts which would be deductible in respect of disbursements allocable to such interest but for the provisions of section (290.-10(9)) *290.10(8)* (relating to disallowance of certain deductions).

If the estate or trust is allowed a deduction under section 642(c) of the Internal Revenue Code of 1954, as amended through December 31, 1983, the amount of the modification shall be reduced to the extent that the amount of income which is paid, permanently set aside, or to be used for the purposes specified in that section of the Internal Revenue Code is deemed to consist of items specified in the modification. For this purpose, such amount shall (in the absence of specific provisions in the governing instrument) be deemed to consist of the same proportion of each class of items of income of the estate or trust as the total of each class bears to the total of all classes.

(2) The term "income," and the term "beneficiary" have the same meaning as those terms are defined in section 643(b) and (c) of the Internal Revenue Code of 1954, as amended through December 31, 1983.

Sec. 32. Minnesota Statutes 1984, section 290.37, subdivision 1, is amended to read:

Subdivision 1. [PERSONS MAKING RETURNS.] (a) The commissioner of revenue shall annually determine the gross in-

come levels at which individuals, trusts, and estates shall be required to file a return for each taxable year. An individual who is not a Minnesota resident for any part of the year is not required to file a Minnesota income tax return if the individual's Minnesota gross income computed under section 290.06, subdivision 2c, clause ((C)(1)) *(d)(1)* is less than the filing requirements for an individual who is a full year resident of Minnesota with the same marital status and number of personal credits.

The decedent's final income tax return, and all other income tax returns for prior years where the decedent had gross income in excess of the minimum amount at which an individual is required to file and did not file, shall be filed by his or her personal representative, if any. If there is no personal representative, the return or returns shall be filed by the transferees as defined in section 290.29, subdivision 3, who receive any property of the decedent.

The trustees or other fiduciary of property held in trust shall file a return with respect to the taxable net income of such trust if that exceeds an amount determined by the commissioner if such trust belongs to the class of taxable persons.

Every corporation shall file a return. The return in this case shall be signed by an officer of the corporation.

The receivers, trustees in bankruptcy, or assignees operating the business or property of a taxpayer shall file a return with respect to the taxable net income of such taxpayer if that exceeds an amount on which a tax at the rates herein provided would exceed the specific credits allowed.

(b) Such return shall (1) (BE VERIFIED OR) contain a written declaration that it is (MADE UNDER THE PENALTIES OF CRIMINAL LIABILITY FOR WILLFULLY MAKING A FALSE RETURN) *correct and complete,* and (2) shall contain *language prescribed by the commissioner providing* a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

(c) For purposes of this subdivision the term "gross income" shall mean gross income as defined in section 61 of the Internal Revenue Code of 1954, as amended through December 31, 1983, modified and adjusted in accordance with the provisions of sections 290.01, subdivision 20b, clauses (1) ((6),) *(6)* and ((10)) *(7)*, 290.08, and 290.17.

Sec. 33. Minnesota Statutes 1984, section 290.38, is amended to read:

290.38 [(JOINT) RETURNS OF (HUSBAND AND WIFE) *MARRIED PERSONS.*]

A husband and wife (MAY MAKE A SINGLE RETURN JOINTLY EVEN THOUGH ONE OF THE SPOUSES HAS NEITHER GROSS INCOME NOR DEDUCTIONS) *must file a joint Minnesota income tax return if they filed a joint federal income tax return.* If a joint return is made the tax shall be computed on the aggregate income and the liability with respect to the tax shall be joint and several. If (BOTH) *the* husband and wife have (GROSS INCOME) *elected to file separate federal income tax returns* they (MAY ELECT TO EITHER FILE A SINGLE RETURN JOINTLY OR MAY) *must* file *Minnesota* separate *income tax* returns (PURSUANT TO THIS SECTION OR AS PROVIDED IN SECTION 290.39, SUBDIVISION 2). This election to file a joint or separate returns (MAY) *must* be changed (WITHIN THE PERIOD PROVIDED FOR THE ASSESSMENT OF ADDITIONAL TAXES ON SAID RETURN OR RETURNS) *if they change their election for federal purposes.* In the event taxpayers desire to change their election, such change shall be done in the manner and on such form as the commissioner shall prescribe by (REGULATION) *rule.*

(NO JOINT RETURN SHALL BE MADE IF THE HUSBAND AND WIFE HAVE DIFFERENT TAXABLE YEARS; EXCEPT THAT IF SUCH TAXABLE YEARS BEGIN ON THE SAME DAY AND END ON DIFFERENT DAYS BECAUSE OF THE DEATH OF EITHER OR OF BOTH, THEN THE JOINT RETURN MAY BE MADE WITH RESPECT TO THE TAXABLE YEAR OF EACH. THE ABOVE EXCEPTION SHALL NOT APPLY IF THE SURVIVING SPOUSE REMARRIES BEFORE THE CLOSE OF HIS TAXABLE YEAR OR IF THE TAXABLE YEAR OF EITHER SPOUSE IS A FRACTIONAL PART OF A YEAR UNDER SECTION 290.32) *For purposes of this section, marital status shall be determined under section 143(a) of the Internal Revenue Code of 1954, as amended through December 31, 1984.*

In the case of the death of one spouse or both spouses the joint return with respect to the decedent may be made only by the personal representative of his estate; except that in the case of the death of one spouse the joint return may be made by the surviving spouse with respect to both himself and the decedent if (a) no return for the taxable year has been made by the decedent, (b) no personal representative has been appointed, and (c) no personal representative is appointed before the last day prescribed by law for filing the return of the surviving spouse. If a personal representative of the estate of the decedent is appointed after the joint return has been filed by the surviving spouse, the personal representative may disaffirm such joint return by filing, within one year after the last day prescribed by law for filing the return of the surviving spouse, a separate return for the taxable year of the decedent with respect to which the joint return was made, in which case the return made by the survivor shall constitute his separate return *provided that the election has been also disaffirmed for federal purposes.*

(IF HUSBAND AND WIFE DETERMINE THEIR FEDERAL INCOME TAX ON A JOINT RETURN BUT DETERMINE THEIR MINNESOTA INCOME TAXES SEPARATELY, THEY SHALL DETERMINE THEIR MINNESOTA GROSS INCOME SEPARATELY AS IF THEIR FEDERAL ADJUSTED GROSS INCOMES HAD BEEN DETERMINED SEPARATELY.)

Sec. 34. Minnesota Statutes 1984, section 290.41, subdivision 2, is amended to read:

Subd. 2. [BY PERSONS, CORPORATIONS, COOPERATIVES, GOVERNMENTAL ENTITIES OR SCHOOL DISTRICTS.] Every person, corporation, or cooperative, the state of Minnesota and its political subdivisions, and every city, county and school district in Minnesota, making payments in the regular course of a trade or business during the taxable year to any person or corporation of $600 or more on account of rents or royalties, or of $10 or more on account of interest, or $10 or more on account of dividends or patronage dividends, or $600 or more on account of either wages, salaries, commissions, fees, prizes, awards, pensions, annuities, or any other fixed or determinable gains, profits or income, not otherwise reportable under section 290.92, subdivision 7, or on account of earnings of $10 or more distributed to its members by savings, building and loan associations or credit unions chartered under the laws of this state or the United States, (a) shall make a return (except in cases where a valid agreement to participate in the combined federal and state information reporting system has been entered into, and such return is therefore filed only with the commissioner of internal revenue pursuant to the applicable filing and informational reporting requirements of the Internal Revenue Code of 1954 as amended through December 31, 1983) in respect to such payments in excess of the amounts specified, giving the names and addresses of the persons to whom such payments were made, the amounts paid to each, and (b) shall make a return in respect to the total number of such payments and total amount of such payments, for each category of income specified, which were in excess of the amounts specified. This subdivision shall not apply to the payment or interest or dividends to a person who was a nonresident of Minnesota for the entire year.

A person, corporation, or cooperative required to file returns under this subdivision on interest, dividends, or patronage dividend payments with respect to more than 50 payees for any calendar year must file all of these returns on magnetic media unless the person establishes to the satisfaction of the commissioner that compliance with this requirement would be an undue hardship.

(UPON REQUEST FROM THE COMMISSIONER, ANY PUBLIC PENSION PLAN AS DEFINED IN SECTION 356.61

IN WHICH THE EMPLOYER PICKS UP THE EMPLOYEE CONTRIBUTIONS UNDER SECTION 356.62 SHALL FURNISH THE COMMISSIONER, ON MAGNETIC MEDIA TO THE EXTENT POSSIBLE, WITH THE NAME, ADDRESS, AND SOCIAL SECURITY NUMBER OF EACH EMPLOYEE WHO PARTICIPATED IN THE PLAN DURING THAT CALENDAR YEAR FOR WHICH PICKED UP CONTRIBUTIONS WERE MADE.)

Sec. 35. Minnesota Statutes 1984, section 290.50, subdivision 5, is amended to read:

Subd. 5. [OVERPAYMENTS; CREDITS AND REFUNDS.] (a) If the amount allowable as a credit under section 290.92, subdivision 12 (relating to credit for tax withheld at source) or an amount determined to be an overpayment under section 290.93, subdivision 9, or 290.936 exceeds the taxes imposed by this chapter against which such credit is allowable the amount of such excess shall be considered an overpayment. An amount paid as tax shall constitute an overpayment even if in fact there was no tax liability with respect to which such amount was paid.

(b) Notwithstanding any other provision of law to the contrary, in the case of any overpayment the commissioner, within the applicable period of limitations, may credit the amount of such overpayment against any liability in respect of Minnesota income tax on the part of the person who made the overpayment or against any liability in respect to Minnesota income tax on the part of either spouse who shall have filed a joint (OR COMBINED) return for the taxable year in which the overpayment was made and shall refund any balance of more than one dollar to such person if the taxpayer shall so request.

The commissioner is authorized to prescribe rules providing for the crediting against the estimated income tax for any taxable year of the amount determined by the commissioner to be an overpayment of the income tax for a preceding taxable year.

Sec. 36. Minnesota Statutes 1984, section 290.50, subdivision 6, is amended to read:

Subd. 6. [WITHHOLDING OF REFUNDS FROM CHILD SUPPORT DEBTORS.] Upon a finding by a court of this state that a person obligated to pay child support is delinquent in making payments, the amount of child support unpaid and owing including attorneys fees and costs incurred in ascertaining or collecting child support shall be withheld from a refund due the person under this section. The public agency responsible for child support enforcement or the parent or guardian of a child for whom the support, attorneys fees and costs are owed may petition the district or county court for an order providing for the withholding of the amount of child support, attorneys fees

and costs unpaid and owing as determined by court order. The person from whom the refund may be withheld shall be notified of the petition pursuant to the rules of civil procedure prior to the issuance of an order pursuant to this subdivision. The order may be granted on a showing to the court that required support payments, attorneys fees and costs have not been made when they were due.

On order of the court, the money shall be withheld by the commissioner from the refund due to the person obligated to pay and the amount withheld shall be remitted to the public agency responsible for child support enforcement or to the parent or guardian petitioning on behalf of the child, provided that any delinquent tax obligations of the taxpayer owed to the revenue department shall be satisfied first. Any amount received by the responsible public agency or the petitioning parent or guardian in excess of the amount of public assistance expended for the benefit of the child to be supported, or the amount of any support, attorneys fees and costs that had been the subject of the claim pursuant to this subdivision which has been paid by the taxpayer prior to the diversion of the refund, shall be remitted to the person entitled to the money. (IF THE REFUND IS BASED ON A JOINT OR COMBINED RETURN, THE PORTION OF THE REFUND THAT SHALL BE REMITTED TO THE PETITIONER SHALL BE THE PROPORTION OF THE TOTAL REFUND THAT EQUALS THE PROPORTION OF THE TOTAL FEDERAL ADJUSTED GROSS INCOME OF THE SPOUSES THAT IS THE FEDERAL ADJUSTED GROSS INCOME OF THE SPOUSE WHO IS DELINQUENT IN MAKING THE CHILD SUPPORT PAYMENTS.) A petition filed pursuant to this subdivision shall be in effect with respect to any refunds due under this section until the support money, attorneys fees and costs have been paid in full or the court orders the commissioner to discontinue withholding the money from the refund due the person obligated to pay the support, attorneys fees and costs. If a petition is filed pursuant to this subdivision and a claim is made pursuant to chapter 270A with respect to the same individual's refund and notices of both are received prior to the time when payment of the refund is made on either claim, the claim relating to the liability that accrued first in time shall be paid first; any amount of the refund remaining shall then be applied to the other claim. The provisions of section 290.61 shall not prohibit the exchange of information among the department, the petitioner, and the court to the extent necessary to accomplish the intent of this subdivision.

Sec. 37. Minnesota Statutes 1984, section 290.92, subdivision 2a, is amended to read:

Subd. 2a. [COLLECTION AT SOURCE.] (1) [DEDUCTIONS.] Every employer making payment of wages shall deduct and withhold upon such wages a tax as provided in this section.

(2) [WITHHOLDING ON PAYROLL PERIOD.] The employer shall withhold the tax on the basis of each payroll period or as otherwise provided in this section.

(3) [WITHHOLDING TABLES.] Unless the amount of tax to be withheld is determined as provided in subdivision 3, the amount of tax to be withheld for each individual shall be based upon tables to be prepared and distributed by the commissioner. The tables shall be computed for the several permissible withholding periods and shall take account of exemptions allowed under this section; and the amounts computed for withholding shall be such that the amount withheld for any individual during his taxable year shall approximate in the aggregate as closely as possible the tax which is levied and imposed under this chapter for that taxable year, upon his salary, wages, or compensation for personal services of any kind for the employer, and shall take into consideration (THE ALLOWABLE DEDUCTION FOR FEDERAL INCOME TAX AND) the deduction allowable under section 290.089, subdivision 3, and the personal credits allowed against the tax.

(4) [MISCELLANEOUS PAYROLL PERIOD.] If wages are paid with respect to a period which is not a payroll period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days, including Sundays and holidays, equal to the number of days in the period with respect to which such wages are paid.

(5) [MISCELLANEOUS PAYROLL PERIOD.] (a) In any case in which wages are paid by an employer without regard to any payroll period or other period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days equal to the number of days, including Sundays and holidays, which have elapsed since the date of the last payment of such wages by such employer during the calendar year, or the date of commencement of employment with such employer during such year, or January 1 of such year, whichever is the later.

(b) In any case in which the period, or the time described in clause (a), in respect of any wages is less than one week, the commissioner, under regulations prescribed by him, may authorize an employer to determine the amount to be deducted and withheld under the tables applicable in the case of a weekly payroll period, in which case the aggregate of the wages paid to the employee during the calendar week shall be considered the weekly wages.

(6) [WAGES COMPUTED TO NEAREST DOLLAR.] If the wages exceed the highest bracket, in determining the amount to be deducted and withheld under this subdivision, the wages may, at the election of the employer, be computed to the nearest dollar.

(7) [(REGULATIONS ON WITHHOLDING) *ADMINISTRATIVE RULES.*] The commissioner may, by (REGULATIONS) *rule,* authorize employers:

(a) To estimate the wages which will be paid to any employee in any quarter of the calendar year;

(b) To determine the amount to be deducted and withheld upon each payment of wages to such employee during such quarter as if the appropriate average of the wages so estimated constituted the actual wages paid; and

(c) To deduct and withhold upon any payment of wages to such employee during such quarter such amount as may be necessary to adjust the amount actually deducted and withheld upon wages of such employee during such quarter to the amount required to be deducted and withheld during such quarter without regard to this paragraph (7).

(8) [ADDITIONAL WITHHOLDING.] The commissioner is authorized to provide by rule for increases or decreases in the amount of withholding otherwise required under this section in cases where the employee requests the changes. Such additional withholding shall for all purposes be considered tax required to be deducted and withheld under this section.

(9) [TIPS.] In the case of tips which constitute wages, this subdivision shall be applicable only to such tips as are included in a written statement furnished to the employer pursuant to section 6053 of the Internal Revenue Code of 1954, as amended through December 31, 1983, and only to the extent that the tax can be deducted and withheld by the employer, at or after the time such statement is so furnished and before the close of the calendar year in which such statement is furnished, from such wages of the employee (excluding tips, but including funds turned over by the employee to the employer for the purpose of such deduction and withholding) as are under the control of the employer; and an employer who is furnished by an employee a written statement of tips (received in a calendar month) pursuant to section 6053 of the Internal Revenue Code of 1954 as amended through December 31, 1983 to which subdivision 1 is applicable may deduct and withhold the tax with respect to such tips from any wages of the employee (excluding tips) under his control, even though at the time such statement is furnished the total amount of the tips included in statements furnished to the employer as having been received by the employee in such calendar month in the course of his employment by such employer is less than $20. Such tax shall not at any time be deducted and withheld in an amount which exceeds the aggregate of such wages and funds as are under the control of the employer minus any tax required by other provisions of state or federal law to be collected from such wages and funds.

Sec. 38. Minnesota Statutes 1984, section 290.92, subdivision 18, is amended to read:

Subd. 18. [RETURNS; CONFESSION OF JUDGMENT.] Any return that is required to be filed with the commissioner of revenue under this section shall (a) contain a written declaration that it is (MADE UNDER THE PENALTIES OF CRIMINAL LIABILITY FOR WILFULLY MAKING A FALSE RETURN) *correct and complete,* and (b) shall contain *language prescribed by the commissioner providing* a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

Sec. 39. Minnesota Statutes 1984, section 290.92, subdivision 21, is amended to read:

Subd. 21. [EXTENSION OF WITHHOLDING TO UNEMPLOYMENT COMPENSATION BENEFITS.] For purposes of this section, any supplemental unemployment compensation benefit paid to an individual to the extent includable in such individual's Minnesota (ADJUSTED) gross income, shall be treated as if it were a payment of wages by an employer to an employee for a payroll period.

Sec. 40. Minnesota Statutes 1984, section 290.93, subdivision 10, is amended to read:

Subd. 10. [UNDERPAYMENT OF ESTIMATED TAX.] (1) In the case of any underpayment of estimated tax by an individual, except as provided in paragraph (4) or (5), there may be added to and become a part of the taxes imposed by this chapter, for the taxable year an amount determined at the rate specified in section 270.75 upon the amount of the underpayment for the period of the underpayment.

(2) For purposes of the preceding paragraph, the amount of underpayment shall be the excess of

(a) The amount of the installment which would be required to be paid if the estimated tax were equal to 80 percent (66 2/3 percent in the case of farmers referred to in subdivision 5(2) of this section) of the taxes shown on the return for the taxable year or the taxes for such year if no return was filed, over

(b) The amount, if any, of the installment paid on or before the last day prescribed for such payment.

(3) The period of the underpayment shall run from the date the installment was required to be paid to whichever of the following dates is the earlier

(a) The 15th day of the fourth month following the close of the taxable year.

(b) With respect to any portion of the underpayment, the date on which such portion is paid. For purposes of this subparagraph, a payment of estimated tax on any installment date shall be considered a payment of any previous underpayment only to the extent such payment exceeds the amount of the installment determined under paragraph (2)(a) for such installment date.

(4) The addition to the tax with respect to any underpayment of any installment shall not be imposed if the total amount of all payments of estimated tax made on or before the last date prescribed for the payment of such installment equals or exceeds the amount which would have been required to be paid on or before such date if the estimated tax were whichever of the following is the lesser

(a) The total tax liability shown on the return of the individual for the preceding taxable year (if a return showing a liability for such taxes was filed by the individual for the preceding taxable year of 12 months), or

(b) An amount equal to the tax computed, at the rates applicable to the taxable year, on the basis of the taxpayer's *marital* status *and* with respect to the personal credits for the taxable year, but otherwise on the basis of the facts shown on his return for, and the law applicable to the preceding taxable year, or

(c) An amount equal to 80 percent (66 2/3 percent in the case of farmers referred to in subdivision 5(2) of this section) of the tax for the taxable year (after deducting personal credits) computed by placing on an annualized basis the taxable income for the months in the taxable year ending before the month in which the installment is required to be paid. For purposes of this subparagraph, the taxable income shall be placed on an annualized basis by

(i) Multiplying by 12 (or in the case of a taxable year of less than 12 months, the number of months in the taxable year) the taxable income computed for the months in the taxable year ending before the month in which the installment is required to be paid.

(ii) Dividing the resulting amount by the number of months in the taxable year ending before the month in which such installment date falls, or

(d) An amount equal to 90 percent of the tax computed, at the rates applicable to the taxable year, on the basis of the actual taxable income for the months in the taxable year ending before the month in which the installment is required to be paid.

(5) No addition to the tax shall be imposed under this subdivision for any taxable year if:

(a) the individual did not have any liability for tax for the preceding taxable year,

(b) the preceding taxable year was a taxable year of 12 months, and

(c) the individual was a resident of Minnesota throughout the preceding taxable year.

(6) For the purposes of applying this subdivision, the estimated tax shall be computed without any reduction for the amount which the individual estimates as his credit under section 290.92, subdivision 12 (relating to tax withheld at source on wages), and the refundable credits contained in sections 290.06, subdivision 13, 290.067, and any other refundable credits which are allowed against income tax liability, and the amount of such credits for the taxable year shall be deemed a payment of estimated tax, and an equal part of such amounts shall be deemed paid on each installment date (determined under subdivisions 6 and 7 of this section) for such taxable year, unless the taxpayer establishes the dates on which all amounts were actually withheld, in which case the amounts so withheld shall be deemed payments of estimated tax on the dates on which such amounts were actually withheld.

Sec. 41. Minnesota Statutes 1984, section 290A.03, subdivision 3, is amended to read:

Subd. 3. [INCOME.] (1) "Income" means the sum of the following:

(a) Federal adjusted gross income as defined in the Internal Revenue Code of 1954 as amended through December 31, 1983; and

(b) the sum of the following amounts to the extent not included in clause (a):

(i) additions to federal adjusted gross income as provided in Minnesota Statutes, section 290.01, subdivision 20a, clauses (1), (2), (4) (, (9), (10),) and ((14)) *(5)*;

(ii) all nontaxable income;

(iii) recognized net long term capital gains;

(iv) dividends (AND INTEREST) excluded from federal adjusted gross income under (SECTIONS) *section* 116 (OR 128) of the Internal Revenue Code of 1954;

(v) cash public assistance and relief;

(vi) any pension or annuity (including railroad retirement benefits, all payments received under the federal social security act, supplemental security income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vii) nontaxable interest received from the state or federal government or any instrumentality or political subdivision thereof;

(viii) workers' compensation;

(ix) unemployment benefits;

(x) nontaxable strike benefits; and

(xi) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise. In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced by the amount of a net operating loss carryback.

(2) "Income" does not include

(a) amounts excluded pursuant to the Internal Revenue Code, Sections 101(a), 102, 117, and 121;

(b) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(c) surplus food or other relief in kind supplied by a governmental agency;

(d) relief granted under this chapter; *or*

(e) child support payments received under a temporary or final decree of dissolution or legal separation; or

(f) federal adjusted gross income shall be reduced by wage or salary expense which is not allowed as a deduction under provisions of section 280C of the Internal Revenue Code of 1954.

Sec. 42. [REPEALER.]

Minnesota Statutes 1984, sections 41.58, subdivision 3; 41.59, subdivisions 2 and 3; 290.01, subdivisions 20c and 26; 290.06, subdivisions 3e, 11, 16, 17, 18, and 19; 290.077, subdivision 4; 290.08, subdivisions 23 and 24; 290.088; 290.089, subdivision 6; 290.101; 290.18, subdivisions 2 and 4; 290.39, subdivision 2; 290.-41, subdivision 5; 290.431; 290.9726, subdivision 5; and Laws 1982, chapter 523, article 7, section 3, are repealed.

Sec. 43. [APPROPRIATION.]

$700,000 is appropriated from the general fund for fiscal year 1987 to the nongame wildlife management account.

Sec. 44. [EFFECTIVE DATE.]

Sections 1 to 40 and 42 are effective for taxable years beginning after December 31, 1984, except as otherwise provided in those sections. Section 41 is effective for claims based on rent paid in 1985 and for property taxes payable in 1986. For any carryback to a taxable year beginning before January 1, 1985, "$35,000" shall be substituted for "$30,000" each place it appears in the second paragraph of Minnesota Statutes, section 290.09, subdivision 29, clause (c).

Further delete the title and insert:

"A bill for an act relating to taxation; income; reducing tax rates; eliminating the federal tax deduction; and simplifying income tax computations; appropriating money; amending Minnesota Statutes 1984, sections 10A.31, subdivisions 1 and 3; 13.04, subdivision 2; 41.55; 117.55; 270.68, subdivision 4; 290.01, subdivisions 19, 20, 20a, 20b, and 20d; 290.032, subdivision 2; 290.06, subdivisions 2c, 2d, 3f, and 3g; 290.068, subdivisions 1, 3, and 4; 290.069, subdivisions 5 and 6; 290.08, subdivision 26; 290.089, subdivisions 2 and 3; 290.09, subdivision 29; 290.095, subdivisions 9, and 11; 290.10; 290.12, subdivision 2; 290.14; 290.23, subdivision 5; 290.37, subdivision 1; 290.38; 290.41, subdivision 2; 290.50, subdivisions 5 and 6; 290.92, subdivisions 2a, 18, and 21; 290.93, subdivision 10; 290A.03, subdivision 3; repealing Minnesota Statutes 1984, sections 41.58, subdivision 3; 41.59, subdivisions 2 and 3; 290.01, subdivisions 20c and 26; 290.06, subdivisions 3e, 11, 16, 17, 18, and 19; 290.077, subdivision 4; 290.08, subdivisions 23 and 24; 290.088; 290.089, subdivision 6; 290.101; 290.18, subdivisions 2 and 4; 290.39, subdivision 2; 290.41, subdivision 5; 290.431; 290.9726, subdivision 5; and Laws 1982, chapter 523, article 7, section 3."

JOHN TOMLINSON, JOHN BRANDL, FRED C. NORTON, JOE BEGICH, B. J. BRINKMAN, WES SKOGLUND, GORDON O. VOSS, ROBERT VANASEK, PAUL A. OGREN and BOB NEUENSCHWANDER.

Tomlinson moved that the Minority Report on H. F. No. 756 be substituted for the Majority Report and that the Minority Report be now adopted.

A roll call was requested and properly seconded.

CALL OF THE HOUSE

On the motion of Levi and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Anderson, G.	Fjoslien	Kvam	Ozment	Simoneau
Backlund	Forsythe	Levi	Pappas	Skoglund
Battaglia	Frederick	Lieder	Pauly	Solberg
Beard	Frederickson	Marsh	Piepho	Stanius
Begich	Frerichs	McDonald	Piper	Staten
Bennett	Greenfield	McEachern	Poppenhagen	Sviggum
Bishop	Gruenes	McKasy	Price	Thiede
Blatz	Gutknecht	McLaughlin	Quinn	Thorson
Boerboom	Halberg	McPherson	Quist	Tjornhom
Boo	Hartinger	Metzen	Redalen	Tomlinson
Brandl	Hartle	Miller	Rees	Tompkins
Brinkman	Haukoos	Minne	Rest	Tunheim
Brown	Heap	Munger	Rice	Uphus
Burger	Himle	Murphy	Richter	Valan
Carlson, J.	Jacobs	Nelson, D.	Riveness	Valento
Carlson, L.	Jaros	Nelson, K.	Rodosovich	Vanasek
Clark	Jennings, L.	Neuenschwander	Rose	Vellenga
Clausnitzer	Johnson	Norton	Sarna	Voss
Cohen	Kahn	O'Connor	Scheid	Waltman
Dempsey	Kalis	Ogren	Schoenfeld	Welle
DenOuden	Kiffmeyer	Olsen, S.	Schreiber	Wenzel
Dimler	Knickerbocker	Olson, E.	Seaberg	Wynia
Dyke	Knuth	Omann	Segal	Zaffke
Ellingson	Kostohryz	Osthoff	Shaver	Spk. Jennings, D.
Erickson	Krueger	Otis	Sherman	

Levi moved that further proceedings of the roll call be dispensed with and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

The question recurred on the adoption of the Minority Report on H. F. No. 756 and the roll was called. There were 62 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Krueger	Neuenschwander	Quinn
Battaglia	Greenfield	Lieder	Norton	Rest
Beard	Jacobs	McEachern	O'Connor	Rice
Begich	Jaros	McLaughlin	Ogren	Riveness
Brandl	Jennings, L.	Metzen	Olson, E.	Rodosovich
Brinkman	Kahn	Minne	Osthoff	Sarna
Brown	Kalis	Munger	Otis	Scheid
Carlson, L.	Kelly	Murphy	Pappas	Schoenfeld
Clark	Knuth	Nelson, D.	Piper	Segal
Cohen	Kostohryz	Nelson, K.	Price	Simoneau

Skoglund	Staten	Vanasek	Voss	Wenzel
Solberg	Tomlinson	Vellenga	Welle	Wynia
Sparby	Tunheim			

Those who voted in the negative were:

Anderson, R.	Dimler	Heap	Onnen	Sherman
Backlund	Dyke	Himle	Ozment	Stanius
Becklin	Erickson	Johnson	Pauly	Sviggum
Bennett	Fjoslien	Kiffmeyer	Piepho	Thiede
Bishop	Forsythe	Knickerbocker	Poppenhagen	Thorson
Blatz	Frederick	Kvam	Quist	Tjornhom
Boerboom	Frederickson	Levi	Redalen	Tompkins
Boo	Frerichs	Marsh	Rees	Uphus
Burger	Gruenes	McDonald	Richter	Valan
Carlson, D.	Gutknecht	McKasy	Rose	Valento
Carlson, J.	Halberg	McPherson	Schafer	Waltman
Clausnitzer	Hartinger	Miller	Schreiber	Zaffke
Dempsey	Hartle	Olsen, S.	Seaberg	Spk. Jennings, D.
DenOuden	Haukoos	Omann	Shaver	

The Minority Report on H. F. No. 756 was not adopted.

The question recurred on the adoption of the Majority Report from the Committee on Taxes relating to H. F. No. 756. The Majority Report on H. F. No. 756 was adopted.

SECOND READING OF HOUSE BILLS

H. F. No. 756 was read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 1099, 664, 1119, 364, 743, 880, 994 and 1029 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Rose introduced:

H. F. No. 1619, A bill for an act relating to natural resources; maintaining the purity of state waters by restricting the location of hazardous waste disposal sites; amending Minnesota Statutes 1984, sections 115A.03, subdivision 13; 115A.075; 115A.18; 115A.20; and 115A.291.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

McLaughlin, Wynia and Solberg introduced:

H. F. No. 1620, A bill for an act relating to employment; requiring employers to grant unpaid leaves of absence to certain parents; proposing coding for new law in Minnesota Statutes, chapter 181.

The bill was read for the first time and referred to the Committee on Labor-Management Relations.

McLaughlin, Krueger, Schoenfeld, Murphy and Clausnitzer introduced:

H. F. No. 1621, A bill for an act relating to health; requiring a study and a plan to provide comprehensive prenatal care.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Gutknecht, Simoneau, Thorson, Clausnitzer and Frederick introduced:

H. F. No. 1622, A resolution memorializing the President and Congress of the United States to set up a joint congressional commission to draft a law preventing states from selectively granting benefits to businesses moving into the state that are not offered to businesses already in the state.

The bill was read for the first time and referred to the Committee on Rules and Legislative Administration.

Redalen and Jacobs introduced:

H. F. No. 1623, A bill for an act relating to taxation; limiting tax on certain sales of horses; amending Minnesota Statutes 1984, section 297A.01, subdivision 3.

The bill was read for the first time and referred to the Committee on Taxes.

Jacobs, Metzen, O'Connor and Redalen introduced:

H. F. No. 1624, A bill for an act relating to taxation; limiting payment of sales tax on transactions involving horses; amending Minnesota Statutes 1984, section 297A.01, subdivision 3.

The bill was read for the first time and referred to the Committee on Taxes.

Kvam, Valan, Erickson, Kalis and Dyke introduced:

H. F. No. 1625, A bill for an act establishing the legislative commission on the agricultural economy; providing for its duties and powers; appropriating money.

The bill was read for the first time and referred to the Committee on Appropriations.

Schafer, Rodosovich, Sherman, McEachern and Anderson, R., introduced:

H. F. No. 1626, A bill for an act relating to health; requiring insurance coverage for special dietary treatment for phenylketonuria; providing an educational testing program; allowing a deduction for the costs of the special dietary treatment; amending Minnesota Statutes 1984, sections 62E.06, subdivision 1; and 290.089, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 62A and 144.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Kvam, Redalen and Brinkman introduced:

H. F. No. 1627, A bill for an act relating to taxation; property; allowing certain property owners to appeal assessments directly to the tax or district court; amending Minnesota Statutes 1984, sections 271.01, subdivision 5; and 278.01, subdivision 1.

The bill was read for the first time and referred to the Committee on Taxes.

HOUSE ADVISORIES

The following House Advisories were introduced:

Bennett; Valento; Tjornhom; Carlson, L., and McLaughlin introduced:

H. A. No. 23, A proposal to study metropolitan taxicab regulation and licensing.

The advisory was referred to the Committee on Commerce and Economic Development.

Levi and Valento introduced:

H. A. No. 24, A proposal to study participation of youth in sports and athletic programs.

The advisory was referred to the Committee on General Legislation and Veterans Affairs.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 1198, A bill for an act relating to local government; authorizing the creation of a youth coordinating board in the city of Minneapolis.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 951, A bill for an act relating to the Minnesota historical society; authorizing local heritage preservation commissions; amending Minnesota Statutes 1984, section 471.193.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 825, A bill for an act relating to occupations and professions; regulating electricians; amending Minnesota Statutes 1984, sections 326.01, subdivisions 2, 5, 6b, and by adding a subdivision; 326.242, subdivisions 1, 2, 3, 6, and 9; 326.243; 326.244, subdivisions 1, 2, and 5; and 326.246.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 886, A resolution memorializing the governments of the United States and Sweden that the State of Minnesota adopts the County of Kronoberg as a sister state.

H. F. No. 1199, A bill for an act relating to the City of New Brighton; providing an exception from the New Brighton police civil service system for the chief and deputy chief of police.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 656, A bill for an act relating to local government; allowing for an increase in the appropriation a county may make for a county humane society in any year; authorizing the Otter Tail county board to adopt an ordinance for the control of dogs and cats; amending Minnesota Statutes 1984, section 343.11.

H. F. No. 1254, A bill for an act relating to local government; permitting insurance and indemnification of certain municipal electric power personnel; correcting a statutory cross reference; amending Minnesota Statutes 1984, section 453.55, subdivision 11.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 507, A bill for an act relating to Hennepin county; setting the form in which county board members' salaries must be stated; amending Laws 1982, chapter 577, section 14.

H. F. No. 863, A bill for an act relating to transportation; specifying the method of payment for landscape contractors providing goods or services to the department of transportation; amending Minnesota Statutes 1984, section 161.32, by adding a subdivision.

H. F. No. 1570, A bill for an act relating to agriculture; creating an exception to the corporate farming law; amending Minnesota Statutes 1984, section 500.24, subdivision 3.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 94, A bill for an act relating to agriculture; changing certain soil and water conservation priorities; amending Minnesota Statutes 1984, sections 40.036, subdivisions 1 and 3; repealing Minnesota Statutes 1984, sections 40.036, subdivisions 4, 5, and 6; and 40.038, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Redalen moved that the House concur in the Senate amendments to H. F. No. 94 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 94, A bill for an act relating to agriculture; changing certain soil and water conservation priorities; amending Minnesota Statutes 1984, section 40.036, subdivisions 1 and 3; repealing Minnesota Statutes 1984, sections 40.036, subdivisions 4, 5, and 6; and 40.038, subdivision 1.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Begich	Brinkman	Clark	Dyke
Anderson, R.	Bennett	Brown	Clausnitzer	Ellingson
Backlund	Bishop	Burger	Cohen	Erickson
Battaglia	Blatz	Carlson, D.	Dempsey	Fjoslien
Beard	Boerboom	Carlson, J.	DenOuden	Forsythe
Becklin	Boo	Carlson, L.	Dimler	Frederick

Frederickson	Kostohryz	Ogren	Richter	Sviggum
Frerichs	Krueger	Olsen, S.	Riveness	Thiede
Greenfield	Kvam	Olson, E.	Rodosovich	Thorson
Gruenes	Levi	Omann	Rose	Tjornhom
Gutknecht	Lieder	Onnen	Sarna	Tomlinson
Halberg	Marsh	Osthoff	Schafer	Tompkins
Hartle	McDonald	Otis	Scheid	Tunheim
Haukoos	McEachern	Ozment	Schoenfeld	Uphus
Heap	McLaughlin	Pappas	Schreiber	Valan
Jacobs	McPherson	Pauly	Seaberg	Valento
Jaros	Metzen	Piper	Segal	Vanasek
Jennings, L.	Miller	Poppenhagen	Shaver	Vellenga
Johnson	Munger	Price	Sherman	Voss
Kahn	Murphy	Quinn	Simoneau	Waltman
Kalis	Nelson, D.	Quist	Skoglund	Welle
Kelly	Nelson, K.	Redalen	Solberg	Wenzel
Kiffmeyer	Neuenschwander	Rees	Sparby	Wynia
Knickerbocker	Norton	Rest	Stanius	Zaffke
Knuth	O'Connor	Rice	Staten	Spk. Jennings, D.

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 247, A bill for an act relating to local government; providing conditions for the adoption or amendment of comprehensive municipal plans; amending Minnesota Statutes 1984, section 462.355, subdivisions 2 and 3.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Olsen, S., moved that the House concur in the Senate amendments to H. F. No. 247 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 247, A bill for an act relating to local government; providing conditions for the adoption or amendment of comprehensive municipal plans; providing for resolution of conflicts between a zoning ordinance and the comprehensive municipal plan; amending Minnesota Statutes 1984, sections 462.355, subdivisions 2 and 3; 462.357, subdivision 2; and 473.858, subdivision 1.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 123 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Levi	Pappas	Skoglund
Anderson, R.	Fjoslien	Lieder	Pauly	Solberg
Backlund	Forsythe	Marsh	Piper	Sparby
Battaglia	Frederick	McDonald	Poppenhagen	Stanius
Beard	Frederickson	McEachern	Price	Staten
Becklin	Frerichs	McLaughlin	Quinn	Sviggum
Begich	Greenfield	McPherson	Quist	Thiede
Bennett	Gutknecht	Metzen	Redalen	Thorson
Blatz	Halberg	Miller	Rees	Tjornhom
Boerboom	Hartinger	Minne	Rest	Tomlinson
Boo	Hartle	Munger	Rice	Tompkins
Brinkman	Haukoos	Murphy	Richter	Tunheim
Brown	Heap	Nelson, D.	Riveness	Uphus
Burger	Jacobs	Nelson, K.	Rodosovich	Valan
Carlson, D.	Jaros	Neuenschwander	Rose	Valento
Carlson, J.	Jennings, L.	Norton	Sarna	Vellenga
Carlson, L.	Johnson	O'Connor	Schafer	Voss
Clark	Kahn	Ogren	Scheid	Waltman
Clausnitzer	Kalis	Olsen, S.	Schoenfeld	Welle
Cohen	Kelly	Olson, E.	Schreiber	Wenzel
Dempsey	Kiffmeyer	Omann	Seaberg	Wynia
DenOuden	Knickerbocker	Onnen	Segal	Zaffke
Dimler	Knuth	Osthoff	Shaver	Spk. Jennings, D.
Dyke	Kostohryz	Otis	Sherman	
Ellingson	Kvam	Ozment	Simoneau	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 267, A bill for an act relating to local government; authorizing certain political subdivisions to enter into certain joint insurance agreements.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Solberg moved that the House concur in the Senate amendments to H. F. No. 267 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 267, A bill for an act relating to local government; authorizing certain political subdivisions to enter into certain joint insurance agreements.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 124 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Kvam	Ozment	Simoneau
Anderson, R.	Fjoslien	Levi	Pappas	Skoglund
Backlund	Forsythe	Lieder	Pauly	Solberg
Battaglia	Frederick	Marsh	Piepho	Sparby
Beard	Frederickson	McDonald	Piper	Stanius
Becklin	Frerichs	McEachern	Poppenhagen	Staten
Begich	Greenfield	McLaughlin	Price	Sviggum
Bennett	Gruenes	McPherson	Quinn	Thiede
Blatz	Gutknecht	Metzen	Quist	Thorson
Boerboom	Halberg	Miller	Redalen	Tjornhom
Boo	Hartinger	Minne	Rees	Tomlinson
Brinkman	Hartle	Munger	Rest	Tompkins
Brown	Haukoos	Murphy	Rice	Tunheim
Burger	Jacobs	Nelson, D.	Richter	Uphus
Carlson, D.	Jaros	Nelson, K.	Riveness	Valan
Carlson, J.	Jennings, L.	Neuenschwander	Rodosovich	Valento
Carlson, L.	Johnson	Norton	Sarna	Vellenga
Clark	Kahn	O'Connor	Schafer	Voss
Clausnitzer	Kalis	Ogren	Scheid	Waltman
Cohen	Kelly	Olsen, S.	Schoenfeld	Welle
Dempsey	Kiffmeyer	Olson, E.	Schreiber	Wenzel
DenOuden	Knickerbocker	Omann	Seaberg	Wynia
Dimler	Knuth	Onnen	Segal	Zaffke
Dyke	Kostohryz	Osthoff	Shaver	Spk. Jennings, D.
Ellingson	Krueger	Otis	Sherman	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 266, A bill for an act relating to arrest; providing indemnification for off-duty peace officers who make arrests outside their jurisdiction; specifying the circumstances under which peace officers, constables, and part-time peace officers may make

on or off-duty arrests outside their jurisdictions; amending Minnesota Statutes 1984, sections 3.736, subdivision 1, and by adding a subdivision; 629.34, subdivision 1; and 629.40.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Marsh moved that the House concur in the Senate amendments to H. F. No. 266 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 266, A bill for an act relating to arrest; providing indemnification for off-duty peace officers who make arrests outside their jurisdiction; specifying the circumstances under which peace officers, constables, and part-time peace officers may make on- or off-duty arrests outside their jurisdictions; amending Minnesota Statutes 1984, sections 3.736, subdivision 1, and by adding a subdivision; 97.50, subdivision 1; 629.34, subdivision 1; and 629.40.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Kelly	Neuenschwander	Rice
Anderson, R.	Erickson	Kiffmeyer	Norton	Richter
Backlund	Fjoslien	Knickerbocker	O'Connor	Riveness
Battaglia	Forsythe	Knuth	Ogren	Rodosovich
Beard	Frederick	Kostohryz	Olsen, S.	Rose
Becklin	Frederickson	Krueger	Olson, E.	Sarna
Begich	Frerichs	Kvam	Omann	Schafer
Blatz	Greenfield	Levi	Onnen	Scheid
Boerboom	Gruenes	Lieder	Osthoff	Schoenfeld
Boo	Gutknecht	Marsh	Otis	Schreiber
Brinkman	Halberg	McDonald	Ozment	Seaberg
Brown	Hartinger	McEachern	Pappas	Segal
Burger	Hartle	McKasy	Pauly	Shaver
Carlson, D.	Haukoos	McLaughlin	Piepho	Sherman
Carlson, L.	Heap	McPherson	Piper	Simoneau
Clark	Himle	Metzen	Poppenhagen	Skoglund
Clausnitzer	Jacobs	Miller	Price	Solberg
Cohen	Jaros	Minne	Quinn	Sparby
Dempsey	Jennings, L.	Munger	Quist	Stanius
DenOuden	Johnson	Murphy	Redalen	Staten
Dimler	Kahn	Nelson, D.	Rees	Sviggum
Dyke	Kalis	Nelson, K.	Rest	Thiede

Thorson	Tunheim	Valento	Waltman	Wynia
Tjornhom	Uphus	Vellenga	Welle	Zaffke
Tomlinson	Valan	Voss	Wenzel	Spk. Jennings, D.
Tompkins				

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 230, A bill for an act relating to state lands; authorizing the sale of certain surplus state land in Dakota county to the city of Hastings.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Ozment moved that the House concur in the Senate amendments to H. F. No. 230 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 230, A bill for an act relating to state lands; authorizing the sale of certain surplus state land in Dakota county to the city of Hastings.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Blatz	Carlson, L.	Ellingson	Gruenes
Anderson, R.	Boerboom	Clark	Erickson	Gutknecht
Backlund	Boo	Clausnitzer	Fjoslien	Halberg
Battaglia	Brinkman	Cohen	Forsythe	Hartinger
Beard	Brown	Dempsey	Frederick	Hartle
Becklin	Burger	DenOuden	Frederickson	Haukoos
Begich	Carlson, D.	Dimler	Frerichs	Heap
Bennett	Carlson, J.	Dyke	Greenfield	Himle

Jacobs	McEachern	Onnen	Rodosovich	Thorson
Jaros	McKasy	Osthoff	Sarna	Tjornhom
Jennings, L.	McLaughlin	Otis	Schafer	Tomlinson
Johnson	McPherson	Ozment	Scheid	Tompkins
Kahn	Metzen	Pappas	Schoenfeld	Tunheim
Kalis	Miller	Pauly	Schreiber	Valan
Kelly	Minne	Piepho	Seaberg	Valento
Kiffmeyer	Munger	Piper	Segal	Vanasek
Knickerbocker	Murphy	Poppenhagen	Shaver	Vellenga
Knuth	Nelson, D.	Price	Sherman	Voss
Kostohryz	Nelson, K.	Quinn	Simoneau	Waltman
Krueger	Neuenschwander	Quist	Skoglund	Welle
Kvam	Norton	Redalen	Solberg	Wenzel
Levi	O'Connor	Rees	Sparby	Wynia
Lieder	Ogren	Rest	Stanius	Zaffke
Long	Olsen, S.	Rice	Staten	Spk. Jennings, D.
Marsh	Olson, E.	Richter	Sviggum	
McDonald	Omann	Riveness	Thiede	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 831, A bill for an act relating to crimes; prescribing the powers of the governor and the commissioner of corrections with respect to extradition under treaty; amending Minnesota Statutes 1984, section 243.515.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Ozment moved that the House concur in the Senate amendments to H. F. No. 831 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 831, A bill for an act relating to crimes; prescribing the powers of the governor and the commissioner of corrections with respect to extradition under treaty; amending Minnesota Statutes 1984, section 243.515.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Fjoslien	Kvam	Otis	Sherman
Anderson, R.	Forsythe	Levi	Ozment	Simoneau
Backlund	Frederick	Lieder	Pappas	Skoglund
Battaglia	Frederickson	Long	Pauly	Solberg
Beard	Frerichs	Marsh	Piepho	Sparby
Becklin	Greenfield	McDonald	Piper	Stanius
Begich	Gruenes	McEachern	Poppenhagen	Staten
Bennett	Gutknecht	McKasy	Price	Sviggum
Blatz	Halberg	McLaughlin	Quinn	Thiede
Boerboom	Hartinger	McPherson	Quist	Thorson
Boo	Hartle	Metzen	Redalen	Tjornhom
Brinkman	Haukoos	Miller	Rees	Tomlinson
Brown	Heap	Minne	Rest	Tompkins
Burger	Himle	Munger	Rice	Tunheim
Carlson, D.	Jacobs	Murphy	Richter	Uphus
Carlson, J.	Jaros	Nelson, D.	Riveness	Valan
Carlson, L.	Jennings, L.	Nelson, K.	Rodosovich	Valento
Clark	Johnson	Neuenschwander	Rose	Vanasek
Clausnitzer	Kahn	Norton	Sarna	Vellenga
Cohen	Kalis	O'Connor	Schafer	Voss
Dempsey	Kelly	Ogren	Scheid	Waltman
DenOuden	Kiffmeyer	Olsen, S.	Schoenfeld	Welle
Dimler	Knickerbocker	Olson, E.	Schreiber	Wenzel
Dyke	Knuth	Omann	Seaberg	Wynia
Ellingson	Kostohryz	Onnen	Segal	Zaffke
Erickson	Krueger	Osthoff	Shaver	Spk. Jennings, D.

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 982, A bill for an act relating to veterans; providing space in the veterans service building for certain veterans organizations; amending Minnesota Statutes 1984, section 197.58.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Metzen moved that the House concur in the Senate amendments to H. F. No. 982 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 982, A bill for an act relating to veterans; providing space in the veterans service building for certain veterans organizations; amending Minnesota Statutes 1984, section 197.58.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Lieder	Pauly	Sparby
Anderson, R.	Frederickson	Long	Piepho	Stanius
Backlund	Frerichs	Marsh	Piper	Staten
Battaglia	Greenfield	McDonald	Poppenhagen	Sviggum
Beard	Gruenes	McEachern	Price	Thiede
Becklin	Gutknecht	McLaughlin	Quinn	Thorson
Begich	Halberg	McPherson	Quist	Tjornhom
Bennett	Hartinger	Metzen	Rees	Tomlinson
Blatz	Hartle	Miller	Rest	Tompkins
Boerboom	Haukoos	Minne	Rice	Tunheim
Brinkman	Heap	Munger	Richter	Uphus
Brown	Himle	Murphy	Riveness	Valan
Carlson, D.	Jacobs	Nelson, D.	Rodosovich	Valento
Carlson, J.	Jaros	Nelson, K.	Rose	Vanasek
Carlson, L.	Jennings, L.	Neuenschwander	Sarna	Vellenga
Clark	Johnson	Norton	Schafer	Voss
Clausnitzer	Kahn	O'Connor	Scheid	Waltman
Cohen	Kalis	Ogren	Schoenfeld	Welle
Dempsey	Kelly	Olsen, S.	Schreiber	Wenzel
DenOuden	Kiffmeyer	Olson, E.	Seaberg	Wynia
Dimler	Knickerbocker	Omann	Segal	Zaffke
Dyke	Knuth	Onnen	Shaver	Spk. Jennings, D.
Ellingson	Kostohryz	Osthoff	Sherman	
Erickson	Krueger	Otis	Simoneau	
Fjoslien	Kvam	Ozment	Skoglund	
Forsythe	Levi	Pappas	Solberg	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1093, A resolution memorializing the President and Secretary of Agriculture of the United States to insist to the government of Canada on fair trade regulations on hogs, or impose quotas and strict tariffs on Canadian hog imports.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Wenzel moved that the House concur in the Senate amendments to H. F. No. 1093 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1093, A resolution memorializing the President and Secretary of Agriculture of the United States to require the government of Canada to comply with the fair trade regulations on hogs, or impose quotas and strict tariffs on Canadian hog imports.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Fjoslien	Levi	Otis	Shaver
Anderson, R.	Forsythe	Lieder	Ozment	Sherman
Backlund	Frederick	Long	Pappas	Simoneau
Battaglia	Frederickson	Marsh	Pauly	Skoglund
Beard	Frerichs	McDonald	Piepho	Solberg
Becklin	Greenfield	McEachern	Piper	Sparby
Begich	Gruenes	McKasy	Poppenhagen	Stanius
Bennett	Gutknecht	McLaughlin	Price	Staten
Bishop	Halberg	McPherson	Quinn	Sviggum
Blatz	Hartinger	Metzen	Quist	Thiede
Boerboom	Hartle	Miller	Redalen	Thorson
Boo	Haukoos	Minne	Recs	Tjornhom
Brinkman	Heap	Munger	Rest	Tomlinson
Brown	Himle	Murphy	Rice	Tompkins
Carlson, D.	Jacobs	Nelson, D.	Richter	Tunheim
Carlson, L.	Jaros	Nelson, K.	Riveness	Uphus
Clark	Johnson	Neuenschwander	Rodosovich	Valento
Clausnitzer	Kalis	Norton	Rose	Vellenga
Cohen	Kelly	O'Connor	Sarna	Voss
Dempsey	Kiffmeyer	Ogren	Schafer	Waltman
DenOuden	Knickerbocker	Olsen, S.	Scheid	Welle
Dimler	Knuth	Olson, E.	Schoenfeld	Wenzel
Dyke	Kostohryz	Omann	Schreiber	Wynia
Ellingson	Krueger	Onnen	Seaberg	Zaffke
Erickson	Kvam	Osthoff	Segal	Spk. Jennings, D.

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in

which amendment the concurrence of the House is respectfully requested:

H. F. No. 645, A bill for an act relating to crimes; specifying the effect of and the procedure for issuing an order of restitution; amending Minnesota Statutes 1984, section 611A.04, subdivision 3; proposing coding for new law in chapter 611A.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Bishop moved that the House concur in the Senate amendments to H. F. No. 645 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 645, A bill for an act relating to crimes; specifying the effect of and the procedure for issuing an order of restitution; amending Minnesota Statutes 1984, section 611A.04, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 611A.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Cohen	Heap	McLaughlin	Pappas
Anderson, R.	Dempsey	Himle	McPherson	Pauly
Backlund	DenOuden	Jacobs	Metzen	Piepho
Battaglia	Dimler	Jaros	Miller	Piper
Beard	Dyke	Jennings, L.	Minne	Poppenhagen
Becklin	Ellingson	Johnson	Munger	Price
Begich	Erickson	Kahn	Murphy	Quinn
Bennett	Fjoslien	Kalis	Nelson, D.	Quist
Bishop	Forsythe	Kelly	Nelson, K.	Redalen
Blatz	Frederick	Kiffmeyer	Neuenschwander	Rees
Boerboom	Frederickson	Knickerbocker	Norton	Rest
Brandl	Frerichs	Knuth	Ogren	Rice
Brinkman	Greenfield	Kostohryz	Olsen, S.	Richter
Brown	Gruenes	Kvam	Olson, E.	Riveness
Carlson, D.	Gutknecht	Levi	Omann	Rodosovich
Carlson, J.	Halberg	Lieder	Onnen	Rose
Carlson, L.	Hartinger	Long	Osthoff	Schafer
Clark	Hartle	Marsh	Otis	Scheid
Clausnitzer	Haukoos	McDonald	Ozment	Schoenfeld

Schreiber	Skoglund	Thiede	Uphus	Waltman
Seaberg	Solberg	Thorson	Valan	Welle
Segal	Sparby	Tjornhom	Valento	Wenzel
Shaver	Stanius	Tomlinson	Vanasek	Wynia
Sherman	Staten	Tompkins	Vellenga	Zaffke
Simoneau	Sviggum	Tunheim	Voss	Spk. Jennings, D.

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1197, A bill for an act relating to cities of Circle Pines and Lino Lakes; permitting cities to determine the size of Circle Pines utilities commission.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Voss moved that the House concur in the Senate amendments to H. F. No. 1197 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1197, A bill for an act relating to cities of Circle Pines and Lino Lakes; permitting cities to determine the size of Circle Pines utilities commission.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 124 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Begich	Brinkman	Clausnitzer	Ellingson
Anderson, R.	Bennett	Brown	Cohen	Erickson
Backlund	Bishop	Carlson, D.	Dempsey	Fjoslien
Battaglia	Blatz	Carlson, J.	DenOuden	Forsythe
Beard	Boerboom	Carlson, L.	Dimler	Frederick
Becklin	Brandl	Clark	Dyke	Frederickson

Frerichs	Knuth	Norton	Rice	Sviggum
Greenfield	Kostohryz	Ogren	Richter	Thorson
Gruenes	Krueger	Olsen, S.	Riveness	Tjornhom
Gutknecht	Kvam	Olson, E.	Rodosovich	Tomlinson
Halberg	Levi	Omann	Rose	Tompkins
Hartinger	Lieder	Onnen	Schafer	Tunheim
Hartle	Long	Osthoff	Scheid	Uphus
Haukoos	Marsh	Otis	Schoenfeld	Valan
Heap	McDonald	Ozment	Schreiber	Valento
Himle	McLaughlin	Pappas	Seaberg	Vanasek
Jacobs	McPherson	Pauly	Segal	Vellenga
Jaros	Metzen	Piepho	Shaver	Voss
Jennings, L.	Miller	Piper	Sherman	Waltman
Johnson	Minne	Poppenhagen	Simoneau	Welle
Kahn	Munger	Price	Skoglund	Wenzel
Kalis	Murphy	Quinn	Solberg	Wynia
Kelly	Nelson, D.	Redalen	Sparby	Zaffke
Kiffmeyer	Nelson, K.	Rees	Stanius	Spk. Jennings, D.
Knickerbocker	Neuenschwander	Rest	Staten	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 759, A bill for an act relating to elections; changing certain procedures and deadlines related to absentee ballots; changing the municipal election filing deadline; amending Minnesota Statutes 1984, sections 203B.17, subdivision 2; 203B.21, subdivision 3; 204B.35, subdivision 4; and 205.13, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Backlund moved that the House concur in the Senate amendments to H. F. No. 759 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 759, A bill for an act relating to elections; changing certain procedures and deadlines related to absentee ballots; changing the municipal election filing deadline; amending Minnesota Statutes 1984, sections 203B.17, subdivision 2; 203B.21, subdivision 3; 204B.35, subdivision 4; and 205.13, subdivision 1.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Fjoslien	Kvam	Ozment	Simoneau
Anderson, R.	Forsythe	Levi	Pappas	Skoglund
Backlund	Frederick	Lieder	Pauly	Solberg
Battaglia	Frederickson	Long	Piepho	Sparby
Beard	Frerichs	Marsh	Piper	Stanius
Becklin	Greenfield	McDonald	Poppenhagen	Staten
Begich	Gruenes	McEachern	Price	Sviggum
Bennett	Gutknecht	McLaughlin	Quinn	Thiede
Bishop	Halberg	McPherson	Quist	Thorson
Blatz	Hartinger	Metzen	Redalen	Tjornhom
Boerboom	Hartle	Miller	Rees	Tomlinson
Brandl	Haukoos	Minne	Rest	Tompkins
Brinkman	Heap	Munger	Rice	Tunheim
Brown	Himle	Murphy	Richter	Uphus
Carlson, D.	Jacobs	Nelson, D.	Riveness	Valan
Carlson, J.	Jaros	Nelson, K.	Rodosovich	Valento
Carlson, L.	Jennings, L.	Neuenschwander	Rose	Vanasek
Clark	Johnson	Norton	Sarna	Vellenga
Clausnitzer	Kahn	O'Connor	Schafer	Voss
Cohen	Kalis	Ogren	Scheid	Waltman
Dempsey	Kelly	Olsen, S.	Schoenfeld	Welle
DenOuden	Kiffmeyer	Olson, E.	Schreiber	Wenzel
Dimler	Knickerbocker	Omann	Seaberg	Wynia
Dyke	Knuth	Onnen	Segal	Zaffke
Ellingson	Kostohryz	Osthoff	Shaver	Spk. Jennings, D.
Erickson	Krueger	Otis	Sherman	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 186, A bill for an act relating to mental health services; authorizing interstate contracts for mental health services; proposing coding for new law in Minnesota Statutes, chapter 245.

PATRICK E. FLAHAVEN, Secretary of the Senate

Sherman moved that the House refuse to concur in the Senate amendments to H. F. No. 186, that the Speaker appoint a Conference Committee of 3 members of the House, and that the

House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 535, A bill for an act relating to health; restricting the use of lead in pipes, solders, and flux; requiring schools to flush certain pipes; amending Minnesota Statutes 1984, section 123.36, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 326.

PATRICK E. FLAHAVEN, Secretary of the Senate

Sherman moved that the House refuse to concur in the Senate amendments to H. F. No. 535, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 335, 1244, 1278 and 1347.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 901 and 1203.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 1193, 1353 and 1357.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 896.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 661 and 1329.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 781, 954, 986, 1140, 1148 and 1254.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 274, 453, 814, 1356 and 1388.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 83, 1077 and 1374.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 115, 927, 1071, 1214 and 1238.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 459.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 335, A bill for an act relating to animals; changing certain duties and powers of the board of animal health; amending Minnesota Statutes 1984, sections 35.03; 35.05; and 35.069.

The bill was read for the first time.

McDonald moved that S. F. No. 335 and H. F. No. 708, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1244, A bill for an act relating to the city of Burnsville; increasing the total number of on-sale liquor licenses.

The bill was read for the first time.

Seaberg moved that S. F. No. 1244 and H. F. No. 1307, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1278, A bill for an act relating to financial institutions; providing for the extension of certain loan assumptions; amending Minnesota Statutes 1984, section 47.20, by adding a subdivision.

The bill was read for the first time.

Knickerbocker moved that S. F. No. 1278 and H. F. No. 1558, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1347, A bill for an act relating to natural resources; authorizing the commissioner of natural resources to sell certain lands in Koochiching county.

The bill was read for the first time.

Neuenschwander moved that S. F. No. 1347 and H. F. No. 1498, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 901, A bill for an act relating to human services; increasing incentives for enforcing and collecting child support; requiring child support or maintenance obligors to file address or residence changes; amending Minnesota Statutes 1984, sections 256.74, subdivisions 1 and 5; 256.87, subdivisions 1a and 3; 257.58, subdivision 1; 518.55, by adding a subdivision; 518.-551, subdivision 7; 518.611, subdivisions 2, 3, 4, and 6, and by adding a subdivision; 518.645; 543.20; repealing Minnesota Statutes 1984, section 257.62, subdivision 4.

The bill was read for the first time.

Clausnitzer moved that S. F. No. 901 and H. F. No. 912, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1203, A bill for an act relating to state departments and agencies; requiring agencies to provide services and materials in languages other than English; proposing coding for new law as Minnesota Statutes, chapter 15B.

The bill was read for the first time.

Pappas moved that S. F. No. 1203 and H. F. No. 492, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1193, A bill for an act relating to taxation; aggregate removal production; eliminating time requirement for notifying operator of unpaid tax; imposing a penalty; amending Minnesota Statutes 1984, section 298.75, subdivisions 4 and 6.

The bill was read for the first time and referred to the Committee on Taxes.

S. F. No. 1353, A bill for an act relating to natural resources; authorizing the commissioner of natural resources to sell certain lands in St. Louis county.

The bill was read for the first time.

Battaglia moved that S. F. No. 1353 and H. F. No. 1497, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1357, A bill for an act relating to contempt of court; providing penalties for failure to file a complete income tax return pursuant to court order; proposing coding for new law in Minnesota Statutes, chapter 588.

The bill was read for the first time.

Halberg moved that S. F. No. 1357 and H. F. No. 1405, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 896, A bill for an act relating to energy; providing for the method of calculating the payback of certain energy conservation investments; amending Minnesota Statutes 1984, section 116J.37, subdivision 1.

The bill was read for the first time.

Zaffke moved that S. F. No. 896 and H. F. No. 921, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 661, A bill for an act relating to commerce; regulating membership camping; prescribing the powers and duties of the commissioner; proposing coding for new law as Minnesota Statutes, chapter 82A.

The bill was read for the first time.

Zaffke moved that S. F. No. 661 and H. F. No. 947, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1329, A bill for an act relating to taxation; clarifying definitions for sales and use tax; clarifying exemptions; providing an exemption for certain mailing materials used for advertising purposes; imposing civil and criminal penalties for underreporting or failing to report motor vehicle excise tax; repealing certain refund procedures; amending Minnesota Statutes 1984, sections 297A.01, subdivision 11; 297A.041; 297A.25, subdivision 1; 297B.10; and 297B.11; repealing Minnesota Statutes 1984, section 297A.35, subdivision 3.

The bill was read for the first time.

Tjornhom moved that S. F. No. 1329 and H. F. No. 1000, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 781, A bill for an act relating to juvenile court; clarifying the authority to release juvenile court records; amending Minnesota Statutes 1984, section 260.161, subdivision 2.

The bill was read for the first time.

Kelly moved that S. F. No. 781 and H. F. No. 806, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 954, A bill for an act relating to veterans; reestablishing the board of governors of the Big Island Veterans Camp; providing for its appointment and duties; transferring certain state land to the board; providing for the possible disposition of the land by the board; proposing coding for new law in Minnesota Statutes, chapter 197; repealing Minnesota Statutes 1984, sections 197.13; 197.15; 197.16; 197.17; 197.18; and 197.19.

The bill was read for the first time.

Kostohryz moved that S. F. No. 954 and H. F. No. 1033, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 986, A bill for an act relating to workers' compensation; providing for miscellaneous changes; amending Minnesota Statutes 1984, sections 176.021, subdivision 3b; 176.101, subdivision 3e; 176.102, subdivisions 3 and 8; 176.103, subdivision 3; 176.136, by adding a subdivision; 176.138; 176.191, subdivision 3; 176.511, subdivisions 1 and 2; and 176.66, subdivision 10; proposing coding for new law in Minnesota Statutes, chapter 176; repealing Minnesota Statutes 1984, sections 176.081, subdivision 4; and 176.134.

The bill was read for the first time.

Sviggum moved that S. F. No. 986 and H. F. No. 1130, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1140, A bill for an act relating to agriculture; requiring swine herd identification for disease control and meat inspection; proposing coding for new law in Minnesota Statutes, chapter 35.

The bill was read for the first time.

McDonald moved that S. F. No. 1140 and H. F. No. 1513, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1148, A bill for an act relating to commerce; defining "trade secret"; amending Minnesota Statutes 1984, section 325C.01, subdivision 5.

The bill was read for the first time.

McKasy moved that S. F. No. 1148 and H. F. No. 1421, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1254, A bill for an act relating to occupational safety and health; prescribing duties of employers and of employees; providing for standards; providing for the use of investigative information; providing for enforcement mechanisms; amending Minnesota Statutes 1984, sections 182.651, subdivision 14; 182.653, subdivisions 4a, 4b, 4c, 4e, and 4f; 182.654, subdivision 11; 182.655, subdivisions 10 and 10a; 182.659, by adding a subdivision; 182.661, subdivision 1, and by adding a subdivision; 182.668, subdivision 1; and 182.669, subdivision 1.

The bill was read for the first time.

Himle moved that S. F. No. 1254 and H. F. No. 1262, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 274, A bill for an act relating to civil commitment; requiring a hearing for the continued commitment of mentally retarded persons; amending Minnesota Statutes 1984, section 253B.13, subdivision 2.

The bill was read for the first time.

Long moved that S. F. No. 274 and H. F. No. 934, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 453, A bill for an act relating to natural resources; reducing fees for camping spaces within a state park and state park motor vehicle permits for physically handicapped persons; amending Minnesota Statutes 1984, section 85.05.

The bill was read for the first time and referred to the Committee on Appropriations.

S. F. No. 814, A bill for an act relating to education; establishing the state council on vocational technical education; proposing coding for new law in Minnesota Statutes, chapter 136C.

The bill was read for the first time.

Gruenes moved that S. F. No. 814 and H. F. No. 897, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1356, A bill for an act relating to statutes; conforming various laws to judicial decisions of unconstitutionality and suggestions for clarity; amending Minnesota Statutes 1984, sections 3.736, subdivision 3; 65B.44, subdivision 6; 181.13; 429.061, subdivision 1; and 631.09.

The bill was read for the first time.

Bishop moved that S. F. No. 1356 and H. F. No. 1431, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1388, A bill for an act relating to courts; clarifying the jurisdiction of the court of appeals to issue writs; amending Minnesota Statutes 1984, section 480A.06, subdivision 3.

The bill was read for the first time.

Bishop moved that S. F. No. 1388 and H. F. No. 1578, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 83, A bill for an act relating to taxation; providing an exemption from sales tax for the gross receipts from sales of tangible personal property, admission charges, and sales of food, meals, or drinks at certain events sponsored by certain nonprofit organizations; amending Minnesota Statutes 1984, section 297A.-25, subdivision 1.

The bill was read for the first time and referred to the Committee on Taxes.

S. F. No. 1077, A bill for an act relating to courts; providing for reimbursement of residents required to testify in another state in criminal cases; amending Minnesota Statutes 1984, section 634.06.

The bill was read for the first time.

Backlund moved that S. F. No. 1077 and H. F. No. 1001, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1374, A bill for an act relating to state parks; establishing lease rate for a certain part of Fort Snelling state park.

The bill was read for the first time and referred to the Committee on Appropriations.

S. F. No. 115, A bill for an act relating to motor vehicles; providing for free license plates for former prisoners of war; amending Minnesota Statutes 1984, section 168.125.

The bill was read for the first time and referred to the Committee on Taxes.

S. F. No. 927, A bill for an act relating to watercraft; exempting certain boats from watercraft licensing requirements; amending Minnesota Statutes 1984, section 361.03, subdivision 12.

The bill was read for the first time and referred to the Committee on Appropriations.

S. F. No. 1071, A bill for an act relating to corporations; providing for access by shareholders to certain corporate records; protecting the privacy of individuals; amending Minnesota Statutes 1984, sections 302A.011, by adding a subdivision; and 302A.-461, subdivisions 4 and 5, and by adding a subdivision.

The bill was read for the first time.

McKasy moved that S. F. No. 1071 and H. F. No. 1161, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1214, A bill for an act relating to negligence; clarifying immunity from liability for volunteer firefighters who render assistance at scenes of emergency; amending Minnesota Statutes 1984, section 604.05, subdivision 2.

The bill was read for the first time.

Marsh moved that S. F. No. 1214 and H. F. No. 959, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1238, A bill for an act relating to intoxicating liquor; authorizing the issuance of temporary on-sale intoxicating liquor licenses; amending Minnesota Statutes 1984, section 340.11, by adding a subdivision.

The bill was read for the first time.

Pauly moved that S. F. No. 1238 and H. F. No. 785, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 459, A bill for an act relating to probate; adopting provisions of the uniform probate code and clarifying laws relating to intestate succession, spouse's elective share, and omitted spouses and children; clarifying provisions relating to the award of costs in guardianship and conservatorship proceedings; providing for the payment of reasonable fees and expenses for certain guardians and conservators; amending Minnesota Statutes 1984, sections 257.34, subdivision 1; 525.13; 525.145; and

525.703; proposing coding for new law in Minnesota Statutes, chapter 524; repealing Minnesota Statutes 1984, sections 525.16; 525.17; 525.171; 525.172; 525.173; 525.20; 525.201; 525.202; 525.212 to 525.216.

The bill was read for the first time.

Vanasek moved that S. F. No. 459 and H. F. No. 1023, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

SPECIAL ORDERS

H. F. No. 889 was reported to the House.

PENDING POINT OF ORDER

The pending point of order relating to H. F. No. 889, as amended, and raised by DenOuden on Wednesday, April 24th, 1985, pursuant to rule 5.7 and deferred by the Speaker was reported to the House.

DenOuden withdrew his point of order.

Voss moved to amend H. F. No. 889, the second engrossment, as follows:

Page 3, lines 1 to 8, delete section 5 from the bill

Amend the title as follows:

Page 1, line 8, delete "164.06;"

A roll call was requested and properly seconded.

The question was taken on the Voss amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 33 yeas and 81 nays as follows:

Those who voted in the affirmative were:

Brandl	Jennings, L.	Norton	Rest	Tomlinson
Carlson, L.	Kahn	Omann	Rice	Tunheim
Clark	Knuth	Otis	Riveness	Vellenga
Cohen	Kostohryz	Pappas	Scheid	Voss
Ellingson	McLaughlin	Piper	Schoenfeld	Welle
Greenfield	Murphy	Price	Segal	
Jaros	Nelson, K.	Quinn	Skoglund	

Those who voted in the negative were:

Anderson, G.	Fjoslien	Kvam	Piepho	Thiede
Backlund	Forsythe	Levi	Poppenhagen	Thorson
Beard	Frederick	Lieder	Quist	Tjornhom
Becklin	Frederickson	Long	Redalen	Tompkins
Bennett	Frerichs	Marsh	Rees	Uphus
Bishop	Gruenes	McDonald	Richter	Valan
Blatz	Gutknecht	McEachern	Rodosovich	Valento
Boerboom	Hartle	McKasy	Rose	Vanasek
Brown	Haukoos	McPherson	Sarna	Waltman
Burger	Heap	Miller	Schreiber	Wenzel
Carlson, J.	Himle	Nelson, D.	Seaberg	Wynia
Clausnitzer	Jacobs	O'Connor	Shaver	Zaffke
Dempsey	Johnson	Ogren	Sherman	Spk. Jennings, D.
DenOuden	Kalis	Olson, E.	Solberg	
Dimler	Kiffmeyer	Onnen	Sparby	
Dyke	Knickerbocker	Ozment	Stanius	
Erickson	Krueger	Pauly	Sviggum	

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

Schreiber moved to amend H. F. No. 889, the second engrossment, as follows:

Page 14, lines 31 to 36 and Page 15, lines 1 to 11, delete section 17 from the bill

Renumber the remaining sections.

The motion prevailed and the amendment was adopted.

H. F. No. 889, A bill for an act relating to local government; providing for the conduct of the business of towns; providing for certain town debt; authorizing certain towns to provide certain services; revising various other town laws; amending Minnesota Statutes 1984, sections 160.17, subdivision 1; 160.25, subdivision 3; 163.11, subdivision 5a, and by adding a subdivision; 164.06; 365.10; 365.37; 365.44; 366.095; 367.03, subdivision 2; 367.10; 367.23; 444.075; and 471.56, subdivisions 1 and 3; proposing coding for new law in Minnesota Statutes, chapter 379; repealing Minnesota Statutes 1984, section 375.18, subdivisions 4, 5, and 6.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called.

Carlson, J., moved that those not voting be excused from voting. The motion prevailed.

There were 112 yeas and 14 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Erickson	Lieder	Piepho	Sparby
Backlund	Fjoslien	Long	Piper	Stanius
Battaglia	Forsythe	Marsh	Poppenhagen	Sviggum
Beard	Frederick	McDonald	Price	Thiede
Becklin	Frederickson	McEachern	Quinn	Thorson
Begich	Gruenes	McKasy	Quist	Tjornhom
Bennett	Gutknecht	McPherson	Redalen	Tomlinson
Bishop	Hartinger	Metzen	Rees	Tompkins
Boerboom	Hartle	Miller	Rest	Tunheim
Boo	Haukoos	Minne	Richter	Uphus
Brinkman	Heap	Murphy	Riveness	Valan
Brown	Himle	Nelson, D.	Rodosovich	Valento
Burger	Jacobs	Nelson, K.	Rose	Vanasek
Carlson, J.	Jennings, L.	Neuenschwander	Sarna	Vellenga
Carlson, L.	Johnson	O'Connor	Schafer	Waltman
Clark	Kalis	Ogren	Schoenfeld	Welle
Clausnitzer	Kelly	Olsen, S.	Schreiber	Wenzel
Cohen	Kiffmeyer	Olson, E.	Seaberg	Wynia
Dempsey	Knickerbocker	Onnen	Segal	Zaffke
DenOuden	Knuth	Otis	Shaver	Spk. Jennings, D.
Dimler	Kostohryz	Ozment	Sherman	
Dyke	Krueger	Pappas	Simoneau	
Ellingson	Kvam	Pauly	Solberg	

Those who voted in the negative were:

Brandl	Kahn	Norton	Rice	Staten
Greenfield	McLaughlin	Omann	Scheid	Voss
Jaros	Munger	Osthoff	Skoglund	

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

H. F. No. 264 was reported to the House.

Heap moved to amend H. F. No. 264, the second engrossment, as follows:

Page 1, line 23, delete "*or*" and insert a comma and after "*abdomen*" insert "*, or ear*"

Page 1, line 26, delete "*or*" and before the semicolon insert "*, or driver's license records*"

Page 2, line 6, delete everything after "*bites*"

Page 2, line 7, delete "*exposes*" and "*to rabies virus*"

Page 3, line 6, reinstate "(ANIMAL)"

Page 3, line 7, delete "*dog*"

Page 3, line 8, strike "go at large" and insert "*run uncontrolled off the owner's premises*"

Page 3, line 13, delete "*go at large*" and insert "*run uncontrolled off the owner's premises*"

Page 3, delete lines 18 to 21

Page 3, line 22, delete "AN ANIMAL" and insert "A DOG"

Page 3, line 24, delete "*go at large*" and insert "*run uncontrolled off the owner's premises*"

Page 3, line 26, delete "*gross*"

Page 3, delete lines 27 and 28

Page 3, lines 32, 34, and 35, delete "*dog*" and insert "*animal*"

Amend the title as follows:

Page 1, line 5, delete "animals" and insert "dogs"

The motion prevailed and the amendment was adopted.

Fjoslien moved to amend H. F. No. 264, the second engrossment, as amended, as follows:

Page 2, line 25, delete "*, conservation enforcement officers,*"

The motion prevailed and the amendment was adopted.

H. F. No. 264, A bill for an act relating to animals; providing for a rabies control program; imposing criminal liability on persons who cause the death or substantial bodily harm of another by permitting certain dogs to be unconfined or improperly confined; providing for the destruction of dangerous animals; imposing penalties; amending Minnesota Statutes 1984, section 609.25; proposing coding for new law in Minnesota Statutes, chapters 346 and 609.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 80 yeas and 35 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Kostohryz	Osthoff	Segal
Anderson, R.	Forsythe	Krueger	Otis	Shaver
Backlund	Frederick	Levi	Ozment	Sherman
Battaglia	Frederickson	Long	Pappas	Simoneau
Begich	Greenfield	Marsh	Pauly	Skoglund
Bennett	Gutknecht	McDonald	Piper	Stanius
Blatz	Hartinger	McKasy	Poppenhagen	Staten
Boo	Hartle	McLaughlin	Price	Thorson
Brandl	Heap	Minne	Rees	Tomlinson
Brown	Jaros	Murphy	Rest	Tunheim
Burger	Johnson	Nelson, D.	Rice	Valento
Carlson, L.	Kahn	Nelson, K.	Riveness	Vellenga
Clark	Kelly	Norton	Scheid	Voss
Clausnitzer	Kiffmeyer	O'Connor	Schoenfeld	Welle
Cohen	Knickerbocker	Olsen, S.	Schreiber	Wenzel
Dimler	Knuth	Omann	Seaberg	Wynia

Those who voted in the negative were:

Becklin	Fjoslien	McPherson	Quist	Tjornhom
Boerboom	Frerichs	Miller	Redalen	Tompkins
Brinkman	Gruenes	Neuenschwander	Richter	Uphus
Carlson, D.	Jacobs	Olson, E.	Rose	Valan
Carlson, J.	Kalis	Onnen	Sparby	Waltman
DenOuden	Kvam	Piepho	Sviggum	Zaffke
Erickson	Lieder	Quinn	Thiede	Spk. Jennings, D.

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

H. F. No. 634 was reported to the House.

Shaver moved to amend H. F. No. 634, the first engrossment, as follows:

Page 1, line 24, delete "*two*" and insert "*three*"

The motion prevailed and the amendment was adopted.

Greenfield moved to amend H. F. No. 634, the first engrossment, as amended, as follows:

Page 1, line 25, after "*day*" insert "*, except that this limit on the number of voters a voter may vouch for does not apply to vouching for residents of a nursing home*"

A roll call was requested and properly seconded.

The question was taken on the Greenfield amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 62 yeas and 64 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jaros	Minne	Piper	Solberg
Battaglia	Jennings, L.	Murphy	Price	Sparby
Beard	Kahn	Nelson, D.	Quinn	Staten
Begich	Kalis	Nelson, K.	Rest	Tomlinson
Brandl	Kelly	Neuenschwander	Rice	Tunheim
Brown	Knuth	Norton	Riveness	Vanasek
Carlson, D.	Kostohryz	O'Connor	Rodosovich	Vellenga
Carlson, L.	Krueger	Ogren	Sarna	Voss
Clark	Lieder	Olson, E.	Scheid	Wenzel
Cohen	Long	Omann	Schoenfeld	Wynia
Ellingson	McEachern	Osthoff	Segal	
Greenfield	McLaughlin	Otis	Simoneau	
Jacobs	Metzen	Pappas	Skoglund	

Those who voted in the negative were:

Anderson, R.	Erickson	Himle	Pauly	Stanius
Backlund	Fjoslien	Johnson	Piepho	Sviggum
Becklin	Forsythe	Kiffmeyer	Poppenhagen	Thiede
Bennett	Frederick	Knickerbocker	Quist	Thorson
Blatz	Frederickson	Kvam	Redalen	Tjornhom
Boerboom	Frerichs	Levi	Rees	Tompkins
Boo	Gruenes	Marsh	Richter	Uphus
Carlson, J.	Gutknecht	McDonald	Rose	Valan
Clausnitzer	Halberg	McPherson	Schafer	Valento
Dempsey	Hartinger	Miller	Schreiber	Waltman
DenOuden	Hartle	Olsen, S.	Seaberg	Zaffke
Dimler	Haukoos	Onnen	Shaver	Spk. Jennings, D.
Dyke	Heap	Ozment	Sherman	

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

Kostohryz was excused between the hours of 4:40 p.m. and 6:00 p.m.

Segal and Staten moved to amend H. F. No. 634, the first engrossment, as amended, as follows:

Page 1, line 25, after *"day"* insert *", except that this limit on the number of voters a voter may vouch for does not apply to vouching for residents of a residential facility for adults who are mentally ill, mentally retarded, chemically dependent, or physically disabled"*

A roll call was requested and properly seconded.

The question was taken on the Segal and Staten amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 65 yeas and 65 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Metzen	Otis	Simoneau
Battaglia	Jacobs	Minne	Pappas	Skoglund
Beard	Jaros	Munger	Piper	Solberg
Begich	Jennings, L.	Murphy	Price	Sparby
Bishop	Kahn	Nelson, D.	Quinn	Staten
Brandl	Kalis	Nelson, K.	Rest	Tomlinson
Brinkman	Kelly	Neuenschwander	Rice	Tunheim
Brown	Knuth	Norton	Riveness	Vanasek
Carlson, D.	Krueger	O'Connor	Rodosovich	Vellenga
Carlson, L.	Lieder	Ogren	Rose	Voss
Clark	Long	Olson, E.	Scheid	Welle
Cohen	McEachern	Omann	Schoenfeld	Wenzel
Ellingson	McLaughlin	Osthoff	Segal	Wynia

Those who voted in the negative were:

Anderson, R.	Dyke	Heap	Onnen	Sherman
Backlund	Erickson	Himle	Ozment	Stanius
Becklin	Fjoslien	Johnson	Pauly	Sviggum
Bennett	Forsythe	Kiffmeyer	Piepho	Thiede
Blatz	Frederick	Knickerbocker	Poppenhagen	Thorson
Boerboom	Frederickson	Kvam	Quist	Tjornhom
Boo	Frerichs	Levi	Redalen	Tompkins
Burger	Gruenes	Marsh	Rees	Uphus
Carlson, J.	Gutknecht	McDonald	Richter	Valan
Clausnitzer	Halberg	McKasy	Schafer	Valento
Dempsey	Hartinger	McPherson	Schreiber	Waltman
DenOuden	Hartle	Miller	Seaberg	Zaffke
Dimler	Haukoos	Olsen, S.	Shaver	Spk. Jennings, D.

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

Otis moved to amend H. F. No. 634, the first engrossment, as amended, as follows:

Page 1, line 25, after "*day*" insert "*, except that this limit on the number of voters a voter may vouch for does not apply to vouching for residents of a residence for senior citizens*"

A roll call was requested and properly seconded.

The question was taken on the Otis amendment and the roll was called.

Wynia moved that those not voting be excused from voting. The motion did not prevail.

There were 65 yeas and 66 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Begich	Brinkman	Carlson, L.	Ellingson
Battaglia	Blatz	Brown	Clark	Greenfield
Beard	Brandl	Carlson, D.	Cohen	Jacobs

Jaros	McLaughlin	Ogren	Rice	Sparby
Jennings, L.	Metzen	Olson, E.	Riveness	Staten
Kahn	Minne	Omann	Rodosovich	Tomlinson
Kalis	Munger	Osthoff	Sarna	Tunheim
Kelly	Murphy	Otis	Scheid	Vanasek
Knuth	Nelson, D.	Pappas	Schoenfeld	Vellenga
Krueger	Nelson, K.	Piper	Segal	Voss
Lieder	Neuenschwander	Price	Simoneau	Welle
Long	Norton	Quinn	Skoglund	Wenzel
McEachern	O'Connor	Rest	Solberg	Wynia

Those who voted in the negative were:

Anderson, R.	Erickson	Johnson	Piepho	Thiede
Backlund	Fjoslien	Kiffmeyer	Poppenhagen	Thorson
Becklin	Forsythe	Knickerbocker	Quist	Tjornhom
Bennett	Frederick	Kvam	Redalen	Tompkins
Bishop	Frederickson	Levi	Rees	Uphus
Boerboom	Frerichs	Marsh	Richter	Valan
Boo	Gruenes	McDonald	Rose	Valento
Burger	Gutknecht	McKasy	Schafer	Waltman
Carlson, J.	Halberg	McPherson	Schreiber	Zaffke
Clausnitzer	Hartinger	Miller	Seaberg	Spk. Jennings, D.
Dempsey	Hartle	Olsen, S.	Shaver	
DenOuden	Haukoos	Onnen	Sherman	
Dimler	Heap	Ozment	Stanius	
Dyke	Himle	Pauly	Sviggum	

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

Jacobs was excused for the remainder of today's session.

Pappas moved to amend H. F. No. 634, the first engrossment, as amended, as follows:

Page 1, line 25, after "*day*" insert "*, except that this limit on the number of voters a voter may vouch for does not apply to vouching for residents of a shelter for battered women*"

The motion prevailed and the amendment was adopted.

McLaughlin moved to amend H. F. No. 634, the first engrossment, as amended, as follows:

Page 1, line 20, strike "or"

Page 1, after line 20, insert

"*(3) showing a current rent receipt that is made out to the individual and that indicates an address within the precinct. This receipt must comply with any form and currentness standards that may be adopted by the secretary of state; or*"

Renumber the subsequent clause

A roll call was requested and properly seconded.

The question was taken on the McLaughlin amendment and the roll was called. There were 62 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jennings, L.	Murphy	Quinn	Sparby
Battaglia	Kahn	Nelson, D.	Rest	Staten
Beard	Kalis	Nelson, K.	Rice	Tomlinson
Begich	Kelly	Neuenschwander	Riveness	Tunheim
Brandl	Knuth	Norton	Rodosovich	Vanasek
Brinkman	Krueger	O'Connor	Sarna	Vellenga
Brown	Lieder	Ogren	Scheid	Voss
Carlson, L.	Long	Olson, E.	Schoenfeld	Welle
Clark	McEachern	Osthoff	Segal	Wenzel
Cohen	McLaughlin	Otis	Sherman	Wynia
Ellingson	Metzen	Pappas	Simoneau	
Greenfield	Minne	Piper	Skoglund	
Jaros	Munger	Price	Solberg	

Those who voted in the negative were:

Anderson, R.	Dimler	Heap	Onnen	Sviggum
Backlund	Dyke	Himle	Ozment	Thiede
Becklin	Erickson	Johnson	Pauly	Thorson
Bennett	Fjoslien	Kiffmeyer	Piepho	Tjornhom
Bishop	Forsythe	Knickerbocker	Poppenhagen	Tompkins
Blatz	Frederick	Kvam	Quist	Uphus
Boerboom	Frederickson	Levi	Redalen	Valan
Boo	Frerichs	Marsh	Rees	Valento
Burger	Gruenes	McDonald	Richter	Waltman
Carlson, D.	Gutknecht	McKasy	Schafer	Zaffke
Carlson, J.	Halberg	McPherson	Schreiber	Spk. Jennings, D.
Clausnitzer	Hartinger	Miller	Seaberg	
Dempsey	Hartle	Olsen, S.	Shaver	
DenOuden	Haukoos	Omann	Stanius	

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

Krueger and Vanasek offered an amendment to H. F. No. 634, the first engrossment, as amended.

POINT OF ORDER

Shaver raised a point of order pursuant to rule 3.9 that the amendment was not in order. The Speaker ruled the point of order well taken and the amendment out of order.

Skoglund moved to amend H. F. No. 634, the first engrossment, as amended, as follows:

Page 1, line 25, after "*day*" insert "*, except that this limit on the number of voters a voter may vouch for does not apply to vouching for residents of the Minnesota Veterans Home or United States Veterans Administration Hospitals.*"

A roll call was requested and properly seconded.

The question was taken on the Skoglund amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 63 yeas and 66 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jaros	Munger	Piper	Solberg
Battaglia	Jennings, L.	Murphy	Price	Sparby
Beard	Kahn	Nelson, D.	Quinn	Staten
Begich	Kalis	Nelson, K.	Rest	Tomlinson
Brandl	Kelly	Neuenschwander	Rice	Tunheim
Brinkman	Knuth	Norton	Riveness	Vanasek
Brown	Krueger	O'Connor	Rodosovich	Vellenga
Carlson, D.	Lieder	Ogren	Sarna	Voss
Carlson, L.	Long	Olson, E.	Scheid	Welle
Clark	McEachern	Omann	Schoenfeld	Wenzel
Cohen	McLaughlin	Osthoff	Segal	Wynia
Ellingson	Metzen	Otis	Simoneau	
Greenfield	Minne	Pappas	Skoglund	

Those who voted in the negative were:

Anderson, R.	Erickson	Johnson	Piepho	Thiede
Backlund	Fjoslien	Kiffmeyer	Poppenhagen	Thorson
Becklin	Forsythe	Knickerbocker	Quist	Tjornhom
Bennett	Frederick	Kvam	Redalen	Tompkins
Blatz	Frederickson	Levi	Rees	Uphus
Boerboom	Frerichs	Marsh	Richter	Valan
Boo	Gruenes	McDonald	Rose	Valento
Burger	Gutknecht	McKasy	Schafer	Waltman
Carlson, J.	Halberg	McPherson	Schreiber	Zaffke
Clausnitzer	Hartinger	Miller	Seaberg	Spk. Jennings, D.
Dempsey	Hartle	Olsen, S.	Shaver	
DenOuden	Haukoos	Onnen	Sherman	
Dimler	Heap	Ozment	Stanius	
Dyke	Himle	Pauly	Sviggum	

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

Tunheim was excused for the remainder of today's session.

Scheid moved to amend H. F. No. 634, the first engrossment, as amended, as follows:

Page 1, line 22, strike "an" and insert "*the following*"

Page 1, lines 23 and 24, strike all the language before the period and insert "*: I swear or affirm that*

(a) I personally know the individual for whom I am vouching; and

(b) I personally know that the individual for whom I am vouching lives at the address on the registration card the individual has completed; or

(c) I personally know that the individual for whom I am vouching is a resident of the precinct in which the individual is seeking to vote; and

(d) I understand that falsely vouching for a voter is a felony"

Page 1, lines 24 and 25, delete the new language

A roll call was requested and properly seconded.

Clausnitzer moved to amend the Scheid amendment to H. F. No. 634, the first engrossment, as amended, as follows:

In the Scheid amendment, delete the last line.

A roll call was requested and properly seconded.

The question was taken on the Clausnitzer amendment to the Scheid amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 67 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Backlund	Erickson	Jennings, L.	Pauly	Sviggum
Becklin	Fjoslien	Johnson	Piepho	Thiede
Bennett	Forsythe	Kiffmeyer	Poppenhagen	Thorson
Bishop	Frederick	Knickerbocker	Quist	Tjornhom
Blatz	Frederickson	Kvam	Redalen	Tompkins
Boerboom	Frerichs	Levi	Rees	Uphus
Boo	Gruenes	Marsh	Richter	Valan
Burger	Gutknecht	McDonald	Rose	Valento
Carlson, J.	Halberg	McKasy	Schafer	Waltman
Clausnitzer	Hartinger	McPherson	Schreiber	Zaffke
Dempsey	Hartle	Miller	Seaberg	Spk. Jennings, D.
DenOuden	Haukoos	Olsen, S.	Shaver	
Dimler	Heap	Onnen	Sherman	
Dyke	Himle	Ozment	Stanius	

Those who voted in the negative were:

Anderson, G.	Brinkman	Cohen	Kalis	Lieder
Battaglia	Brown	Ellingson	Kelly	Long
Beard	Carlson, D.	Greenfield	Knuth	McEachern
Begich	Carlson, L.	Jaros	Kostohryz	McLaughlin
Brandl	Clark	Kahn	Krueger	Metzen

Minne	Ogren	Price	Scheid	Tomlinson
Munger	Olson, E.	Quinn	Segal	Vanasek
Murphy	Omann	Rest	Simoneau	Vellenga
Nelson, D.	Osthoff	Rice	Skoglund	Voss
Nelson, K.	Otis	Riveness	Solberg	Welle
Neuenschwander	Pappas	Rodosovich	Sparby	Wenzel
Norton	Piper	Sarna	Staten	Wynia
O'Connor				

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

Scheid withdrew her amendment, as amended by the Clausnitzer amendment, to H. F. No. 634, the first engrossment, as amended.

Sherman moved to amend H. F. No. 634, the first engrossment, as amended, as follows:

Page 1, line 24, delete "*three*" and insert "*five*"

A roll call was requested and properly seconded.

The question was taken on the Sherman amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 61 yeas and 66 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Munger	Price	Stanius
Battaglia	Jaros	Murphy	Rice	Staten
Beard	Kahn	Nelson, D.	Riveness	Tomlinson
Becklin	Kalis	Nelson, K.	Rodosovich	Vanasek
Begich	Kelly	Neuenschwander	Sarna	Vellenga
Bennett	Knuth	Norton	Scheid	Voss
Brandl	Kostohryz	Ogren	Schoenfeld	Welle
Brinkman	Krueger	Olson, E.	Segal	Wenzel
Carlson, D.	Lieder	Omann	Sherman	Wynia
Carlson, L.	Long	Osthoff	Simoneau	
Clark	McLaughlin	Otis	Skoglund	
Cohen	Metzen	Pappas	Solberg	
Ellingson	Minne	Piper	Sparby	

Those who voted in the negative were:

Anderson, R.	Carlson, J.	Frederick	Haukoos	Marsh
Backlund	Clausnitzer	Frederickson	Heap	McDonald
Bishop	Dempsey	Frerichs	Himle	McKasy
Blatz	DenOuden	Gruenes	Johnson	McPherson
Boerboom	Dyke	Gutknecht	Kiffmeyer	Miller
Boo	Erickson	Halberg	Knickerbocker	O'Connor
Brown	Fjoslien	Hartinger	Kvam	Olsen, S.
Burger	Forsythe	Hartle	Levi	Onnen

Ozment	Redalen	Schafer	Thiede	Valan
Pauly	Rees	Schreiber	Thorson	Valento
Piepho	Rest	Seaberg	Tjornhom	Waltman
Poppenhagen	Richter	Shaver	Tompkins	Zaffke
Quinn	Rose	Sviggum	Uphus	Spk. Jennings, D.
Quist				

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

Jaros was excused for the remainder of today's session.

Schoenfeld moved to amend H. F. No. 634, the first engrossment, as amended, as follows:

Page 1, line 25, before the period insert "*except that a person may vouch for more than three student voters who are enrolled in a post-secondary public or private institution*"

A roll call was requested and properly seconded.

The question was taken on the Schoenfeld amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 62 yeas and 65 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jennings, L.	Murphy	Quinn	Sparby
Battaglia	Kahn	Nelson, D.	Rest	Stanius
Beard	Kalis	Nelson, K.	Rice	Staten
Begich	Kelly	Neuenschwander	Riveness	Tomlinson
Bishop	Knuth	Norton	Rodosovich	Vanasek
Brandl	Krueger	O'Connor	Rose	Vellenga
Brinkman	Lieder	Ogren	Sarna	Voss
Brown	Long	Olson, E.	Scheid	Welle
Carlson, L.	McEachern	Osthoff	Schoenfeld	Wenzel
Clark	McLaughlin	Otis	Segal	Wynia
Cohen	Metzen	Pappas	Simoneau	
Ellingson	Minne	Piper	Skoglund	
Greenfield	Munger	Price	Solberg	

Those who voted in the negative were:

Anderson, R.	Dempsey	Gruenes	Knickerbocker	Onnen
Backlund	DenOuden	Gutknecht	Kvam	Ozment
Becklin	Dimler	Halberg	Levi	Pauly
Blatz	Dyke	Hartinger	Marsh	Piepho
Boerboom	Erickson	Hartle	McDonald	Poppenhagen
Boo	Fjoslien	Haukoos	McKasy	Quist
Burger	Forsythe	Heap	McPherson	Redalen
Carlson, D.	Frederick	Himle	Miller	Rees
Carlson, J.	Frederickson	Johnson	Olsen, S.	Richter
Clausnitzer	Frerichs	Kiffmeyer	Omann	Schafer

Schreiber	Sherman	Thorson	Uphus	Waltman
Seaberg	Sviggum	Tjornhom	Valan	Zaffke
Shaver	Thiede	Tompkins	Valento	Spk. Jennings, D.

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

Osthoff moved to amend H. F. No. 634, the first engrossment, as amended, as follows:

Page 1, line 25, after "*day*" insert "*and except that a voter may vouch for any number of voters on an election day if they are all members of the same family and they all live in a single dwelling unit*"

The motion prevailed and the amendment was adopted.

Rodosovich and Tomlinson were excused for the remainder of today's session.

Miller moved to amend H. F. No. 634, the first engrossment, as amended, as follows:

Page 1, line 22, strike "an" and insert "*the following*"

Page 1, lines 23 and 24, strike all the language before the period and insert "*: I swear or affirm that*

(a) I am a resident of the precinct in which I am vouching; and

(b) I personally know the individual for whom I am vouching; and

(c) I personally know that the individual for whom I am vouching lives at the address on the registration card the individual has completed; or

(d) I personally know that the individual for whom I am vouching is a resident of the precinct in which the individual is seeking to vote; and

(e) I understand no voter may vouch for more than 3 voters on any election day unless they all live in the same family dwelling and are members of the same family or are residents of a shelter for battered women and that falsely vouching for a voter is a felony"

A roll call was requested and properly seconded.

POINT OF ORDER

Osthoff raised a point of order pursuant to section 398, paragraph 1, of "Mason's Manual of Legislative Procedure" relating to decisions on amendments as final. The Speaker ruled the point of order not well taken.

Anderson, G., moved to amend the Miller amendment to H. F. No. 634, the first engrossment, as amended, as follows:

In the first line of clause (e) delete "*3*" and insert "*10*"

A roll call was requested and properly seconded.

The question was taken on the Anderson, G., amendment to the Miller amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 58 yeas and 66 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Minne	Pappas	Skoglund
Battaglia	Jennings, L.	Munger	Piper	Solberg
Beard	Kahn	Murphy	Price	Sparby
Begich	Kalis	Nelson, D.	Quinn	Staten
Brandl	Kelly	Nelson, K.	Rest	Vanasek
Brinkman	Kostohryz	Neuenschwander	Rice	Vellenga
Brown	Krueger	Norton	Riveness	Voss
Carlson, D.	Lieder	Ogren	Scheid	Welle
Carlson, L.	Long	Olson, E.	Schoenfeld	Wenzel
Clark	McEachern	Omann	Segal	Wynia
Cohen	McLaughlin	Osthoff	Sherman	
Ellingson	Metzen	Otis	Simoneau	

Those who voted in the negative were:

Anderson, R.	Dyke	Himle	Pauly	Thiede
Backlund	Erickson	Johnson	Piepho	Thorson
Becklin	Fjosiien	Kiffmeyer	Poppenhagen	Tjornhom
Bennett	Forsythe	Knickerbocker	Quist	Tompkins
Bishop	Frederick	Kvam	Redalen	Uphus
Blatz	Frederickson	Levi	Rees	Valan
Boerboom	Frerichs	Marsh	Richter	Valento
Boo	Gruenes	McDonald	Rose	Waltman
Burger	Gutknecht	McKasy	Schafer	Zaffke
Carlson, J.	Halberg	McPherson	Schreiber	Spk. Jennings, D.
Clausnitzer	Hartinger	Miller	Seaberg	
Dempsey	Hartle	Olsen, S.	Shaver	
DenOuden	Haukoos	Onnen	Stanius	
Dimler	Heap	Ozment	Sviggum	

The motion did not prevail and the amendment to the amendment was not adopted.

The question recurred on the Miller amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 72 yeas and 52 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dyke	Johnson	Pauly	Stanius
Backlund	Erickson	Kiffmeyer	Piepho	Sviggum
Bennett	Fjoslien	Knickerbocker	Poppenhagen	Thiede
Bishop	Forsythe	Kvam	Quist	Thorson
Blatz	Frederick	Levi	Redalen	Tjornhom
Boerboom	Frederickson	Marsh	Rees	Tompkins
Boo	Frerichs	McDonald	Richter	Uphus
Brinkman	Gruenes	McKasy	Rose	Valan
Burger	Gutknecht	McPherson	Schafer	Valento
Carlson, J.	Halberg	Miller	Scheid	Waltman
Carlson, L.	Hartinger	Nelson, D.	Schreiber	Zaffke
Clausnitzer	Hartle	Olsen, S.	Seaberg	Spk. Jennings, D.
Dempsey	Haukoos	Onnen	Shaver	
DenOuden	Heap	Otis	Sherman	
Dimler	Himle	Ozment	Sparby	

Those who voted in the negative were:

Anderson, G.	Greenfield	McLaughlin	Pappas	Solberg
Battaglia	Jennings, L.	Metzen	Piper	Staten
Beard	Kahn	Minne	Price	Vanasek
Becklin	Kalis	Munger	Quinn	Vellenga
Begich	Kelly	Murphy	Rest	Voss
Brandl	Knuth	Nelson, K.	Rice	Welle
Brown	Kostohryz	Neuenschwander	Riveness	Wenzel
Carlson, D.	Krueger	Norton	Schoenfeld	Wynia
Clark	Lieder	O'Connor	Segal	
Cohen	Long	Ogren	Simoneau	
Ellingson	McEachern	Omann	Skoglund	

The motion prevailed and the amendment was adopted.

McEachern and Vellenga were excused for the remainder of today's session.

H. F. No. 634, A bill for an act relating to elections; limiting the number of registration applicants for whom a person may vouch; amending Minnesota Statutes 1984, section 201.061, subdivision 3.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called.

Voss moved that those not voting be excused from voting. The motion did not prevail.

Norton moved that those not voting be excused from voting. The motion did not prevail.

There were 68 yeas and 57 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dimler	Heap	Onnen	Stanius
Backlund	Dyke	Himle	Ozment	Sviggum
Becklin	Erickson	Jennings, L.	Pauly	Thiede
Bennett	Fjoslien	Johnson	Piepho	Thorson
Bishop	Forsythe	Kiffmeyer	Poppenhagen	Tjornhom
Blatz	Frederick	Knickerbocker	Quist	Tompkins
Boerboom	Frederickson	Kvam	Redalen	Uphus
Boo	Frerichs	Levi	Rees	Valan
Burger	Gruenes	Marsh	Richter	Valento
Carlson, D.	Gutknecht	McDonald	Rose	Waltman
Carlson, J.	Halberg	McKasy	Schafer	Zaffke
Clausnitzer	Hartinger	McPherson	Schreiber	Spk. Jennings, D.
Dempsey	Hartle	Miller	Seaberg	
DenOuden	Haukoos	Olsen, S.	Shaver	

Those who voted in the negative were:

Anderson, G.	Kahn	Murphy	Piper	Skoglund
Battaglia	Kalis	Nelson, D.	Price	Solberg
Beard	Kelly	Nelson, K.	Quinn	Sparby
Begich	Knuth	Neuenschwander	Rest	Staten
Brandl	Kostohryz	Norton	Rice	Vanasek
Brinkman	Krueger	O'Connor	Riveness	Voss
Brown	Lieder	Ogren	Sarna	Welle
Carlson, L.	Long	Olsen, E.	Scheid	Wenzel
Clark	McLaughlin	Omann	Schoenfeld	Wynia
Cohen	Metzen	Osthoff	Segal	
Ellingson	Minne	Otis	Sherman	
Greenfield	Munger	Pappas	Simoneau	

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

Levi moved that the remaining bills on Special Orders for today be continued one day. The motion prevailed.

CONSENT CALENDAR

Levi moved that the bills on the Consent Calendar for today be continued one day. The motion prevailed.

GENERAL ORDERS

Levi moved that the bills on General Orders for today be continued one day. The motion prevailed.

MOTIONS AND RESOLUTIONS

Heap moved that the name of Skoglund be added as an author on H. F. No. 264. The motion prevailed.

Schreiber moved that the name of Redalen be added as second author on H. F. No. 756. The motion prevailed.

Vanasek moved that the name of Clark be added as an author on H. F. No. 1615. The motion prevailed.

Carlson, D., moved that S. F. No. 69 be recalled from the Committee on Transportation and be re-referred to the Committee on Appropriations. The motion prevailed.

Carlson, D., moved that H. F. No. 1128, now on General Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

Carlson, D., moved that S. F. No. 930 be recalled from the Committee on Governmental Operations and be re-referred to the Committee on Appropriations. The motion prevailed.

Valan moved that H. F. No. 1261 be recalled from the Committee on Rules and Legislative Administration and be re-referred to the Committee on Budget. The motion prevailed.

Erickson moved that House Resolution No. 28 be recalled from the Committee on Education and be re-referred to the Committee on Rules and Legislative Administration. The motion prevailed.

Cohen moved that H. F. No. 1310 be returned to its author. The motion prevailed.

Minne moved that H. F. No. 1013 be returned to its author. The motion prevailed.

ADJOURNMENT

Levi moved that when the House adjourns today it adjourn until 2:00 p.m., Monday, April 29, 1985. The motion prevailed.

Levi moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:00 p.m., Monday, April 29, 1985.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-FOURTH SESSION - 1985

FORTY-SIXTH DAY

SAINT PAUL, MINNESOTA, FRIDAY, APRIL 26, 1985

The Senate met on Friday, April 26, 1985, which was the Forty-sixth Day of the Seventy-fourth Session of the Minnesota State Legislature. The House of Representatives did not meet on this date.

STATE OF MINNESOTA

SEVENTY-FOURTH SESSION – 1985

FORTY-SEVENTH DAY

SAINT PAUL, MINNESOTA, MONDAY, APRIL 29, 1985

The House of Representatives convened at 2:00 p.m. and was called to order by David M. Jennings, Speaker of the House.

Prayer was offered by Rabbi Leigh Lerner, Mount Zion Temple, St. Paul, Minnesota.

The roll was called and the following members were present:

Anderson, G.	Ellingson	Kvam	Pappas	Skoglund
Anderson, R.	Erickson	Levi	Pauly	Solberg
Backlund	Fjoslien	Lieder	Peterson	Sparby
Battaglia	Forsythe	Long	Piepho	Stanius
Beard	Frederick	Marsh	Piper	Staten
Becklin	Frederickson	McDonald	Poppenhagen	Sviggum
Begich	Frerichs	McEachern	Price	Thiede
Bennett	Greenfield	McKasy	Quinn	Thorson
Bishop	Gruenes	McLaughlin	Quist	Tjornhom
Blatz	Gutknecht	McPherson	Redalen	Tomlinson
Boerboom	Halberg	Metzen	Rees	Tompkins
Boo	Hartinger	Miller	Rest	Tunheim
Brandl	Hartle	Minne	Rice	Uphus
Brinkman	Haukoos	Munger	Richter	Valan
Brown	Heap	Murphy	Riveness	Valento
Burger	Himle	Nelson, K.	Rodosovich	Vanasek
Carlson, D.	Jacobs	Neuenschwander	Rose	Vellenga
Carlson, J.	Jennings, L.	Norton	Sarna	Voss
Carlson, L.	Johnson	O'Connor	Schafer	Waltman
Clark	Kahn	Ogren	Scheid	Welle
Clausnitzer	Kalis	Olsen, S.	Schoenfeld	Wenzel
Cohen	Kelly	Olson, E.	Schreiber	Wynia
Dempsey	Kiffmeyer	Omann	Seaberg	Zaffke
DenOuden	Knickerbocker	Onnen	Segal	Spk. Jennings, D.
Dimler	Knuth	Osthoff	Shaver	
Dyke	Kostohryz	Otis	Sherman	
Elioff	Krueger	Ozment	Simoneau	

A quorum was present.

Jaros and Nelson, D., were excused.

The Chief Clerk proceeded to read the Journals of the preceding days. Erickson moved that further reading of the Journals be dispensed with and that the Journals be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 756, 264, 889 and 634 and S. F. Nos. 274, 453, 814, 1356, 1388, 83, 1077, 1374, 115, 927, 1071, 1214, 1238, 459, 781, 954, 986, 1140, 1148, 1254, 661, 1329, 896, 1193, 1353, 1357, 901, 1203, 335, 1244, 1278 and 1347 have been placed in the members' files.

S. F. No. 274 and H. F. No. 934, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Long moved that S. F. No. 274 be substituted for H. F. No. 934 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 781 and H. F. No. 806, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Kelly moved that S. F. No. 781 be substituted for H. F. No. 806 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1278 and H. F. No. 1558, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Knickerbocker moved that S. F. No. 1278 be substituted for H. F. No. 1558 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1353 and H. F. No. 1497, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Battaglia moved that S. F. No. 1353 be substituted for H. F. No. 1497 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1356 and H. F. No. 1431, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Bishop moved that S. F. No. 1356 be substituted for H. F. No. 1431 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 335 and H. F. No. 708, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

McDonald moved that the rules be so far suspended that S. F. No. 335 be substituted for H. F. No. 708 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 459 and H. F. No. 1023, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Vanasek moved that the rules be so far suspended that S. F. No. 459 be substituted for H. F. No. 1023 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 661 and H. F. No. 947, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Zaffke moved that the rules be so far suspended that S. F. No. 661 be substituted for H. F. No. 947 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 896 and H. F. No. 921, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Zaffke moved that the rules be so far suspended that S. F. No. 896 be substituted for H. F. No. 921 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 814 and H. F. No. 897, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Gruenes moved that the rules be so far suspended that S. F. No. 814 be substituted for H. F. No. 897 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 901 and H. F. No. 912, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Clausnitzer moved that the rules be so far suspended that S. F. No. 901 be substituted for H. F. No. 912 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 954 and H. F. No. 1033, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Kostohryz moved that the rules be so far suspended that S. F. No. 954 be substituted for H. F. No. 1033 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 986 and H. F. No. 1130, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Sviggum moved that the rules be so far suspended that S. F. No. 986 be substituted for H. F. No. 1130 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1071 and H. F. No. 1161, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

McKasy moved that the rules be so far suspended that S. F. No. 1071 be substituted for H. F. No. 1161 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1077 and H. F. No. 1001, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Backlund moved that the rules be so far suspended that S. F. No. 1077 be substituted for H. F. No. 1001 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1140 and H. F. No. 1513, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

McDonald moved that the rules be so far suspended that S. F. No. 1140 be substituted for H. F. No. 1513 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1148 and H. F. No. 1421, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

McKasy moved that the rules be so far suspended that S. F. No. 1148 be substituted for H. F. No. 1421 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1203 and H. F. No. 492, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Pappas moved that the rules be so far suspended that S. F. No. 1203 be substituted for H. F. No. 492 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1214 and H. F. No. 959, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Marsh moved that the rules be so far suspended that S. F. No. 1214 be substituted for H. F. No. 959 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1238 and H. F. No. 785, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Pauly moved that the rules be so far suspended that S. F. No. 1238 be substituted for H. F. No. 785 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1244 and H. F. No. 1307, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Seaberg moved that the rules be so far suspended that S. F. No. 1244 be substituted for H. F. No. 1307 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1254 and H. F. No. 1262, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Himle moved that the rules be so far suspended that S. F. No. 1254 be substituted for H. F. No. 1262 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1329 and H. F. No. 1000, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Tjornhom moved that the rules be so far suspended that S. F. No. 1329 be substituted for H. F. No. 1000 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1347 and H. F. No. 1498, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Neuenschwander moved that the rules be so far suspended that S. F. No. 1347 be substituted for H. F. No. 1498 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1357 and H. F. No. 1405, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Halberg moved that the rules be so far suspended that S. F. No. 1357 be substituted for H. F. No. 1405 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1388 and H. F. No. 1578, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Bishop moved that the rules be so far suspended that S. F. No. 1388 be substituted for H. F. No. 1578 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Forsythe from the Committee on Appropriations to which was referred:

H. F. No. 88, A bill for an act relating to education; providing for aids to education, aids to libraries, state payments for teacher retirement contributions, and the distribution of tax revenues; granting certain powers and duties to school boards, school districts, the state board of education, the board of teaching, and the higher education coordinating board; modifying certain components of foundation aid; modifying the basic maintenance mill rate; modifying computation of pupil units; repealing revenue equity; modifying the computation of summer program aid, transportation aid, special education aid, secondary vocational aid, and other aids; establishing an aid and levy formula for excellence in teaching and curriculum; providing for measurement of pupil progress; establishing mastery learning pilot projects; requiring assessment of new teachers; appropriating money; amending Minnesota Statutes 1984, sections 120.06, subdivision 1; 120.10, subdivision 1; 120.11; 120.15; 120.17, subdivision 3, and by adding a subdivision; 121.88; 121.882, subdivision 2, and by adding a subdivision; 121.904, subdivisions 4a and 4c; 121.912, subdivision 1; 122.86, subdivision 1; 123.36, subdivision 1; 123.58, by adding a subdivision; 123.705, subdivision 1; 123.742, subdivision 7, and by adding subdivisions; 123.7431, subdivision 1; 124.09; 124.14, subdivision 4; 124.17, by adding subdivisions; 124.19, subdivision 1; 124.195, subdivision 9; 124.2138, subdivision 2; 124.223; 124.225, subdivisions 1, 3, 4b, 7a, 7b, 8a, 8b, and 10; 124.247, subdivision 3; 124.26, subdivisions 1 and 6; 124.271, subdivision 2b, and by adding a subdivision; 124.2711, subdivision 1; 124.272, subdivision 3; 124.273, subdivision 1b; 124.32, subdivisions 1b, 1d, 2, 5, and 10; 124.48, by adding a subdivision; 124.573, subdivision 2; 124.574, subdivision 2b; 124.646, subdivision 1; 124A.02, subdivisions 6, 7, 8, 9, 16, and by adding a subdivision; 124A.03, subdivisions 3, 4, and by adding a subdivision; 124A.033, subdivisions 2 and 3, and by adding a subdivision; 124A.037; 124A.06, subdivisions 1 and 3a; 124A.08, subdivisions 3a and 5; 124A.10, subdivision 3a; 124A.12, subdivision 3a; 124A.14, subdivision 5a; 124A.16, subdivisions 2 and 4; 125.05, subdivisions 1 and 5; 125.12, by adding a subdivision; 125.17, by adding a subdivision; 125.185, subdivision 4; 125.60, subdivisions 3 and 7; 126.64, subdivision 2; 129B.17; 129B.20; 129B.21; 129B.35; 129B.36; 129B.38, subdivision 1; 129B.39; 129B.40; 134.31, subdivisions 2 and 3; 134.35; 134.351, subdivision 1; 136D.27; 136D.74, subdivision 2; 136D.87; 275.125, subdivisions

5b, 5d, 8, and 8a, and by adding subdivisions; 354.06, subdivision 1; 354.43, subdivision 3; 354A.12, subdivision 2; 355.208; 355.-209; 355.287; 355.288; 355.46, subdivision 3; and Laws 1973, chapter 683, section 26, subdivision 17, as amended; proposing coding for new law in Minnesota Statutes, chapters 121; 123; 124; 126; 129B; 134; 136A; repealing Minnesota Statutes 1984, sections 120.17, subdivision 1a; 120.172, subdivision 3; 122.84; 122.85; 122.89; 123.3511; 123.3512; 123.3513; 124.201, subdivisions 3, 4, and 5; 124.2138, subdivision 2; 124.225, subdivisions 4a, 8c, 8d, 8e, 8f, 8g, and 8h; 124.247, subdivision 6; 124.271, subdivisions 2 and 2a; 124.273, subdivisions 2b and 5; 124.32, subdivision 9a; 124A.03, subdivision 5; 124A.035, subdivision 6; 124A.037; 125.611, subdivisions 3, 4, 5, 6, and 7; 126.64, subdivision 1; 129B.03; 129B.33; 129B.34; 275.125, subdivision 2j; 354.-43, subdivisions 1, 4, and 5; 354A.12, subdivision 3; 355.46, subdivisions 1, 2, and 5; and 355.47.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

FOUNDATION AID

Section 1. Minnesota Statutes 1984, section 124.09, is amended to read:

124.09 [SCHOOL ENDOWMENT FUND, APPORTIONMENT.]

The school endowment fund shall be apportioned semiannually by the state board, on the first Monday in March and October in each year, to districts whose schools have been in session at least nine months. The apportionment shall be in proportion to the number of pupils (BETWEEN THE AGES OF FIVE AND TWENTY-ONE YEARS WHO SHALL HAVE BEEN) in average daily membership during the preceding year; provided, that apportionment shall not be paid to a district for pupils for whom tuition is received by the district.

Sec. 2. Minnesota Statutes 1984, section 124.17, is amended by adding a subdivision to read:

Subd. 1a. [AFDC PUPIL UNITS.] *In addition to the pupil units counted under subdivision 1, pupil units shall be counted as provided in this subdivision, beginning with the 1986-1987 school year.*

Each pupil in subdivision 1 from a family receiving aid to families with dependent children or its successor program who is

enrolled in the school district on October 1 shall be counted as an additional five-tenths pupil unit.

Sec. 3. Minnesota Statutes 1984, section 124.17, is amended by adding a subdivision to read:

Subd. 4. [DECLINE PUPIL UNITS.] *For each school district which experiences a seven percent or greater decline in the number of resident secondary pupils in average daily membership from the last year to the current year, each resident secondary pupil in average daily membership in the current year shall be weighted fifteen-hundreths of a pupil unit in addition to other weightings. No district shall receive more than $375,000 in additional foundation revenue for any year as a result of the additional pupil weightings allowed under this subdivision.*

Sec. 4. Minnesota Statutes 1984, section 124.2138, subdivision 2, is amended to read:

Subd. 2. [TRANSPORTATION LEVY EQUITY.] (1) If the transportation levy for fiscal year 1985 in any district, or for fiscal year 1986 (AND THEREAFTER) in a nonagricultural district, of 1.75 mills times the adjusted assessed valuation of the district exceeds the transportation aid computation under section 124.225, subdivisions 8b, 8i, 8j, and 8k, an amount shall be deducted as provided in this subdivision from special state aids of chapter 124 receivable for the same fiscal year, and from state payments on behalf of the district for the same fiscal year authorized in sections 354.43, subdivision 1; 354A.12, subdivision 2; and 355.46, subdivision 3, clause (b), to the extent that those special state aids and state payments have not been reduced pursuant to section 124A.037. However, aid authorized in sections 124.2137 and 124.646 shall not be reduced.

(2) The amount of the deduction shall equal the difference between:

(a) 1.75 mills times the adjusted assessed valuation of the district for the levy attributable to that fiscal year, and

(b) the sum of the district's transportation aid computation pursuant to section 124.225, subdivisions 8b, 8i, 8j, and 8k, less the amount of any aid reduction due to an insufficient appropriation as provided in section 124.225, subdivision 8a.

However, for fiscal year 1985, the amount of the deduction shall be one-sixth of the difference between clauses (a) and (b); *and* for fiscal year 1986, the amount of the deduction shall be one-third of the difference between clauses (a) and (b) (; FOR FISCAL YEAR 1987, THE AMOUNT OF THE DEDUCTION SHALL BE ONE-HALF OF THE DIFFERENCE BETWEEN CLAUSES (A) AND (B); FOR FISCAL YEAR 1988, THE

AMOUNT OF THE DEDUCTION SHALL BE TWO-THIRDS OF THE DIFFERENCE BETWEEN CLAUSES (A) AND (B); AND FOR FISCAL YEAR 1989, THE AMOUNT OF THE DEDUCTION SHALL BE FIVE-SIXTHS OF THE DIFFERENCE BETWEEN CLAUSES (A) AND (B)).

Sec. 5. Minnesota Statutes 1984, section 124A.02, subdivision 6, is amended to read:

Subd. 6. [BASIC FOUNDATION REVENUE.] A district's basic foundation revenue for each school year shall equal the formula allowance times its total pupil units *plus its decline pupil units* for that school year.

Sec. 6. Minnesota Statutes 1984, section 124A.02, subdivision 7, is amended to read:

Subd. 7. [BASIC MAINTENANCE MILL RATE.] "Basic maintenance mill rate" means the mill rate applicable to the adjusted assessed valuation of a district, used in the computation of basic foundation aid for a particular school year and of the basic maintenance levy for use in that school year. (THE BASIC MAINTENANCE MILL RATE SHALL BE .024 FOR THE 1982 PAYABLE 1983 LEVIES AND FOR FOUNDATION AID FOR THE 1983-1984 SCHOOL YEAR.) The basic maintenance mill rate shall be .024 for the 1983 payable 1984 levies and for foundation aid for the 1984-1985 school year. The basic maintenance mill rate shall be .0235 for the 1984 payable 1985 levies and for foundation aid for the 1985-1986 school year. *The basic maintenance mill rate for 1985 payable 1986 levies and each year thereafter, and for foundation aid for the 1986-1987 school year and each year thereafter, shall be established as provided in section 11.*

Sec. 7. Minnesota Statutes 1984, section 124A.02, subdivision 8, is amended to read:

Subd. 8. [EQUALIZING FACTOR.] "Equalizing factor" means a number equal to the minimum EARC valuation per (ACTUAL AND AFDC) *total* pupil unit which disqualifies a district from earning any basic foundation aid. The equalizing factor for each school year and for levies for use in that school year equals the ratio, rounded to the nearest dollar, of the foundation aid formula allowance for that school year to the basic maintenance mill rate for that school year. (HOWEVER, THE EQUALIZING FACTOR FOR DISCRETIONARY AND REPLACEMENT AIDS FOR THE 1982-1983 SCHOOL YEAR SHALL BE $61,565.)

Sec. 8. Minnesota Statutes 1984, section 124A.02, subdivision 9, is amended to read:

Subd. 9. [FORMULA ALLOWANCE.] "Foundation aid formula allowance" or "formula allowance" means the amount of revenue per pupil unit used in the computation of foundation aid for a particular school year and in the computation of permissible levies for use in that school year. (THE FORMULA ALLOWANCE SHALL BE $1,475 FOR THE 1982 PAYABLE 1983 LEVIES AND FOR FOUNDATION AID FOR THE 1983-1984 SCHOOL YEAR.) The formula allowance shall be $1,475 for the 1983 payable 1984 levies and for foundation aid for the 1984-1985 school year. The formula allowance shall be $1,585 for the 1984 payable 1985 levies and for foundation aid for the 1985-1986 school year. *The formula allowance shall be $1,675 for the 1985 payable 1986 levies and for foundation aid for the 1986-1987 school year.*

Sec. 9. Minnesota Statutes 1984, section 124A.02, subdivision 16, is amended to read:

Subd. 16. [PUPIL UNITS, AFDC.] *For the 1984-1985 and 1985-1986 school years,* "AFDC pupil units" means 98.5 percent of the pupil units identified in Minnesota Statutes 1980, section 124.17, subdivision 1, clauses (4) and (5) in the 1980-1981 school year.

For the 1986-1987 school year and each year thereafter, "AFDC pupil units" means pupil units identified in section 124.17, subdivision 1a.

Sec. 10. Minnesota Statutes 1984, section 124A.02, is amended by adding a subdivision to read:

Subd. 16a. [PUPIL UNITS; DECLINE.] *"Decline pupil units" means pupil units identified in section 3.*

Sec. 11. Minnesota Statutes 1984, section 124A.03, is amended by adding a subdivision to read:

Subd. 1a. [ESTABLISHMENT OF BASIC MAINTENANCE MILL RATE.] *(a) The commissioner of revenue shall establish the basic maintenance mill rate and certify it to the commissioner of education by August 1 of each year for levies payable in the following year. The established basic maintenance mill rate shall be a rate, rounded up to the nearest tenth of a mill, which when applied to the adjusted assessed valuation of taxable property for each school district under section 124A.03, subdivision 1 or 3, as applicable, raises the total amount specified in this section. The amount levied by a school district to replace aids subtracted pursuant to section 124A.037 must not be included in the computation of the mill rate.*

(b) The basic maintenance mill rate for the 1985 payable 1986 levies and for foundation aid for the 1986-1987 school year

shall be established at a rate that raises a total of $617,000,000. The basic maintenance mill rate computed by the commissioner of revenue must not be recomputed due to changes or corrections made in a school district's adjusted assessed valuation after the mill rate has been certified to the department of education pursuant to paragraph (a).

Sec. 12. Minnesota Statutes 1984, section 124A.03, subdivision 3, is amended to read:

Subd. 3. [BASIC MAINTENANCE LEVY; DISTRICTS OFF THE FORMULA.] In any year when the amount of the maximum levy limitation under subdivision 1 for any district, exceeds the product of the district's foundation aid formula allowance for the year in which the levy is recognized as revenue times the estimated number of total pupil units *plus decline pupil units* for that district for that school year, the levy limitation for that district under subdivision 1 shall be limited to the greater of the dollar amount of the levy the district certified in 1977 under Minnesota Statutes 1978, section 275.125, subdivision 2a, clause (1), or the following difference but not to exceed the levy limitation under subdivision 1:

(a) the (SUM OF (I) THE) product of the district's foundation aid formula allowance for the school year in which the levy is recognized as revenue, times the estimated number of total pupil units for that district for that school year, (PLUS (II) THE AMOUNT BY WHICH SPECIAL STATE AIDS OF CHAPTER 124 RECEIVABLE FOR THE SAME SCHOOL YEAR, EXCLUDING AID AUTHORIZED IN SECTIONS 124.-2137 AND 124.646, ARE ESTIMATED TO BE REDUCED PURSUANT TO SECTION 124.2138, SUBDIVISION 1, PLUS)

((III) THE AMOUNT BY WHICH STATE PAYMENTS ON BEHALF OF THE DISTRICT FOR THE SAME SCHOOL YEAR AUTHORIZED IN SECTIONS 354.43, SUBDIVISION 1; 354A.12, SUBDIVISION 2; AND 355.46, SUBDIVISION 3, CLAUSE (B), ARE ESTIMATED TO BE REDUCED PURSUANT TO SECTION 124.2138, SUBDIVISION 1,) less

(b) the estimated amount of any payments which would reduce the district's foundation aid entitlement as provided in section 124A.035, subdivision 4 in the school year in which the levy is recognized as revenue.

A levy made by a district pursuant to this subdivision shall be construed to be the levy made by that district pursuant to subdivision 1, for purposes of statutory cross-reference.

Sec. 13. Minnesota Statutes 1984, section 124A.03, subdivision 4, is amended to read:

Subd. 4. [SUMMER *INSTRUCTIONAL* PROGRAM LEVY.] In (1984) *1985* and each year thereafter, a district may levy for summer *instructional* programs an amount equal to the following product:

(a) The district's estimated (TOTAL) summer program *instructional* revenue allowance as defined in section 124A.033, subdivision 2, for the summer program session to be held in the calendar year after the calendar year when the levy is certified, times

(b) the lesser of

(1) one, or

(2) the ratio of

(i) the quotient derived by dividing the adjusted assessed valuation of the district in the second preceding year by the total pupil units in the district in the current regular school year, to

(ii) *50 percent of* the equalizing factor for the current regular school year.

Sec. 14. Minnesota Statutes 1984, section 124A.033, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For the purposes of computing foundation aid for summer programs and inter-session classes of flexible school year programs, the following phrases shall have the meanings given them.

(1) "Summer program pupil units" means full-time equivalent pupil units for summer programs and inter-session classes of flexible school year programs computed under the provisions of section 124.17.

(2) "Summer program instructional revenue allowance" means an amount equal to the product of the number of summer program pupil units in a district, times the foundation aid formula allowance as defined in section 124A.02 for the preceding regular school year.

(3) ("SUMMER EDUCATIONAL IMPROVEMENT REVENUE ALLOWANCE" MEANS AN AMOUNT EQUAL TO THE PRODUCT OF 0.005, TIMES THE NUMBER OF ACTUAL PUPIL UNITS IN THE DISTRICT IN THE PRECEDING REGULAR SCHOOL YEAR, TIMES THE FOUNDATION AID FORMULA ALLOWANCE AS DEFINED IN SECTION 124A.02 FOR THE PRECEDING REGULAR SCHOOL YEAR.)

((4) "TOTAL SUMMER PROGRAM REVENUE ALLOWANCE" MEANS AN AMOUNT EQUAL TO THE SUM OF A DISTRICT'S SUMMER PROGRAM INSTRUCTIONAL REVENUE ALLOWANCE AND SUMMER EDUCATIONAL IMPROVEMENT REVENUE ALLOWANCE.)

((5)) "Summer program aid" means aid for summer programs and inter-session classes of flexible school year programs.

Sec. 15. Minnesota Statutes 1984, 124A.033, subdivision 3, is amended to read:

Subd. 3. [SUMMER PROGRAM AID; 1985 SUMMER.] In fiscal year 1986 (AND EACH YEAR THEREAFTER), a district shall receive summer program aid equal to the difference between:

(1) the product of

(a) the ratio of the district's actual levy to its permitted levy, pursuant to section 124A.03, subdivision (3) *4*, certified in (THE CALENDAR YEAR BEFORE THE SUMMER PROGRAM IS OFFERED) *1984*; times

(b) the district's total summer program revenue allowance; and

(2) the levy certified by the district pursuant to section 124A.03, subdivision (3) *4*, in (THE CALENDAR YEAR BEFORE THE SUMMER PROGRAM IS OFFERED) *1984*.

Sec. 16. Minnesota Statutes 1984, section 124A.033, is amended by adding a subdivision to read:

Subd. 3a. [SUMMER INSTRUCTIONAL PROGRAM AID; 1986 SUMMER AND THEREAFTER.] *In fiscal year 1987 and each year thereafter, a district shall receive summer instructional program aid equal to the difference between:*

(1) the product of

(a) the ratio of the district's actual levy to its permitted levy, pursuant to section 124A.03, subdivision 4, certified in the calendar year before the summer program is offered; times

(b) the district's summer instructional program revenue allowance; and

(2) the levy certified by the district pursuant to section 124A.03, subdivision 4, in the calendar year before the summer program is offered.

Sec. 17. Minnesota Statutes 1984, section 124A.037, is amended to read:

124A.037 [BASIC MAINTENANCE LEVY EQUITY.]

(1) If the amount of the maximum levy limitation under section 124A.03, subdivision 1, for fiscal year 1985 for any district, or for fiscal year 1986 (OR AFTER) for a nonagricultural district exceeds the district's basic foundation revenue for the corresponding fiscal year, an amount shall be deducted as provided in this subdivision from special state aids of chapter 124 receivable for the same fiscal year, and from state payments on behalf of the district for the same fiscal year authorized in sections 354.43, subdivision 1; 354A.12, subdivision 2; and 355.46, subdivision 3, clause (b). However, the aid authorized in sections 124.2137 and 124.646 shall not be reduced.

(2) The amount of the deduction shall equal the difference between:

(a) the sum of the amount of the district's maximum levy limitation under section 124A.03, subdivision 1, plus the amount of any reductions to that levy limitation pursuant to sections 124A.03, subdivision 3, and 275.125, subdivision 9, and

(b) the district's basic foundation revenue.

However, for fiscal year 1985, the amount of the deduction shall be one-sixth of the difference between clauses (a) and (b); *and* for fiscal year 1986, the amount of the deduction shall be one-third of the difference between clauses (a) and (b) (; FOR FISCAL YEAR 1987, THE AMOUNT OF THE DEDUCTION SHALL BE ONE-HALF OF THE DIFFERENCE BETWEEN CLAUSES (A) AND (B); FOR FISCAL YEAR 1988, THE AMOUNT SHALL BE TWO-THIRDS OF THE DIFFERENCE BETWEEN CLAUSES (A) AND (B); AND FOR FISCAL YEAR 1989, THE AMOUNT OF THE DEDUCTION SHALL BE FIVE-SIXTHS OF THE DIFFERENCE BETWEEN CLAUSES (A) AND (B)).

Sec. 18. Minnesota Statutes 1984, section 124A.06, subdivision 1, is amended to read:

Subdivision 1. [COST DIFFERENTIAL TIER ALLOWANCE.] "Cost differential tier allowance" means the amount of revenue per actual pupil unit used to compute the cost differential tier aid for a school year and levy for use in the same school year. A district's cost differential tier allowance shall be the result of the following computation:

(a) Divide the amount of aid the district would have received for the 1980-81 school year if Minnesota Statutes *1983 Supple-*

ment, (1979 SUPPLEMENT, SECTION 124.224, AS AMENDED BY) section 124.2124, subdivision 1, had been effective for the 1980-1981 school year by the actual pupil units in the district in the 1980-1981 school year.

(b) For the 1984-1985 school year, multiply the result in clause (a) by one. For the 1985-1986 school year and school years thereafter, multiply the result in clause (a) by two.

(c) Divide the formula allowance for the school year by $1265.

(d) Multiply the result in clause (b) by the result in clause (c).

(e) Subtract 1.25 from the training and experience index, and multiply the difference by $300 for the 1984-1985 school year, or $400 for the 1985-1986 school year and thereafter.

(f) Select the greater of the result in clause (e) or zero.

(g) Add the results of clauses (d) and (f).

Sec. 19. Minnesota Statutes 1984, section 124A.06, subdivision 3a, is amended to read:

Subd. 3a. [COST DIFFERENTIAL TIER LEVY.] (IN 1983 AND EACH YEAR THEREAFTER,) A district may levy for its cost differential tier revenue an amount not to exceed the lesser of its cost differential tier revenue or the result of the following computation:

(i) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.

(ii) Divide the result in clause (i) by the equalizing factor for the school year to which the levy is attributable.

(iii) Multiply the result in clause (ii) by the district's cost differential tier revenue for the school year to which the levy is attributable.

Sec. 20. Minnesota Statutes 1984, section 124A.08, subdivision 3a, is amended to read:

Subd. 3a. [SECOND TIER LEVY.] (IN 1983 AND EACH YEAR THEREAFTER,) A district may levy for its second tier revenue an amount not to exceed the lesser of its second tier revenue or the result of the following computation:

(i) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.

(ii) Divide the result in clause (i) by the equalizing factor for the school year to which the levy is attributable.

(iii) Multiply the result in clause (ii) by the district's second tier revenue for the school year to which the levy is attributable.

Sec. 21. Minnesota Statutes 1984, section 124A.08, subdivision 5, is amended to read:

Subd. 5. [SECOND TIER LEVY FUND BALANCE.] (BEGINNING WITH THE 1983 PAYABLE 1984 LEVY,) For a district (WHERE THE) *for which the commissioner projects a* net unappropriated operating fund balance as of the June 30 (BEFORE) *after* the levy is certified (EXCEEDS) *in excess of* $500 per total pupil unit in the year (WHEN) *for which* the levy is (CERTIFIED) *attributable,* the second tier levy shall be reduced by the amount of the excess times the lesser of (a) one, or (b) the ratio of the district's EARC valuation for the preceding year per total pupil unit in the school year for which the levy is attributable, to the equalizing factor. *The reduction shall be corrected for the difference between the projected balance and the actual balance in the next levy after an actual fund balance is available.* (BEGINNING WITH THE 1984-1985 SCHOOL YEAR,) The second tier aid for the year when (THAT) *the* levy is used shall be reduced by any amount of the excess which is not subtracted from the levy.

Sec. 22. Minnesota Statutes 1984, section 124A.10, subdivision 3a, is amended to read:

Subd. 3a. [THIRD TIER LEVY.] (IN 1983 AND EACH YEAR THEREAFTER,) A district may levy for its third tier revenue an amount not to exceed the lesser of its third tier revenue or the result of the following computation:

(i) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.

(ii) Divide the result in clause (i) by 75 percent of the equalizing factor for the school year to which the levy is attributable.

(iii) Multiply the result in clause (ii) by the district's third tier revenue for the school year to which the levy is attributable.

Sec. 23. Minnesota Statutes 1984, section 124A.12, subdivision 3a, is amended to read:

Subd. 3a. [FOURTH TIER LEVY.] (IN 1983 AND EACH YEAR THEREAFTER,) A district may levy for its fourth tier revenue an amount not to exceed the lesser of its fourth tier revenue or the result of the following computation:

(i) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.

(ii) Divide the result in clause (i) by 50 percent of the equalizing factor for the school year to which the levy is attributable.

(iii) Multiply the result in clause (ii) by the fourth tier revenue for the school year to which the levy is attributable.

Sec. 24. Minnesota Statutes 1984, section 124A.14, subdivision 5a, is amended to read:

Subd. 5a. [FIFTH TIER LEVY.] (IN 1983 AND EACH YEAR THEREAFTER,) A district may levy for its fifth tier revenue an amount not to exceed the lesser of its fifth tier revenue or the result of the following computation:

(i) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.

(ii) Divide the result in clause (i) by 50 percent of the equalizing factor for the school year to which the levy is attributable.

(iii) Multiply the result in clause (ii) by the fifth tier revenue for the school year to which the levy is attributable.

Sec. 25. Minnesota Statutes 1984, section 124A.16, subdivision 2, is amended to read:

Subd. 2. [TOTAL REVENUE PER ACTUAL PUPIL UNIT.] The total revenue per actual pupil unit permitted from the tiers specified in section 124A.06, 124A.08, 124A.10, 124A.-12, and 124A.14 shall equal the sum of the previous formula amount plus the greater of:

(a) the minimum increase; or

(b) 25 percent of the difference between the total tier allowance and the previous formula amount in the 1984-1985 school year, 50 percent of the difference in the 1985-1986 school year, (75) *87.5* percent of the difference in the 1986-1987 school year, or 100 percent of the difference in the 1987-1988 school year and subsequent school years.

Sec. 26. Minnesota Statutes 1984, section 124A.16, subdivision 4, is amended to read:

Subd. 4. [UNIT REVENUE BEFORE REDUCTION.] The permitted total revenue per actual pupil unit specified in subdivision 2 shall be determined prior to the reduction according to section (124A.03, SUBDIVISION 3) *124A.08, subdivision 5.*

Sec. 27. [124A.20] [EDUCATIONAL OVERBURDEN AID TO CERTAIN DISTRICTS.]

If the maximum levy amount authorized in section 275.125, subdivision 6f, for any district exceeds an amount equal to ten mills times the adjusted assessed valuation of the district, that district shall not make a levy under that section. However, that district shall receive state aid in the amount of the authorized levy, as computed according to the provisions of section 275.125, subdivision 6f.

Sec. 28. Minnesota Statutes 1984, section 126.64, subdivision 2, is amended to read:

Subd. 2. [DISTRICT OF ATTENDANCE.] The district receiving a pupil selected to participate in the program of excellence program shall count the pupil as a resident pupil unit as defined in section 124.17 for purpose of determining aids and levies. *The district of residence shall not count such a pupil as a resident pupil unit while the pupil attends school in another district.*

Sec. 29. Minnesota Statutes 1984, section 275.125, is amended by adding a subdivision to read:

Subd. 6f. [LEVY FOR AFDC CONCENTRATION.] *Each year a district where the number of pupils from families receiving aid to families with dependent children or its successor program equals six percent or more of the total actual pupil units in the district may make a levy under the provisions of this subdivision. The amount of the levy shall not exceed the following computation:*

(a) compute the number of pupils from families receiving aid to families with dependent children or its successor program enrolled in the school district on October 1 in the school year to which the levy is attributable as a percent of actual pupil units in the district determined according to section 124.17, subdivision 1, for that same year. The district shall round this computation down to the nearest whole percent.

(b) multiply each pupil from a family receiving aid to families with dependent children by an amount equal to one-tenth for

each percent over five computed in paragraph (a), but not to exceed six-tenths for each pupil.

(c) multiply the result in paragraph (b) by the foundation aid formula allowance for the school year to which the levy is attributable.

Sec. 30. Minnesota Statutes 1984, section 298.28, subdivision 1, is amended to read:

Subdivision 1. [DISTRIBUTION FROM GENERAL FUND.] The proceeds of the taxes collected under section 298.24, except the tax collected under section 298.24, subdivision 2, shall, upon certificate of the commissioner of revenue to the general fund of the state, be paid by the commissioner of revenue as follows:

(1) 2.5 cents per gross ton of merchantable iron ore concentrate, hereinafter referred to as "taxable ton," to the city or town in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. If the mining, quarrying, and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities and towns among such subdivisions upon the basis of attributing 40 percent of the proceeds of the tax to the operation of mining or quarrying the taconite, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of such operations performed in each such taxing district. His order making such apportionment shall be subject to review by the tax court at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner.

(2) 12.5 cents per taxable ton, less any amount distributed under clause (8), to the taconite municipal aid account in the apportionment fund of the state treasury, to be distributed as provided in section 298.282.

(3) 29 cents per taxable ton plus the increase provided in paragraph (c) to qualifying school districts to be distributed as follows:

(a) Six cents per taxable ton to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The commissioner shall follow the apportionment formula prescribed in clause (1).

(b) 23 cents per taxable ton, less any amount distributed under part (d), shall be distributed to a group of school districts

comprised of those school districts wherein the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 in direct proportion to school district tax levies as follows: each district shall receive that portion of the total distribution which its certified levy for the prior year, computed pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.-10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125, comprises of the sum of certified levies for the prior year for all qualifying districts, computed pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125, comprises of the sum of certified levies for the prior year for all qualifying districts, computed pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125. For purposes of distributions pursuant to this part, certified levies for the prior year computed pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125 shall not include the amount of any increased levy authorized by referendum pursuant to section 124A.03, subdivision 2.

(c) On July 15, in years prior to 1988, an amount equal to the increase derived by increasing the amount determined by clause (3)(b) in the same proportion as the increase in the steel mill products index over the base year of 1977 as provided in section 298.24, subdivision 1, clause (a), shall be distributed to any school district described in clause (3)(b) where a levy increase pursuant to section 124A.03, subdivision 2, is authorized by referendum, according to the following formula. On July 15, 1988 and subsequent years, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, paragraph (a). Each district shall receive the product of:

(i) $150 times the pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), enrolled in the second previous *year or the 1983-1984* school year, *whichever is greater*, less the product of (TWO) *1 3/4* mills times the district's taxable valuation in the second previous year; times

(ii) the lesser of:

(A) one, or

(B) the ratio of the amount certified pursuant to section 124A.03, subdivision 2, in the previous year, to the product of (TWO) *1 3/4* mills times the district's taxable valuation in the second previous year.

If the total amount provided by clause (3)(c) is insufficient to make the payments herein required then the entitlement of $150

per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to clause (3)(c) shall not be applied to reduce foundation aids which the district is entitled to receive pursuant to section 124A.02 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of finance who shall deposit the same in the taconite environmental protection fund and the northeast Minnesota economic protection trust fund as provided in section 298.28, subdivision 1, clause 10.

(d) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

(4) 19.5 cents per taxable ton to counties to be distributed as follows:

(a) 15.5 cents per taxable ton shall be distributed to the county in which the taconite is mined or quarried or in which the concentrate is produced, less any amount which is to be distributed pursuant to part (b). The commissioner shall follow the apportionment formula prescribed in clause (1).

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, one cent per taxable ton of the tax distributed to the counties pursuant to part (a) and imposed on and collected from such taxpayer shall be distributed by the commissioner of revenue to the county in which the power plant is located.

(c) Four cents per taxable ton shall be paid to the county from which the taconite was mined, quarried or concentrated to be deposited in the county road and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those processes are carried on in more than one county, the commissioner shall follow the apportionment formula prescribed in clause (1).

(5) (a) 17.75 cents per taxable ton, less any amount required to be distributed under part (b), to the taconite property tax relief account in the apportionment fund in the state treasury, to be distributed as provided in sections 273.134 to 273.136.

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, .75 cent per taxable ton of the tax imposed and collected from such taxpayer shall be distributed by the commissioner of revenue to

the county and school district in which the power plant is located as follows: 25 percent to the county and 75 percent to the school district.

(6) One cent per taxable ton to the state for the cost of administering the tax imposed by section 298.24.

(7) Three cents per taxable ton shall be deposited in the state treasury to the credit of the iron range resources and rehabilitation board account in the special revenue fund for the purposes of section 298.22. The amount determined in this clause shall be increased in 1981 and subsequent years prior to 1988 in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1 and shall be increased in 1988 and subsequent years according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1. The amount distributed pursuant to this clause shall be expended within or for the benefit of a tax relief area defined in section 273.134. No part of the fund provided in this clause may be used to provide loans for the operation of private business unless the loan is approved by the governor and the legislative advisory commission.

(8) (a) .20 cent per taxable ton shall be paid to the range association of municipalities and schools, for the purpose of providing an area wide approach to problems which demand coordinated and cooperative actions and which are common to those areas of northeast Minnesota affected by operations involved in mining iron ore and taconite and producing concentrate therefrom, and for the purpose of promoting the general welfare and economic development of the cities, towns and school districts within the iron range area of northeast Minnesota.

(b) 1.5 cents per taxable ton shall be paid to the northeast Minnesota economic protection trust fund.

(9) the amounts determined under clauses (4)(a), (4)(c), (5), and (8)(b) shall be increased in 1979 and subsequent years prior to 1988 in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1. Those amounts shall be increased in 1988 and subsequent years in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1.

(10) the proceeds of the tax imposed by section 298.24 which remain after the distributions in clauses (1) to (9) and parts (a) and (b) of this clause have been made shall be divided between the taconite environmental protection fund created in section 298.223 and the northeast Minnesota economic protection trust fund created in section 298.292 as follows: Two-thirds to the taconite environmental protection fund and one-third to the northeast Minnesota economic protection trust fund. The pro-

ceeds shall be placed in the respective special accounts in the general fund.

(a) There shall be distributed to each city, town, school district, and county the amount that they received under section 294.26 in calendar year 1977; provided, however, that the amount distributed in 1981 to the unorganized territory number 2 of Lake County and the town of Beaver Bay based on the between-terminal trackage of Erie Mining Company will be distributed in 1982 and subsequent years to the unorganized territory number 2 of Lake County and the towns of Beaver Bay and Stony River based on the miles of track of Erie Mining Company in each taxing district.

(b) There shall be distributed to the iron range resources and rehabilitation board the amounts it received in 1977 under section 298.22.

On or before October 10 of each calendar year each producer of taconite or iron sulphides subject to taxation under section 298.24 (hereinafter called "taxpayer") shall file with the commissioner of revenue an estimate of the amount of tax which would be payable by such taxpayer under said law for such calendar year; provided such estimate shall be in an amount not less than the amount due on the mining and production of concentrates up to September 30 of said year plus the amount becoming due because of probable production between September 30 and December 31 of said year, less any credit allowable as hereinafter provided. The commissioner of revenue shall annually on or before October 10 report an estimated distribution amount to each taxing district and the officers with whom such report is so filed shall use the amount so indicated as being distributable to each taxing district in computing the permissible tax levy of such county or city in the year in which such estimate is made, and payable in the next ensuing calendar year, except that one cent per taxable ton of the amount distributed under clause (4)(c) shall not be deducted in calculating the permissible levy. In any calendar year in which a general property tax levy subject to sections 275.50 to 275.59 has been made, if the taxes distributable to any such county or city are greater than the amount estimated by the commissioner to be paid to any such county or city in such year, the excess of such distribution shall be held in a special fund by the county or city and shall not be expended until the succeeding calendar year, and shall be included in computing the permissible levies under sections 275.50 to 275.-59, of such county or city payable in such year. If the amounts distributable to any such county or city after final determination by the commissioner of revenue under this section are less than the amounts by which a taxing district's levies were reduced pursuant to this section, such county or city may issue certificates of indebtedness in the amount of the shortage, and may include in its next tax levy, in excess of the limitations of sec-

tions 275.50 to 275.59 an amount sufficient to pay such certificates of indebtedness and interest thereon, or, if no certificates were issued, an amount equal to such shortage.

There is hereby annually appropriated to such taxing districts as are stated herein, to the taconite property tax relief account and to the taconite municipal aid account in the apportionment fund in the state treasury, to the department of revenue, to the iron range resources and rehabilitation board, to the range association of municipalities and schools, to the taconite environmental protection fund, and to the northeast Minnesota economic protection trust fund, from any fund or account in the state treasury to which the money was credited, an amount sufficient to make the payment or transfer. The payment of the amount appropriated to such taxing districts shall be made by the commissioner of revenue on or before May 15 annually.

Sec. 31. [REDUCTIONS FOR REVENUE EQUITY.]

Pursuant to Minnesota Statutes, sections 124.2138 and 124A.-037, aid payments shall be reduced in fiscal year 1986 by approximately $4,222,600.

Sec. 32. [LEVY ADJUSTMENT.]

The commissioner shall adjust the 1984 payable 1985 levy limitations for school districts as a result of the provisions of section 3 of this article. The adjustment shall be a positive or negative amount equal to the difference between the amount the district levied in 1984 and the amount the district would have certified for the 1984 levies if the provision in section 3 of this article had been in effect at the time the 1984 payable 1985 levy was made. The adjustment shall be added to or subtracted from the district's levy limitation for 1985 taxes payable in 1986.

Sec. 33. [APPROPRIATION.]

Subdivision 1. [TO DEPARTMENT OF EDUCATION.] *There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

Subd. 2. [FOUNDATION AID.] *For foundation aid there is appropriated:*

$693,829,300 1986,

$874,649,000 . . . . . 1987.

The appropriation for 1986 includes $81,869,500 for aid for fiscal year 1985 payable in fiscal year 1986, and $611,959,800 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for 1987 includes $105,419,300 for aid for fiscal year 1986 payable in fiscal year 1987, and $769,229,700 for aid for fiscal year 1987 payable in fiscal year 1987.

Subd. 3. [SUMMER PROGRAMS.] *For summer program aid pursuant to section 124A.033, subdivision 3, and for summer instructional program aid pursuant to section 124A.033, subdivision 3a, there is appropriated:*

$7,878,600 1986,

$3,028,900 . . . . . 1987.

The appropriation for fiscal year 1986 is for aid for programs in summer 1985. The appropriation for fiscal year 1987 is for aid for programs in summer 1986.

Subd. 4. For educational overburden levy aid to certain districts pursuant to section 27, there is appropriated:

$472,400 . . . . . 1987.

This appropriation is for aid for fiscal year 1987 payable in fiscal year 1987, based upon a 100 percent aid entitlement of $555,765.

Subd. 5. [CANCELLATION.] *Any unexpended balance remaining from the appropriations in this section for 1986 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated.*

Sec. 34. [REPEALER.]

Subdivision 1. [JULY 1, 1985.] *Minnesota Statutes 1984, section 124.201, subdivisions 3, 4 and 5; 126.64, subdivision 1; section 124A.03, subdivision 5; section 124A.035, subdivision 6; and section 275.125, subdivision 2j, are repealed.*

Subd. 2. [JUNE 30, 1986.] *Minnesota Statutes 1984, sections 124.2138, subdivision 2; and 124A.037 are repealed.*

Sec. 35. [EFFECTIVE DATE.]

Subdivision 1. Section 34, subdivision 2, is effective June 30, 1986.

Subd. 2. Section 30 is effective July 15, 1985.

ARTICLE 2

TRANSPORTATION AID

Section 1. Minnesota Statutes 1984, section 124.223, is amended to read:

124.223 [TRANSPORTATION AID AUTHORIZATION.]

School transportation and related services for which state transportation aid is authorized are:

(1) [TO AND FROM SCHOOL; BETWEEN SCHOOLS.] Transportation or board of resident elementary pupils who reside one mile or more from the public schools which they could attend; transportation or board of resident secondary pupils who reside two miles or more from the public schools which they could attend; transportation to, from, or between the schools the resident pupils attend pursuant to a program approved by the commissioner of education; transportation of resident elementary pupils who reside one mile or more from a nonpublic school actually attended; transportation of resident secondary pupils who reside two miles or more from a nonpublic school actually attended; but with respect to transportation of pupils to nonpublic schools actually attended, only to the extent permitted by sections 123.76 to 123.79;

(2) [OUTSIDE DISTRICT.] Transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school; the pupils may attend a classified secondary school in another district and shall receive board and lodging in or transportation to and from a district having a classified secondary school at the expense of the district of the pupil's residence;

(3) [SECONDARY VOCATIONAL CENTERS.] Transportation to and from a state board approved secondary vocational center for secondary vocational classes for resident pupils of any of the districts who are members of or participating in programs at that center;

(4) [HANDICAPPED.] Transportation or board and lodging of a handicapped pupil when that pupil cannot be transported on a regular school bus, the conveying of handicapped pupils between home and school and within the school plant, necessary transportation of handicapped pupils from home or from school to other buildings, including hospitals and treatment centers where special instruction or services required by section 120.17 are provided, within or outside the district where services are provided, and necessary transportation for resident handicapped pupils required by section 120.17, subdivision 4a. Transportation of handicapped pupils between home and school shall

not be subject to the requirement in clause (1) that elementary pupils reside at least one mile from school and secondary pupils reside at least two miles from school in order for the transportation to qualify for aid;

(5) [BOARD AND LODGING; NONRESIDENT HANDICAPPED.] When necessary, board and lodging for nonresident handicapped pupils in a district maintaining special classes;

(6) [SHARED TIME.] Transportation from one educational facility to another within the district for resident pupils enrolled on a shared time basis in educational programs approved by the commissioner of education, and necessary transportation required by section 120.17, subdivision 9 for resident handicapped pupils who are provided special instruction and services on a shared time basis;

(7) [FARIBAULT STATE SCHOOLS.] Transportation for residents to and from the Minnesota school for the deaf or the Minnesota braille and sight-saving school;

(8) [SUMMER SCHOOL.] Services described in clauses (1) to (7) and clauses (9) and (10) when provided in conjunction with a (STATE BOARD APPROVED) summer (SCHOOL) program *eligible for aid and levy under sections 124A.03 and 124A.033*;

(9) [COOPERATIVE ACADEMIC AND VOCATIONAL.] Transportation to, from or between educational facilities located in any of two or more school districts jointly offering academic classes approved by the commissioner or secondary vocational classes not provided at a secondary vocational center which are approved by the commissioner for resident pupils of any of these districts; and

(10) [NONPUBLIC SUPPORT SERVICES.] Necessary transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123.935.

Sec. 2. Minnesota Statutes 1984, section 124.225, subdivision 1, is amended to read:

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

(a) "FTE" means a transported full time equivalent pupil whose transportation is authorized for aid purposes by section 124.223.

(b) "Authorized cost for regular transportation" means the sum of:

(1) all expenditures for transportation in the regular category, as defined in clause (e)(1), for which aid is authorized in section 124.223, plus

(2) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of 12-1/2 percent per year of the cost of the fleet, plus

(3) an amount equal to one year's depreciation on district school buses reconditioned by the department of corrections computed on a straight line basis at the rate of 33-1/3 percent per year of the cost to the district of the reconditioning, plus

(4) (BEGINNING IN FISCAL YEAR 1984,) an amount equal to one year's depreciation on the district's type three school buses, as defined in section 169.44, subdivision 15, which were purchased after July 1, 1982 for authorized transportation of pupils, with the prior approval of the commissioner, computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses.

(c) "Adjusted authorized predicted cost per FTE" means the authorized cost predicted by a multiple regression formula determined by the department of education, and adjusted pursuant to subdivision 7a.

(d) "Aid entitlement per FTE" means the adjusted authorized predicted cost per FTE, inflated pursuant to subdivision 7b.

(e) "Transportation category" means a category of transportation service provided to pupils. *For the 1984-1985 and 1985-1986 school years,* each category includes transportation provided during the regular school year and in conjunction with a (STATE BOARD APPROVED) summer (SCHOOL) program *eligible for aid and levy under sections 124A.03 and 124A.033.* For purposes of this section, transportation categories *for the 1984-1985 and 1985-1986 school years* are as follows:

(1) Regular transportation is transportation services provided under section 124.223, clauses (1) and (2), excluding transportation between schools under section 124.223, clause (1);

(2) (DURING-DAY TRANSPORTATION IS TRANSPORTATION SERVICES BETWEEN SCHOOLS PROVIDED UNDER SECTION 124.223, CLAUSE (1), AND TRANSPORTATION SERVICES PROVIDED UNDER SECTION 124.223, CLAUSES (3) AND (9), AND TRANSPORTATION SER-

VICES PROVIDED UNDER SECTION 124.223, CLAUSE (6), EXCLUDING TRANSPORTATION PROVIDED FOR PUPILS ATTENDING SHARED TIME SPECIAL EDUCATION CLASSES;)

((3) HANDICAPPED TRANSPORTATION IS TRANSPORTATION SERVICES FOR PUPILS ATTENDING SHARED TIME SPECIAL EDUCATION CLASSES PROVIDED UNDER SECTION 124.223, CLAUSE (6), AND TRANSPORTATION SERVICES PROVIDED UNDER SECTION 124.223, CLAUSE (4), EXCLUDING BOARD AND LODGING AND EXCLUDING TRANSPORTATION TO AND FROM BOARD AND LODGING FACILITIES;)

((4) BOARD AND LODGING IS SERVICES PROVIDED, IN LIEU OF TRANSPORTATION, UNDER SECTION 124.-223, CLAUSES (4) AND (5);)

((5) TO AND FROM BOARD AND LODGING FACILITY TRANSPORTATION IS TRANSPORTATION SERVICES TO AND FROM BOARD AND LODGING FACILITIES PROVIDED UNDER SECTION 124.223, CLAUSES (4) AND (7);)

((6) NONPUBLIC HEALTH, GUIDANCE AND COUNSELING TRANSPORTATION IS TRANSPORTATION SERVICES PROVIDED UNDER SECTION 124.223, CLAUSE (10);)

((7)) Nonregular transportation is transportation services provided between schools under section 124.223, clause (1); and transportation services provided under section 124.223, clauses (3), (4), (5), (6), (7), (9), and (10).

For the purposes of this section, transportation categories for the 1986-1987 school year and thereafter are as follows:

(1) Regular transportation is transportation services provided during the regular school year under section 124.223, clauses (1) and (2), excluding transportation between schools under section 124.223, clause (1);

(2) Nonregular transportation is transportation services provided between schools under section 124.223, clause (1); and transportation services provided under section 124.223, clauses (3), (4), (5), (6), (7), (8), (9), and (10).

(f) "Pupil weighting factor" means the ratio of the actual district average cost per FTE in a particular transportation category in the base year to the actual district average cost per FTE in the regular transportation category in the base year.

(g) "Weighted FTE's" means the number of FTE's in each transportation category multiplied by the pupil weighting factor for that category.

(h) "Mobile unit" means a vehicle or trailer designed to provide facilities for educational programs and services, including diagnostic testing, guidance and counseling services and health services. A mobile unit located off nonpublic school premises is a neutral site as defined in section 123.932, subdivision 9.

((I) "PERCENT EXCESS HANDICAPPED FTE'S TRANSPORTED" MEANS THE RESULT OF THE FOLLOWING COMPUTATION FOR THE CURRENT YEAR:)

(ONE, MINUS THE PRODUCT OF)

((1) THE RATIO OF THE NUMBER OF FTE PUPILS TRANSPORTED IN THE HANDICAPPED CATEGORY IN THE STATE TO THE NUMBER OF FTE PUPILS TRANSPORTED IN THE HANDICAPPED CATEGORY IN THE DISTRICT; TIMES)

((2) THE RATIO OF THE NUMBER OF FTE PUPILS TRANSPORTED IN THE REGULAR CATEGORY IN THE DISTRICT TO THE NUMBER OF FTE PUPILS TRANSPORTED IN THE REGULAR CATEGORY IN THE STATE.)

((J)) *(i)* "Current year" means the school year for which aid will be paid.

((K)) *(j)* "Base year" means the second school year preceding the school year for which aid will be paid.

((L)) *(k)* "Base cost" means the authorized regular transportation cost per FTE in the base year in the regular transportation category, excluding summer school transportation.

((M)) *(l)* "Predicted base cost" means the base cost as predicted by subdivision 3.

Sec. 3. Minnesota Statutes 1984, section 124.225, subdivision 3, is amended to read:

Subd. 3. [FORMULA.] For each school year, the state shall pay to each school district for all pupil transportation and related services for which the district is authorized by law to receive state aid an amount determined according to this section. The department of education shall conduct multiple regression analysis (USING THE TERMS SPECIFIED IN SUBDIVISION 4A FOR THE 1982-1983 AND 1983-1984 SCHOOL YEARS, AND) using the terms specified in subdivision 4b for (THE 1984-1985

SCHOOL YEAR AND) each school year (THEREAFTER) to predict the base cost for each district. Each year a formula shall be derived based upon the regression analysis, (BUT EXCLUDING THE FACTOR DESCRIBED IN SUBDIVISION 4A, CLAUSE (9), IN THE FORMULA FOR THE 1983-1984 SCHOOL YEAR. EACH YEAR THE FORMULA) *and* shall be used to determine a predicted base cost for each district. The amount determined for each district shall be adjusted according to the provisions of subdivisions 7a and 7b.

Sec. 4. Minnesota Statutes 1984, section 124.225, subdivision 4b, is amended to read:

Subd. 4b. [FORMULA TERMS, 1984-1985 AND AFTER.] To predict the logarithm of the base cost for each district pursuant to subdivision 3 for (THE 1984-1985 SCHOOL YEAR AND) each *school* year (THEREAFTER), the multiple regression formula shall use the following terms for each district:

(1) The logarithm of the lesser of (a) the number of authorized FTE's per square mile transported by the district in the regular transportation category, or (b) 200;

(2) Whether the district is nonrural, based upon criteria established by the department of education; and

(3) The logarithm of the percentage of all FTE's transported in the regular category using buses that are not owned by the district.

Sec. 5. Minnesota Statutes 1984, section 124.225, subdivision 7a, is amended to read:

Subd. 7a. [BASE YEAR SOFTENING FORMULA.] ((1) FOR FISCAL YEAR 1983, EACH DISTRICT'S PREDICTED BASE COST DETERMINED ACCORDING TO SUBDIVISION 3 SHALL BE ADJUSTED AS PROVIDED IN THIS CLAUSE TO DETERMINE ADJUSTED AUTHORIZED PREDICTED COST PER FTE FOR THE BASE SCHOOL YEAR.)

((A) IF THE PREDICTED BASE COST EXCEEDS THE BASE COST, THE PREDICTED BASE COST SHALL BE DECREASED BY 50 PERCENT OF THE FIRST $40 OF DIFFERENCE BETWEEN THE BASE COST AND THE PREDICTED BASE COST; 70 PERCENT OF THE NEXT $40 OF DIFFERENCE; AND 90 PERCENT OF ANY DIFFERENCE WHICH EXCEEDS $80, TO DETERMINE THE ADJUSTED AUTHORIZED PREDICTED COST PER FTE.)

((B) IF THE PREDICTED BASE COST IS LESS THAN THE BASE COST, THE PREDICTED BASE COST SHALL BE INCREASED BY 50 PERCENT OF THE FIRST $40 OF

DIFFERENCE BETWEEN THE BASE COST AND THE PREDICTED BASE COST; 70 PERCENT OF THE NEXT $40 OF DIFFERENCE; AND 90 PERCENT OF ANY DIFFERENCE WHICH EXCEEDS $80, TO DETERMINE THE ADJUSTED AUTHORIZED PREDICTED COST PER FTE.)

((2) FOR FISCAL YEAR 1984 AND EACH YEAR THEREAFTER,) Each district's predicted base cost determined for each school year according to subdivision 3 shall be adjusted as provided in this clause to determine the district's adjusted authorized predicted cost per FTE for that year.

(a) If the base cost of the district is within five percent of the predicted base cost, the district's adjusted authorized predicted cost per FTE shall be equal to the base cost.

(b) If the base cost of the district is more than five percent greater than the predicted base cost, the district's adjusted authorized predicted cost per FTE shall be equal to 105 percent of the predicted base cost, plus 40 percent of the difference between (i) the base cost, and (ii) 105 percent of the predicted base cost. However, in no case shall a district's adjusted authorized predicted cost per FTE be less than 80 percent of base cost.

(c) If the base cost of the district is more than five percent less than the predicted base cost, the district's adjusted authorized predicted cost per FTE shall be equal to 95 percent of the predicted base cost, minus 40 percent of the difference between (i) 95 percent of predicted base cost, and (ii) the base cost. However, in no case shall a district's adjusted authorized predicted cost per FTE be more than 120 percent of base cost.

Sec. 6. Minnesota Statutes 1984, section 124.225, subdivision 7b, is amended to read:

Subd. 7b. [INFLATION FACTORS.] The adjusted authorized predicted cost per FTE determined for a district under subdivision 7a for the base year shall be increased by (22 PERCENT TO DETERMINE THE DISTRICT'S AID ENTITLEMENT PER FTE FOR THE 1982-1983 SCHOOL YEAR, BY 11.7 PERCENT TO DETERMINE THE DISTRICT'S AID ENTITLEMENT PER FTE FOR THE 1983-1984 SCHOOL YEAR, AND BY) 10.3 percent to determine the district's aid entitlement per FTE for the 1984-1985 school year, *by 8.8 percent to determine the district's aid entitlement per FTE for the 1985-1986 school year, and by 6.9 percent to determine the district's aid entitlement per FTE for the 1986-1987 school year.*

Sec. 7. Minnesota Statutes 1984, section 124.225, subdivision 8a, is amended to read:

Subd. 8a. [AID.] (FOR THE 1982-1983 AND 1983-1984 SCHOOL YEARS, A DISTRICT'S TRANSPORTATION AID

SHALL BE EQUAL TO THE SUM OF ITS BASIC TRANSPORTATION AID PURSUANT TO SUBDIVISION 8B, ITS EXCESS HANDICAPPED TRANSPORTATION AID PURSUANT TO SUBDIVISION 8C, ITS HANDICAPPED BOARD AND LODGING AID PURSUANT TO SUBDIVISION 8D, ITS TO AND FROM BOARD AND LODGING AID PURSUANT TO SUBDIVISION 8E, ITS NONPUBLIC SUPPORT SERVICES TRANSPORTATION AID PURSUANT TO SUBDIVISION 8F, ITS DURING DAY TRANSPORTATION AID PURSUANT TO SUBDIVISION 8G, AND ITS CLOSED-SCHOOL TRANSPORTATION AID PURSUANT TO SUBDIVISION 8H, MINUS THE AMOUNT RAISED BY TWO MILLS TIMES THE ADJUSTED ASSESSED VALUATION WHICH IS USED TO COMPUTE THE TRANSPORTATION LEVY LIMITATION FOR THE LEVY ATTRIBUTABLE TO THAT SCHOOL YEAR. FOR THE 1983-1984 SCHOOL YEAR TRANSPORTATION AID FOR A DISTRICT WHICH CONTRACTED FOR PUPIL TRANSPORTATION SERVICES IN THE 1981-1982 SCHOOL YEAR SHALL BE REDUCED BY AN AMOUNT EQUAL TO $18 TIMES THE NUMBER OF FTE PUPILS TRANSPORTED ON CONTRACTED SCHOOL BUSES IN THE BASE YEAR IN THE REGULAR TRANSPORTATION CATEGORY. A DISTRICT MAY LEVY LESS THAN THE AMOUNT RAISED BY TWO MILLS. TRANSPORTATION AID SHALL BE COMPUTED AS IF THE DISTRICT HAD LEVIED THE AMOUNT RAISED BY TWO MILLS. AID FOR THE 1982-1983 AND 1983-1984 SCHOOL YEARS SHALL ALSO BE REDUCED BY THE FOLLOWING AMOUNT: THE PRODUCT OF)

((A) THE NUMBER OF NONHANDICAPPED SECONDARY PUPILS TRANSPORTED IN THE BASE YEAR WHO LIVE BETWEEN ONE AND TWO MILES FROM THE PUBLIC SCHOOL WHICH THEY COULD ATTEND OR THE NONPUBLIC SCHOOL ACTUALLY ATTENDED, TIMES)

((B) 1.5, DIVIDED BY THE AVERAGE DISTANCE TO SCHOOL FOR ALL FTE'S TRANSPORTED IN THE DISTRICT IN THE REGULAR TRANSPORTATION CATEGORY IN THE BASE YEAR, TIMES)

((C) THE DISTRICT'S AID ENTITLEMENT PER FTE DETERMINED ACCORDING TO SUBDIVISION 7B, TIMES THE RATIO OF AVERAGE DAILY MEMBERSHIP USED IN SUBDIVISION 8B.)

For (THE 1984-1985) *each* school year (AND THEREAFTER,) a district's transportation aid shall be equal to the sum of its basic transportation aid pursuant to subdivision 8b, its nonregular transportation aid pursaunt to subdivision 8i, and its nonregular transportation levy equalization aid pursuant to subdivision 8j, minus its contracted services and reduction pursuant to subdivision 8k, minus the amount raised by 1.75 mills times the

adjusted assessed valuation which is used to compute the transportation levy limitation for the levy attributable to that school year. A district may levy less than the amount raised by 1.75 mills. Transportation aid shall be computed as if the district had levied the amount raised by 1.75 mills.

If the total appropriation for transportation aid for any fiscal year is insufficient to pay all districts the full amount of aid earned, the department of education shall reduce each district's aid in proportion to the number of resident pupils in average daily membership in the district to the state total average daily membership, and shall reduce the aid entitlement of off-formula districts in the same proportion.

Sec. 8. Minnesota Statutes 1984, section 124.225, subdivision 8b, is amended to read:

Subd. 8b. [BASIC AID COMPUTATION.] (FOR THE 1982-1983 AND 1983-1984 SCHOOL YEARS, A DISTRICT'S BASIC TRANSPORTATION AID PURSUANT TO THIS SECTION FOR THE SCHOOL YEAR SHALL EQUAL THE DISTRICT'S AID ENTITLEMENT PER FTE DETERMINED ACCORDING TO SUBDIVISION 7B TIMES THE TOTAL NUMBER OF AUTHORIZED WEIGHTED FTE'S TRANSPORTED IN THE REGULAR AND HANDICAPPED TRANSPORTATION CATEGORIES IN THE DISTRICT IN THE BASE YEAR TIMES THE RATIO OF AVERAGE DAILY MEMBERSHIP IN THE DISTRICT IN THE CURRENT YEAR TO THE AVERAGE DAILY MEMBERSHIP IN THE DISTRICT IN THE BASE YEAR.)

(FOR THE 1984-1985 SCHOOL YEAR AND THEREAFTER,) A district's basic transportation aid pursuant to this section for each school year shall equal the district's aid entitlement per FTE determined according to subdivision 7b, times the total number of authorized FTE'S transported in the regular category in the district in the current school year.

Sec. 9. Minnesota Statutes 1984, section 124.225, subdivision 10, is amended to read:

Subd. 10. [DEPRECIATION.] Any school district which owns school buses or mobile units shall transfer annually from the unappropriated fund balance account in its transportation fund to the appropriated fund balance account for bus purchases in its transportation fund at least an amount equal to 12-1/2 percent of the original cost of each type one or type two bus or mobile unit until the original cost of each type one or type two bus or mobile unit is fully amortized, plus 20 percent of the original cost of each type three bus included in the district's authorized cost under the provisions of subdivision 1, clause (b)(4), until the original cost of each type three bus is fully amortized, plus 33-1/3

percent of the cost to the district as of July 1 of each year for school bus reconditioning done by the department of corrections until the cost of the reconditioning is fully amortized; provided, if the district's transportation aid is reduced pursuant to subdivision 8a because the appropriation for that year is insufficient, this amount shall be reduced in proportion to the reduction pursuant to subdivision 8a as a percentage of the sum of

(1) the district's total transportation aid without the reduction pursuant to subdivision 8a, plus

(2) for *each* fiscal *year* (YEARS 1983 AND 1984,) an amount equal to (TWO MILLS TIMES THE ADJUSTED ASSESSED VALUATION WHICH IS USED TO COMPUTE THE LEVY LIMITATION FOR THE LEVY ATTRIBUTABLE TO THAT YEAR, OR FOR FISCAL YEAR 1985 AND THEREAFTER) 1.75 mills times the adjusted assessed valuation of the district for the preceding year. (ANY SCHOOL DISTRICT MAY TRANSFER ANY AMOUNT FROM THE UNAPPROPRIATED FUND BALANCE ACCOUNT IN ITS TRANSPORTATION FUND TO ANY OTHER OPERATING FUND OR TO THE APPROPRIATED FUND BALANCE ACCOUNT FOR BUS PURCHASE IN ITS TRANSPORTATION FUND.)

Sec. 10. Minnesota Statutes 1984, section 275.125, subdivision 5b, is amended to read:

Subd. 5b. [TRANSPORTATION LEVY OFF-FORMULA ADJUSTMENT.] (IN FISCAL YEAR 1983 AND 1984 IF THE TRANSPORTATION LEVY IN A DISTRICT ATTRIBUTABLE TO EACH FISCAL YEAR OF TWO MILLS TIMES THE ADJUSTED ASSESSED VALUATION OF THE DISTRICT EXCEEDS THE TRANSPORTATION AID COMPUTATION UNDER SECTION 124.225, SUBDIVISIONS 8B, 8C, 8D, 8E, 8F, 8G, AND 8H, THE DISTRICT'S TRANSPORTATION LEVY LIMITATION SHALL BE ADJUSTED AS PROVIDED IN THIS SUBDIVISION. IN THE YEAR FOLLOWING EACH OF THOSE FISCAL YEARS, THE DISTRICT'S TRANSPORTATION LEVY SHALL BE REDUCED BY AN AMOUNT EQUAL TO THE DIFFERENCE BETWEEN (1) TWO MILLS TIMES THE ADJUSTED ASSESSED VALUATION OF THE DISTRICT, AND (2) THE SUM OF THE DISTRICT'S TRANSPORTATION AID COMPUTATION PURSUANT TO SECTION 124.225, SUBDIVISIONS 8B, 8C, 8D, 8E, 8F, 8G, AND 8H, LESS THE AMOUNT OF ANY AID REDUCTION DUE TO AN INSUFFICIENT APPROPRIATION AS PROVIDED IN SECTION 124.225, SUBDIVISION 8A.)

In fiscal year 1985 and each fiscal year thereafter, if the basic transportation levy in a district attributable to a particular fiscal year of 1.75 mills times the adjusted assessed valuation of the district exceeds the transportation aid computation under section 124.225, subdivisions 8b, 8i, 8j, and 8k, the district's levy

limitation shall be adjusted as provided in this subdivision. In the year following each fiscal year, the district's transportation levy shall be reduced by an amount equal to the difference between (1) 1.75 mills times the adjusted assessed valuation of the district, and (2) the sum of the district's transportation aid computation pursuant to section 124.225, subdivisions 8b, 8i, 8j, and 8k, and the amount of any subtraction made from special state aids pursuant to section 124.2138, subdivision 2, less the amount of any aid reduction due to an insufficient appropriation as provided in section 124.225, subdivision 8a.

(FOR THE LEVIES CERTIFIED IN 1983 and 1984, THE FOLLOWING ADDITIONAL AMOUNT SHALL BE SUBTRACTED:)

(THE PRODUCT OF)

((A) THE NUMBER OF NONHANDICAPPED SECONDARY PUPILS TRANSPORTED IN THE BASE YEAR WHO LIVE BETWEEN ONE AND TWO MILES FROM THE PUBLIC SCHOOL WHICH THEY COULD ATTEND OR THE NONPUBLIC SCHOOL ACTUALLY ATTENDED, TIMES)

((B) 1.5, DIVIDED BY THE AVERAGE DISTANCE TO SCHOOL FOR ALL FTE'S TRANSPORTED IN THE DISTRICT IN THE REGULAR TRANSPORTATION CATEGORY IN THE BASE YEAR, TIMES)

((C) THE DISTRICT'S AID ENTITLEMENT PER FTE DETERMINED ACCORDING TO SECTION 124.225, SUBDIVISION 7B, TIMES THE RATIO OF AVERAGE DAILY MEMBERSHIP IN THE DISTRICT IN THE CURRENT YEAR TO AVERAGE DAILY MEMBERSHIP IN THE DISTRICT IN THE BASE YEAR.)

Sec. 11. Minnesota Statutes 1984, section 275.125, subdivision 5d, is amended to read:

Subd. 5d. [EXCESS TRANSPORTATION LEVY.] A school district may also make an excess transportation levy pursuant to this clause, which shall be the sum of:

(a) the district's actual cost in the school year after the year in which the excess transportation levy is certified for transportation to and from school of secondary pupils who live more than one mile but less than two miles from the public school which they could attend or from a nonpublic school actually attended, plus

(b) the district's actual cost in the school year after the year in which the excess transportation levy is certified for transportation costs or other related services which are necessary be-

cause of extraordinary traffic hazards, *excluding the costs in paragraph (a)*; plus

(c) the amount necessary to eliminate any projected deficit in the appropriated fund balance account for bus purchases in its transportation fund as of June 30 in the school year beginning in the calendar year following the calendar year the levy is certified; plus

(d) an amount equal to the aid subtraction computed pursuant to section 124.225, subdivision 8k, for the school year beginning in the year the levy is certified; except that for the 1983 payable 1984 levy, this amount shall be based upon the aid subtraction for the 1984-1985 school year. These amounts shall be placed in the transportation fund and used for any lawful purpose (.)*; plus*

(e) an amount equal to the lesser of

(1) the difference for the school year beginning in the year in which the levy is certified between (A) the district's actual cost of transporting nonpublic pupils to and from school under section 124.223, clause (1), and (B) the product of the number of full time equivalent nonpublic pupils transported in the regular category in the district, times the district's aid entitlement per FTE determined according to section 124.225, subdivision 7b; or

(2) the difference for the school year beginning in the year in which the levy is certified between (A) the district's actual cost of transporting public and nonpublic pupils to and from school under section 124.223, clause (1), and (B) the product of the number of FTE public and nonpublic pupils transporated in the regular category in the district, times the district's aid entitlement per FTE pupil transported determined according to section 124.225, subdivision 7b:

(f) an amount equal to the lesser of:

(1) the difference for the school year beginning in the year in which the levy is certified between (A) the district's actual cost of transporting pupils to and from school under section 124.223, clause (1), who are transported to schools outside their normal attendance area under the provisions of a plan for desegregation mandated by the state board of education or under court order, and (B) the product of the FTE number of those same pupils transported in the regular category in the district, times the district's aid entitlement per FTE determined according to section 124.225, subdivision 7b; or

(2) the difference for the school year beginning in the year in which the levy is certified between (A) the district's actual

cost of transporting all pupils to and from school under section 124.223, clause (1), and (B) the sum of

(i) the product of the total number of FTE pupils transported in the regular category in the district, times the district's aid entitlement per FTE pupil transported determined according to section 124.225, subdivision 7b, and

(ii) the amount which the district is permitted to levy under clause (e) of this subdivision.

Levies authorized by this subdivision shall be computed according to procedures established by the commissioner.

Sec. 12. [APPROPRIATIONS.]

Subdivision 1. [TO DEPARTMENT OF EDUCATION.] *There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

Subd. 2. [TRANSPORTATION AID.] *For transportation aid there is appropriated:*

$88,800,600 1986,

$95,384,400 . . . . . 1987.

(a) The appropriation for 1986 includes $12,284,400 for aid for fiscal year 1985 payable in fiscal year 1986 and $76,516,200 for fiscal year 1986 payable in fiscal year 1986.

(b) The appropriation for 1987 includes $13,502,900 for aid for fiscal year 1986 payable in fiscal year 1987 and $81,881,500 for fiscal year 1987 payable in fiscal year 1987.

(c) The appropriations are based on aid entitlements of $90,019,100 for fiscal year 1986 and $96,331,200 for fiscal year 1987.

Subd. 3. [INTERDISTRICT TRANSPORTATION AID; PROGRAMS OF EXCELLENCE.] *For transportation of pupils to programs of excellence pursuant to Minnesota Statutes 1984, section 126.62, subdivision 6, there is appropriated:*

$17,000 1986,

$17,000 . . . . . 1987.

This aid shall be paid at 100 percent of the entitlement for the current fiscal year.

Subd. 4. [TRANSPORTATION AID FOR CHOICE PROGRAMS.] *For transportation of pupils who choose to attend school pursuant to Article 5, section 4, there is appropriated:*

$50,000 . . . . . 1987.

The commissioner shall allocate this appropriation among school districts based upon criteria adopted by the state board of education under section 123.3514, subdivision 6. This money shall be available until June 30, 1987.

Subd. 5. [CANCELLATION.] *Any unexpended balance remaining from the appropriations in this section for 1986 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If an appropriation amount attributable to either year for any purposes indicated is insufficient, the aid for that year shall be prorated among all qualifying districts in the manner prescribed in Minnesota Statutes, section 124.225, subdivision 8a.*

Sec. 13. [REPEALER.]

Minnesota Statutes 1984, section 124.225, subdivisions 4a, 8c, 8d, 8e, 8f, 8g, and 8h are repealed.

ARTICLE 3

SPECIAL AND COMPENSATORY EDUCATION

Section 1. Minnesota Statutes 1984, section 120.17, subdivision 3, is amended to read:

Subd. 3. [RULES OF THE STATE BOARD.] The state board shall promulgate rules relative to qualifications of essential personnel, courses of study or training, methods of instruction and training, pupil eligibility, (SIZE OF CLASSES,) rooms, equipment, supervision, parent consultation and any other rules and standards it deems necessary, for instruction of handicapped children. These rules shall provide standards and procedures appropriate for the implementation of and within the limitations of subdivisions 3a and 3b. These rules shall also provide standards for the discipline, control, management and protection of handicapped children. *The state board shall not adopt rules establishing either staff to student ratios for students in need of special education services, or maximum numbers of pupils that may be assigned to licensed personnel who are employed as special education teachers. State board rules codified as 3525.1700 in the 1983 Minnesota Rules are repealed, effective the day after final enactment of this section.* The state board shall, according to section 14.05, subdivision 4, notify a district applying for a variance from the rules within 45 calendar days of receiving the request

whether the request for the variance has been granted or denied. If a request is denied, the board shall specify the program standards used to evaluate the request and the reasons for denying the request.

Sec. 2. Minnesota Statutes 1984, section 120.17, is amended by adding a subdivision to read:

Subd. 3d. [PLACEMENT IN SPECIAL EDUCATION COOPERATIVE.] *Notwithstanding other law, a school district may place a pupil who is determined to be handicapped, in an appropriate existing program in a multi-district special education cooperative to which that district belongs, for purposes of complying with the requirements of that pupil's individualized education plan. The placement shall be considered to satisfy the requirement of placing that pupil in the least restrictive environment.*

Sec. 3. Minnesota Statutes 1984, section 124.273, subdivision 1b, is amended to read:

Subd. 1b. [(1983-1984) TEACHERS SALARIES.] (FOR THE 1983-1984 SCHOOL YEAR, AND EACH YEAR THEREAFTER,) The department shall pay a school district 65 percent of the salary, *but this amount shall not exceed $15,000 for the regular school year,* calculated from the date of hire, of one full time equivalent teacher for each 45 pupils of limited English proficiency enrolled in the district, or a pro rata amount thereof for increments of fewer than 45 pupils. Notwithstanding the foregoing, the department shall pay 65 percent of the salary, *but this amount shall not exceed $7,500,* calculated from the date of hire, of one-half of a full time equivalent teacher to a district with 22 or fewer pupils of limited English proficiency enrolled.

Sec. 4. Minnesota Statutes 1984, section 124.32, subdivision 1b, is amended to read:

Subd. 1b. [(1983-1984) TEACHERS SALARIES.] (BEGINNING IN THE 1983-1984 SCHOOL YEAR AND EACH YEAR THEREAFTER,) *(a)* The state shall pay to any district for the employment in its educational program for handicapped children 70 percent of the salary of essential personnel *but this amount shall not exceed $20,000* for the normal school year for each full time person employed, *except for the personnel under paragraph (b),* or a pro rata amount for a part time person or a person employed for a limited time, whether the essential personnel are employed by a district alone or jointly with another district.

(b) The state shall pay to any district for the employment in its educational program for learning disabled and speech impaired handicapped children 70 percent of the salary of essential

personnel licensed and teaching in those handicapped areas, but this amount shall not exceed $17,500 for the normal school year for each full time person employed, or a pro rata amount for a part time person or a person employed for a limited time, whether the essential personnel are employed by a district alone or jointly with another district.

Sec. 5. Minnesota Statutes 1984, section 124.32, subdivision 1d, is amended to read:

Subd. 1d. [CONTRACT SERVICES.] (1) (EXCEPT FOR THE 1982-1983 SCHOOL YEAR,) For special instruction or training and services provided for any pupil pursuant to section 120.17, subdivision 2, clause (h), by contract with public, private or voluntary agencies other than Minnesota school districts, the state shall pay each district 60 percent of the difference between the amount of the contract and the foundation aid formula allowance of the district for that pupil or a pro rata portion of the foundation aid formula allowance for pupils who receive services by contract on less than a full time basis.

(2) (EXCEPT FOR THE 1982-1983 SCHOOL YEAR,) For special instruction or training and services provided for a pupil by such a contract as part of a summer school program, the state shall pay each district 60 percent of the difference between the amount of the contract and the summer school revenue allowance of the district attributable to that pupil.

Sec. 6. Minnesota Statutes 1984, section 124.32, subdivision 2, is amended to read:

Subd. 2. [SUPPLY AND EQUIPMENT AID.] (EXCEPT FOR THE 1982-1983 SCHOOL YEAR,) The state shall pay each district for supplies and equipment purchased or rented for use in the instruction of handicapped children an amount equal to one-half of the sum actually expended by the district but not to exceed an average of $50 in any one school year for each handicapped child receiving instruction.

Sec. 7. Minnesota Statutes 1984, section 124.32, subdivision 5, is amended to read:

Subd. 5. [RESIDENTIAL AID.] When a handicapped child is placed in a residential facility approved by the commissioner and established primarily to serve handicapped children and when the child's educational program is approved by the commissioner, the state shall pay aid to the resident district under the provisions of this subdivision. (EXCEPT FOR THE 1981-1982 REGULAR SCHOOL YEAR,) The aid shall be an amount not to exceed (60) *56* percent of the difference between the instructional costs charged to the resident district and the foun-

dation aid formula allowance, for each handicapped child placed in a residential facility. (EXCEPT FOR 1982 SUMMER SCHOOL PROGRAMS,) The aid for summer school programs for each handicapped child placed in a residential facility shall be an amount not to exceed (60) *56* percent of the difference between the instructional costs charged to the resident district and the summer school revenue allowance in the resident district attributable to that child. Aid for these programs shall be paid on a reimbursement basis by October 31 following completion of the program. No aid shall be paid pursuant to this subdivision for tuition charged a resident district pursuant to section 120.17, subdivision 7a, for a child placed at the Minnesota School for the Deaf or the Minnesota Braille and Sight-Saving School.

The following types of facilities may be approved by the commissioner:

(a) A residential facility operated by the state or public school district and designed to serve the low incidence handicapped, the multiple handicapped, or the most severely handicapped children within the state.

(b) A private, nonsectarian residential facility designed to provide educational services for handicapped children within the state.

(c) A state hospital or private nonsectarian residential center designed to provide care and treatment for handicapped children.

Sec. 8. Minnesota Statutes 1984, section 124.32, subdivision 10, is amended to read:

Subd. 10. [SUMMER SCHOOL.] (THE STATE SHALL PAY AID FOR SUMMER SCHOOL PROGRAMS FOR HANDICAPPED CHILDREN ON THE BASIS OF THE SECTIONS OF MINNESOTA STATUTES PROVIDING AID FOR HANDICAPPED CHILDREN FOR THE PRECEDING SCHOOL YEAR.) *The state shall pay to any district for the employment in its summer school educational program for handicapped children, 70 percent of the salary of essential personnel. However, this amount shall not exceed $3,333 for essential personnel employed in areas other than learning disabilities and speech impairment and shall not exceed $2,917 for essential personnel employed in learning disabilities and speech impairment areas.* By March 15 of each year, districts shall submit separate applications for program and budget approval for summer school programs. The review of these applications shall be as provided in subdivision 7. By May 1 of each year, the commissioner shall approve, disapprove or modify the applications and notify the districts of the action and of the estimated amount of aid for

the summer school programs. Aid for these programs shall be paid by November 15 after the summer when the programs are conducted.

Sec. 9. Minnesota Statutes 1984, section 275.125, is amended by adding a subdivision to read:

Subd. 8c. [SPECIAL EDUCATION LEVY.] *A district, excluding intermediate school district Nos. 287, 916, and 917, may levy an amount which may not exceed the lesser of:*

(1) 1.0 mill times the adjusted assessed valuation of the district for the year preceding the year the levy is certified, or

(2) 100 percent of salaries paid to special education essential personnel in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these essential personnel under sections 124.273 and 124.32, for the year to which the levy is attributable.

For purposes of this subdivision, a special education cooperative or an intermediate school district shall allocate the unreimbursed portions of salaries of essential personnel which are attributable to each of the member districts of the cooperative or the intermediate district.

Special education cooperatives and intermediate school districts which allocate the unreimbursed portions of salaries of special education essential personnel among member districts, for purposes of the member districts making a levy under this subdivision, shall provide information to the state department of education on the amount of unreimbursed costs of salaries they allocated to the member districts.

Sec. 10. [SPECIAL EDUCATION LEVY, 1985.]

In addition to the levy authorized in section 8, in 1985 only, a district, excluding intermediate school district Nos. 287, 916, and 917, may levy an amount which may not exceed the lesser of:

(1) 1.0 mill times the 1984 adjusted assesed valuation of the district, or

(2) 100 percent of salaries paid to special education essential personnel in that district in fiscal year 1986, minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these essential personnel under sections 124.273 and 124.32 for fiscal year 1986.

For purposes of this subdivision, a special education cooperative or an intermediate school district shall allocate the portions

of unreimbursed salaries of essential personnel which are attributable to each of the member districts of the cooperative or the intermediate school district.

Special education cooperatives and intermediate school districts which allocate the unreimbursed portions of salaries of special education essential personnel among member districts, for purposes of the member districts making a levy under this subdivision, shall provide information to the state department of education on the amount of unreimbursed costs of salaries they allocated to the member districts.

Sec. 11. [OCCUPATIONAL THERAPY STUDY.]

By February 1, 1986, the department of education shall conduct a study and make recommendations to the house and senate education committees, house education finance division, and senate education aids subcommittee on the fiscal impact and educational effectiveness of providing state aid for occupational therapy in special education programs.

Sec. 12. [SPECIAL EDUCATION REPORT.]

The department of education shall prepare (1) guidelines for prereferral to special education, (2) criteria for determining the presence of a specific learning disability as a handicapping condition, and (3) entrance and exit criteria for specific learning disability programs in school districts. The department shall report the guidelines and criteria and its recommendations to the education committees of the legislature by January 15, 1986.

Sec. 13. [APPROPRIATIONS.]

Subdivision 1. [TO DEPARTMENT OF EDUCATION.] *There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

Subd. 2. [SPECIAL EDUCATION AID.] *For special education aid there is appropriated:*

$135,899,600	*1986,*
$138,989,500	*1987.*

The appropriation for 1986 includes $20,369,000 for aid for fiscal year 1985 payable in fiscal year 1986, and $115,530,600 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for 1987 includes $20,319,000 for aid for fiscal year 1986 payable in fiscal year 1987 and $118,620,500 for aid for fiscal year 1987, payable in fiscal year 1987.

The appropriations are based on aid entitlements of $135,-849,500 for fiscal year 1986 and $139,482,000 for fiscal year 1987.

Subd. 3. [SUMMER SCHOOL SPECIAL EDUCATION AID.] *For special education aid for summer school programs there is appropriated:*

$3,977,200 . . . . . 1986;

$4,160,000 . . . . . 1987.

The appropriation for 1986 is for 1985 summer school programs.

The appropriation for 1987 is for 1986 summer school programs.

Subd. 4. [RESIDENTIAL FACILITIES AID.] *For aid pursuant to section 124.32, subdivision 5, there is appropriated:*

$1,158,800 . . . . . 1986;

$1,205,200 . . . . . 1987.

Subd. 5. [LIMITED ENGLISH PROFICIENCY PUPILS PROGRAM AID.] *For aid to educational programs for pupils of limited English proficiency pursuant to section 124.273 there is appropriated:*

$2,547,300 . . . . . 1986;

$2,648,200 . . . . . 1987.

The appropriation for 1986 includes $431,100 for aid for fiscal year 1985 payable in fiscal year 1986, and $2,116,200 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for 1987 includes $373,500 for aid for fiscal year 1986 payable in fiscal year 1987 and $2,274,700 for aid for fiscal year 1987, payable in fiscal year 1987.

The appropriations are based on aid entitlements of $2,489,-700 for fiscal year 1986 and $2,676,100 for fiscal year 1987.

Subd. 6. [AMERICAN INDIAN LANGUAGE AND CULTURE PROGRAM AID.] *For grants to American Indian language and culture education programs pursuant to section 126.54, subdivision 1, there is appropriated:*

$585,200 . . . . . 1986;

$588,300 . . . . . 1987.

The appropriation for 1986 includes $85,200 for aid for fiscal year 1985 payable in fiscal year 1986 and $500,000 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for 1987 includes $88,300 for aid for fiscal year 1986 payable in fiscal year 1987 and $500,000 for aid for fiscal year 1987, payable in fiscal year 1987.

The appropriations are based on aid entitlements of $588,235 for fiscal year 1986 and $588,235 for fiscal year 1987.

Subd. 7. [HEARING IMPAIRED SUPPORT SERVICES AID.] *For payment of support services for hearing impaired persons pursuant to section 121.201 there is appropriated:*

$65,000 . . . . . 1986;

$30,000 . . . . . 1987.

The appropriations are based on aid entitlements of $60,000 for fiscal year 1986 and $30,000 for fiscal year 1987. $5,000 of the appropriation for fiscal year 1986 shall be used by the department of education to conduct a study on hearing impaired support services.

Subd. 8. [CANCELLATION.] *Any unexpended balances remaining from the appropriations in this section for 1986 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated.*

Subd. 9. [PRORATION.] *If the appropriation amount in subdivision 2, 3, 4, 5, 6, or 7 of this section attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.*

Sec. 14. [APPROPRIATIONS FOR DEFICIENCIES.]

Subdivision 1. [HEARING IMPAIRED SUPPORT SERVICES AID.] *There is appropriated from the general fund to the department of education the sum of $15,000 for fiscal year 1985 for the payment of a deficiency in funds available for payment of hearing impaired support services aid in that fiscal year. This sum shall be added to the sum appropriated for fiscal year 1985 for this purpose in Laws 1983, chapter 314, article 3, section 19, subdivision 8.*

Subd. 2. [SPECIAL EDUCATION AID.] *There is appropriated from the general fund to the department of education*

the sum of $3,295,900 for fiscal year 1984 and $10,115,100 for fiscal year 1985 for the payment of deficiencies in funds available for payment of special education aid in those fiscal years. These appropriations shall be added to the sums appropriated for fiscal years 1984 and 1985 for this purpose in Laws 1983, chapter 314, article 3, section 19, subdivision 2.

Subd. 3. [FUTURE DEFICIENCIES.] *Beginning with fiscal year 1986 and each year thereafter, the legislature does not intend to appropriate any moneys to fund special education deficiencies which may occur in fiscal year 1986 and subsequent years.*

Sec. 15. [REPEALER.]

Minnesota Statutes 1984, section 120.17, subdivision 1a, section 120.172, subdivision 3, section 124.273, subdivisions 2b and 5, and section 124.32, subdivision 9a are repealed.

Sec. 16. [EFFECTIVE DATE.]

Section 2 and section 14, subdivisions 1 and 2 are effective the day following final enactment.

ARTICLE 4

COMMUNITY AND ADULT EDUCATION

Section 1. Minnesota Statutes 1984, section 121.88, is amended to read:

121.88 [(DISTRICT) *COMMUNITY EDUCATION* PROGRAMS; (CITIZENS) ADVISORY COUNCIL.]

Subdivision 1. [AUTHORIZATION.] The board of education of each school district of the state is hereby authorized to initiate a community education program in its district and to provide for the general supervision of (SAID) *the* program. Each board may, as it considers appropriate, employ community education directors and coordinators to further the purposes of the community education program. The salaries of the directors and coordinators shall be paid by the board.

Subd. 2. [ADVISORY COUNCIL.] Each board shall provide for a citizens advisory council to consist of members who represent: the various service organizations; churches; private schools; local government; park, recreation or forestry services of municipal or local government units located in whole or in part within the boundaries of the school district; and any other groups participating in the community education program in the school district.

Subd. 3. [COOPERATION.] The council shall function in cooperation with the community education director in an advisory capacity in the interest of promoting the goals and objectives of section 121.85 to 121.88.

Subd. 4. [DUPLICATION POLICY.] Each council shall adopt a policy to reduce and eliminate program duplication within the district.

Subd. 5. [SUMMER (SCHOOL) PROGRAMS.] Notwithstanding any law to the contrary, during the summer a school district may offer community education programs to elementary and secondary pupils. The district may use community education revenue received pursuant to section 124.271 and 275.125, subdivision 8 and charge fees for the cost of the programs.

Subd. 6. [PROGRAMS FOR HANDICAPPED ADULTS.] *A school board may offer, as part of a community education program, a program for handicapped adults. Boards are encouraged to offer programs cooperatively with other districts and organizations. Programs may not be limited to district residents. Programs may include:*

(1) services enabling the adults to participate in community activities or community education classes;

(2) classes specifically for handicapped adults;

(3) outreach activities to identify adults needing service;

(4) activities to increase public awareness of the roles of handicapped people;

(5) activities to enhance the role of handicapped people in the community; and

(6) other direct and indirect services and activities benefitting handicapped adults.

Subd. 7. [PROGRAM APPROVAL.] *To be eligible for handicapped adult program revenue a program and budget must receive approval from the community education section in the department of education. Approval may be for one or two years. For programs offered cooperatively, the request for approval must include an agreement on the method by which local money is to be derived and distributed. The department may not exceed the amount appropriated when approving programs and budgets. A request for approval must include all of the following:*

(1) characteristics of the people to be served;

(2) description of the program services and activities;

(3) program budget and amount of aid requested;

(4) participation by handicapped adults in developing the program;

(5) assessment of the needs of handicapped adults; and

(6) cooperative efforts with community organizations.

Sec. 2. Minnesota Statutes 1984, section 121.882, subdivision 2, is amended to read:

Subd. 2. [PROGRAM CHARACTERISTICS.] Early childhood and family education programs are programs for children in the period of life from birth to kindergarten and for the parents *including expectant parents* of such children. The programs may include the following:

(1) programs to educate parents about the physical, mental, and emotional development of children;

(2) programs to enhance the skills of parents in providing for their children's learning and development;

(3) learning experiences for children and parents;

(4) activities designed to detect children's physical, mental, emotional, or behavioral problems that may cause learning problems;

(5) educational materials which may be borrowed for home use;

(6) information on related community resources; or

(7) other programs or activities.

The programs shall not include activities for children that do not require substantial involvement of the children's parents.

Sec. 3. Minnesota Statutes 1984, section 121.882, is amended by adding a subdivision to read:

Subd. 2a. [SUBSTANTIAL PARENTAL INVOLVEMENT.] *The requirement of substantial parental involvement in subdivision 2 means that:*

(a) parents must be physically present much of the time in classes with their children or in concurrent classes;

(b) parenting education or family education must be an integral part of every early childhood and family education program;

(c) early childhood and family education appropriations must not be used for traditional day care or nursery school, or similar programs; and

(d) the form of parent involvement common to kindergarten, elementary school, or early childhood special education programs such as parent conferences, newsletters, and notes to parents is not substantial enough to qualify a program under subdivision 2.

Sec. 4. Minnesota Statutes 1984, section 124.26, subdivision 1, is amended to read:

Subdivision 1. [COMPENSATION.] For evening schools and continuing education programs, the state shall pay aids *only for programs approved by the commissioner of education. The total aid for all programs approved by the commissioner shall not exceed the amount appropriated for this purpose. The aid shall be paid* on a current funding basis. (EXCEPT FOR THE 1982-1983 SCHOOL YEAR,) Aid shall be 90 percent of the compensation paid each teacher for services in the programs up to $8,000 per year as approved in the current year application. Aid may also be paid for an alternative method of providing programs if the method is determined by the commissioner of education to be cost-effective. Not more than two and one-half percent of the amount appropriated for evening schools and continuing education programs may be for alternative programs. All classes shall be tuition free when taught by teachers subsidized under this section. No charge for registration, materials and supplies may be made except a security deposit for the return of materials, supplies, and equipment. Evening school and continuing education programs are defined as those public day or evening school programs which are established for persons over 16 years of age not in attendance at (THE) full time elementary or secondary schools and which qualify such persons for the high school diploma, the high school equivalency certificate or for academic achievement at the secondary level.

Sec. 5. Minnesota Statutes 1984, section 124.26, subdivision 6, is amended to read:

Subd. 6. [APPLICATIONS; PRORATION.] By August 1 of each fiscal year, the commissioner shall approve or disapprove all applications for funding for that year pursuant to (SUBDIVISION 1) *this section* that were received by the preceding June 1, and shall notify the applicant districts of the decision. In any fiscal year when the total amount requested by districts for approved programs exceeds the amount appropriated, the com-

missioner shall, to the extent possible, fully fund the programs which were approved by August 1, and shall (PRORATE) *allocate* any remaining funds among programs which are approved after August 1.

Sec. 6. Minnesota Statutes 1984, section 124.271, subdivision 2b, is amended to read:

Subd. 2b. [AID (; 1985 AND AFTER).] (1) Each fiscal year a district which is operating a community education program in compliance with rules promulgated by the state board shall receive community education aid. For fiscal year 1985, the aid shall be an amount equal to the difference obtained by subtracting

(a) an amount equal to .8 mill times the adjusted assessed valuation used to compute the community education levy limitation for the levy attributable to that school year, from

(b) the greater of

(i) $7,000, or

(ii) $5 times the population of the district.

For fiscal year 1986 (AND EACH FISCAL YEAR THEREAFTER), the aid shall be an amount equal to the difference obtained by subtracting

(a) an amount equal to .8 mill times the adjusted assessed valuation used to compute the community education levy limitation for the levy attributable to that school year, from

(b) the greater of

(i) $7,000, or

(ii) ($5.25) *$5.00* times the population of the district.

For fiscal year 1987 and each fiscal year thereafter, the aid shall be an amount equal to the difference obtained by subtracting

(a) an amount equal to one mill times the adjusted assessed valuation used to compute the community education levy limitation for the levy attributable to that school year, from

(b) the greater of

(i) $7,000, or

(ii) $5.00 times the population of the district.

(2) However, for any district which certifies less than the maximum permissible levy under the provisions of section 275.-125, subdivision 8, clause (1), the district's community education aid under clause (1) of this subdivision shall be reduced by multiplying the aid amount computed pursuant to clause (1) of this subdivision by the ratio of the district's actual levy under section 275.125, subdivision 8, clause (1), to its maximum permissible levy under section 275.125, subdivision 8, clause 1. For purposes of computing the aid reduction pursuant to this clause, the amount certified pursuant to section 275.125, subdivision 8, clause (1), shall not reflect reductions made pursuant to section 275.125, subdivision 9.

(3) In addition to the amount in clause (1), in fiscal year 1985 a district which makes a levy for community education programs pursuant to section 275.125, subdivision 8, shall receive additional aid of 50 cents per capita.

Sec. 7. Minnesota Statutes 1984, section 124.271, is amended by adding a subdivision to read:

Subd. 7. [HANDICAPPED ADULT PROGRAMS.] *A district or group of districts offering an approved program for handicapped adults shall receive aid equal to the lesser of $25,000 or one-half of the amount of the approved budget. A district or group of districts shall provide the remaining half from other public or private sources, the levy authorized in section 275.125, subdivision 8, clause (4), or combinations of sources.*

Sec. 8. Minnesota Statutes 1984, section 124.2711, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION OF MAXIMUM REVENUE.] (BEGINNING) For fiscal year 1986 (AND EACH YEAR THEREAFTER) the "maximum revenue" for early childhood and family education programs for a school year means the amount of revenue equal to the product of five percent of the foundation aid formula allowance for the current school year, times the greater of (a) 150, or (b) the number of people under five years of age residing in the district on September 1 of the preceding school year.

Beginning for fiscal year 1987 and each year thereafter the "maximum revenue" for early childhood and family education programs for a school year means the amount of revenue equal to the product of four percent of the foundation aid formula allowance for the current school year, times the greater of (a) 150, or (b) the number of people under five years of age residing in the district on September 1 of the preceding school year.

Sec. 9. Minnesota Statutes 1984, section 275.125, subdivision 8, is amended to read:

Subd. 8. [COMMUNITY EDUCATION LEVY.] (1) Each year, a district which has established a community education advisory council pursuant to section 121.88, may levy *the following amounts for its community education program. In 1984 a district may levy* the amount raised by .8 mill times the most recent adjusted assessed valuation of the district, but no more than the greater of

(a) ($5.25) *$5.00* times the population of the district, or

(b) $7,000.

In 1985 and each year thereafter, a district may levy the amount raised by one mill times the most recent adjusted assessed valuation of the district, but no more than the greater of

(a) $5.00 times the population of the district, or

(b) $7,000.

(2) In addition to the levy authorized in clause (1), in 1983 a district may levy an additional amount for community education programs equal to the difference obtained by subtracting

(a) the sum in fiscal year 1984 of

(i) the district's estimated maximum permissible revenue for fiscal year 1985 from community education aid under section 124.271, subdivision 2b, clause (1), and

(ii) the community education levy authorized in clause (1) of this subdivision, from

(b) the sum in fiscal year 1983 of

(i) the district's maximum permissible revenue from community education aid under *Minnesota Statutes 1984*, section 124.271, subdivision 2, excluding any reductions from community education aid made pursuant to Laws 1981, Third Special Session chapter 2, article 2, section 2, clause (mm), and Laws 1982, Third Special Session chapter 1, article 3, section 6, and

(ii) the maximum community education levy authorized in this subdivision for the district for the levy made in 1981, payable in 1982, before any reduction in the levy pursuant to subdivision 9.

(3) In (1984 AND EACH YEAR THEREAFTER, IN) addition to the levy authorized in clause (1), a district may levy an amount equal to the amount the district was entitled to levy pursuant to clause (2) in 1983.

(4) *In addition to the levy amounts authorized in this subdivision a district having an approved program and budget may levy for a handicapped adult program. The levy amount may not exceed the lesser of one-half of the amount of the approved budget for the program for the fiscal year beginning in the year after the levy is certified or $25,000 for one program. In the case of a program offered by a group of districts, the levy amount shall be divided among the districts according to the agreement submitted to the department. The proceeds of the levy shall be used only for a handicapped adult program or, if the program is subsequently not offered, for community education programs. For programs not offered, the department of education shall reduce the community education levy authorized in 1986 by the amount levied in 1985 for handicapped adult programs.*

(5) The levies authorized in this subdivision shall be used for community education, including nonvocational adult programs, recreation and leisure time activity programs, and programs authorized by sections 121.85 to 121.88 (AND 129B.06 TO 129B.09,) and section 121.882. A school district may levy pursuant to this subdivision only after it has filed a certificate of compliance with the commissioner of education. The certificate of compliance shall certify that the governing boards of the county, municipality and township in which the school district or any part thereof is located have been sent 15 working days written notice of a meeting and that a meeting has been held to discuss methods of increasing mutual cooperation between such bodies and the school board. The failure of a governing board of a county, municipality or township to attend the meeting shall not affect the authority of the school district to levy pursuant to this subdivision.

((5)) *(6)* The population of the district for purposes of this subdivision is the population determined as provided in section 275.14 or as certified by the department of education from the most recent federal census.

Sec. 10. Minnesota Statutes 1984, section 275.125, subdivision 8b, is amended to read:

Subd. 8b. [EARLY CHILDHOOD AND FAMILY EDUCATION LEVY.] A district may levy for its early childhood and family education program. The amount levied shall not exceed the lesser of:

(a) (.4) *.5* mill times the adjusted assessed valuation of the district for the year preceding the year the levy is certified, or

(b) the maximum revenue as defined in section 124.2711, subdivision 1, for the school year for which the levy is attributable.

Sec. 11. Minnesota Statutes 1984, section 275.125, is amended by adding a subdivision to read:

Subd. 8c. [1985 LEVY FOR HANDICAPPED ADULT PROGRAMS.]

In addition to the levy authorized in Minnesota Statutes, section 275.125, subdivision 8, clause (4), as amended by section 9 of this article, a district may levy in 1985 for a handicapped adult program in the 1985-1986 school year according to this subdivision. The additional levy amount may not exceed the lesser of one-half of the program budget or $25,000. In the case of a program offered by a group of districts, the levy amount shall be divided among the districts according to their agreement. The proceeds of the levy shall be used only for a handicapped adult program or, if the program is subsequently not offered, for community education programs. For programs not offered, the department of education shall reduce the community education levy authorized in 1986 by the amount levied in 1985 for handicapped adult programs.

Sec. 12. [LEVY ADJUSTMENT.]

The commissioner shall adjust the 1984 payable 1985 community education levy limitations for school districts according to the provisions of this section. The adjustment shall be a positive or negative amount equal to the difference between the amount the district levied pursuant to section 275.125, subdivision 8, and the amount the district would have certified if the provisions of section 9 in this article amending section 275.125, subdivision 8, with respect to the 1984 payable 1985 levy had been in effect at the time the 1984 payable 1985 levy was made. The adjustment shall be added to or subtracted from the district's levy limitation for 1985 taxes payable in 1986.

Sec. 13. [EVALUATION STUDY.]

The department of education shall conduct a thorough study of the pilot early childhood and family education programs administered by the council on quality education and the early childhood and family education programs authorized under Minnesota Statutes 1984, section 129B.06 to 129B.09. The study shall examine at least the following: the extent of participation in the programs; the cost-effectiveness of the programs; the involvement of the local advisory councils in assisting the districts in administering the programs; inter-district cooperation in providing programs; adequacy of funding; administration by the department of education; and the impact on strengthening families and helping young children develop their physical and cognitive skills. By March 1, 1986, the department of education shall report the results of its study to the education committees of the legislature.

Sec. 14. [APPROPRIATIONS.]

Subdivision 1. [TO DEPARTMENT OF EDUCATION.] *There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

Subd. 2. [ADULT EDUCATION AID.] *For adult education aid pursuant to section 124.26 there is appropriated:*

$1,560,800 1986,

$1,500,000 . . . . . 1987.

The amount appropriated for fiscal year 1986 includes $285,-800 for aid for fiscal year 1985 payable in fiscal year 1986, and $1,275,000 for aid for fiscal year 1986 payable in fiscal year 1986.

The amount appropriated for fiscal year 1987 includes $225,-000 for aid for fiscal year 1986 payable in fiscal year 1987, and $1,275,000 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $1,500,000 for fiscal year 1986 and $1,500,000 for fiscal year 1987.

Subd. 3. [COMMUNITY EDUCATION AID.] *For community education aid pursuant to section 124.271 there is appropriated:*

$1,467,800 1986,

$ 548,500 . . . . . 1987.

The amount appropriated for fiscal year 1986 includes $424,-200 for aid for fiscal year 1985 payable in fiscal year 1986, and $1,043,600 for aid for fiscal year 1986 payable in fiscal year 1986.

The amount appropriated for fiscal year 1987 includes $184,-200 for aid for fiscal year 1986 payable in fiscal year 1987, and $364,300 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $1,227,800 for fiscal year 1986 and $428,600 for fiscal year 1987.

Subd. 4. [EARLY CHILDHOOD AND FAMILY EDUCATION AID.] *For early childhood and family education aid pursuant to section 124.2711 there is appropriated:*

$5,245,100 1986,

$4,891,600 . . . . . 1987.

The amount appropriated for fiscal year 1986 is for aid for fiscal year 1986 payable in fiscal year 1986.

The amount appropriated for fiscal year 1987 includes $925,600 for aid for fiscal year 1986 payable in fiscal year 1987, and $3,966,000 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $6,170,700 for fiscal year 1986 and $4,665,900 for fiscal year 1987.

Subd. 5. [HANDICAPPED ADULT.] *For handicapped adult program aid under section 7 there is appropriated:*

$250,000 1986,

$350,000 . . . . . 1987.

Of the amount appropriated in fiscal year 1987, $100,000 shall be for new programs beginning in that year.

The appropriations are based on entitlements of $250,000 for fiscal year 1986 and $350,000 for fiscal year 1987.

Subd. 6. [CANCELLATION AND PRORATION.] *Any unexpended balance remaining from the appropriations in this section for 1986 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts, and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.*

Sec. 15. [APPROPRIATION FOR DEFICIENCY.]

There is appropriated from the general fund to the department of education the sum of $399,600 for fiscal year 1985 for the payment of a deficiency in funds available for the payment of adult education aid in that fiscal year. This sum shall be added to the sum appropriated for fiscal year 1985 for this purpose in Laws 1983, chapter 314, article 4, section 11, subdivision 2.

Sec. 16. [REPEALER.]

Minnesota Statutes 1984, section 124.271, subdivisions 2 and 2a, and section 129B.03 are repealed.

Sec. 17. [EFFECTIVE DATE.]

Section 15 is effective the day following final enactment.

ARTICLE 5

CHOICE IN EDUCATION

Section 1. [123.3514] [POST-SECONDARY ENROLLMENT OPTIONS ACT.]

Subdivision 1. [CITATION.] *This section may be cited as the "post-secondary enrollment options act."*

Subd. 2. [PURPOSE.] *The purpose of this section is to promote rigorous academic pursuits and to provide a wider variety of academic options to high school students by encouraging and enabling secondary pupils to enroll full-time or part-time in nonsectarian academic courses in post-secondary institutions in Minnesota or in a state which has a reciprocity agreement with Minnesota.*

Subd. 3. [AUTHORIZATION; NOTIFICATION.] *Beginning with the 1985-1986 school year and each year thereafter, notwithstanding any other law to the contrary, a parent or guardian of an 11th or 12th grade pupil may apply to a post-secondary institution in Minnesota or in a state which has a reciprocity agreement with Minnesota to allow the pupil to enroll in nonsectarian academic courses offered at that post-secondary institution. A pupil attending a post-secondary institution under this section shall not be included in the institution's student enrollment. If a post-secondary institution accepts a secondary pupil for enrollment under this section, that institution shall send written notice to the pupil and the pupil's resident district within ten days of acceptance. The notice shall indicate the course or courses and hours of enrollment of that pupil.*

Subd. 4. [CREDITS.] *A school district shall grant academic credit to a pupil enrolled in a nonsectarian academic course offered by a post-secondary education institution in Minnesota or in a state which has a reciprocity agreement with Minnesota, or a nonprofit public agency other than the district under subdivision 3, if the pupil successfully completes the course attended and passes an examination approved by the district. If no comparable course is offered by the district, the state board of education shall determine the number of credits which shall be granted to a pupil who successfully completes and passes the course. If a comparable course is offered by the district, the local school board shall grant a comparable number of credits to the pupil. If there is a dispute between the district and the pupil regarding the number of credits granted for a particular course, the pupil may appeal the school board's decision to the state board of education. The state board's decision regarding the number of credits shall be final.*

The credits granted to a pupil shall be counted toward the graduation requirements and subject area requirements of the

school district. Evidence of successful completion of each class and credits granted shall be included in the pupil's secondary school record.

Subd. 5. [FINANCIAL ARRANGEMENTS.] *The resident district of the pupil attending a post-secondary institution under this section shall pay to the higher education coordinating board, an amount equal to the difference between the formula allowance plus the total tier revenue allowance attributable to that pupil and an amount computed by multiplying the formula allowance plus the total tier revenue allowance attributable to that pupil by a ratio. The ratio to be used is the total number of hours that that pupil is enrolled in courses in the secondary school during the regular school year over 1050 hours. The resident school district shall pay this amount to the higher education coordinating board within ten days after receiving written notice under subdivision 3. The payment to the higher education coordinating board for any pupil shall not exceed the actual tuition cost for that pupil enrolled at the post-secondary institution. The resident district of the pupil shall reimburse the pupil for the cost of the pupil's textbooks and other materials required for the post-secondary coursework. In no case shall the tuition costs, textbooks and materials exceed the total revenue allowance attributable to that pupil.*

The higher education coordinating board shall establish a fund for disbursing the moneys received from the school districts under this subdivision to the post-secondary institutions at which pupils are enrolled under this section. Payments based on the average tuition costs of the respective post-secondary systems shall be forwarded to the individual institutions in which secondary pupils were enrolled under this section each term following institutional documentation of the number of full time equivalent secondary pupils enrolled under this section as of census date.

Subd. 6. [TRANSPORTATION.] *A parent or guardian of a pupil attending a post-secondary institution under this section, may apply to the pupil's district of residence for reimbursement for transporting the pupil between the secondary school in which the pupil is enrolled and the post-secondary institution that the pupil attends. The state board of education shall adopt rules to establish criteria for providing state aid to districts to reimburse the parent or guardian for the necessary transportation costs, which shall be based on financial need.*

Sec. 2. [EVALUATION.]

The department of education and the higher education coordinating board shall collect and evaluate information about the implementation of the program established under section 4 of this article. By January 15, 1987, the commissioner of education shall

submit a report to the education committees of the legislature on the implementation of this program.

Sec. 3. [REPEALER.]

Minnesota Statutes 1984, sections 123.3511, 123.3512 and 123.-3513 are repealed. The repealer of these sections shall not affect any current obligations of school districts or post-secondary institutions relating to pupils enrolled in post-secondary courses under these sections prior to the 1985-1986 school year.

ARTICLE 6

OTHER AIDS AND LEVIES

Section 1. Minnesota Statutes 1984, section 123.705, subdivision 1, is amended to read:

Subdivision 1. [AID AMOUNTS.] The department of education shall pay each school district for the cost of screening services provided pursuant to sections 123.701 to 123.705. The payment shall not exceed ($15 PER CHILD SCREENED IN FISCAL YEAR 1983, $15 PER CHILD SCREENED IN FISCAL YEAR 1984, AND) $15.60 per child screened in fiscal year 1985, *$7.00 per child screened in fiscal year 1986 and $8.15 per child screened in fiscal year 1987.*

Sec. 2. Minnesota Statutes 1984, section 124.247, subdivision 3, is amended to read:

Subd. 3. [AID.] A district which establishes a program for gifted and talented students shall receive for the purpose of this program an amount equal to ($16.18 IN THE 1982-1983 SCHOOL YEAR, $18.25 IN THE 1983-1984 SCHOOL YEAR, AND) $19.00 in the 1984-1985 school year, times the number of gifted and talented students in the district. *In the 1985-1986 school year and later school years, a district shall receive the greater of $40 per gifted and talented student or $500.* No more than five percent of the students enrolled in the district shall be counted as gifted and talented for the purpose of aid computations pursuant to this subdivision. No more than five percent of the moneys received by a district pursuant to this subdivision may be expended for the purpose of administration of the program for gifted and talented students.

Sec. 3. [124.248] [ADVISORY COUNCIL FOR THE GIFTED AND TALENTED.]

Subdivision 1. [ADVISORY COUNCIL.] *The Minnesota advisory council for the gifted and talented is established. By August 1, 1985, the members shall be appointed by the commissioner of education. The members of the advisory council on the gifted and talented created by the state board of education may serve*

as the first members of the advisory council established by this section. The chairs of the house and senate education committees or their designees are ex officio members of the council. Members shall be reimbursed for their expenses as provided in section 15.059, subdivision 6. Appointments of the members shall not be subject to the provisions of section 15.059.

Subd. 2. [STUDY.] *The advisory council, with the aid of the department of education, shall conduct a study of gifted and talented education in Minnesota. The study shall include:*

(1) a report of the current status of gifted and talented education in Minnesota;

(2) a review of current research and literature on education of the gifted and talented;

(3) a review of gifted and talented programs in other states;

(4) the recommended roles for the state, for ECSU's, higher education institutions, for local school districts and communities in education of gifted and talented learners;

(5) recommended ways to expand educational opportunities for all gifted and talented learners, but especially those outside the metro area;

(6) possible funding structures for gifted and talented education; and

(7) the development of suggested guidelines in the education of the gifted and talented, including identification, program development, staff development, parent and community involvement, and evaluation.

Subd. 3. [REPORT.] *The advisory council is to report to the education committees of the legislature by February 1, 1986.*

Sec. 4. Minnesota Statutes 1984, section 124.272, subdivision 3, is amended to read:

Subd. 3. [COOPERATION PLAN.] To receive aid or to levy pursuant to section 275.125, subdivision 8a a district shall submit to the commissioner of education an application for aid by August 15. The application shall contain the following:

(a) a three-year plan to improve the district curriculum, which gives priority to offering of any of the following: a three-year mathematics sequence in grades 10 to 12, a three-year science sequence in grades 10 to 12, a two-year foreign language sequence, elementary and secondary courses in computer usage, or other programs recommended by the state board;

(b) an assurance that the proposed curriculum in clause (a) has been developed in conjunction with the planning, evaluation, and reporting process of section 123.741;

(c) a copy of the cooperation agreement;

(d) a description of the proposed increase in curriculum offerings resulting from the agreement;

(e) the estimated instructional cost of the cooperation plan for the following fiscal year; (AND)

(f) *the attributable administrative cost, which may not exceed five percent of the instructional costs, of the cooperation plan for the following fiscal year; and*

(g) other information required by the commissioner.

Sec. 5. Minnesota Statutes 1984, section 124.573, subdivision 2, is amended to read:

Subd. 2. [SALARIES, EQUIPMENT AND TRAVEL.] (EXCEPT FOR THE 1982-1983 SCHOOL YEAR,) The state shall pay to any district or cooperative center (45) *44* percent of the salaries paid to essential, licensed personnel in that school year for services rendered in that district's or center's secondary vocational education programs. (EXCEPT FOR THE 1982-1983 SCHOOL YEAR,) The state shall pay (45) *44* percent of the costs of necessary travel between instructional sites by secondary vocational education teachers and (45) *44* percent of the costs of necessary travel by secondary vocational education teachers accompanying students to and from vocational student organization meetings held within the state for educational purposes. (FOR THE 1981-1982 SCHOOL YEAR, THE STATE SHALL PAY 45 PERCENT OF THE COSTS OF NECESSARY EQUIPMENT FOR THESE PROGRAMS.) No secondary vocational equipment aid shall be paid for the 1982-1983 school year and thereafter. The commissioner may withhold all or any portion of this aid for a secondary vocational education program which receives funds from any other source. In no event shall a district or center receive a total amount of state aid pursuant to this section which, when added to funds from other sources, will provide the program an amount for salaries, equipment and travel which exceeds 100 percent of the amount of its expenditures for salaries, equipment and travel in the program.

Sec. 6. Minnesota Statutes 1984, section 124.574, subdivision 2b, is amended to read:

Subd. 2b. [SALARIES.] For the 1983-1984 school year and each year thereafter, the state shall pay to any district or cooperative center 70 percent of the salaries, *but this amount shall*

not exceed $18,000 for the regular school year, paid to essential licensed personnel in that school year for services rendered in that district or center's secondary vocational education programs for handicapped children.

Sec. 7. Minnesota Statutes 1984, section 124.646, subdivision 1, is amended to read:

Subdivision 1. [SCHOOL LUNCH AID COMPUTATION.] (a) For the (1983-1984) *1985-1986* school year, school districts participating in the national school lunch program shall be paid by the state in the amount of 7.5 cents for each full paid student lunch served to students in the district.

(b) For the (1984-1985) *1986-1987* school year, school districts participating in the national school lunch program shall be paid by the state in the amount of 7.5 cents for each full paid student lunch served to students in the district.

Sec. 8. Minnesota Statutes 1984, section 125.60, subdivision 7, is amended to read:

Subd. 7. [APPLICATION PROCEDURES; LIMITS.] (NO SCHOOL BOARD SHALL GRANT AN EXTENDED LEAVE OF ABSENCE PURSUANT TO THIS SECTION WITHOUT APPLYING FOR AND RECEIVING AUTHORIZATION FROM THE COMMISSIONER OF EDUCATION.) The commissioner of education shall establish procedures for applications and shall approve or disapprove applications *for extended leaves beginning before the 1984-1985 school year* pursuant to this subdivision within the limits of the appropriation for the purposes of sections 354.094 and 354A.091. Each application shall state whether or not the teacher requesting the extended leave of absence pursuant to this section intends to pay the employee contribution and requests state payment of the employer contribution into the teacher's retirement fund pursuant to section 354.094 or 354A.091 in order to receive retirement service credit for years spent on leave. The commissioner shall approve no more than 250 applications for extended leaves beginning in the 1983-1984 school year for teachers who intend to pay employee contributions and request state payment of employer contributions.

If more than 250 applications for extended leaves beginning in any school year are received by March 15 of the preceding school year, the commissioner may decide which applications to approve according to the order of receipt, a method ensuring participation by teachers from the maximum possible number of districts, random allotment or any combination of these methods. Applications received by the commissioner after March 15 shall be considered for approval according to the order of receipt within the limits prescribed by this subdivision.

The commissioner shall not approve any applications for extended leaves beginning in the 1984-1985 or any subsequent school year for teachers who intend to pay employee contributions and request state payment of employer contributions. There is no limit on the number of applications which may be approved *by school districts* for extended leaves for teachers who do not intend to pay employee contributions or who do not request state payment of employer contributions.

Sec. 9. Minnesota Statutes 1984, section 136D.27, is amended to read:

136D.27 [TAX LEVIES, CERTIFICATES OF INDEBTEDNESS.]

(a) The joint school board may each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred for area vocational technical schools, certify to each participating school district the tax levy specified in section 275.125, subdivision 13, clause (2). Additional tax levies may be certified which shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for special education and .7 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. *These additional tax levies also may be used to fund academic programs for low-incidence populations.*

(b) Each participating school district shall include such tax levies in the next tax roll which it shall certify to the county auditor or auditors, and shall remit the collections of such levies to the board promptly when received. Such levies shall not be included in computing the limitations upon the levy of any district under sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125. The board may, any time after such levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amounts such as will not exceed the portion of the levies which is then not collected and not delinquent.

Sec. 10. Minnesota Statutes 1984, section 136D.74, subdivision 2, is amended to read:

Subd. 2. [TAX LEVY.] *(a)* The intermediate school board may in each year for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred certify to each county auditor of each county in which said intermediate school district shall lie, as a single taxing district, the tax levy specified in section 275.125, subdivision 13, clause (2). Additional tax levies may be certified which shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation

for expenses for special education and .5 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. *These additional tax levies also may be used to fund academic programs for low-incidence populations.*

(b) Said annual tax levies shall be certified pursuant to section 124.02. Upon such certification the county auditor or auditors and other appropriate county officials shall levy and collect such levies and remit the proceeds of collection thereof to the intermediate school district as in the case with independent school districts. Such levies shall not be included in computing the limitations, if any, upon the levy of the intermediate district or any of the participating districts under sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125.

Sec. 11. Minnesota Statutes 1984, section 136D.87, is amended to read:

136D.87 [TAX LEVIES, CERTIFICATES OF INDEBTEDNESS.]

(a) The joint school board may each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred for area vocational technical schools, certify to each participating school district the tax levy specified in section 275.125, subdivision 13, clause (2). Additional tax levies may be certified which shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for expenses for special education and .5 mills on each dollar of adjusted assessed valuation for expenses forsecondary vocational education. *These additional tax levies also may be used to fund academic programs for low-incidence populations.*

(b) Each participating school district shall include such tax levies in the next tax roll which it shall certify to the county auditor or auditors, and shall remit the collections of such levies to the board promptly when received. Such levies shall not be included in computing the limitations upon the levy of any district under sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125. The board may, any time after such levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amounts such as will not exceed the portion of the levies which is then not collected and not delinquent.

Sec. 12. Minnesota Statutes 1984, section 275.125, subdivision 8a, is amended to read:

Subd. 8a. [INTERDISTRICT COOPERATION LEVY.] Each year, a district which is eligible for aid pursuant to section

124.272, subdivision 2, may levy the amount of the estimated instructional *and administrative* costs of the interdistrict cooperation plan for the year to which the levy is attributable, but the levy shall not exceed the lesser of: (1) $50 times the actual pupil units for that school year; (2) $50,000; or (3) one mill times the adjusted assessed valuation of the district for the preceding year. The proceeds of the levy may only be used to pay for instructional costs *and administrative costs, which may not exceed five percent of the instructional costs,* incurred in providing the program offerings resulting from the cooperation plan.

Sec. 13. Minnesota Statutes 1984, section 275.125, is amended by adding a subdivision to read:

Subd. 11d. [CAPITAL LEVY FOR SURPLUS SCHOOL USED AS COMMUNITY CENTER.] *In addition to levies for other purposes, a school district may levy not more than $5.00 per district resident. This levy may be made only if the district has a surplus school building that is used substantially for public nonschool purposes. The proceeds of the levy may only be spent on the building, and then only for a capital expenditure purpose otherwise allowed in this section.*

Sec. 14. [TECHNOLOGY LEVY; MID STATE EDUCATIONAL COOPERATIVE.]

In 1985 only, independent school district Nos. 482, 484, 485, 486, and 487, which are each members of the Mid State educational cooperative, may each make a levy in an amount not to exceed one mill times the adjusted assessed valuation of the district to fund the technology demonstration site proposal of the cooperative. However, the total levy for all members of the cooperative shall not exceed $65,000.

Sec. 15. [TECHNOLOGY LEVY; FOUR SIBLEY COUNTY SCHOOL DISTRICTS.]

In 1985 only, independent school district Nos. 731, 732, 733, and 735 may each make a levy in an amount not to exceed one mill times the adjusted assessed valuation of the district to fund an interactive educational interlink among the districts. However, the total levy for all four districts shall not exceed $75,000.

Sec. 16. [TECHNOLOGY LEVY; SOUTHWEST MINNESOTA TELECOMMUNICATIONS PROJECT.]

In 1985 only, independent school district Nos. 504, 505, 511, 581, 582, 583, 669, 670, 671, and 918 may each make a levy in an amount not to exceed one mill times the adjusted assessed valuation of the district to fund a two-way interactive telecommunica-

tions system among the districts. However, the total levy for all the districts shall not exceed $100,000.

Sec. 17. [SOUTHWEST MINNESOTA TELECOMMUNICATONS PROJECT.]

Subdivision 1. [APPROPRIATION.] *$100,000 is appropriated in fiscal year 1986 from the general fund to the department of education to make a grant to the fiscal agent for the southwest Minnesota telecommunications project to complete a two-way interactive telecommunications system between the project's ten-member independent school districts to be used for the purposes in subdivision 2.*

Subd. 2. [PURPOSES.] *The purposes of the two-way interactive television network to be funded by the grant in subdivision 1 are:*

(1) to offer an expanded curriculum to member schools including courses for the academically talented;

(2) to allow the districts to be in compliance with proposed department of education curriculum requirements;

(3) to allow these districts to retain their independence and continue to enjoy the benefits that a school adds to the community;

(4) to provide a convenient method of sharing teachers and other resources across school district boundary lines without the waste of time and expense of teacher or student travel;

(5) to provide a vehicle for adult education through linkage with area AVTI's, Southwest State University, and Worthington Junior College;

(6) to provide a vehicle for in-service opportunities for teachers, other professionals, business leaders including farmers, and public officials; and

(7) to serve as a model for other school district cooperatives who may be interested in the construction and implementation of a similar system.

Sec. 18. [MID STATE EDUCATIONAL COOPERATIVE.]

$65,000 is appropriated in fiscal year 1986 to the department of education to fund the technology demonstration site proposal of the Mid State educational cooperative. The appropriation is available until June 30, 1987. The grant is for use during the 1985-1986 and 1986-1987 school years.

Sec. 19. [INTERACTIVE CABLE FOR FOUR SIBLEY COUNTY SCHOOL DISTRICTS.]

$75,000 is appropriated in fiscal year 1986 from the general fund to the department of education. The appropriation is for a grant to the Arlington/Gaylord/Gibbon/Winthrop cable communications commission for an interactive educational interlink between independent school district Nos. 731, 732, 733, and 735.

Sec. 20. [SHERBURNE-WRIGHT EDUCATIONAL TECHNOLOGY COOPERATIVE.]

Subdivision 1. [APPROPRIATION.] *$65,000 is appropriated in fiscal year 1986 from the general fund to the department of education to make a grant to the fiscal agent for the Sherburne-Wright educational technology cooperative to complete a two-way interactive telecommunications system between the project's member school districts to be used for the purposes in subdivision 3.*

Subd. 2. [LEVY.] *In 1985 only, school districts which are members of the Sherburne-Wright educational technology cooperative may each make a levy in an amount not to exceed 1 mill times the adjusted assessed valuation of the district. However, the total amount levied by all members of the cooperative shall not exceed $65,000.*

Subd. 3. [PURPOSES.] *The purposes of the two-way interactive television network to be funded by the grant in subdivision 1 and the levy in subdivision 2 are:*

(1) to offer an expanded curriculum to member schools including courses for the academically talented;

(2) to allow the districts to be in compliance with proposed department of education curriculum requirements;

(3) to allow these districts to retain their independence and continue to enjoy the benefits that a school adds to the community;

(4) to provide a convenient method of sharing teachers and other resources across school district boundary lines without the waste of time and expense of teacher or student travel;

(5) to provide a vehicle for adult education through linkage with area AVTI's and St. Cloud State University;

(6) to provide a vehicle for in-service opportunities for teachers, other professionals, business leaders including farmers, and public officials; and

(7) to serve as a model for other school district cooperatives who may be interested in the construction and implementation of a similar system.

Sec. 21. [JORDAN GRANT.]

Because of recent sexual abuse investigations and allegations, and resulting court actions in independent school district No. 717, Jordan, which has resulted in a loss of pupil units during the 1984-1985 school year, the legislature shall make a grant to that school district for fiscal year 1986 to compensate for that loss.

Sec. 22. [EXCESS CAPITAL LEVY FOR DOVER-EYOTA DISTRICT.]

Notwithstanding the levy limits in Minnesota Statutes, chapter 275, and in addition to all other levies authorized by law, independent school district No. 533, Dover-Eyota, may levy in 1985 only an amount not to exceed $91,000. The proceeds of the levy may be used for any purpose for which the levies made under Minnesota Statutes, section 275.125, subdivisions 11a, 11b, 11c, and 12 may be used.

Sec. 23. [APPROPRIATIONS.]

Subdivision 1. [TO DEPARTMENT OF EDUCATION.] *There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

Subd. 2. [ABATEMENT AID.] *For abatement aid pursuant to section 124.214, subdivision 2, there is appropriated:*

$5,656,000 1986,

$5,921,600 . . . . . 1987.

Subd. 3. [EDUCATIONAL COOPERATIVE SERVICE UNITS.] *For educational cooperative service units, there is appropriated:*

$718,700 1986,

$747,500 . . . . . 1987.

The appropriation for aid for fiscal year 1986 includes $104,300 for aid for fiscal year 1985 payable in fiscal year 1986 and $614,400 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for aid for fiscal year 1987 includes $108,500 for aid for fiscal year 1986 payable in fiscal year 1987 and $639,000 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $722,900 for fiscal year 1986 and $751,800 for fiscal year 1987.

Funds from this appropriation shall be transmitted to ECSU boards of directors for general operations in the amount of $65,718 per ECSU for fiscal year 1986, and $68,345 per ECSU for fiscal year 1987; however, the ECSU whose boundaries coincide with the boundaries of development region 11 and the ECSU whose boundaries encompass development regions six and eight shall each receive $131,436 for fiscal year 1986 and $136,690 for fiscal year 1987 for general operations.

Subd. 4. [SCHOOL LUNCH AND FOOD STORAGE AID.] *For school lunch aid pursuant to section 124.646, and for food storage and transportation costs for USDA donated commodities there is appropriated:*

$4,625,000 1986,

$4,625,000 . . . . . 1987.

Any unexpended balance remaining from the appropriations in this subdivision shall be prorated among participating schools based on the number of fully paid lunches served during that school year in order to meet the state revenue matching requirement of the USDA National School Lunch Program.

If the appropriation amount attributable to either year is insufficient, the rate of payment for each fully paid student lunch shall be reduced and the aid for that year shall be prorated among participating schools so as not to exceed the total authorized appropriations for that year.

Subd. 5. [CHEMICAL USE PROGRAMS.] *For aid for chemical dependency programs authorized pursuant to section 124.246, there is appropriated:*

$153,900 . . . . . 1986.

The appropriation for fiscal year 1986 includes $153,900 for aid for fiscal year 1985 payable in fiscal year 1986.

Subd. 6. [EXTENDED LEAVES OF ABSENCE.] *To meet the state's obligation prescribed in Minnesota Statutes 1984, sections 354.094 and 354A.091, there is appropriated:*

$938,000 1986,

$602,000 . . . . . 1987.

Subd. 7. [PART-TIME TEACHING.] *To meet the state's obligation prescribed in Minnesota Statutes 1984, sections 354.66 and 354A.094, there is appropriated:*

$118,000 . . . . . 1986.

Subd. 8. [NONPUBLIC AIDS.] *For programs for nonpublic educational aid pursuant to sections 123.931 to 123.947, there is appropriated:*

$6,763,400 1986,

$7,184,100 . . . . . 1987.

The appropriation for aid for fiscal year 1986 includes $960,700 for aid for fiscal year 1985 payable in fiscal year 1986 and $5,802,700 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for fiscal year 1987 includes $1,024,000 for aid for fiscal year 1986 payable in fiscal year 1987 and $6,106,100 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $6,826,700 for fiscal year 1986 and $7,247,100 for fiscal year 1987.

Subd. 9. [GIFTED AND TALENTED ADVISORY COUNCIL.] *For the Minnesota advisory council for the gifted and talented established in section 124.248, there is appropriated:*

$35,000 . . . . . 1986.

Of this amount, $30,000 is for a study of gifted and talented education in Minnesota and $5,000 is for council expenses.

Subd. 10. [GIFTED AND TALENTED AID.] *For gifted and talented aid pursuant to section 124.247, there is appropriated:*

$1,282,600 1986,

$1,395,500 . . . . . 1987.

The appropriation for aid for fiscal year 1986 includes $99,100 for aid for fiscal year 1985 payable in fiscal year 1986 and $1,183,500 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for aid for fiscal year 1987 includes $208,900 for aid for fiscal year 1986 payable in fiscal year 1987 and $1,186,600 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $1,392,400 for fiscal year 1986 and $1,396,000 for fiscal year 1987.

Subd. 11. [CAPITAL EXPENDITURE EQUALIZATION AID.] *For capital expenditure equalization aid pursuant to section 124.245, subdivision 1, there is appropriated:*

$249,600 1986,

$256,700 . . . . . 1987.

The appropriation for fiscal year 1986 includes $34,900 for aid for fiscal year 1985 payable in fiscal year 1986 and $214,700 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for fiscal year 1987 includes $37,900 for aid for fiscal year 1986 payable in fiscal year 1987 and $218,800 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $252,600 for fiscal year 1986 and $257,400 for fiscal year 1987.

Any unexpended balance remaining from the appropriation in this subdivision for either year may be expended for special purpose capital expenditure equalization aid pursuant to section 124.245, subdivision 1a.

Subd. 12. [SPECIAL PURPOSE CAPITAL EXPENDITURE EQUALIZATION AID.] *For special purpose capital expenditure equalization aid pursuant to section 124.245, subdivision 1a, there is appropriated:*

$45,800 1986,

$50,800 . . . . . 1987.

The appropriation for fiscal year 1986 includes $6,400 for aid for fiscal year 1985 payable in fiscal year 1986 and $39,400 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for fiscal year 1987 includes $7,000 for aid for fiscal year 1986 payable in fiscal year 1987 and $43,800 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $46,400 for fiscal year 1986 and $51,500 for fiscal year 1987.

Any unexpended balance remaining from the appropriation in this subdivision for either year may be expended for capital expenditure equalization aid pursuant to section 124.245, subdivision 1.

Subd. 13. [HAZARDOUS SUBSTANCE CAPITAL EXPENDITURE EQUALIZATION AID.] *For hazardous substance capital expenditure equalization aid pursuant to section 124.245, subdivision 1c, there is appropriated:*

$42,100 1986,

$50,200 . . . . 1987.

The appropriation for fiscal year 1986 includes $6,200 for aid for fiscal year 1985 payable in fiscal year 1986 and $35,900 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for fiscal year 1987 includes $6,400 for aid for fiscal year 1986 payable in fiscal year 1987 and $43,800 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $42,300 for fiscal year 1986 and $51,500 for fiscal year 1987.

Any unexpended balance remaining from the appropriation in this subdivision for either year may be expended for capital expenditure equalization aid pursuant to section 124.245, subdivision 1.

Subd. 14. [PRESCHOOL HEALTH SCREENING AID.] *For preschool health screening aid pursuant to sections 123.701 and 123.705, there is appropriated:*

$450,000 1986,

$450,100 . . . . 1987.

The appropriation for fiscal year 1986 includes $121,000 for aid for fiscal year 1985 payable in fiscal year 1986 and $329,000 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for fiscal year 1987 includes $58,100 for aid for fiscal year 1986 payable in fiscal year 1987 and $392,000 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $387,100 for fiscal year 1986 and $461,200 for fiscal year 1987.

Subd. 15. [SECONDARY VOCATIONAL EDUCATION AID.] *For secondary vocational education aid pursuant to section 124.573, there is appropriated:*

$22,174,500 1986,

$22,796,700 . . . . 1987.

The appropriation for 1986 includes $3,422,400 for aid for fiscal year 1985 payable in fiscal year 1986. This amount also includes $18,752,100 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for 1987 includes $3,309,200 for aid for fiscal year 1986 payable in fiscal year 1987. This amount also includes $19,487,500 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $22,061,300 for fiscal year 1986 and $22,926,400 for fiscal year 1987.

For the purposes of this subdivision, money appropriated for secondary vocational education programs may not be expended for the purpose of discontinuing or converting existing senior secondary industrial arts education programs.

Subd. 16. [AID FOR SECONDARY VOCATIONAL EDUCATION PROGRAMS FOR HANDICAPPED CHILDREN.] *For secondary vocational programs for handicapped children pursuant to section 124.574, there is appropriated:*

$3,434,700 1986,

$3,458,800 . . . . . 1987.

The appropriation for 1986 includes $551,700 for aid for fiscal year 1985 payable in fiscal year 1986. This amount also includes $2,883,000 for aid for fiscal year 1986 payable in fiscal year 1986. This appropriation is based on the assumption that the state will spend for this purpose an amount at least equal to $230,000 in fiscal year 1986 of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended.

The appropriation for 1987 includes $508,800 for aid for fiscal year 1986 payable in fiscal year 1987. This amount also includes $2,950,000 for aid for fiscal year 1987 payable in fiscal year 1987. This appropriation is based on the assumption that the state will spend for this purpose an amount at least equal to $230,000 in fiscal year 1987 of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended.

The appropriations are based on aid entitlements of $3,391,800 for fiscal year 1986 and $3,470,600 for fiscal year 1987.

Subd. 17. [INTERDISTRICT COOPERATION AID.] *For aid for interdistrict cooperation programs pursuant to section 124.272, there is appropriated:*

$1,494,300 1986,

$2,085,000 . . . . . 1987.

The appropriation for fiscal year 1986 includes $187,100 for aid for fiscal year 1985 payable in fiscal year 1986 and $1,307,-200 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for fiscal year 1987 includes $230,700 for aid for fiscal year 1986 payable in fiscal year 1987 and $1,854,-300 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $1,537,900 for fiscal year 1986 and $2,181,500 for fiscal year 1987.

Subd. 18. [MAXIMUM EFFORT SCHOOL LOAN FUND.] *There is appropriated from the general fund to the maximum effort school loan fund the sum of $2,390,300 for the fiscal year ending June 30, 1986, and $2,585,300 for the fiscal year ending June 30, 1987. Any unexpended balance of this appropriation for fiscal year 1986 shall not cancel but shall be available for the second year of the biennium.*

These appropriations shall be placed in the loan repayment account of the maximum effort school loan fund for the payment of the principal and interest on school loan bonds, as provided in section 124.46, to the extent that money in the fund is not sufficient to pay when due the full amount of principal and interest due on school loan bonds. The purpose of these appropriations is to ensure that sufficient money is available in the fund to prevent a statewide property tax levy as would otherwise be required pursuant to section 124.46, subdivision 3. Nothwithstanding section 124.39, subdivision 5, any amount of the appropriation made in this section which is not needed to pay when due the principal and interest due on school loan bonds shall not be transferred to the debt service loan account of the maximum effort school loan fund but instead shall cancel and revert to the general fund.

Subd. 19. [INDIAN EDUCATION.] *For certain Indian education programs identified in Laws 1984, chapter 463, article 6, section 13, subdivision 12, there is appropriated:*

$24,400 . . . . . 1986.

The appropriation is for aid for fiscal year 1985 payable in fiscal year 1986.

Subd. 20. [JORDAN GRANT.] *There is appropriated $36,-570 for fiscal year 1986 for the purposes of section 21.*

Subd. 21. [NONCANCELLATION; FUNDING RESTRICTION.] *Any unexpended balances remaining from the*

appropriations in subdivision 7 for fiscal year 1986 shall not cancel but shall be available for the second year of the biennium. Notwithstanding Minnesota Statutes 1984, sections 354.43 and 354A.12, the state's obligations prescribed in Minnesota Statutes 1984, sections 354.094, 354.66, 354A.091, and 354A.094 shall not be financed out of standing appropriations for the state's obligations pursuant to Minnesota Statutes 1982, chapter 354 or 354A.

Subd. 22. [CANCELLATION AND PRORATION.] *Except as provided in subdivision 7, any unexpended balance remaining from the appropriations in this section for 1986 shall cancel and shall not be available for the second year of the biennium. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.*

Sec. 24. [APPROPRIATIONS FOR DEFICIENCIES.]

Subdivision 1. [CHEMICAL USE PROGRAMS.] *There is appropriated for fiscal year 1985 the sum of $12,825 for the payment of a deficiency in funds available for payment of chemical use program aid in that fiscal year. This sum shall be added to the sum appropriated for fiscal year 1985 for this purpose in Laws 1983, chapter 314, article 6, section 34, subdivision 13.*

Subd. 2. [ABATEMENT AID.] *There is appropriated from the general fund to the department of education the sum of $1,798,453 for fiscal year 1985 for the payment of a deficiency in funds available for payment of abatement aid in that fiscal year. This sum shall be added to the sums appropriated for fiscal year 1985 for this purpose in Laws 1983, chapter 314, article 6, section 34, subdivision 3, and Laws 1984, chapter 463, article 6, section 18, subdivision 1.*

Subd. 3. [CAPITAL EXPENDITURE EQUALIZATION AID.] *There is appropriated from the general fund to the department of education the sum of $18,735 for fiscal year 1985 for the payment of a deficiency in funds available for payment of capital expenditure aid in that fiscal year. This sum shall be added to the sum appropriated for fiscal year 1985 for this purpose in Laws 1983, chapter 314, article 6, section 34, subdivision 4.*

Subd. 4. [SECONDARY VOCATIONAL EDUCATION AID.] *There is appropriated from the general fund to the department of education the sum of $1,105,000 for fiscal year 1985 for the payment of a deficiency in funds available for payment of secondary vocational education aid in that fiscal year. This sum shall be added to the sum appropriated for fiscal year 1985 for this purpose in Laws 1983, chapter 314, article 5, section 18, subdivision 10.*

Subd. 5. [AID FOR SECONDARY VOCATIONAL EDUCATION PROGRAMS FOR HANDICAPPED CHILDREN.] *There is appropriated from the general fund to the department of education the sum of $505,543 for fiscal year 1984 and $821,-915 for fiscal year 1985 for the payment of deficiencies in funds available for payment of aid for secondary vocational education programs for handicapped children in those fiscal years. These appropriations shall be added to the sums appropriated for fiscal years 1984 and 1985 for this purpose in Laws 1983, chapter 314, article 5, section 18, subdivision 11.*

Sec. 25. [REPEALER.]

Minnesota Statutes 1984, section 125.611, subdivisions 3, 4, 5, 6, and 7 are repealed.

Sec. 26. [EFFECTIVE DATE.]

Section 24, the section containing appropriations for deficiencies, is effective the day following final enactment.

ARTICLE 7

MISCELLANEOUS

Section 1. Minnesota Statutes 1984, section 120.06, subdivision 1, is amended to read:

Subdivision 1. [AGE LIMITATIONS; PUPILS.] All schools supported in whole or in part by state funds are public schools. Admission to a public school, except an area vocational technical institute, is free to any person who resides within the district which operates the school, who is under 21 years of age, and who satisfies the minimum age requirements imposed by this section. Notwithstanding the provisions of any law to the contrary, the conduct of all students under 21 years of age attending a public secondary school shall be governed by a single set of reasonable rules and regulations promulgated by the local board of education. No person shall be admitted to any public school (AFTER SEPTEMBER 1, 1971,) (1) as a kindergarten student, unless he is at least five years of age on September 1 of the calendar year in which the school year for which he seeks admission commences; or (2) as a first grade student, unless he is at least six years of age on September 1 of the calendar year in which the school year for which he seeks admission commences or has completed kindergarten; except that any school board may establish a policy for admission of selected pupils at an earlier age.

Sec. 2. Minnesota Statutes 1984, section 120.10, subdivision 1, is amended to read:

Subdivision 1. [AGES AND TERM.] Every child between seven and 16 years of age *and every child under the age of seven who is enrolled in kindergarten or grades above* shall attend a public school, or a private school, during the entire time that the school is in session during any school year. No child shall be required to attend a public school more than 200 days or their equivalent, during any school year. *A parent may withdraw a child under the age of seven from school at any time.*

Sec. 3. Minnesota Statutes 1984, section 120.11, is amended to read:

120.11 [SCHOOL BOARDS AND TEACHERS, DUTIES.]

It shall be the duty of each board through its clerk or other authorized agent or employee, to report the names of children (BETWEEN SIX AND 16 YEARS OF AGE) *required to attend school,* with excuses, if any, granted in such district, to the superintendent or principals thereof, within the first week of school. Subsequent excuses granted shall be forthwith reported in the same manner. The clerk or principal shall provide the teachers in the several schools under his supervision, with the necessary information for the respective grades of school, relating to the list of pupils with excuses granted. On receipt of the list of such pupils of school age and the excuses granted, the clerk or principals shall report the names of children not excused, who are not attending school, with the names and addresses of their parents, to the district superintendent within five days after receiving the report.

Sec. 4. Minnesota Statutes 1984, section 120.15, is amended to read:

120.15 [CLASSES FOR TRUANTS.]

A board may maintain ungraded classes for (THE) instruction of children (BETWEEN SEVEN AND 16 YEARS OF AGE) *who are required to attend school and* who are habitually truant or not in attendance.

All such children shall be deemed delinquent and the board may compel their attendance at such ungraded classes, or any department of the public schools, as the board may determine, and cause them to be brought before the juvenile court of the county for appropriate discipline.

Sec. 5. [121.161] [SHARED SERVICE AGREEMENTS.]

The commissioner may make a shared service agreement with another public agency. The agreement must be of mutual benefit to the state, the department, and the other agency. The term of the agreement must not be more than three years. The commis-

sioner and the other agency need not consult the legislative advisory committee before making the agreement.

Charges by the department and the other agency must be on an actual cost basis, and the receipts are dedicated to the operation of the department or agency receiving them and are appropriated for that purpose.

Sec. 6. Minnesota Statutes 1984, section 121.912, subdivision 1, is amended to read:

Subdivision 1. [LIMITATIONS.] *(a)* No school district shall permanently transfer money from an operating fund to a nonoperating fund except as provided in this subdivision *or section 7.*

(b) Permanent transfers may be made from an operating fund to any other fund to correct for prior fiscal years' errors discovered after the books have been closed for that year.

(c) Permanent transfers may be made from the general fund to eliminate deficits in another fund when that other fund is being discontinued.

(d) When a district discontinues operation of a district-owned bus fleet or a substantial portion of a fleet, permanent transfers may be made from the fund balance account entitled "pupil transportation fund appropriated for bus purchases" to the capital expenditure fund, with the approval of the commissioner. The levy authorized pursuant to section 275.125, subdivision 11a, shall be reduced by an amount equal to the amount transferred.

(e) Any school district may transfer any amount from the unappropriated fund balance account in its transportation fund to any other operating fund or to the appropriated fund balance account for bus purchases in its transportation fund.

Sec. 7. [121.9121] [EXCEPTIONS FOR PERMANENT FUND TRANSFERS.]

Subdivision 1. [STATE BOARD AUTHORIZATION.] *Notwithstanding sections 123.36, subdivisions 10 and 13; 475.61, subdivision 4; or any other law, rule or UFARS standard which may prohibit permanent transfers of money between funds or accounts, the state board may authorize a board to transfer money from any fund or account to another fund or account according to this section.*

Subd. 2. [APPLICATION.] *A board requesting authority to transfer money shall apply to the state board and provide information requested. The application shall indicate the law or*

rule prohibiting the desired transfer. It shall be signed by the superintendent and approved by the school board.

Subd. 3. [ADVISORY COUNCIL.] *The state board shall submit each application to the advisory council on uniform financial accounting and reporting standards for its recommendations. The advisory council shall develop and maintain guidelines for reviewing and approving requests.*

Subd. 4. [APPROVAL STANDARD.] *The state board may approve a request only when an event has occurred in a district that could not have been foreseen by the district. The event shall relate directly to the fund or account involved and to the amount to be transferred.*

Subd. 5. [APPROVAL.] *The state board shall use the advisory council guidelines and recommendation when it approves, disapproves, or modifies a request. It shall take action on a request within 60 days of receiving the request. If the state board action is different from the action recommended by the advisory council, the state board shall provide written reasons for the difference.*

Subd. 6. [PROCEDURES.] *The state board and advisory council may prepare forms and adopt procedures necessary to implement this section.*

Subd. 7. [REPORT TO LEGISLATURE.] *By January 15 each year the state board shall report to the education committees of the legislature about the requests for transfers, action taken for each request, and the reasons for the action. The report shall include the recommendations of the advisory council.*

Sec. 8. **Minnesota Statutes 1984, section 122.86, subdivision** 1, is amended to read:

Subdivision 1. [CREATION.] In order to provide for comprehensive and coherent planning for the delivery of educational services pursuant to sections 122.86 to (122.89) *122.88*, each educational cooperative service unit shall establish an educational planning task force. In the event an area has not established an ECSU by September 1, 1977, the commissioner shall establish a task force for that area.

Sec. 9. Minnesota Statutes 1984, section 123.33, is amended by adding a subdivision to read:

Subd. 5a. [LOCATION OF MEETINGS.] *The location of the school board meetings shall be designated by the school board. Under certain circumstances, the school board may deem a location in an adjacent school district as suitable and accessible for a particular board meeting, but must give adequate notice to the residents of the district of the time and location of that meeting.*

Sec. 10. Minnesota Statutes 1984, section 123.36, subdivision 1, is amended to read:

Subdivision 1. When funds are available therefor, the board may locate and acquire necessary sites of school houses or enlargements, or additions to existing schoolhouse sites by lease, purchase or condemnation under the right of eminent domain; it may erect schoolhouses thereon; it may erect or purchase garages for district owned school buses. (IN ANY CITY, THE SCHOOL SITES, WHEN PRACTICABLE, SHALL CONTAIN AT LEAST ONE BLOCK AND IF OUTSIDE OF ANY CITY, TWO ACRES; AND WHEN ANY SCHOOLHOUSE SITES SHALL CONTAIN LESS THAN SUCH AMOUNT, THE BOARD MAY ACQUIRE OTHER LAND ADJACENT TO OR NEAR SUCH SITE TO MAKE, WITH SUCH SITE, ALL OR PART OF SUCH AMOUNT.) When property is taken by eminent domain by authority of this subdivision when needed by the school district for such purposes, the fact that the property so needed has been acquired by the owner under the power of eminent domain or is already devoted to public use, shall not prevent its acquisition by the school district. The board may sell or exchange schoolhouses or sites, and execute deeds of conveyance thereof.

Sec. 11. Minnesota Statutes 1984, section 123.58, is amended by adding a subdivision to read:

Subd. 11. [ANNUAL MEETING.] *Each ECSU shall conduct a meeting at least annually for districts that have entered into an agreement under section 471.59 and for districts cooperatively offering educational services to elementary and secondary pupils within the area served by the ECSU. The purpose of the meeting shall be to discuss issues of mutual concern and to facilitate coordination and cooperation in providing educational opportunities. The governing board formed under each cooperative agreement or each school board participating in a cooperative program, for programs having no governing board, shall designate at least one person to attend this meeting.*

Sec. 12. Minnesota Statutes 1984, section 124.14, subdivision 4, is amended to read:

Subd. 4. A reduction of aid under this section may be appealed to the state board of education and its decision shall be final. Public schools shall at all times be open to the inspection of the state board, and the accounts and records of any district shall be open to inspection by the state auditor, the state board, or the commissioner for the purpose of audits conducted under this section. *Each district shall keep for a minimum of three years at least the following: (1) identification of the annual session days held, together with a record of the length of each session day, (2) a record of each student's daily attendance, with entrance and withdrawal dates, and (3) identification of the students transported who are reported for transportation aid.*

Sec. 13. Minnesota Statutes 1984, section 124.48, is amended by adding a subdivision to read:

Subd. 1a. [TASK FORCE.] *The Minnesota Indian scholarship advisory task force is established. Members shall be appointed by the state board. Members shall be reimbursed for expenses as provided in section 15.059, subdivision 6. The state board shall determine the membership terms and duration of the task force. The task force shall provide advice and counsel to the state board in the awarding of scholarships to eligible American Indian students, and in the administration of the state board's duties regarding the awarding of American Indian post-secondary preparation grants to school districts.*

Sec. 14. Minnesota Statutes 1984, section 125.05, subdivision 5, is amended to read:

Subd. 5. [PROVISIONAL LICENSES (; PROHIBITED).] (THE BOARD OF TEACHING SHALL GRANT NO NEW PROVISIONAL LICENSES BY JANUARY 15, 1984, THE STATE BOARD AND COMMISSIONER OF EDUCATION SHALL SUBMIT A REPORT TO THE EDUCATION COMMITTEES OF THE LEGISLATURE WITH RECOMMENDATIONS ON PROVISIONAL LICENSES.) *The board of teaching may grant provisional licenses, which shall be valid for two years, in fields where licenses were not issued previously, or in fields where a shortage of licensed teachers exists. A shortage shall be defined as a lack of or an inadequate supply of licensed personnel within a given licensure area in a school district that has notified the board of teaching of such a shortage and has applied to the board of teaching for provisional licenses for that district's licensed staff.*

Sec. 15. Minnesota Statutes 1984, section 125.12, is amended by adding a subdivision to read:

Subd. 2a. [EMPLOYMENT IN SUPERVISORY POSITIONS.] *Notwithstanding other law, a teacher as defined in section 179A.03 does not have a right to employment in a district as an assistant superintendent, as a principal defined in section 179A.03, as a confidential or supervisory employee defined in section 179A.03, or in a position that is a promotion from the position currently held, based on seniority, seniority date, or order of employment by the district; provided that this provision shall not alter the reinstatement rights of an individual who is placed on leave from an assistant superintendent, principal or assistant principal, or supervisory or confidential employee position pursuant to chapter 125.*

Sec. 16. Minnesota Statutes 1984, section 125.17, is amended by adding a subdivision to read:

Subd. 2a. [EMPLOYMENT IN SUPERVISORY POSITIONS.] *Notwithstanding other law, a teacher as defined in section 179A.03 does not have a right to employment in a district as an assistant superintendent, as a principal defined in section 179A.03, as a confidential or supervisory employee defined in section 179A.03, or in a position that is a promotion from the position currently held, based on seniority, seniority date, or order of employment by the district; provided that this provision shall not alter the reinstatement rights of an individual who is placed on leave from an assistant superintendent, principal or assistant principal, or supervisory or confidential employee position pursuant to chapter 125.*

Sec. 17. Minnesota Statutes 1984, section 125.60, subdivision 3, is amended to read:

Subd. 3. [REINSTATEMENT.] Except as provided in subdivisions 6a and 6b, a teacher on an extended leave of absence pursuant to this section shall have the right to be reinstated to a position for which the teacher is licensed at the beginning of any school year which immediately follows a year of the extended leave of absence, unless the teacher *fails to give the required notice of intention to return or* is discharged or placed on unrequested leave of absence or the contract is terminated pursuant to section 125.12 or 125.17 while the teacher is on the extended leave. The board shall not be obligated to reinstate any teacher who is on an extended leave of absence pursuant to this section, unless the teacher advises the board of the intention to return before February 1 in the school year preceding the school year in which the teacher wishes to return *or by February 1 in the calendar year in which the leave is scheduled to terminate.* The board shall notify the commissioner within 30 days of being notified that a teacher intends to return from an extended leave.

Sec. 18. [EXPERIMENTAL SCHOOL EXPIRATION DATE.]

Laws 1973, chapter 683, section 26, subdivision 17, as amended by Laws 1975, chapter 432, section 88, as amended by Laws 1977, chapter 447, article VII, section 28, as amended by Laws 1981, chapter 358, article VI, section 42, is amended to read:

Subd. 17. The provisions of this section shall expire July 1, (1985) *1989.* At any time the experimental school may be terminated upon unanimous vote of the officers of the committee and 30 days notice to the board of District No. 309, whereupon the board of District No. 309 shall resume the care management and control of the entire district on July 1 following. Prior to December 1 of each year the committee shall submit to the legislature a report of the experimental school established by this section. Such report shall document the success or failure of the experimental school.

Sec. 19. [K-3 CLASS SIZE STUDY.]

The department of education shall conduct a study on reducing certain class sizes of grades kindergarten through three to a ratio of 15 to 1 in Minnesota. The study shall address at least the following: determination of the number of teachers which would be required to reduce class sizes to a ratio of 15 students to one teacher in those grades in the areas of reading, writing, and mathematics; examining the feasibility of individual school districts to reduce class sizes to a ratio of 15 students to one teacher; and evaluating the existing research on the impact of reducing class sizes.

Sec. 20. [REPEALER.]

Minnesota Statutes 1984, sections 122.84, 122.85, and 122.89 are repealed.

Sec. 21. [EFFECTIVE DATE.]

Sections 6 and 7 are effective the day following final enactment.

ARTICLE 8

EDUCATIONAL IMPROVEMENT

Section 1. [121.509] [POLICY.]

It is the intent of the legislature that proficiency assessments required by sections 1 to 9 measure the progress of each pupil in mastering basic skills rather than the pupil's performance relative to the pupil's classmates. Proficiency assessments shall be used to determine whether pupils need assistance to master basic skills, and if so, the appropriate content and mode of the assistance. To use these proficiency assessments effectively, the school districts are encouraged to assess their pupils early in the school year.

Sec. 2. [121.510] [ADOPTION OF PROFICIENCY STANDARDS.]

Subdivision 1. The board of each school district shall adopt standards of proficiency in basic skills for pupils attending school within its school district. Standards shall be adopted for reading comprehension, writing, and computation skills, in the English language, and other skills, if any, which the board concludes are necessary to succeed in school and life experiences. The standards will permit individual achievement to be ascertained and evaluated and shall be directly related to the district's instructional program.

Subd. 2. The school board shall invite parents, administrators, teachers, counselors, and, with respect to secondary schools, pupils to participate in the consideration of the standards of proficiency to be adopted.

Subd. 3. The standards shall be adopted: by January 1, 1987, for grades 9 through 12; by June 30, 1987, for grades 6 through 8; and by January 1, 1988, for grades 2 through 5. Proficiency assessments based on these standards shall begin in the school year following adoption.

Sec. 3. [121.511] [SEPARATE STANDARDS.]

Separate standards of proficiency shall be established for reading comprehension, writing, computation skills, and each additional skill which a school board designates. A separate assessment shall be made of the pupil's proficiency in each skill.

Sec. 4. [121.512] [ASSESSMENT MATERIALS.]

For students with diagnosed learning disabilities, as well as for students participating in the regular school program, proficiency assessments may be part of the classroom experience, and teaching materials may be used as assessment materials.

The school board shall periodically screen the assessment materials for racial, cultural, and sexual bias.

Sec. 5. [121.513] [ASSESSMENT SCHEDULE.]

Progress toward proficiency in basic skills shall be assessed in the English language during the regular instructional program at least once during the 2nd through 5th grades, once during the 6th through 8th grades, and twice during the 9th through 12th grades.

Sec. 6. [121.514] [REMEDIATION; PARENT CONFERENCE.]

Subdivision 1. Additional instruction shall be provided to a pupil who does not demonstrate sufficient progress toward the mastery of any of the basic skills. The additional instruction shall continue until the pupil attains the proficiency standards or is no longer enrolled in school. The instruction may be provided in summer school programs.

Subd. 2. (a) If a pupil does not demonstrate sufficient progress toward mastery of basic skills and will not be able to attain the prescribed standards upon exit from the 5th, 8th, or 12th grade, whichever is applicable, the principal shall arrange a conference among the parent or guardian of the pupil and a licensed

employee familiar with the pupil's progress to discuss the results of the proficiency assessment and recommended actions to further the pupil's progress.

(b) The conference to discuss the results of the assessment may be conducted on an individual or group basis among the parents or guardians of the pupils, the licensed employees, and the pupils. If the conference is conducted on a group basis, a pupil or the parent or guardian may request, and shall be granted, a conference on an individual basis without having to attend the group conference.

(c) A secondary pupil shall attend the conference. An elementary pupil shall attend the conference unless the principal and the parent or guardian agree that the pupil's presence would not be in the pupil's best interest.

(d) The pupil and the parent or guardian shall be requested in writing to attend the conference. The notice shall be written in the primary language of the parent or guardian whenever practicable. If the conference is to be conducted on a group basis, the notice shall specify the right of the pupil or the parent or guardian to request and be granted a conference on an individual basis without having to attend the group conference.

(e) At the conference, the instructional program which shall be provided to assist the pupil to master basic skills shall be described. If the parent or guardian does not attend the conference, this information shall be communicated to the parent or guardian by other means within ten days of the date of the conference.

Sec. 7. [121.515]

If a pupil of limited English proficiency, as determined under section 126.262, subdivision 2, does not possess sufficient English language skills to be fairly assessed for basic skills proficiency in the English language, the district shall defer the assessment. The deferment shall be for a period of at least six months but shall not be longer than 24 months. During the deferment period the pupil shall complete at least six months of instruction in reading, writing, and comprehension in the English language.

However, a pupil of limited English proficiency shall be assessed for basic skills in the English language upon the pupil's own request or upon the request of the pupil's parent or guardian.

Nothing in this section shall preclude a district from conducting an assessment of a pupil in both English and in the native language of the pupil.

Sec. 8. [121.516] [DIFFERENTIAL STANDARDS FOR LEARNING DISABLED STUDENTS.]

Subdivision 1. Differential standards and assessment procedures may be adopted for pupils who:

(a) are enrolled in special education programs and for whom individualized education programs have been developed under section 120.17, and

(b) have diagnosed learning handicaps or disabilities.

Subd. 2. If an individualized education team determines that a pupil does not demonstrate evidence of the ability to attain the district's regular proficiency standards with available and appropriate education services and support, the team shall develop differential proficiency standards, or modify general differential standards adopted by the board, appropriate to the needs and potential of the pupil.

Subd. 3. The determination and the development of differential proficiency standards shall be part of the process of developing, reviewing, and revising a pupil's individualized education program.

Subd. 4. If one or more differential standards are developed for a pupil enrolled in special education, the standards may be maintained throughout the pupil's school experience, whether or not the pupil continues to be enrolled in special education.

Subd. 5. Differential standards and assessment procedures adopted under this section shall permit the pupil for whom they are adopted to attain the standards within the time the state is required by state or federal law to provide an education to the pupil.

Subd. 6. Nothing in this subdivision shall be construed to require differential proficiency standards for a pupil that a team determines can attain the district's regular proficiency standards with appropriate and available educational services and support.

Sec. 9. [121.517] [ASSESSMENT FRAMEWORK; STATE BOARD OF EDUCATION.]

Subdivision 1. The state board of education shall prepare and distribute to all school districts a framework for assessing pupil proficiency in reading comprehension, writing, and computation skills. The framework shall include a range of assessment items in each skill area. The assessment framework shall be provided solely to assist each school district in the development of its own pupil assessments as required by section 3.

Subd. 2. The framework shall be distributed by: September 1, 1986, for assessments of students in the 9th through 12th

grades; January 1, 1987, for assessments of students in the 6th through 8th grades; and July 1, 1987, for assessments of students in the 2nd through 5th grades.

Subd. 3. Nothing in this section shall be construed to authorize or permit the state board of education to adopt statewide minimum proficiency standards for high school graduation or for any other purpose.

Sec. 10. Minnesota Statutes 1984, section 123.7431, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] Each school district which completes the planning, evaluation, and reporting process pursuant to the requirements of sections 123.741 and 123.742 and which receives approval from the commissioner of education is eligible to receive state aid. An eligible school district shall receive $1 times average daily membership for the (APPLICABLE) *1984-1985* school year (.), *and* no district which is eligible for aid shall receive less than $1,500 *for that year.*

An eligible district shall receive $1.04 times average daily membership for the 1985-1986 school year, and no district which is eligible for aid shall receive less than $1,560 for that year. An eligible district shall receive $1.08 times average daily membership for the 1986-1987 school year, and no district which is eligible for aid shall receive less than $1,620 for that year.

Sec. 11. Minnesota Statutes 1984, section 124.19, subdivision 1, is amended to read:

Subdivision 1. [INSTRUCTIONAL TIME.] Every district which receives special state aid shall maintain school in session (OR), provide instruction in other districts, in state university laboratory school or in the university laboratory school, *or provide staff development opportunities* for at least 175 days, not including summer school, or the equivalent in a district operating a flexible school year program. *Pupil instruction shall be conducted at least 170 out of the 175 days. The remaining five days shall be used for parent-teacher conferences, teachers' workshops, staff development, or additional pupil instruction. For kindergarten classes, up to ten days out of the 175 may be devoted to parent-teacher conferences, teachers' workshops, staff development, or additional pupil instruction as part of the required minimum number of days. In both cases, up to three days of the state aid may be used to provide teachers' access to small group or individual staff development activities during released time or nonschool days.* A district which holds school for the required minimum number of days and is otherwise qualified is entitled to special state aid as provided by law. If school is not held for the required minimum number of days, special state aid shall be reduced by the ratio that the difference between 175

days and the number of days school is held bears to 175 days, multiplied by 60 percent of the product of the foundation aid formula allowance times its pupil units for that year. However, districts maintaining school for fewer than the required minimum number of days do not lose special state aid, if the circumstances causing loss of school days below the required minimum number of days are beyond the control of the board and, if proper evidence is submitted and a good faith attempt made to make up time lost due to these circumstances. The loss of school days resulting from a lawful employee strike shall not be considered a circumstance beyond the control of the board. Days devoted to teachers' institutes or other meetings authorized or called by the commissioner may not be included as part of the required minimum number of days of school. (NOT MORE THAN FIVE DAYS MAY BE DEVOTED TO PARENT-TEACHER CONFERENCES OR TEACHERS' WORKSHOPS AS PART OF THE REQUIRED MINIMUM NUMBER OF DAYS, EXCEPT THAT, FOR KINDERGARTEN CLASSES, NOT MORE THAN TEN DAYS MAY BE DEVOTED TO PARENT-TEACHER CONFERENCES OR TEACHERS' WORKSHOPS AS PART OF THE REQUIRED MINIMUM NUMBER OF DAYS.)

Sec. 12. Minnesota Statutes 1984, section 124.195, subdivision 9, is amended to read:

Subd. 9. [PAYMENT PERCENTAGE FOR CERTAIN AIDS.] The following aids shall be paid at 100 percent of the entitlement for the current fiscal year: school lunch aid, according to section 124.646; hearing impaired support services aid, according to section 121.201; *aid for excellence in teaching and curriculum, according to section 14 of this article; handicapped adult programs aid, according to article 4, section 7; interdistrict transportation aid, according to section 126.62, subdivision 6;* and educational improvement aids, according to (SECTIONS 121.601, 129B.33, 129B.34, AND) *section* 129B.36.

Sec. 13. [124.248] [EDUCATIONAL IMPROVEMENT.]

Subdivision 1. [PROGRAMS.] *Aid for educational improvement programs shall be paid as provided in this section. The proceeds of this aid and the levy authorized by section 275.125, subdivision 7f, may be used for expenditures for staff development, curriculum development, parent or community involvement, experimental educational delivery systems, and other measures designed to improve education in the district.*

Subd. 2. [REVENUE.] *A district's educational improvement revenue allowance shall be an amount equal to the product of 0.005, times the number of actual pupil units in the district, times the foundation aid formula allowance as defined in section 124A.02.*

Subd. 3. [AID.] *In fiscal year 1987 and each year thereafter, a district shall receive educational improvement aid equal to the difference between:*

(1) the product of

(a) the ratio of the district's actual levy to its permitted levy, pursuant to section 275.125, subdivision 7f; times

(b) the district's educational improvement revenue allowance; and

(2) the levy certified by the district pursuant to section 275.125, subdivision 7f.

Sec. 14. [124.253] [AID FOR EXCELLENCE IN TEACHING AND CURRICULUM.]

Subdivision 1. [MAXIMUM REVENUE.] *The maximum revenue a district may receive for an excellence in teaching and curriculum program is $125 times the number of full-time equivalent licensed staff, including teaching, supervisory, and support staff, in the district's elementary and secondary programs in that school year. No district shall receive less than $3,000. For a district that does not have contracts executed according to section 21, the maximum revenue is reduced by 40 percent. For districts that have entered into contracts according to section 21, the 40 percent portion of the maximum revenue shall not exceed the cost of the contracts.*

Subd. 2. [AID.] *An eligible district shall receive aid equal to:*

(1) the difference between the maximum revenue, according to subdivision 1, and the permitted levy attributable to the same school year, according to section 275.125, subdivision 8c; times

(2) the ratio of the district's actual levy to its permitted levy.

Subd. 3. [USE OF REVENUE.] *The proceeds of the aid authorized by this section and the levy authorized by section 275.125, subdivision 8c, shall be used only for an excellence in teaching and curriculum program and shall be used only in the proportions set forth in section 18.*

Sec. 15. [124.275] [ARTS EDUCATION AID.]

Subdivision 1. [PURPOSES.] *Each school district shall receive arts education aid for arts education programs such as creative dramatics, dance, creative writing, music, visual arts, and film and video arts. Districts are encouraged to offer cooper-*

ative programs and share staff with other districts when appropriate to maximize the use of the aid.

Subd. 2. [GUIDELINES.] *Each district may determine how to use its arts education aid. A district is encouraged to use the following guidelines in the order listed:*

(1) develop a long-range, comprehensive arts education plan, develop an arts curriculum, and implement arts programs for grades kindergarten through six;

(2) provide professional development for teachers to increase their arts skill level and to enable them to provide improved opportunities for pupils to learn in, about, and through the arts; and

(3) provide arts enrichment activities for pupils in grades kindergarten through six.

(4) increase the number of elementary arts teachers, with a goal of at least one full-time art teacher and one full-time music teacher for 400 pupils in grades kindergarten to six;

Subd. 3. [AID AMOUNT.] *Arts education aid shall equal the greater of: $2.40 times the number of pupils in grades kindergarten to six in average daily membership in the district, or $500.*

Sec. 16. Minnesota Statutes 1984, section 125.05, subdivision 1, is amended to read:

Subdivision 1. [QUALIFICATIONS.] The authority to license teachers as defined in section 125.03 is vested in the board of teaching except that the authority to license supervisory and support personnel is vested in the state board of education. Licenses shall be issued to such persons as the board of teaching or the state board of education finds to be competent for their respective positions. Qualifications of teachers and other professional employees except supervisory and support personnel shall be determined by the board of teaching under the rules which it promulgates. *When legislation requires teachers to have taken certain courses or preparation, the board of teaching shall establish in its rules whether such courses shall be taken before obtaining an initial license or may be taken as in-service education. By July 1, 1987, the board of teaching shall adopt and field test a plan to assess subject knowledge in the teaching fields of candidates for initial licensure. By July 1, 1987, the board of teaching shall also develop and field test a plan to evaluate the teaching skills of beginning teachers prior to granting continuing licensure.* Licenses under the jurisdiction of the board of teaching shall be issued through the licensing section of the department of education. Licenses under the jurisdiction of the

state board of education shall be issued through the licensing section of the department of education.

Sec. 17. Minnesota Statutes 1984, section 125.185, subdivision 4, is amended to read:

Subd. 4. The board shall develop and create rules for the licensure of public school teachers and interns, and from time to time it shall revise or supplement the rules for licensure of public school teachers subject to the provisions of chapter 14. It shall be the duty of the board to establish rules for the approval of teacher education programs; provided these rules shall encourage teacher educators to obtain periodic classroom teaching experience. *In establishing the rules for teacher education program approval, the board shall consider the policy recommendations of a special task force to be convened in cooperation with the higher education coordinating board.* The board shall also grant licenses to interns and to candidates for original licenses and receive recommendations from local committees as established by the board for the renewal of teaching licenses, grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 125.09 and 214.10. Notwithstanding any law or rule to the contrary, the board shall not establish any expiration date for application for life licenses. With regard to vocational education teachers the board of teaching shall adopt and maintain as its rules the rules of the state board of education and the state board of vocational technical education.

Sec. 18. [126.56] [SUMMER SCHOLARSHIPS FOR ACADEMIC ENRICHMENT.]

Subdivision 1. [ESTABLISHMENT.] *A scholarship program is established to enable secondary pupils to attend summer programs sponsored by post-secondary institutions.*

Subd. 2. [ELIGIBLE PUPILS.] *To be eligible for a scholarship, a pupil shall meet all of the following:*

(1) is a resident of Minnesota;

(2) attends an eligible program;

(3) has completed grades 7 through 11;

(4) demonstrates leadership or involvement in the community;

(5) has earned at least a B average during the semester or quarter prior to application, or ranked in the upper one-third of the class for the school year prior to application, as applicable; and

(6) demonstrates need for financial assistance.

Subd. 3. [FINANCIAL NEED.] *Need for financial assistance shall be based on family income, family size, and special necessary expenditures of the family. The need shall also be directly related to the actual charges made by the institution sponsoring the summer program. The higher education coordinating board shall determine the financial need of each pupil and shall award scholarships within the limits of the appropriation for this section. If the amount appropriated is insufficient to make a full award to each applicant, the board shall allocate the amount appropriated in the manner it determines.*

Subd. 4. [ELIGIBLE PROGRAMS.] *A scholarship may be used only for an eligible program. Each program shall be approved by the state board of education and the higher education coordinating board. A program shall be sponsored by a post-secondary institution that (a) is accredited by the north central association of colleges, (b) offers at least an associate or baccalaureate degree program approved under section 136A.65, subdivision 1, and (c) is located in Minnesota.*

It shall provide academic instruction in curricular areas such as communications, humanities, social studies, social science, science, mathematics, art, or foreign language. The program shall not be offered for credit to post-secondary students. It shall not provide remedial instruction enabling a pupil to achieve at the pupil's grade level or enabling a pupil to achieve skills needed for entry into a post-secondary program. The program shall not have as its primary emphasis athletic skills, recreation, physical education, crafts, hobbies, or leisure activities. The program shall not contain any religious activities of any nature. Additional requirements for eligibility may be established by the state board of education and the higher education coordinating board.

Subd. 5. [ADVISORY COMMITTEE.] *An advisory committee of 11 members shall assist the academic excellence foundation, state board of education, and higher education coordinating board in planning, implementing, and evaluating the scholarship program. The committee shall consist of the executive director of the higher education coordinating board or a representative, the commissioner of education or a representative, two secondary school administrators and two secondary teachers appointed by the commissioner of education, the executive director of the academic excellence foundation, a private college representative appointed by the president of the Minnesota private college council, a community college representative appointed by the community college chancellor, a state university representative appointed by the state university chancellor, and a University of Minnesota representative appointed by the president of the University of Minnesota.*

Subd. 6. [INFORMATION.] *The academic excellence foundation shall assemble and distribute information about scholarships and eligible programs.*

Subd. 7. [ADMINISTRATION.] *The state board of education and the higher education coordinating board shall determine the time and manner for scholarship applications, awards, and program approval.*

Subd. 8. [EXEMPTION FROM RULEMAKING.] *Sections 14.01 to 14.47 shall not apply to the provisions of this section.*

Sec. 19. [126.70] [PLANNING FOR EXCELLENCE IN TEACHING AND CURRICULUM.]

Subdivision 1. [DEVELOPMENT OF PLAN.] *Each school district is encouraged to develop and adopt a written comprehensive plan for excellence in teaching and curriculum. The plan shall be prepared in consultation with the curriculum advisory committee appointed according to section 123.741, subdivision 3. The district plan shall be submitted to the department of education for approval.*

Subd. 2. [CONTENTS OF THE PLAN.] *The plan shall include:*

(1) whether the school board intends to offer contracts under the excellence in teaching program;

(2) procedures the district will use to analyze and identify teaching and curricular needs;

(3) short-term and long-term needs for identified areas of need;

(4) integration with in-service and curricular efforts already in progress;

(5) integration of areas listed under section 20, subdivision 2;

(6) goals to be achieved and the means to be used; and

(7) procedures for evaluating progress.

Subd. 3. [MODEL PLANS.] *In consultation with the instructional effectiveness advisory task force, advisory committee on technology in education, educational cooperative service units, and other appropriate agencies, the department of education shall develop model plans by August 31, 1985, for districts to use in developing their plans.*

Sec. 20. [126.71] [EXCELLENCE IN TEACHING AND CURRICULUM.]

Subdivision 1. [ELIGIBILITY.] *Each district that has an approved plan for excellence in teaching and curriculum is eligible for the revenue described in section 14.*

Subd. 2. [USE OF REVENUE.] *Sixty percent of the revenue for excellence in teaching and curriculum shall be used for at least two of the following purposes:*

(1) to provide instructional effectiveness education according to section 121.609;

(2) to provide in-service education for elementary and secondary teachers to improve the use of technology in education;

(3) to provide subject area in-service education emphasizing the academic content of curricular areas determined by the district to be a priority area;

(4) to increase the involvement of parents, business, and the community in education;

(5) for experimental delivery systems;

(6) for in-service education to increase the effectiveness of principals and administrators;

(7) for in-service education or curriculum development for programs for gifted and talented pupils;

(8) for in-service education or curriculum development for cooperative efforts to increase curriculum offerings, as set forth in section 124.272; or

(9) for improving curriculum, according to the needs identified under the planning, evaluation, and reporting process set forth in section 123.741.

The revenue shall not be used to provide direct instruction to pupils.

Subd. 3. [ADDITIONAL USE OF REVENUE.] *Forty percent of the revenue for excellence in teaching and curriculum shall be used for contracts for the excellence in teaching program.*

Sec. 21. [126.72] [EXCELLENCE IN TEACHING PROGRAM.]

Subdivision 1. [AUTHORIZATION.] *As part of a program for excellence in teaching and curriculum, a school board may use up to 40 percent of the revenue for excellence in teaching and*

curriculum for short-term, limited contracts with classroom teachers employed by the district.

Subd. 2. [PURPOSE.] *The school board shall determine the needs of its classroom teachers and the need for changes in its curriculum. In determining these needs, the school board shall obtain the recommendations from classroom teachers, staff responsible for curriculum, and the curriculum advisory committee. It shall consider assessment results, other test results, and the district improvement plan portion of the report adopted according to section 123.741, subdivision 6. Contracts executed under this section shall relate directly to the identified needs.*

Subd. 3. [SELECTION COMMITTEE.] *A committee of six members appointed by the school board shall recommend teachers to receive contracts. Three members of the committee shall be classroom teachers. Three members shall be administrators, parents, members of the school board, or members of the community. The committee shall consider only classroom teachers who have background, knowledge, or expertise needed to perform duties in the areas of need identified by the school board. Years of service in the district shall not be a factor for consideration by the committee. No teacher shall have a right to a contract under this section based on seniority or order of employment in the district. The committee shall recommend to the school board names of individual teachers. The number of individual teachers recommended shall be approximately the number designated by the school board to meet the identified needs. The school board may award contracts to any of the recommended teachers but not to any others. The board may request the committee to recommend additional names of teachers.*

Subd. 4. [SHORT-TERM, LIMITED CONTRACTS.] *Contracts executed under this section shall provide classroom teachers any one or a combination of the following:*

(1) released time during the school day;

(2) additional hours in a school day; or

(3) additional days or weeks of employment during the summer.

Contracts executed under this section shall terminate within one year of the date of execution. During the term of a contract under this section a teacher may be discharged for cause from duties under this contract; a hearing shall be held on the discharge upon request of the teacher. A teacher has no rights in a subsequent year to a contract under this subdivision.

Subd. 5. [APPLICATION OF OTHER LAWS.] *Section 125.12 or 125.17 shall not apply to the initial award, the renewal,*

or the termination of contracts under this section. The provisions of this section concerning short-term, limited contracts shall not be construed to alter any aspect of other contracts executed by a school board.

Subd. 6. [ELIGIBILITY FOR REVENUE.] *To be eligible for the excellence in teaching portion of revenue under section 14, the district shall file with the department of education a statement signed by the chair of the school board verifying that contracts under this section will be awarded. The statement shall indicate the number of contracts, whether duties are performed before, during, or after the school day or during the summer, the total cost of all contracts, and a general description of the duties. The statement shall also describe how the recommendations required by subdiviison 2 were obtained. Any problems associated with implementing this section may be included.*

Sec. 22. Minnesota Statutes 1984, section 129B.17, is amended to read:

129B.17 [(AUTHORIZATION) *COMPREHENSIVE ARTS PLANNING PROGRAM.*]

The department of education shall prescribe the form and manner of application (FOR RECIPIENTS OF) *by school districts to be designated as a site to participate in the* comprehensive arts (IN EDUCATION) planning (GRANTS) *program. Up to 30 sites may be selected.* The (STATE BOARD) *department* of education shall (AWARD GRANTS) *designate sites* in consultation with the Minnesota alliance for arts in education and the Minnesota state arts board.

Sec. 23. Minnesota Statutes 1984, section 129B.20, is amended to read:

129B.20 [(CRITERIA FOR GRANT APPROVAL) *COMPREHENSIVE ARTS PLANNING PROGRAM SITES.*]

Subdivision 1. [FUNDING.] (UP TO 30 GRANTS OF $1,000 EACH MAY BE APPROVED FOR PROGRAMS WHICH INCLUDE:) *Each site shall receive $1,250 each year for two years. Before receiving money for the second year, a long-range plan for arts education must be submitted to the department.*

Subd. 2. [CRITERIA.] *The department of education, in consultation with the Minnesota alliance for arts in education, shall establish criteria for site selection. Criteria shall include at least the following:*

(1) (A NEEDS ASSESSMENT OF ARTS EDUCATION AND PLANNING IN THE SCHOOL DISTRICT) *a willingness by the district to designate a program chair for comprehensive*

arts planning with sufficient authority to implement the program;

(2) (CREATION OF A COMMUNITY-BASED ARTS EDUCATION TEAM OF EIGHT INDIVIDUALS FROM THE) *a willingness by the district to create a committee comprised of* school district and (THE) community *people* whose function (WILL BE) *is* to promote comprehensive arts education in the (SCHOOL) district;

(3) (PARTICIPATION BY) *commitment on the part of committee* members (OF THE ARTS EDUCATION TEAM) *to participate* in training offered by the department of education; (AND)

(4) (ESTABLISHMENT OF AN EVALUATION COMPONENT) *a commitment by the committee to conduct a needs assessment of arts education;*

(5) commitment by the committee to evaluate its involvement in the program;

(6) a willingness by the district to adopt a long-range plan for arts education in the district;

(7) no previous involvement of the district in the comprehensive arts planning program; and

(8) location of the district to assure representation of urban, suburban, and rural districts and distribution of sites throughout the states.

Subd. 3. [PROGRAM ACCOUNTS.] *A district receiving funds shall maintain a separate account for the receipt and disbursement of all funds relating to the program. The funds shall be spent only for the purpose of arts education programs, including teacher release time.*

Subd. 4. [ADDITIONAL FUNDING.] *A district receiving funds may receive funds for the program from private sources and from other governmental agencies, including any state or federal funds available for arts education.*

Sec. 24. Minnesota Statutes 1984, section 129B.21, is amended to read:

129B.21 [DEPARTMENT RESPONSIBILITY.]

The department of education, *in cooperation with the Minnesota alliance for arts in education and the Minnesota state arts board,* shall (:)

((1)) provide *materials,* training, and assistance to the arts education (TEAMS) *committees* in the school districts (;)

((2) PROVIDE CONSULTATION AND TECHNICAL ASSISTANCE TO DISTRICTS WHICH RECEIVE ARTS IN EDUCATION PLANNING GRANTS; AND)

((3) SUBMIT A REPORT TO THE EDUCATION COMMITTEES OF THE SENATE AND HOUSE OF REPRESENTATIVES BY JANUARY 1, 1985. THE REPORT SHALL INCLUDE THE STATUS AND IMPLEMENTATION OF COMPREHENSIVE ARTS IN EDUCATION PLANNING GRANTS AND THE DEPARTMENT'S PLANS TO PROMOTE ARTS EDUCATION IN THE SCHOOLS). *The department may contract with the Minnesota alliance for arts in education for its involvement in providing services, including staff assistance, to the program.*

Sec. 25. Minnesota Statutes 1984, section 129B.35, is amended to read:

129B.35 [REGIONAL COORDINATORS.]

The (MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM) *department of education* shall *contract to* provide regional instructional computing coordinators with expertise in the use of technology in education. The (MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM AND THE) department (OF EDUCATION) *and school districts within an ECSU region* shall agree on the services to be provided by the regional coordinators. Among other responsibilities, the regional coordinators shall serve as onsite consultants to districts (PARTICIPATING IN) *attempting to implement recently approved* technology utilization (PLANNING) *plans* and inservice training.

Sec. 26. Minnesota Statutes 1984, section 129B.36, is amended to read:

129B.36 [TECHNOLOGY DEMONSTRATION SITES.]

Subdivision 1. [SITE DESIGNATION.] By (JANUARY 15, 1984) *July 1, 1985,* the (STATE BOARD) *commissioner, in consultation with the advisory committee,* shall (DESIGNATE FROM EIGHT TO TEN DISTRICTS AS) *determine the level of funding for the existing* technology demonstration sites (AND AWARD EACH DISTRICT A GRANT FOR USE DURING THE 1983-1984 AND 1984-1985 SCHOOL YEARS) *which are eligible for continuation grants for use during the 1985-1986 and 1986-1987 school years. Grantees must continue matching the grant award in the manner agreed for the previous biennium.*

Subd. 2. ([CRITERIA FOR SELECTION.] IN CONSULTATION WITH THE DEPARTMENT OF EDUCATION, AP-

PROPRIATE REGIONAL MANAGEMENT INFORMATION CENTERS, AND THE MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM, THE ADVISORY COMMITTEE SHALL DEVELOP SELECTION CRITERIA FOR REVIEW BY THE STATE BOARD. THE STATE BOARD SHALL ESTABLISH SELECTION CRITERIA TO BE DISTRIBUTED TO DISTRICTS BY OCTOBER 1, 1983. CRITERIA SHALL INCLUDE AT LEAST THE FOLLOWING:)

((A) EXEMPLARY PROGRAM OF TECHNOLOGY UTILIZATION EXISTING IN THE DISTRICT;)

((B) EVIDENCE OF WILLINGNESS BY DISTRICT STAFF AND THE COMMUNITY TO INCORPORATE TECHNOLOGY FULLY INTO THE CURRICULUM TO DEMONSTRATE NEW INSTRUCTIONAL METHODS;)

((C) WILLINGNESS TO MATCH THE GRANT AWARDED TO THE DISTRICT; AND)

((D) WILLINGNESS TO SHARE EDUCATIONAL EXPERIENCES WITH OTHER INTERESTED PARTIES.)

(FOR TWO OF THE SITES, CRITERIA MAY INCLUDE PARTICIPATION OF MINNESOTA HIGH TECHNOLOGY BUSINESS OR INDUSTRY. CLAUSE (A) MAY BE EXCLUDED AS A FACTOR IN SELECTION OF THE TWO SITES, ONE OF WHICH MAY BE A RURAL DISTRICT.)

(SUBD. 3. [SITES THROUGHOUT THE STATE.] TO THE EXTENT POSSIBLE, THE SELECTED SITES SHALL BE GEOGRAPHICALLY WELL DISTRIBUTED WITH REPRESENTATION FROM URBAN, SUBURBAN, AND RURAL AREAS.)

(SUBD. 4.) [GRANT AWARDS.] Applications for grants shall be submitted to the (STATE BOARD) *commissioner* by (DECEMBER 1, 1983) *August 1, 1985* in the form and manner prescribed by the department. Grants shall be awarded by (JANUARY 15, 1984) *September 1, 1985.*

Subd. (5) *3.* [RECIPIENT DUTIES AND USE OF MONEY.] A district selected for a grant shall work cooperatively with the advisory committee, department of education, (MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM,) higher education institutions in the area, and business and industry, as appropriate. (A DISTRICT SELECTED FOR A GRANT SHALL HAVE A TECHNOLOGY UTILIZATION PLAN ACCORDING TO SECTION 129B.33.) The district shall conduct at least (ONE WORKSHOP) *four workshops* each school year of the grant to demonstrate to other districts and interested parties its use of technology in education. Grant mon-

ey may be used for equipment, consultants, curriculum development, and teacher training.

Subd. (6) *4.* [PRIVATE FUNDING.] The advisory committee shall seek funding and in-kind contributions from private sources to supplement state money for the purpose of awarding grants. Private contributions may be made directly to the technology demonstration sites.

Subd. (7) *5.* [EVALUATION OF SITES.] The advisory committee shall evaluate the technology demonstration sites. It may contract with independent evaluators for this purpose.

Sec. 27. Minnesota Statutes 1984, section 129B.38, subdivision 1, is amended to read:

Subdivision 1. [AID AMOUNT.] A district that purchases or leases courseware packages that qualify as high quality according to section 129B.37 shall receive state aid. The aid shall be equal to the lesser of:

(a) ($1.60) *$1.00* times average daily membership for the (1982-1983) *1984-1985* school year; or

(b) 25 percent of the actual expenditures of the district for purchase or lease of the courseware packages between (JANUARY 1, 1984) *July 1, 1985,* and May 31, (1985) *1987.*

Sec. 28. Minnesota Statutes 1984, section 129B.39, is amended to read:

129B.39 [PURCHASE OF COURSEWARE PACKAGE DUPLICATION RIGHTS.]

Rights to duplication of courseware packages may be purchased, and volume purchase agreements may be established by the department of education, if the department determines that the courseware packages qualify as high quality according to section 129B.37, and if the courseware packages are available to the state at a lower cost than if purchased by school districts individually. The department shall (MAKE THE COURSEWARE PACKAGES AVAILABLE TO THE MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM FOR DISTRIBUTION TO DISTRICTS) *contract with any Minnesota company that submits the lowest bid and that has the capability to duplicate and distribute courseware packages obtained by the department under this section.* The materials shall be available to districts without cost except for nominal costs of reproduction and distribution.

Sec. 29. Minnesota Statutes 1984, section 129B.40, is amended to read:

129B.40 [COURSEWARE PACKAGE DEVELOPMENT.]

Subdivision 1. [NEW COURSEWARE PACKAGES.] The (MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM, IN CONSULTATION WITH THE) department of education (, IS AUTHORIZED TO DEVELOP AND) *may contract with various organizations, commercial or nonprofit, for the* design *and development of* courseware packages which will meet the needs of (SCHOOLS) *school* districts and which otherwise are unavailable or too expensive for individual districts or the state to purchase. The (MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM) *department* may:

(a) contract with school districts, private entrepreneurs, and other public or private agencies for the development of a specified courseware package;

(b) assist entrepreneurs to develop their own ideas for courseware packages that could be used in school districts, by providing funds for that purpose;

(c) secure copyrights for those materials in which it has a whole or part interest;

(d) (SELL DEVELOPED) *contract to distribute* courseware packages (AT COST) to school districts (IN MINNESOTA AND AT COMMERCIAL RATES ELSEWHERE) *at cost under section 129B.39;* and

(e) (SELL OR) contract for the marketing of courseware packages.

The department of education shall evaluate whether the courseware packages qualify as high quality according to the criteria and procedures established in section 129B.37.

Courseware packages developed according to this subdivision shall become the property of the (MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM) *department of education.* Revenue from the sale of these courseware packages shall be *annually appropriated from the general fund to the department of education and shall be* used to develop additional courseware packages according to this section *and to evaluate the other commercial courseware under section 129B.37.*

Subd. 2 [DISTRIBUTION.] (THE MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM MAY) *Any company with which the department contracts to develop courseware packages must* sell *those* courseware packages to Minnesota school districts at cost and may sell to school districts in other states and to the general public at commercial rates. Each contract with a developer who shares in the profits of distribution

shall include a provision requiring sale of the courseware packages at cost to Minnesota school districts.

Sec. 30. [129B.61] [MASTERY LEARNING THROUGH INDIVIDUALIZED LEARNING PLANS ACT.]

Sections 31 to 35 may be cited as the "mastery learning through individualized learning plans act."

Sec. 31. [129B.62] [LEGISLATIVE FINDINGS; PURPOSE.]

The legislature finds that mastery learning is a process for managing learning that enhances mastery of clearly defined educational objectives for all learners, because all learners have the capacity to achieve defined levels of mastery with appropriate time and instruction. The legislature is committed to the goal of providing optimal educational outcomes in reading through mastery learning, using individualized learning plans and encouraging parental involvement. The legislature recognizes that, because of recent developments, technology exists to assist teachters in managing a mastery learning system in reading. The legislature further recognizes that reading is a cognitive skill upon which most subsequent learning is based and that individual learner characteristics need not necessarily be a limitation on that learner's level of mastery of this basic skill. Therefore, the purposes of this legislation are to:

(1) offer mastery learning programs in reading that take into account the entry reading level of each student and provide individualized instruction and appropriate learning time based on that level;

(2) provide design models of individualized student learning plans that demonstrate the use of mastery management programs in reading;

(3) encourage continuous progress in learning reading that uses variable class-size groupings;

(4) recognize that sequential, measurable learning in reading for all students can occur in a program that is planned for mastery, taught for mastery, and managed for mastery.

Sec. 32. [129B.63] [GRADE LEVEL PARTICIPATION.]

The demonstration mastery learning reading programs that are designated under section 33 shall be available for students in grades kindergarten through three.

Sec. 33. [129B.64] [SITE DESIGNATION.]

By March 15, 1986, the commissioner of education shall designate 15 districts as demonstration sites for mastery learning through individualized learning plans. By September 1, 1986, the commissioner shall pay to each designated district a grant for use during the 1986-1987 school year.

Sec. 34. [129B.65] [ADVISORY COMMITTEE.]

By August 15, 1985, the commissioner of education shall appoint a 15-member advisory committee to assist in the implementation of sections 31 to 35. Representation on the advisory committee shall include a technology in curriculum specialist from the state department, an instructional effectiveness specialist from the state department, a reading specialist from the state department, two representatives from post-secondary teacher education programs, two district level reading curriculum specialists, a state department testing specialist, a superintendent, an elementary school principal, two school boards, a parent, and two teachers. Appointments to this advisory committee are not subject to section 15.0597.

Sec. 35. [129B.66] [GRANTS; APPLICATION PROCESS.]

Subdivision 1. [DEVELOPMENT OF PLAN.] *Each school is encouraged to develop and adopt a written plan for providing a program for mastery learning through individualized learning plans. This plan shall be developed in consultation with the curriculum advisory committee for planning, evaluation, and reporting appointed pursuant to section 123.741, subdivision 3.*

Subd. 2. [PRELIMINARY PROPOSAL.] *By September 15, 1985, each school district is encouraged to submit a brief preliminary proposal that indicates its intent to submit a detailed plan for implementing a program under this section. The proposal shall include an outline of the district's plan and shall be on forms provided by the department of education.*

Subd. 3. [SELECTION OF FINALISTS; PLANNING AID.] *By October 15, 1985, the commissioner, in consultation with the advisory committee, shall select 30 districts to submit detailed plans for implementing demonstration programs of mastery learning under this section. By November 1, 1985, the commissioner shall pay planning aid in the amounts of $1,000 to those selected districts with 600 pupil units or less, and $1,500 to those selected districts with more than 600 pupil units.*

Subd. 4. [DESIGN COMPONENTS.] *The design of the programs developed by the 30 districts selected under subdivision 3 shall demonstrate concise, measurable objectives/learner outcomes in reading that clearly describe the criterion for mastery learning in reading. Each program design must include a process for:*

(1) the identification of specific skills stated as measurable objectives/learner outcomes;

(2) diagnostic preassessment that determines each student's present entry level of reading skills;

(3) development of an individualized plan for each participating student based on the diagnostic assessment, including the utilization of different instructional strategies and groupings to achieve the stated mastery of the measurable reading objectives/learner outcomes;

(4) diagnostic assessment of progress during instruction and reteaching; and

(5) post-instruction measurement evaluation to determine whether the identified reading skills have been mastered.

Subd. 5. [MANDATORY PLAN COMPONENTS.] *In addition to the components of the design of the program specified in subdivision 4, the program plan must include:*

(1) sufficient allowance of time for teachers to identify specific skills and measurable objectives/learner outcomes;

(2) sufficient allowance of time for the development or acquisition of a locally-developed, state-developed, or a commercially-developed mastery management system;

(3) a demonstration of how the participating schools will reduce reading class sizes by providing variable class size groupings;

(4) a demonstration of how a skill-based computerized management system shall be used to develop individualized student learning plans in reading, diagnose individual student levels of learning, retest to ascertain progress toward mastery of objectives, and post-test to determine the extent of final mastery of the objectives;

(5) a plan for in-service staff development that addresses all components of the mastery learning model, including parent communication and involvement and the reteaching component; and

(6) a procedure for involving parents, in the process of developing individualized instruction plans for mastery in reading and keeping them informed of the progress of their children, as well as suggestions on how the parents can assist in the individualized learning plan.

Subd. 6. [OPTIONAL COMPONENTS OF THE PLAN.] *In addition to the required components of the plan specified in subdivision 5, a district's plan may include:*

(1) plans for all-day kindergarten;

(2) plans for coordination with early childhood and family education programs;

(3) plans for program expansion to grades four through six;

(4) plans for use of volunteers;

(5) summer learning opportunities;

(6) a process for integrating the assessment of student affective levels;

(7) inclusion of foreign languages in the mastery reading program;

(8) plans for utilizing peer-tutoring in the program; and

(9) the feasibility of establishing a demonstration/laboratory school to be operated by the school district and to be used for teacher training purposes.

Subd. 7. [SELECTION CRITERIA.] *The commissioner of education, in consultation with the advisory committee, shall establish selection criteria for approving plans, to be distributed to the school districts by November 1, 1985.*

Subd. 8. [GEOGRAPHIC DISTRIBUTION OF SITES.] *To the extent possible, the selected sites shall be geographically well distributed with representation from urban, suburban, and rural areas. Some of the sites selected shall be exemplary programs already in existence.*

Subd. 9. [DIFFERENTIATED STAFFING; TWO SITES.] *At least two of the sites approved by the state board shall include plans for adopting differentiated staffing models that utilize master teachers and nonlicensed personnel such as teachers' aides or paraprofessionals.*

Subd. 10. [APPROVAL OF PLANS; GRANT AWARDS.] *The districts shall submit a plan and application for a grant by February 1, 1986 in the form and manner prescribed by the department. Grant recipients shall be designated by March 15, 1986.*

Subd. 11. [EVALUATION OF SITES.] *The commissioner of education shall make a preliminary evaluation of the designated sites and report to the education committees of the legislature on the results of the preliminary evaluation by February 1, 1987. By December 1, 1987 and each year thereafter, the commissioner of education shall make an annual evaluation report on the program to the education committees of the legislature.*

Sec. 36. [136A.043] [DATA ON TEACHER EDUCATION STUDENTS AND GRADUATES.]

The higher education coordinating board in consultation with the board of teaching shall collect and publish annual data from teacher preparation institutions on the characteristics of students admitted to and graduating from teacher education programs. The board shall establish the reporting format in consultation with teacher preparation institutions and the board of teaching.

Sec. 37. [136A.122] [SCHOLARSHIP FOR EXCELLENCE PROGRAM.]

Subdivision 1. [ESTABLISHED.] *A scholarship for excellence program is established. The Minnesota higher education coordinating board shall administer the program.*

Subd. 2. [PURPOSE.] *The purpose of the scholarship for excellence program is to encourage and reward superior academic achievement by outstanding Minnesota resident scholars with $1,000 renewable stipends to students and $1,000 payments to their secondary schools funded by voluntary contributions made by checkoff by state taxpayers.*

Subd. 3. [APPLICATION.] *A full-time Minnesota resident student in the 11th or 12th grade may apply for an initial scholarship for excellence which may be renewed by application for up to three additional years if the student maintains minimum performance standards required by the board. The application must be made by April 1 each year on a form supplied by the board.*

Subd. 4. [NUMBER, AMOUNT.] *The board shall determine by July 1 each year how many initial $1,000 scholarships and $1,000 renewal scholarships shall be awarded. The determination must be based on the criteria for academic excellence established by the board, the number of applicants, and the available amount in the scholarship fund.*

Subd. 5. [NOTICE, AWARD.] *The board shall notify each scholar of the scholarship award or renewal by August 1 each year. The board shall require verification of registration for full time enrollment from the scholar by October 1. When the board receives the necessary verification, the board shall send the stipend to the student. Awards made under this program may be used for up to six years following the initial award notification but may not be used for graduate work.*

Subd. 6. [RENEWAL.] *A scholarship recipient under this section may apply to renew a scholarship up to three times after*

the initial award, providing that the renewals are made within a six year period after the initial award notification.

Subd. 7. [PAYMENTS TO SCHOOLS.] *The state shall pay $1,000 to the high school the recipient attended for at least two of the previous three years before the initial award notification.*

Subd. 8. [ADMINISTRATIVE COSTS.] *The board may use up to one percent or at least $35,000 of the amount appropriated annually under section 40 to administer the scholarship for excellence program.*

Subd. 9. [SOURCE.] *The board shall award the scholarships under this section from the amount appropriated to it annually under section 40.*

Subd. 10. [CRITERIA.] *The board shall establish criteria for awarding scholarships for excellence and for renewing them. The criteria may include procedures designed by the board to determine academic excellence. The scholarships shall be awarded to secondary students who will become full-time post-secondary students at eligible institutions in Minnesota and who are identified by using the academic excellence criteria.*

Subd. 11. [EFFECT ON OTHER AWARDS.] *The board must not count an award made under this section in determining the amount of need-based scholarships, grants-in-aid or student loans to the student.*

Sec. 38. Minnesota Statutes 1984, section 275.125, is amended by adding a subdivision to read:

Subd. 7f. [EDUCATIONAL IMPROVEMENT LEVY.] *In 1985 and each year thereafter, a district may levy for educational improvement programs an amount equal to the following product:*

(a) the district's educational improvement revenue allowance as defined in section 124.248, subdivision 2, times

(b) the lesser of

(1) one, or

(2) the ratio of

(i) the quotient derived by dividing the adjusted assessed valuation of the district in the second preceding year by the total pupil units in the district in the school year to which the levy is attributable, to

(ii) the equalizing factor for the school year to which the levy is attributable.

Sec. 39. Minnesota Statutes 1984, section 275.125, is amended by adding a subdivision to read:

Subd. 8c. [TEACHING AND CURRICULUM LEVY.] *A district may levy for its excellence in teaching and curriculum program. The amount levied shall not exceed the lesser of:*

(1) .1 mill times the adjusted assessed valuation of the district for the preceding the year the levy is certified; or

(2) the maximum revenue, as defined in section 124.248, subdivision 4, for the fiscal year to which the levy is attributable.

If the school district does not file the statement required by section 21, subdivision 6, before the levy limits for the district are certified according to subdivision 10, the department shall reduce the levy limitation for this subdivision by the amount the district levied the previous year for contracts under section 21.

Sec. 40. [290.432] [SCHOLARSHIP FOR EXCELLENCE CHECKOFF.]

Effective with returns filed for taxable years beginning after December 31, 1984, every person who files an income tax return or property tax refund claim form may designate that $1 or more shall be deducted from the refund that would otherwise be payable to that person and paid into a fund to be established to provide scholarships to reward academic excellence in Minnesota students and to reward the secondary schools that educated those students. The commissioner of revenue shall, on the first page of the income tax return and the property tax refund claim form, notify filers of their right to designate that a portion of their refund shall be paid into the scholarship for excellence fund. The sum of the amounts designated to be paid shall be annually appropriated from the general fund to the higher education coordinating board.

Sec. 41. [REPORT TO LEGISLATURE].

By January 15, 1987, the department of education shall submit a report and recommendations to the legislature about the issues reported by school districts under section 21, subdivision 6.

Sec. 42. [USE OF 1985 SUMMER REVENUE.]

Notwithstanding any law to the contrary, a district may use the 1985 summer educational improvement revenue allowance during the school year as well as during the summer.

Sec. 43. [LEVY REDUCTION IF PLAN NOT APPROVED.]

If a district plan is not approved according to section 14 and if the district levied under Minnesta Statutes, section 275.125, subdivision 8c, for an excellence in teaching and curriculum program, the department of education shall reduce the 1986 or 1987 levy limit, as applicable, for Minnesota Statutes, section 275.125, subdivision 8c, or for Minnesota Statutes, section 124A.03, subdivision 1, by the amount the district levied for the program in 1985 or 1986.

Sec. 44. [COMPUTERIZED MASTERY MANAGEMENT SYSTEM.]

The department of education shall develop, contract for the development, or purchase the state rights to a computerized mastery management system that may be utilized for individualized learning plan models to be implemented under sections 31 to 35. The computer models shall have a common management system and be able to utilize several banks of learner outcomes and objectives that reflect content found in major textbooks. The department shall also develop, contract for the development, or purchase the state rights to support and resource materials to be used in conjunction with the computerized mastery management system for reading. In future years, the department is encouraged to develop and acquire a similar system and supporting materials for mathematics.

Sec. 45. [TEACHER EDUCATION CURRICULUM.]

Subdivision 1. [ADVISORY TASK FORCE.] *The higher education coordinating board and the board of teaching, shall jointly appoint an advisory task force on changes in teacher education programs needed to adapt to state educational priorities, changing roles for teachers, and economic and social trends that will affect educational needs. Members shall include, but not be limited to, representatives of the commissioner of education, council on quality education, board of teaching, higher education coordinating board, teachers, school boards, administrators, and teacher education students and faculty.*

Subd. 2. [DUTIES.] *The advisory task force shall make recommendations to the higher education coordinating board, the board of teaching, and teacher education institutions on teacher education curricula to meet contemporary and anticipated conditions. The advisory task force shall also make recommendations to the board of teaching concerning program outcomes and outcome measures to be used in the evaluation and approval of teacher education programs. The measures shall include evidence that program graduates are capable of performing effectively as teachers in the schools. In developing its proposals, the advisory task force shall consider and coordinate efforts with Minnesota*

Statutes, sections 121.608 to 121.609, 129B.31 to 129B.35, and 129B.41 to 129B.47, and learning improvement initiatives within the department of education.

Subd. 3. [REPORTS.] *The task force shall submit its report to the higher education coordinating board and the board of teaching by November 1, 1986. The higher education coordinating board and the board of teaching shall transmit the task force report to the education committees of the legislature with recommendations by January 1, 1987.*

Sec. 46. [PLAN FOR MENTOR TEACHERS.]

Subdivision 1. [PURPOSE.] *The commissioner of education shall prepare a plan for the use of experienced teachers, called mentors, to assist in the continued development of beginning teachers. The purposes of the plan shall be to provide a link between preservice teacher education and employment as a teacher, to reduce the attrition of new teachers, to create a career development option for experienced teachers, and to improve instructional effectiveness in the schools.*

Subd. 2. [FACTORS.] *The plan shall include the following factors and others identified by the commissioner of education:*

(1) selection of mentor teachers;

(2) requirements for district and school participation;

(3) compensation of teachers and districts;

(4) funding and administrative requirements;

(5) relationships between mentor teachers and preservice teacher education institutions and faculty;

(6) training of mentor teachers;

(7) implications for seniority and other collective bargaining agreements;

(8) implications for school management; and

(9) implications for teacher licensure.

Subd. 3. [REPORT.] *The plan shall be submitted for approval by the education and finance committees of the legislature by January 1, 1986.*

Subd. 4. [PILOT IMPLEMENTATION.] *The plan shall be implemented on a pilot basis during the 1986-1987 school year.*

A preliminary evaluation of the pilot shall be submitted to the education and finance committees of the legislature by January 1, 1987.

Sec. 47. [ALTERNATIVE TEACHER EDUCATION PROGRAMS.]

Subdivision 1. [PURPOSE.] *The purposes of this section are to support innovation in teacher education, to involve the schools more closely in the preparation of new teachers, and to encourage talented college graduates to enter the field of teaching.*

Subd. 2. [GRANTS FOR INNOVATIVE PROGRAMS.] *The board of teaching shall award grants for innovative teacher education programs. Such grants shall be awarded upon the basis of competitive proposals.*

Subd. 3. [ELIGIBLE PROGRAMS.] *Proposals shall be eligible under this section if they are designed to prepare college graduates to teach through structured internships in participating schools or by other methods. Programs shall be conducted jointly by an approved teacher education institution and one or more school districts.*

Subd. 4. [ADVISORY TASK FORCE.] *The board of teaching shall name an advisory task force to recommend selection criteria and evaluate proposals. The advisory task force shall include at least one representative from the higher education coordinating board.*

Subd. 5. [EVALUATION.] *The board of teaching shall evaluate the programs in cooperation with the higher education coordinating board. The evaluation should assess the effectiveness of the programs in comparison with traditional teacher education programs.*

Sec. 48. [TASK FORCE ON AN ACADEMIC HIGH SCHOOL LEAGUE.]

Subdivision 1. [ESTABLISHMENT.] *A task force on an academic high school league is established. The task force shall consist of 15 members appointed by the academic excellence foundation. The foundation shall appoint at least one member from the state committee of the north central association and one member from the advisory committee for programs of excellence. The task force shall terminate by June 30, 1986.*

Subd. 2. [DUTIES.] *The task force shall study and make recommendations about establishing an academic high school league. The study shall include at least the following issues:*

(1) the utilization of high schools designated under the provisions of Minnesota Statutes, section 126.62, program of excellence, to create a league;

(2) the utilization of high schools accredited by the north central association to create a league; and

(3) the annual activities of the league including competition among schools, recognition of achievements, and the relationship of the activities to the Minnesota high school league.

Subd. 3. [EXPENSES.] *The compensation on task force members, removal, and vacancies shall be as provided in Minnesota Statutes, section 15.059, subdivisions 3 and 4.*

Subd. 4. [REPORT.] *The task force shall report its finding and recommendations to the academic excellence foundation and the education committees of the legislature by February 1, 1986.*

Subd. 5. [APPROPRIATION.] *There is appropriated $5,000 from the general fund to the academic excellence foundation for expenses related to the operation of the task force specified in this section. The sum shall be available until June 30, 1986.*

Sec. 49. [INDUSTRIAL TECHNOLOGY PROGRAM.]

The commissioner of education shall develop a curriculum for the industrial technology program that incorporates the instructional competencies found in secondary industrial arts and secondary vocational trade and industrial occupations programs.

Sec. 50. [APPROPRIATIONS; DEPARTMENT OF EDUCATION.]

Subdivision 1. [TO DEPARTMENT OF EDUCATION.] *There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

Subd. 2. [EDUCATIONAL IMPROVEMENT.] *For educational improvement aid pursuant to section 124.248, subdivision 3, there is appropriated:*

$2,982,100 . . . . . 1987.

Subd. 3. [COUNCIL ON QUALITY EDUCATION.] *For the council on quality education venture fund grants pursuant to Minnesota Statutes, sections 129B.01 to 129B.05, there is appropriated:*

$122,400 . . . . . 1986.

This amount is for grants for fiscal year 1985 payable in fiscal year 1986.

Subd. 4. [PROGRAMS OF EXCELLENCE.] *For programs of excellence pursuant to Minnesota Statutes, section 126.62, there is appropriated:*

$25,000 1986,

$25,000 . . . . . 1987.

Subd. 5. [TEST ITEM BANK.] *For the test item bank established pursuant to Minnesota Statutes, section 123.742, subdivision 5, there is appropriated:*

$200,000 1986,

$200,000 . . . . . 1987.

Subd. 6. [ACADEMIC EXCELLENCE FOUNDATION.] *For the academic excellence foundation, there is appropriated:*

$54,000 1986,

$54,000 . . . . . 1987.

Subd. 7. [TECHNOLOGY DEMONSTRATION SITES.] *For grants to technology demonstration sites, there is appropriated:*

$1,090,000 1986,

$1,090,000 . . . . . 1987.

Up to $435,000 of the total amount of these appropriations for both years may be used for travel expenses, evaluation, and costs of administration. No grant to any site shall exceed a total of $175,000 for the biennium. Thirteen sites shall be funded. The Woodland Cooperative and the Mankato/St. Peter KIDS projects shall not receive grants.

Subd. 8. [COURSEWARE PACKAGE DEVELOPMENT.] *For courseware package development pursuant to Minnesota Statutes, section 129B.40, courseware package evaluation pursuant to Minnesota Statutes, section 129B.37, purchase of courseware duplication rights pursuant to Minnesota Statutes, section 129B.39, and technology regional coordinators pursuant to Minnesota Statutes, section 129B.35, there is appropriated:*

$649,000 1986,

$649,000 . . . . . 1987.

Subd. 9. [PURCHASE OR LEASE OF COURSEWARE.] *For aid for purchase or lease of courseware pursuant to Minnesota Statutes, section 129B.38, there is appropriated:*

$351,000 1986,

$351,000 . . . . . 1987.

Any unexpended balance of this appropriation for fiscal year 1986 shall not cancel, but shall be available for fiscal year 1987.

Subd. 10. [INSTRUCTIONAL EFFECTIVENESS.] *For instructional effectiveness training pursuant to Minnesota Statutes, section 121.609, subdivision 5, for instructional effectiveness regional services pursuant to Minnesota Statutes, section 121.609, subdivision 4, and for instructional effectiveness training and evaluation pursuant to Minnesota Statutes, section 121.-609, subdivision 3, there is appropriated:*

$1,050,000 1986,

$765,000 . . . . . 1987.

It is the expectation of the legislature that in-service training for instructional effectiveness will be paid for by school districts beginning with fiscal year 1987.

Subd. 11. [MENTOR TEACHING PLAN.] *For development of a mentor teacher plan pursuant to section 46, there is appropriated:*

$100,000 . . . . . 1986.

Subd. 12. [MENTOR TEACHER PLAN PILOT.] *For implementation of the mentor teacher plan on a pilot basis pursuant to section 46, subdivision 4, there is appropriated:*

$500,000 . . . . . 1987.

Subd. 13. [PLANNING AID.] *For planning aid pursuant to section 35, subdivision 3, there is appropriated:*

$40,000 . . . . . 1986.

Subd. 14. [MASTERY LEARNING GRANT AWARDS AND EVALUATION.] *For mastery learning demonstration project grants pursuant to section 35, subdivision 10, there is appropriated:*

$1,945,000 . . . . . 1987.

The department may use up to $20,000 of the appropriation for the costs of administering the program and up to $50,000 for evaluating the program.

Subd. 15. [MASTERY MANAGEMENT SYSTEMS; SUPPORT MATERIALS.] *For development or purchase of rights to a computerized mastery management system and support materials pursuant to section 44, there is appropriated:*

$125,000 . . . . . 1986.

Subd. 16. [AID FOR EXCELLENCE IN TEACHING AND CURRICULUM.] *For aid for excellence in teaching and curriculum, pursuant to section 14, there is appropriated:*

$2,800,000 . . . . . 1987.

Subd. 17. [PER PROCESS AID.] *For aid pursuant to Minnesota Statutes, section 123.7431, subdivision 1, there is appropriated:*

$1,044,000 1986,

$1,085,700 . . . . . 1987.

Subd. 18. [COMPREHENSIVE ARTS PLANNING PROGRAMS.] *For comprehensive arts planning programs there is appropriated:*

$100,000 1986,

$100,000 . . . . . 1987.

Up to $62,500 each year may be used to provide technical assistance to the districts involved. Technical assistance costs may include workshops, leadership conferences, and planning materials expenses, and the costs of consultants or staff to administer the assistance.

The unencumbered balance remaining from fiscal year 1986 shall not cancel but shall be available for fiscal year 1987.

Subd. 19. [ARTS EDUCATION.] *For arts education aid to school districts there is appropriated:*

$900,000 1986,

$900,000 . . . . . 1987.

Each fiscal year, 100 percent of the aid shall be paid to school districts. The unencumbered balance remaining from fiscal year 1986 shall not cancel but shall be available for fiscal year 1987.

Sec. 51. [APPROPRIATIONS; HIGHER EDUCATION COORDINATING BOARD.]

Subdivision 1. [TO HIGHER EDUCATION COORDINATING BOARD.] *There is appropriated from the general fund to the higher education coordinating board the sums indicated in this section for the fiscal years ending June 30 in the years designated. Any unexpended balance remaining from the appropriations for fiscal year 1986 shall not cancel, and shall be available for fiscal year 1987.*

Subd. 2. [SUMMER PROGRAM SCHOLARSHIPS.] *For scholarship awards for 1986 and 1987 summer programs, pursuant to Minnesota Statutes, section 126.56, there is appropriated:*

$500,000 ..... 1986.

Of this appropriation, the amount required may be used for the higher education coordinating board's costs of administering the program.

Subd. 3. [DATA COLLECTION ON TEACHER EDUCATION STUDENTS.] *For data collection and reporting on characteristics of teacher education students pursuant to section 36, there is appropriated:*

$25,000 ..... 1986.

A portion of this appropriation may be used to defray the costs of teacher preparation institutions in providing requested data.

Subd. 4. [CURRICULUM TASK FORCE.] *For the task force on teacher education curriculum and related expenses, there is appropriated:*

$75,000 1986,

$75,000 ..... 1987.

Sec. 52. [APPROPRIATIONS; BOARD OF TEACHING.]

Subdivision 1. [TO BOARD OF TEACHING.] *There is appropriated from the general fund to the board of teaching the amounts indicated in this section for the fiscal years ending June 30 in the year designated. Any unexpended balance remaining from the appropriations for 1986 shall not cancel and shall be available for fiscal year 1987.*

Subd. 2. [SUBJECT TESTS.] *For development and implementation of a plan to test the subject knowledge of beginning teachers, there is appropriated:*

$150,000 ..... 1986.

Subd. 3. [LICENSURE ASSESSMENT OF TEACHING PERFORMANCE.] *For development and implementation of a plan to evaluate the teaching skills of beginning teachers for purposes of state licensure, there is appropriated:*

$150,000 1986,

$200,000 . . . . . 1987.

A portion of these appropriations may be used for consultants and contracted services by higher education institutions.

Subd. 4. [MODEL PROGRAMS.] *For model teacher preparation programs pursuant to section 47, there is appropriated:*

$110,000 1986,

$110,000 . . . . . 1987.

Sec. 53. [REPEALER.]

Section 19 is repealed June 30, 1987.

Minnesota Statutes 1984, sections 124.247, subdivision 6; 129B.33; and 129B.34 are repealed.

Sec. 54. [EFFECTIVE DATE.]

Section 14 is effective for the 1986-1987 school year and thereafter.

ARTICLE 9

LIBRARIES

Section 1. Minnesota Statutes 1984, section 123.742, subdivision 7, is amended to read:

Subd. 7. [(CURRICULUM) *PROVIDING* INFORMATION *TO SCHOOLS.*] The department may provide (AVAILABLE CURRICULUM) *library* information *services* for improving teaching *and administrative* practices at public *and nonpublic* elementary, secondary and post-secondary vocational schools. The information may be provided upon the request of a school district or an educational cooperative service unit (WITH WHICH THE DEPARTMENT HAS A WRITTEN AGREEMENT). The department may collect reasonable fees not to exceed its actual costs for this service. The department may also accept money from any public or private source to defray the cost of this service.

Sec. 2. Minnesota Statutes 1984, section 123.742, is amended by adding a subdivision to read:

Subd. 7a. [PROVIDING OTHER INFORMATION.] *The department may provide library information and services it considers appropriate and necessary to any state agency, governmental unit, nonprofit organization, or private entity. The department may collect reasonable fees not to exceed its actual costs for providing the information and services. The department may also accept money from any public or private source to defray the cost of providing the information and services.*

Sec. 3. Minnesota Statutes 1984, section 123.742, is amended by adding a subdivision to read:

Subd. 9. [OPEN APPROPRIATION.] *The fees charged and money accepted by the department under sections 1 and 2 shall be deposited in the state treasury and credited to a special account. Money in the account is appropriated to the department to defray the costs of providing the information and services.*

Sec. 4. Minnesota Statutes 1984, section 134.31, subdivision 2, is amended to read:

Subd. 2. The department of education shall give advice and instruction to the managers of any public library or to any governing body maintaining a library or empowered to do so by law upon any matter pertaining to the organization, maintenance, or administration of libraries. The department may also give advice and instruction, as requested, to (THE MANAGERS OF ANY LIBRARY IN A) post-secondary educational (INSTITUTION) *institutions, state agencies, governmental units, nonprofit organizations, or private entities.* It shall assist, to the extent possible, in the establishment and organization of library service in those areas where adequate services do not exist, and may aid in improving previously established library services.

Sec. 5. Minnesota Statutes 1984, section 134.31, subdivision 3, is amended to read:

Subd. 3. The department may provide, for any library in the state, books, journals, audiovisual items, (REFERENCE) *information* services or resource materials it deems appropriate and necessary and shall encourage the sharing of library resources and the development of interlibrary cooperation.

Sec. 6. [134.341] [COUNTY FINANCIAL SUPPORT.]

In order to ensure the availability of public library service to every person in the state, beginning January 1, 1988, every county is encouraged to provide financial support for public library services at no less than minimum amounts as specified

in sections 134.33 and 134.34 and is encouraged to participate in the designated regional public library system to which it is assigned by the state board of education pursuant to section 134.34, subdivision 3. Each county board of commissioners in participating counties shall appoint at least one county resident to serve as a representative to the regional public library system board and may appoint more than one representative under terms and conditions of the regional public library system contract.

Sec. 7. Minnesota Statutes 1984, section 134.35, is amended to read:

134.35 [REGIONAL LIBRARY BASIC SYSTEM SUPPORT GRANTS; DISTRIBUTION FORMULA.]

Subdivision 1. [GRANT APPLICATION.] Any regional public library system which qualifies according to the provisions of section 134.34 may apply for an annual grant for regional library basic system support. The amount of each grant for each fiscal year shall be calculated as provided in this section.

Subd. 2. (FIFTY-FIVE) *Sixty* percent of the available grant funds shall be distributed to provide all qualifying systems an equal amount per capita. Each system's allocation pursuant to this subdivision shall be based on the population it serves.

Subd. 3. Fifteen percent of the available grant funds shall be distributed to provide all qualifying systems an equal amount per square mile. Each system's allocation pursuant to this subdivision shall be based on the area it serves.

Subd. 4. (THE SUM OF $35,000) *Seven and one-half percent of the available grant funds* shall be paid to each system as a base grant for basic system services.

Subd. 5. (AFTER THE ALLOCATIONS MADE PURSUANT TO SUBDIVISIONS 2, 3 AND 4, ANY REMAINING AVAILABLE GRANT FUNDS FOR BASIC SYSTEM SUPPORT) *Seventeen and one-half percent of the available grant funds* shall be distributed to those regional public library systems which contain counties whose adjusted assessed valuations per capita were below the state average adjusted assessed valuation per capita for the second year preceding the fiscal year for which the grant is made. Each system's entitlement shall be calculated as follows:

(a) Subtract the adjusted assessed valuation per capita for each eligible county or participating portion of a county from the statewide average adjusted assessed valuation per capita;

(b) Multiply the difference obtained in clause (a) for each eligible county or participating portion of a county by the population of that eligible county or participating portion of a county;

(c) For each regional public library system, determine the sum of the results of the computation in clause (b) for all eligible counties or portions thereof in that system;

(d) Determine the sum of the result of the computation in clause (b) for all eligible counties or portions thereof in all regional public library systems in the state;

(e) For each system, divide the result of the computation in clause (c) by the result of the computation in clause (d) to obtain the allocation factor for that system;

(f) Multiply the allocation factor for each system as determined in clause (e) times the amount of the remaining grant funds to determine each system's dollar allocation pursuant to this subdivision.

Sec. 8. Minnesota Statutes 1984, section 134.351, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The state board of education, upon the advice of the advisory council to the office of (PUBLIC LIBRARIES AND INTERLIBRARY COOPERATION) *library development and services,* may approve the establishment of multi-county, multi-type library systems and the geographic boundaries of those systems.

Sec. 9. [APPROPRIATION.]

Subdivision 1. [BASIC SUPPORT GRANTS.] *For basic support grants for public libraries there is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

$4,799,800 1986,

$4,977,500 . . . . . 1987.

The appropriation for 1986 includes $695,000 for aid for fiscal year 1985 payable in fiscal year 1986, and $4,104,800 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for 1987 includes $724,400 for aid for fiscal year 1986 payable in fiscal year 1987 and $4,253,100 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $4,829,200 for fiscal year 1986 and $5,003,600 for fiscal year 1987.

Subd. 2. [MULTI-COUNTY LIBRARY SYSTEMS.] *For grants pursuant to sections 134.353 and 134.354 to multi-county, multi-type library systems there is appropriated:*

$205,100 1986,

$213,000 . . . . . 1987.

The appropriation for 1986 includes $30,000 for aid for fiscal year 1985 payable in fiscal year 1986, and $175,100 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for 1987 includes $30,900 for fiscal year 1986 payable in fiscal year 1987, and $182,100 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of $206,000 for fiscal year 1986, and $214,200 for fiscal year 1987.

Sec. 10. [EFFECTIVE DATE.]

Section 6 is effective July 1, 1986.

ARTICLE 10

CASH FLOW

Section 1. Minnesota Statutes 1984, section 121.904, subdivision 4a, is amended to read:

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

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

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

(2) the sum of the state aids and credits enumerated in section 124.155, subdivision 2 which are for the fiscal year payable in that fiscal year plus (32) *24* percent of the amount of the levy

certified in the prior calendar year according to section 275.125, subdivision 2d, plus or minus auditor's adjustments, not including levy portions that are assumed by the state; or

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

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

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

(iii) retirement and severance pay pursuant to section 275.-125, subdivision 6a, and Laws 1975, chapter 261, section 4; and

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

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

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

Sec. 2. Minnesota Statutes 1984, section 121.904, subdivision 4c, is amended to read:

Subd. 4c. [PROPERTY TAX SHIFT REDUCTION.] (a) (FOR THE PURPOSE OF THIS SUBDIVISION, "COMBINED FUND BALANCE" MEANS THE SUM OF THE FUND BALANCE DETERMINED BY THE COMMISSIONER OF FINANCE PURSUANT TO SECTION 9 OF THIS ARTICLE, AFTER TRANSFERS TO THE EDUCATION AIDS INCREASE ACCOUNT, PLUS THE BALANCE IN THE EDUCATION AIDS INCREASE ACCOUNT.)

((B) IF THE COMBINED FUND BALANCE EXCEEDS $58,000,000,) *If the most recent forecasts of general fund revenues and expenditures prepared by the commissioner of finance*

pursuant to chapter 16A as of December 1, 1985, indicate a projected general fund balance for the biennium ending June 30, 1987 in excess of $10,000,000, the levy recognition percent specified in subdivision 4a, clause (b)(2) and (b)(3), shall be reduced for taxes payable in (1985) *1986* and thereafter according to the provisions of this subdivision.

((C)) *(b)* The levy recognition percent shall equal the result of the following computation: (32) *24* percent, times the ratio of

(1) the statewide total amount of levy recognized in June (1985) *1986* pursuant to subdivision 4a, clause (b), reduced by the amount of the (COMBINED) *projected general* fund balance (IN EXCESS OF $50,000,000), to

(2) the statewide total amount of the levy recognized in June (1985) *1986* pursuant to subdivision 4a, clause (b).

The result shall be rounded up to the nearest whole percent. However, in no case shall the levy recognition percent be reduced below (24 PERCENT) *zero.*

Sec. 3. [CERTIFICATION AND NOTICE OF PERCENT.]

The commissioner of finance shall certify to the commissioner of education the levy recognition percent computed under section 2 of this article by January 5, 1986. The commissioner of education shall notify school districts of any change in the levy recognition percent by January 15, 1986.

Sec. 4. [TRANSFER IN FISCAL YEAR 1985 FOR ADDITIONAL AIDS.]

The commissioner of finance shall transfer from the general fund to the education aids appropriations specified by the commissioner of education, the amounts needed to finance the additional payments required because of the reduction pursuant to section 2 of this article of the levy recognition percent in Minnesota Statutes, section 121.904, subdivision 4c. Payments to a school district of additional state aids resulting from a reduction in the levy recognition percent pursuant to section 2 of this article, shall be added to the cash metering system, according to Minnesota Statutes, section 124.195, after January 15, 1986, and shall be paid in a manner consistent with the percent specified in that section.

Sec. 5. Laws 1984, chapter 463, article 9, section 9, is amended to read:

Sec. 9. [EDUCATION AIDS INCREASE ACCOUNT.]

Subdivision 1. [ESTABLISHMENT.] There is established an education aids increase account in the general fund of the

state treasury for the deposit of funds to insure adequate funding for increases in aids to (SCHOOL DISTRICTS FOR THE BIENNIUM BEGINNING JULY 1, 1985) *education.*

(SUBD. 2. [INITIAL TRANSFER.] THE COMMISSIONER OF FINANCE SHALL TRANSFER $23,000,000 TO THE EDUCATION AIDS INCREASE ACCOUNT ON JULY 1, 1984.)

Subd. (3) *2.* [(CONTINGENT) TRANSFERS.] (IF FORECASTS OF GENERAL FUND REVENUES AND EXPENDITURES PREPARED BY THE COMMISSIONER OF FINANCE PURSUANT TO CHAPTER 16A PRIOR TO DECEMBER 1, 1984, INDICATE A PROJECTED GENERAL FUND BALANCE FOR THE BIENNIUM ENDING JUNE 30, 1985, THE COMMISSIONER SHALL TRANSFER THE AMOUNT OF THE BALANCE TO THE EDUCATION AIDS INCREASE ACCOUNT; HOWEVER, IN NO CASE SHALL THE CUMULATIVE TOTAL OF ALL TRANSFERS ACCORDING TO THIS SUBDIVISION EXCEED $27,000,000.) Transfers to the education aids increase account shall remain in the account until (EXPENDED) *appropriated.*

Subd. (4) *3.* [EXPIRATION OF ACCOUNT.] The education aids increase account shall expire on June 30, 1987. Any unexpended moneys in the education aids increase account on June 30, 1987, shall be transferred to the general fund.

Sec. 6. [APPROPRIATION FOR EDUCATION AIDS INCREASE.]

$50,000,000 is appropriated from the education aids increase account to the general fund for the purpose of paying education aids in fiscal years 1986 and 1987.

ARTICLE 11

TEACHER RETIREMENT

Section 1. [124.2161] [TEACHER RETIREMENT AND F.I.C.A. AID AND LEVY; DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] *For the purposes of sections 1 and 2 and section 275.125, the following terms have the meanings given them.*

Subd. 2. [F.I.C.A.] *"F.I.C.A." means employer contribution obligations under the Federal Insurance Contribution Act.*

Subd. 3. [TEACHER RETIREMENT OBLIGATIONS.] *"Teacher Retirement Obligations" means a school district's obligations for employer contributions to a teacher retirement fund*

as required by sections 354.42, subdivisions 3 and 5, and 354A.-12, subdivision 2, excluding contributions on behalf of teachers employed at an area vocational technical institute, and excluding contributions based upon salaries paid from sources other than normal school operating funds as defined in section 354.05, subdivision 27.

Subd. 4. [F.I.C.A. OBLIGATIONS.] *"F.I.C.A. Obligations" means a school district's obligations for F.I.C.A. as required by sections 355.208 and 355.287, excluding contributions on behalf of teachers employed at an area vocational technical institute, and excluding contributions based upon salaries paid from sources other than normal school operating funds as defined in section 354.05, subdivision 27.*

Subd. 5. [TEACHER RETIREMENT INFLATION FACTOR.] *"Teacher Retirement Inflation Factor" means a factor to be multiplied by a district's teacher retirement obligations for the base year. For the base year of fiscal year 1985, the teacher retirement inflation factor shall be 1.0816. For base years after fiscal year 1985, the teacher retirement inflation factor shall be equal to the foundation aid formula allowance for the current year, divided by the foundation aid formula allowance for the base year.*

Subd. 6. [F.I.C.A. INFLATION FACTOR.] *"F.I.C.A. Inflation Factor" means a factor to be multiplied by a district's F.I.C.A. obligations for the base year. For the base year of fiscal year 1985, the F.I.C.A. inflation factor shall be 1.1221. For base years after fiscal year 1985, the F.I.C.A. inflation factor shall be equal to the foundation aid formula allowance for the current year, divided by the foundation aid formula allowance for the base year.*

Subd. 7. [BASE YEAR.] *"Base year" means the second fiscal year preceding the fiscal year for which a district's aid and levy are computed under the provisions of this section and section 124.2162.*

Subd. 8. [CURRENT YEAR.] *"Current year" means the fiscal year for which a district's aid and levy are computed under the provisions of this section and section 124.2162.*

Sec. 2. [124.2162] [TEACHER RETIREMENT AID AND LEVY.]

Subdivision 1. [TEACHER RETIREMENT AND F.I.C.A. REVENUE ALLOWANCE.] *"Teacher Retirement and F.I.C.A. Revenue Allowance" for a district is the quotient of (a) the sum of (1) teacher retirement obligations in the base year, multiplied by the teacher retirement inflation factor, and (2) F.I.C.A. obligations in the base year, multiplied by the F.I.C.A. inflation fac-*

tor, divided by (b) the number of actual pupil units in the district in the base year.

Subd. 2. [REVENUE.] *For a district for each fiscal year, the teacher retirement and F.I.C.A. revenue is the teacher retirement and F.I.C.A. revenue allowance under subdivision 1 times the district's actual pupil units for the current school year.*

Subd. 3. [LEVY.] *Each year a district may levy for teacher retirement and F.I.C.A. obligations the amount permitted under section 275.125, subdivision 6f.*

Subd. 4. [AID.] *Each year beginning with fiscal year 1987, the state shall pay to school districts teacher retirement and F.I.C.A. aid equal to the district's revenue under subdivision 2 minus its levy limitation under subdivision 3.*

Subd. 5. [ALLOCATION AMONG CENTERS.] *Each year school districts that are members of a center under section 123.-351 shall equitably allocate among the members their teacher retirement and F.I.C.A. obligations to make the computations in this section. A center shall notify the department of its allocation by September 1 of each year. If no allocation is received in the department by September 1, the department shall make the allocations and notify the center and its members by October 1.*

Sec. 3. Minnesota Statutes 1984, section 275.125, is amended by adding a subdivision to read:

Subd. 6f. [LEVY FOR FISCAL 1987.] *A school district may make a levy for teacher retirement and F.I.C.A. obligations under sections 1 and 2 for the fiscal year beginning in the year after the levy is certified. The levy must not exceed the district's teacher retirement and F.I.C.A. revenue under section 2, subdivision 2, multiplied by a fraction. The numerator of the fraction is the district's adjusted assessed valuation for the year before the year the levy is certified, divided by the district's total pupil units for the school year that corresponds to the fiscal year for which the levy is made. The denominator of the fraction is $360,000.*

Sec. 4. Minnesota Statutes 1984, section 354.06, subdivision 1, is amended to read:

Subdivision 1. The management of the fund shall be vested in a board of eight trustees which shall be known as the board of trustees of the teachers retirement fund. It shall be composed of the following persons: the commissioner of education, the commissioner of finance, (THE COMMISSIONER OF COMMERCE) *a representative of the Minnesota school boards association,* four members of the fund who shall be elected by the members of the fund and one retiree who shall be elected by the

retirees of the fund. The five elected members of the board of trustees shall be chosen by mail ballot in a manner which shall be fixed by the board of trustees of the fund. In every odd numbered year there shall be elected two members of the fund to the board of trustees for terms of four years commencing on the first of July next succeeding their election. In every odd numbered year there shall be elected one retiree of the fund to the board of trustees for a term of two years commencing on the first of July next succeeding the election. Each election shall be completed by June first of each succeeding odd numbered year. In the case of elective members, any vacancy shall be filled by appointment by the remainder of the board, and the appointee shall serve until the members or retirees of the fund at the next regular election have elected a trustee to serve for the unexpired term caused by the vacancy. No member or retiree shall be appointed by the board, or elected by the members of the fund as a trustee if the person is not a member or retiree of the fund in good standing at the time of the appointment or election. It shall be the duty of the board of trustees to faithfully administer the law without prejudice and consistent with the expressed intent of the legislature. They shall act as trustees with a fiduciary obligation to the state of Minnesota which created the fund, the taxpayers which aid in financing it and the teachers who are its beneficiaries.

Sec. 5. Minnesota Statutes 1984, section 354.43, subdivision 3, is amended to read:

Subd. 3. Each school district, state university, community college and any other employing authority of members of the fund shall be obligated for employer contributions in accordance with the provisions of sections 354.42, subdivisions 3 and 5, and 355.46, subdivision 3, as provided in this section. With respect to state employees, each department and agency shall pay the amounts required by section 354.42, subdivisions 3 and 5 from the accounts and funds from which each department or agency receives its revenue, including appropriations from the general fund and from any other fund, now or hereafter existing, for the payment of salaries and in the same proportion as it pays therefrom the amounts of the salaries. The payments shall be charged as an administrative cost by these units of state government. (FOR OTHER REPORTING UNITS, THAT PORTION OF THE EMPLOYER CONTRIBUTIONS BASED ON SALARIES PAID FROM SOURCES OTHER THAN NORMAL SCHOOL OPERATING FUNDS AS DEFINED IN SECTION 354.05, SUBDIVISION 27 SHALL BE REMITTED TO THE TEACHERS RETIREMENT ASSOCIATION. THE REMITTANCE SHALL BE ACCOMPANIED BY A SATISFACTORY CERTIFICATION WHICH SHOWS THE TOTAL OF ALL SALARIES PAID WHICH ARE SUBJECT TO TEACHERS RETIREMENT DEDUCTIONS. THE CERTIFICATION SHALL ALSO SHOW THE TOTAL AMOUNT OF SALARIES PAID FROM NORMAL SCHOOL OPERATING FUNDS AND THE TOTAL AMOUNT OF SALARIES PAID FROM SOURCES OTHER THAN NOR-

MAL SCHOOL OPERATING FUNDS AS DEFINED IN SECTION 354.05, SUBDIVISION 27. FOR EACH INDIVIDUAL SALARY INCLUDED IN THE TOTAL OF ALL SALARIES PAID FROM SOURCES OTHER THAN NORMAL SCHOOL OPERATING FUNDS AS DEFINED IN SECTION 354.05, SUBDIVISION 27, THE CERTIFICATION SHALL SHOW EACH PERSON'S NAME, HIS SALARY OR RELATED PORTION OF SALARY AND REMITTANCE OF EMPLOYER CONTRIBUTIONS RELATED TO THE SALARY FOR EACH PERSON INCLUDED IN THE ACTUAL REMITTANCE.)

Sec. 6. Minnesota Statutes 1984, section 354A.12, subdivision 2, is amended to read:

Subd. 2. [EMPLOYER CONTRIBUTIONS.] 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 (AND THE STATE SHALL ASSUME THE TOTAL EMPLOYER OBLIGATION).

The (STATE) *employing units* shall make the following employer contributions to teachers retirement fund associations:

(a) For any coordinated member of a teachers retirement fund association in a city of the first class, the (STATE) *employing unit* shall pay the employer social security taxes in accordance with section 355.46, subdivision 3, clause (b);

(b) For any coordinated member of one of the following teachers retirement fund associations in a city of the first class, the (STATE) *employing unit* shall make a contribution to the respective retirement fund association in an amount equal to the designated percentage of the salary of the coordinated member as provided below:

Duluth teachers retirement fund association	5.79 percent
Minneapolis teachers retirement fund association	4.50 percent
St. Paul teachers retirement fund association	4.50 percent

(c) For any basic member of one of the following teachers retirement fund associations in a city of the first class, the (STATE) *employing unit* shall make a contribution to the respective retirement fund in an amount equal to the designated percentage of the salary of the basic member as provided below:

Minneapolis teachers retirement
fund association ..... 13.35 percent

St. Paul teachers retirement
fund association ..... 12.63 percent

The (STATE) employer contributions shall be remitted directly to each teachers retirement fund association each month (IN ACCORDANCE WITH THE PROCEDURES DESCRIBED IN SECTION 354.43, SUBDIVISIONS 1 AND 5).

(ONCE EACH MONTH THE EXECUTIVE SECRETARY OF EACH TEACHERS RETIREMENT FUND ASSOCIATION SHALL DETERMINE THE AMOUNT OF MONEY NECESSARY AND PRESENTLY NEEDED TO MEET THE STATE OBLIGATION AS PROVIDED IN THIS SUBDIVISION BY APPLYING THE PERCENTAGE OF PAYROLL FIGURE TO THE ESTIMATED PAYROLL AMOUNTS FOR THE CURRENT MONTH AND SHALL CERTIFY THE AMOUNT TO THE COMMISSIONER OF FINANCE. THE MONEYS REQUIRED TO MEET THE AMOUNTS CERTIFIED BY EACH EXECUTIVE SECRETARY OF A TEACHERS RETIREMENT FUND ASSOCIATION SHALL BE REMITTED DIRECTLY TO THE APPLICABLE TEACHERS RETIREMENT FUND ASSOCIATION FROM THE GENERAL FUND EACH MONTH. IF SUBSEQUENT ACTUAL EXPERIENCE DEVIATES FROM THE ANTICIPATED EXPERIENCE UPON WHICH THE AMOUNT CERTIFIED WAS DETERMINED, THE ALLOCATION TO THE FIRST CLASS CITY TEACHERS RETIREMENT FUND ASSOCIATION INVOLVED NEXT FOLLOWING THE DISCOVERY OF THE DEVIATION SHALL BE ADJUSTED. IF THE STATE MAKES AN EXCESS EMPLOYER CONTRIBUTION TO A TEACHERS RETIREMENT FUND ASSOCIATION AS THE RESULT OF A FALSE OR WRONGFUL CERTIFICATION, THE STATE SHALL BE ENTITLED TO RECOVER THE EXCESS EMPLOYER CONTRIBUTION BY ANY APPROPRIATE MEANS, INCLUDING RECOVERY FROM FUTURE STATE ALLOCATIONS, STATE AID OR OTHER FUNDS PAYABLE TO THE SCHOOL DISTRICT IN WHICH THE ASSOCIATION IS LOCATED. IF AN EMPLOYEE OF THAT SCHOOL DISTRICT IS RESPONSIBLE FOR THE FALSE OR WRONGFUL CERTIFICATION, ANY EXCESS EMPLOYER CONTRIBUTION RECOVERED BY THE STATE SHALL BE THE OBLIGATION OF THE SCHOOL DISTRICT.)

Sec. 7. Minnesota Statutes 1984, section 355.208, is amended to read:

355.208 [EMPLOYER CONTRIBUTIONS.]

Contributions required under the agreement or modification entered into pursuant to section 355.207 to be made by political

subdivisions employing teachers, and payments required by section 355.49, which shall apply to political subdivisions employing teachers, shall be paid by the (STATE) *political subdivisions.*

Sec. 8. Minnesota Statutes 1984, section 355.209, is amended to read:

355.209 [EMPLOYEE CONTRIBUTIONS; DEDUCTION FROM WAGES.]

After the date the agreement or modification is entered into pursuant to section 355.207, there shall be paid as a deduction from wages an employee contribution in an amount equal to the tax that would be imposed by the Federal Insurance Contribution Act if such service constituted employment within the meaning of that act. Contributions so made shall be paid into the contribution fund in partial discharge of the liability of the (STATE AND EACH) political subdivision in respect thereto. Failure to deduct such contribution shall not relieve the employee (OR THE STATE) or the political subdivision of liability therefor.

Sec. 9. Minnesota Statutes 1984, section 355.287, is amended to read:

355.287 [EMPLOYER CONTRIBUTIONS.]

Contributions required under the agreement or modification entered into pursuant to section 355.286 to be made by political subdivisions employing teachers, and payments required by section 355.49, which shall apply to political subdivisions employing teachers, shall be paid by the (STATE) *political subdivision.*

Sec. 10. Minnesota Statutes 1984, section 355.288, is amended to read:

355.288 [EMPLOYEE CONTRIBUTIONS; DEDUCTION FROM WAGES.]

After the date the agreement or modification is entered into pursuant to section 355.286, there shall be paid as a deduction from wages an employee contribution in an amount equal to the tax that would be imposed by the Federal Insurance Contribution Act if such service constituted employment within the meaning of that act. Contributions so made shall be paid into the contribution fund in partial discharge of the liability of the (STATE AND EACH) political subdivision in respect thereto. Failure to deduct such contribution shall not relieve the employee (OR THE STATE) or the political subdivision of liability therefor.

Sec. 11. Minnesota Statutes 1984, section 355.46, subdivision 3, is amended to read:

Subd. 3. [SOCIAL SECURITY CONTRIBUTIONS.] The employer taxes due with respect to employment by educational employees who have made their selection pursuant to section 218(d) (6) (C) of the Social Security Act, shall be paid in the following manner:

(a) (CONTRIBUTIONS REQUIRED FOR RETROACTIVE COVERAGE SHALL BE MADE IN THE MANNER PROVIDED IN SUBDIVISION 2.)

((B)) Contributions required to be made for current service by political subdivisions employing educational employees and payments required by section 355.49 shall be paid by the (STATE) *political subdivision.* The (STATE'S OBLIGATION FOR SERVICES PERFORMED SUBSEQUENT TO THE DATE OF THE AGREEMENT OR MODIFICATION SHALL BE PAID BY THE COMMISSIONER OF EMPLOYEE RELATIONS AT SUCH TIMES AND IN SUCH AMOUNTS AS MAY BE DETERMINED BY THE STATE AGENCY TO BE NECESSARY) *state shall make payments for services rendered prior to July 1, 1986.*

((C)) *(b)* Contributions required to be made with respect to educational employees of state departments and institutions and payments required by section 355.49 shall be paid by the departments and institutions in accordance with the provisions of sections 355.49 and 355.50.

Sec. 12. [APPROPRIATIONS.]

Subdivision 1. [TO AGENCIES INDICATED.] *The sums indicated in this section are appropriated from the general fund to the agencies and for the purposes indicated, to be available for the fiscal years ending June 30 in the years indicated.*

Subd. 2. [TO DEPARTMENT OF EDUCATION.] *To the department of education to make the aid payments required by section 2, there is appropriated.*

$194,241,300 . . . . . 1987.

Subd. 3. [TO COMMISSIONER OF FINANCE.] *To the commissioner of finance for payment of the state's obligation prescribed in Minnesota Statutes, sections 354.43, 354.55, subdivision 5, 355.46, 355.49, and 354A.12, subdivision 2, there is appropriated:*

$214,725,900 . . . . . 1986.

Sec. 13. [REPEALER; JULY 1, 1986.]

Minnesota Statutes 1984, sections 354.43, subdivisions 1, 4, and 5; 354A.12, subdivision 3; 355.46, subdivisions 1, 2, and 5; and 355.47, are repealed.

Sec. 14. [EFFECTIVE DATES.]

Subdivision 1. Sections 5 to 12 are effective July 1, 1985, for covered employees of area vocational technical institutes and July 1, 1986, for all other covered employees of school districts.

Subd. 2. Section 13 is effective July 1, 1986."

Delete the title and insert:

"A bill for an act relating to education; providing for aids to education, aids to libraries, state payments for teacher retirement contributions, and the distribution of tax revenues; granting certain powers and duties to school boards, school districts, the state board of education, the board of teaching, and the higher education coordinating board; modifying certain components of foundation aid; modifying the basic maintenance mill rate; modifying computation of pupil units; repealing revenue equity; modifying the computation of summer program aid, transportation aid, special education aid, secondary vocational aid, and other aids; establishing an aid and levy formula for excellence in teaching and curriculum; providing for measurement of pupil progress; establishing mastery learning pilot projects; requiring state board of teaching to field test plans for assessment of new teachers; appropriating money; amending Minnesota Statutes 1984, sections 120.06, subdivision 1; 120.10, subdivision 1; 120.11; 120.15; 120.17, subdivision 3, and by adding a subdivision; 121.88; 121.882, subdivision 2, and by adding a subdivision; 121.904, subdivisions 4a and 4c; 121.912, subdivision 1; 122.86, subdivision 1; 123.33, by adding a subdivision; 123.36, subdivision 1; 123.58, by adding a subdivision; 123.705, subdivision 1; 123.742, subdivision 7, and by adding subdivisions; 123.7431, subdivision 1; 124.09; 124.14, subdivision 4; 124.17, by adding subdivisions; 124.19, subdivision 1; 124.195, subdivision 9; 124.2138, subdivision 2; 124.223; 124.225, subdivisions 1, 3, 4b, 7a, 7b, 8a, 8b, and 10; 124.247, subdivision 3; 124.26, subdivisions 1 and 6; 124.271, subdivision 2b, and by adding a subdivision; 124.2711, subdivision 1; 124.272, subdivision 3; 124.273, subdivision 1b; 124.32, subdivisions 1b, 1d, 2, 5, and 10; 124.48, by adding a subdivision; 124.573, subdivision 2; 124.574, subdivision 2b; 124.646, subdivision 1; 124A.02, subdivisions 6, 7, 8, 9, 16, and by adding a subdivision; 124A.03, subdivisions 3, 4, and by adding a subdivision; 124A.033, subdivisions 2 and 3, and by adding a subdivision; 124A.037; 124A.06, subdivisions 1 and 3a; 124A.08, subdivisions 3a and 5; 124A.10, subdivision 3a; 124A.12, subdivision 3a; 124A.14, subdivision 5a; 124A.16, subdivisions 2 and 4; 125.05, subdivisions 1 and 5; 125.12, by adding a subdivision; 125.17, by adding a subdivision; 125.185, subdivision 4; 125.60, subdivisions 3 and 7; 126.64, subdivision 2; 129B.17; 129B.20; 129B.21; 129B.35; 129B.36; 129B.38, subdivision 1; 129B.39; 129B.40; 134.31, subdivisions 2 and 3; 134.35; 134.351, subdivision 1; 136D.27; 136D.74, subdivision 2; 136D.87; 275.125, subdivisions 5b, 5d, 8, 8a, and 8b,

and by adding subdivisions; 298.28, subdivision 1; 354.06, subdivision 1; 354.43, subdivision 3; 354A.12, subdivision 2; 355.208; 355.209; 355.287; 355.288; 355.46, subdivision 3; and Laws 1973, chapter 683, section 26, subdivision 17, as amended; Laws 1984, chapter 463, article 9, section 9; proposing coding for new law in Minnesota Statutes, chapters 121; 123; 124; 124A; 126; 129B; 134; 136A; and 290; repealing Minnesota Statutes 1984, sections 120.17, subdivision 1a; 120.172, subdivision 3; 122.84; 122.85; 122.89; 123.3511; 123.3512; 123.3513; 124.201, subdivisions 3, 4, and 5; 124.2138, subdivision 2; 124.225, subdivisions 4a, 8c, 8d, 8e, 8f, 8g, and 8h; 124.247, subdivision 6; 124.271, subdivisions 2 and 2a; 124.273, subdivisions 2b and 5; 124.32, subdivision 9a; 124A.03, subdivision 5; 124A.035, subdivision 6; 124A.037; 125.611, subdivisions 3, 4, 5, 6, and 7; 126.64, subdivision 1; 129B.03; 129B.33; 129B.34; 275.125, subdivision 2j; 354.43, subdivisions 1, 4, and 5; 354A.12, subdivision 3; 355.46, subdivisions 1, 2, and 5; and 355.47."

With the recommendation that when so amended the bill pass.

The report was adopted.

Forsythe from the Committee on Appropriations to which was referred:

H. F. No. 322, A bill for an act relating to education; directing the commissioner of education to form an advisory committee on nonpublic schools; amending Minnesota Statutes 1984, section 123.935, by adding a subdivision.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 939, A bill for an act relating to solid waste and sewage sludge management; restricting land disposal of solid waste in the metropolitan area; providing for the financing of resource recovery facilities in the metropolitan area by local governments and the metropolitan council; imposing restrictions on publicly funded resource recovery facilities; changing provisions relating to designation plans, local disposal fees, metropolitan sludge and sludge ash facilities, and metropolitan county plans and ordinances; defining terms; allocating and appropriating money from the metropolitan landfill contingency action and abatement funds; amending Minnesota Statutes 1984, sections 115A.03, subdivision 27, and by adding subdivisions;

115A.84, subdivisions 3 and 4; 115A.919; 400.04, subdivision 1; 473.153, subdivisions 5, 6b, and 7; 473.803, subdivisions 1b and 3; 473.811, subdivisions 5, 5a, and by adding a subdivision; 473.823, subdivision 6; 473.831; 473.840, subdivision 2; 473.842, by adding subdivisions; 473.843, subdivision 7; and 473.844, subdivisions 2 and 5; Laws 1984, chapter 644, section 81, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 115A and 473.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 115A.03, is amended by adding a subdivision to read:

Subd. 25a. "Recyclable materials" means materials that are separated from mixed municipal solid waste, by the generator or during collection, for the purpose of recycling. Recyclable materials includes paper, glass, metals, automobile oil, and batteries.

Sec. 2. Minnesota Statutes 1984, section 115A.03, is amended by adding a subdivision to read:

Subd. 25b. "Recycling" means the process of collecting and preparing recyclable materials for reuse in their original form or for use in manufacturing processes.

Sec. 3. Minnesota Statutes 1984, section 115A.03, subdivision 27, is amended to read:

Subd. 27. "Resource recovery" means the reclamation for sale, *use,* or reuse of materials, substances, energy, or other products contained within or derived from waste.

Sec. 4. Minnesota Statutes 1984, section 115A.15, subdivision 2, is amended to read:

Subd. 2. [DUTIES OF COMMISSIONER.] The commissioner of administration shall develop policies to (REDUCE THE VOLUME OF WASTE GENERATED BY) *require* state agencies *and the state legislature to separate all recyclable and reusable commodities wherever feasible.* The commissioner shall develop and institute procedures for the separation, collection, and storage of used commodities wherever feasible in state agencies and shall establish policies for the reuse, sale, or disposition of recovered materials and surplus property. The commissioner shall promote and publicize the waste reduction and waste separation and recovery procedures on an ongoing basis to all state employees. The commissioner shall issue guidelines for the procurement of recyclable commodities and commodities contain-

ing recycled materials that include definitions of recycled materials, the percentage of recycled materials to be contained in each commodity and performance specifications. To the extent practicable, the guidelines shall be written so as to give preference to recyclable commodities and commodities containing recycled materials. The commissioner shall inform state agencies whenever recycled commodities are available for purchase. The commissioner shall investigate opportunities for the inclusion of and may include local governments and regional agencies in administrative state programs to reduce waste, and to separate and recover recyclable and reusable commodities.

Sec. 5. Minnesota Statutes 1984, section 115A.81, is amended to read:

Subdivision 1. [SCOPE.] The terms used in sections 115A.80 to (115A.89) *115A.893* have the meanings given them in this section.

Subd. 2. [DESIGNATION.] "Designation" means a requirement by a waste management district or county that all or any portion of the *mixed municipal* solid waste that is generated within its boundaries or any service area thereof and deposited within the state be delivered to a resource recovery facility identified by the district or county.

Subd. 3. [REVIEWING AUTHORITY.] *"Reviewing authority" means the agency responsible for reviewing and approving a designation plan under section 115A.84, subdivision 3, and a designation ordinance under section 115A.86, subdivision 2.*

Sec. 6. Minnesota Statutes 1984, section 115A.84, subdivision 3, is amended to read:

Subd. 3. [PLAN APPROVAL.] A district or county planning a designation for waste generated wholly within the metropolitan area defined in section 473.121 shall submit its designation plan to the metropolitan council for review and approval or disapproval. Other districts or counties shall submit the designation plan to the waste management board for review and approval or disapproval. The reviewing authority shall complete its review and make its decision within (90) *120* days following submission of the plan for review. The reviewing authority shall approve the designation plan if the plan satisfies the requirements of subdivision 2. *The reviewing authority may attach conditions to its approval that relate to matters required in a designation ordinance under section 115A.86, subdivision 1, paragraph (a), clauses (1) to (4), and paragraph (b). Amendments to plans must be submitted for review in accordance with this subdivision.*

Sec. 7. Minnesota Statutes 1984, section 115A.84, subdivision 4, is amended to read:

Subd. 4. [EXCLUSION OF CERTAIN MATERIALS.] When it approves the designation plan, the reviewing authority shall exclude from the designation materials that the reviewing authority determines will be processed at another resource recovery facility if:

(1) the other resource recovery facility is substantially completed or will be substantially completed within 18 months of the time that the designation plan is approved by the reviewing authority; and

(2) the other facility has or will have contracts for purchases of its product; and

(3) the materials are or will be under contract for delivery to the other facility at the time the other facility is completed.

In order to qualify for the exclusion of materials under this subdivision, the operator or owner of the other resource recovery facility shall file with the reviewing authority and the district or county or counties a written description of the facility, its intended location, its waste supply sources, purchasers of its products, its design capacity and other information that the reviewing authority and the district or county or counties may reasonably require. The information must be filed as soon as it becomes available but not later than *30 days following* the date when the county or district submits its designation plan for approval.

The reviewing authority may revoke the exclusion granted under this subdivision when it approves the designation ordinance under section 115A.86 if in its judgment the excluded materials will not be processed at the other facility.

Sec. 8. Minnesota Statutes 1984, section 115A.86, subdivision 1, is amended to read:

Subdivision 1. [DESIGNATION ORDINANCE.] (a) The district or county shall prepare a designation ordinance to implement a designation. The designation ordinance must: (1) define the geographic area and the types and quantities of solid waste subject to designation; (2) specify the point or points of delivery of the solid waste; (3) require that the designated solid waste be delivered to the specified point or points of delivery; (4) *require the designated facility to accept all designated solid waste delivered to the specified point or points of delivery, unless the facility has notified waste collectors in the designated area that the facility is inoperative; (5)* set out the procedures and principles to be followed by the county or district in establishing and amending any rates and charges at the designated facility; and ((5)) *(6)* state any additional regulations governing waste collectors or other matters necessary to implement the designation.

(b) The designation ordinance must provide an exception for: (1) materials that are exempt or excluded from the designation under section 115A.83 or 115A.84, subdivision 4; and (2) materials otherwise subject to the designation for which negotiated contractual arrangements exist that will require and effect the delivery of the waste to the facility for the term of the contract.

Sec. 9. [115A.893] [PETITION FOR EXCLUSION.]

Any person proposing to own or operate a resource recovery facility using waste materials subject to a designation ordinance may petition the county for exclusion of the materials from the designation ordinance. In order to qualify for the exclusion of materials under this section, the petitioner shall submit with the petition a written description of the proposed facility, its intended location, its waste supply sources, purchasers of its products, its design capacity, and other information that the district or county may reasonably require. The district or county, after appropriate notice and hearing, shall issue a written decision with findings of fact and conclusions on all material issues. The district or county shall grant the petition if it determines that: (a) the materials will be processed at another resource recovery facility, and (b) the exclusion can be implemented without impairing the financial viability of the designated facility or impairing contractual obligations or preventing the performance of contracts by the facility owner or operator, the district or county, or users of the facility. Any person aggrieved by the decision of the county may appeal to the reviewing authority. The review is confined to the record. The decision of the reviewing authority must be based on the standards stated in this section. If the reviewing authority approves the petition, the designation ordinance must be amended in conformance with the decision of the reviewing authority. The petition may be amended during the proceedings by agreement between the petitioner and the district or county.

Sec. 10. [115A.918] [DEFINITIONS.]

Subdivision 1. [SCOPE.] *The definitions in this section apply to this section and sections 115A.919 and 115A.921.*

Subd. 2. [CLOSURE.] *"Closure" means actions that will prevent, mitigate, or minimize the threat to public health and the environment posed by a closed solid waste disposal facility including application of final cover; grading and seeding of final cover; installation of an adequate monitoring system, if necessary; and construction of ground and surface water diversion structures.*

Subd. 3. [OPERATOR.] *"Operator" means:*

(1) the permittee of a mixed municipal solid waste disposal facility that has an agency permit; or

(2) the person in control of a mixed municipal solid waste disposal facility that does not have an agency permit.

Subd. 4. [POSTCLOSURE, POSTCLOSURE CARE.] *"Postclosure" and "postclosure care" mean actions taken for the care, maintenance, and monitoring of a solid waste disposal facility after closure that will prevent, mitigate, or minimize the threat to public health and environment posed by the closed facility.*

Subd. 5. [RESPONSE.] *"Response" has the meaning given it in section 115B.02, subdivision 18.*

Sec. 11. Minnesota Statutes 1984, section 115A.919, is amended to read:

115A.919 [COUNTY FEE AUTHORITY.]

A county may impose a fee, *by cubic yard of waste or its equivalent,* on operators of facilities for *the disposal of* mixed municipal solid waste located within the county. The fee in the metropolitan area may not exceed 25 cents per cubic yard *or its equivalent.* The revenue from the fees shall be credited to the county general fund and shall be used only for landfill abatement purposes, or costs of closure, postclosure care, and response actions or for purposes of mitigating and compensating for the local risks, costs, and other adverse effects of facilities.

Waste residue from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse shall be exempt from one-half the amount of the fee imposed by a county under this section if there is at least an 85 percent volume reduction in the solid waste processed. Before any fee is reduced, the verification procedures of section 473.843, subdivision 1, paragraph (c), must be followed and submitted to the appropriate county.

Sec. 12. [115A.95] [RECYCLABLE MATERIALS.]

A resource recovery facility that is burning waste, or converting waste to energy or to materials for combustion, and is owned or operated by a public agency or supported by public funds or by obligations issued by a public agency may not accept recyclable materials except for transfer to a recycler.

Sec. 13. Minnesota Statutes 1984, section 116.07, subdivision 4h, is amended to read:

Subd. 4h. [FINANCIAL RESPONSIBILITY RULES.] The agency shall adopt rules requiring the operator or owner of a solid waste disposal facility to submit to the agency proof of the operator's or owner's financial capability to provide reasonable and necessary response during the operating life of the facility and for 20 years after closure, and to provide for the closure of the facility and postclosure care required under agency rules. Proof of financial responsibility is required of the operator or owner of a facility receiving an original permit or a permit for expansion after adoption of the rules. Within 180 days of the effective date of the rules *or by January 1, 1987, whichever is later*, proof of financial responsibility is required of an operator or owner of a facility with a remaining capacity of more than five years or 500,000 cubic yards that is in operation at the time the rules are adopted. Compliance with the rules is a condition of obtaining or retaining a permit to operate the facility.

Sec. 14. Minnesota Statutes 1984, section 400.04, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] Any county may conduct a solid waste management program which may include activities authorized by sections 400.01 to 400.17 and such other activities as are necessary and convenient to effectively carry out the purposes of sections 400.01 to 400.17. *A county that enters into a joint powers agreement under section 471.59 with a metropolitan county as defined in section 473.121, subdivision 4, to accomplish a solid waste management purpose may exercise the powers of the metropolitan county for the purpose of solid waste management under the joint powers agreement.*

Sec. 15. Minnesota Statutes 1984, section 473.149, is amended by adding a subdivision to read:

Subd. 6. [COST AND FINANCING ANALYSIS.] *By January 1, 1987, and each odd-numbered year thereafter, the council shall report to the legislature on the operating, capital, and debt service costs of solid waste facilities in the metropolitan area; changes in the costs; the methods used to pay the costs; and the resultant allocation of costs among users of the facilities and the general public. The report must present the cost and financing analysis in the aggregate and broken down by county and by major facility.*

Sec. 16. Minnesota Statutes 1984, section 473.153, subdivision 1, is amended to read:

Subdivision 1. [FACILITIES REQUIRED.] Except as provided in subdivision 7 and section 115A.33, all (SEWAGE SLUDGE DISPOSAL FACILITIES AND) facilities for the disposal of solid waste generated by the metropolitan waste control commission shall be established and operated in accordance with this section and section 473.516. The council and

the commission shall establish the facilities needed for the disposal of (SEWAGE SLUDGE AND) solid waste generated by the commission. The council and the commission shall establish at least one facility.

Sec. 17. Minnesota Statutes 1984, section 473.153, subdivision 2, is amended to read:

Subd. 2. [CANDIDATE SITE SELECTION.] The council shall select candidate sites for the disposal of the commission's (SEWAGE SLUDGE AND) solid waste, together with appropriate surrounding buffer areas. The council shall select at least (FOUR) *three* candidate sites by September 1, 1983. The council shall evaluate sites for candidacy on the basis of at least the following factors: local land use and land use controls, the protection of agriculture and natural resources, existing and future development patterns, transportation facilities, distance from the points of generation, and the intrinsic suitability of sites compared with other potential sites. Notwithstanding any plan, charter provision, law, ordinance, regulation, or other requirement of the council, counties, or local units of government, no land shall be excluded from consideration for candidacy except land determined by the agency to be intrinsically unsuitable. No site shall be selected for candidacy unless the agency certifies its intrinsic suitability for the use intended, based on preliminary environmental analysis and on-site surveys and investigations conducted by the council. The council shall provide to the agency data relating to the intrinsic suitability of the sites to be proposed as candidate sites as soon as available. The council shall propose at least six locations as candidate sites and the director of the agency shall issue a notice indicating which of those sites the director recommends be certified as intrinsically suitable. The director shall publish notice of a consolidated hearing on the recommendation. Notice shall be published in the state register and newspapers of general circulation in the metropolitan area and shall be sent by mail to local government units containing a proposed candidate site. The hearing shall be conducted by the state office of administrative hearings in a manner consistent with the completion of the proceedings and the administrative law judge's report to the agency in the time allowed by this section. The hearing shall afford all interested persons an opportunity to testify and present evidence on the subject of the hearing. The subject of the hearing shall be limited to information submitted by the council and additional information on the proposed sites which is relevant to the agency's decision on intrinsic suitability. The rulemaking and contested case procedures of chapter 14 shall not apply to this hearing. The report of the administrative law judge shall contain findings of fact, conclusions, and recommendations on the subject of the hearing. The agency shall make a final determination as to the intrinsic suitability of each proposed site and shall certify them accordingly within 90 days of the council's proposal of a site. The agency shall not be required to promulgate rules pursuant to chapter 14 on criteria and standards to govern

its certification of intrinsic suitability under this section. No action of the agency shall be held invalid by reason of the agency's failure to notify any of the entities listed in this subdivision. In selecting candidate sites, the council shall prefer land which is capable of being returned to its existing use or the use anticipated in a plan of a metropolitan agency, county, or local unit of government use after closure of a disposal facility.

Sec. 18. Minnesota Statutes 1984, section 473.153, subdivision 5, is amended to read:

Subd. 5. [ENVIRONMENTAL REVIEW.] An environmental impact statement must be completed on the environmental effects of the council's decisions required by subdivision 6. The statement must be prepared and reviewed in accordance with chapter 116D and the rules issued pursuant thereto, except as otherwise required by this section. The statement must not address or reconsider alternatives eliminated from consideration pursuant to subdivisions 1 and 2 and must not address the matters (TO BE DECIDED) *subject to decision* by the council pursuant to subdivision 6b.

Sec. 19. Minnesota Statutes 1984, section 473.153, subdivision 6b, is amended to read:

Subd. 6b. [CERTIFICATION OF NEED.] No new facility for disposing of ash and other waste generated by the commission shall be permitted in the metropolitan area without a certification of need issued by the council indicating the council's determination:

(a) that the disposal of waste with concentrations of hazardous materials is necessary; and

(b) that (THE) additional ash disposal capacity (PLANNED FOR THE FACILITY) is needed.

The council shall certify need only to the extent that there are no feasible and prudent methods of reducing the concentrations of hazardous materials in the waste and no feasible and prudent alternatives to (THE) ash disposal (FACILITY), including large-scale composting and co-composting of sludge, which would minimize adverse impact upon natural resources. Methods and alternatives that are speculative or conjectural shall not be deemed to be feasible and prudent. Economic considerations alone shall not justify the certification of need or the rejection of methods or alternatives, including large-scale composting and co-composting of sludge as an alternative to incineration. In its certification the council shall not consider alternatives which have been eliminated from consideration by the selection of sites pursuant to (SUBDIVISIONS) *subdivision* 2 (AND 6).

Sec. 20. Minnesota Statutes 1984, section 473.153, subdivision 7, is amended to read:

Subd. 7. [EXEMPTIONS.] Nothing in this section shall be construed to preclude the commission from continuing to use existing sewage sludge disposal facilities. In addition, to the same extent and upon the same conditions as sewage sludge may be applied on private property pursuant to section 473.516, subdivisions 3 and 4, the commission may use any site *of less than 500 acres* owned by the commission for the purpose of land-spreading sewage sludge (FOR A PERIOD NO LONGER THAN FOUR YEARS). Any property currently used by the commission and permitted by the agency for disposing of the commission's solid waste may continue to be used for that purpose by the commission, as permitted by the agency (, FOR A PERIOD NOT TO EXCEED FOUR YEARS).

Sec. 21. Minnesota Statutes 1984, section 473.803, subdivision 1b, is amended to read:

Subd. 1b. [LAND DISPOSAL ABATEMENT *PROPOSAL.*] By April 1, 1982, after considering the council's disposal abatement report submitted to the counties pursuant to section 473.149, subdivision 2a, each county shall submit to the council a proposal to reduce to the greatest feasible and prudent extent the need for and practice of land disposal of mixed municipal solid waste. The proposal must address at least waste reduction, separation, and resource recovery. The proposal must include objectives, immediately and over specified time periods, for reducing the land disposal of mixed municipal solid waste generated within the county. The proposal must describe specific functions to be performed and activities to be undertaken by the county and cities and towns within the county to achieve the objectives and must describe the estimated cost, proposed manner of financing, and timing of the functions and activities. The proposal must include alternatives which could be used to achieve the objectives if the proposed functions and activities are not established. By August 1, 1984, each county shall provide the council with an analysis of the solid waste generated in the county, by classification of generators and by composition.

Subd. 1bb. [COUNTY ABATEMENT PLAN.] Each county shall revise its master plan to include a land disposal abatement element to implement the council's land disposal abatement plan adopted under section 473.149, subdivision 2d, and shall submit the revised plan to the council for review under subdivision 2 within nine months after the adoption of the council's metropolitan abatement plan. The county plan must (EMBODY AND BE CONSISTENT WITH AT LEAST) *implement* the local abatement objectives for the county and cities within the county as stated in the council's plan. *The county abatement plan must include specific and quantifiable county objectives, based on the council's objectives, for abating to the greatest*

feasible and prudent extent the need for and practice of land disposal of mixed municipal solid waste and of specific components of the solid waste stream generated in the county, stated in annual increments through the date specified in section 34 and in two five-year increments thereafter. The plan must include measurable performance standards for local abatement of solid waste through resource recovery and waste reduction and separation programs and activities for the county as a whole and for statutory or home rule charter cities of the first, second, and third class, respectively, in the county, stated in annual increments through the date specified in section 34 and in two five-year increments thereafter. The performance standards must implement the metropolitan and county abatement objectives. The plan must include standards and procedures to be used by the county in determining annually under subdivision 3 whether a city within the county has implemented the plan and has satisfied the performance standards for local abatement. The master plan revision required by this subdivision must be prepared in consultation with the advisory committee established pursuant to subdivision 4.

Sec. 22. Minnesota Statutes 1984, section 473.803, subdivision 3, is amended to read:

Subd. 3. [ANNUAL REPORT.] Each metropolitan county shall prepare and submit annually to the council for its approval a report containing information, as the council may prescribe in its policy plan, concerning solid waste generation and management within the county. The report shall include a statement of progress in achieving the land disposal abatement objectives for the county and classes of cities in the county as stated in the council's policy plan and county master paln. *The report must list cities that have not satisfied the county performance standards for local abatement required by subdivision 1bb.* The report must include a schedule of rates and charges in effect or proposed for the use of any solid waste facility owned or operated by or on its behalf, together with a statement of the basis for such charges.

Sec. 23. Minnesota Statutes 1984, section 473.811, subdivision 5, is amended to read:

Subd. 5. [ORDINANCES; SOLID WASTE COLLECTION AND TRANSPORTATION.] Each metropolitan county may adopt ordinances governing the collection of solid waste. *A county may adopt, but may not be required to adopt, an ordinance that requires the separation from mixed municipal waste, by generators before collection, of materials that can readily be separated for use or reuse as substitutes for raw materials or for transformation into a usable soil amendment.* Each local unit of government within the metropolitan area shall adopt an ordinance governing the collection of solid waste within its boundaries. If the county within which it is located has adopted (AN) *a collection* ordinance, the local unit shall adopt either the county

ordinance by reference or a more strict ordinance. *If the county within which it is located has adopted a separation ordinance, the ordinance applies in all local units within the county that have failed to meet the local abatement performance standards, as stated in the most recent annual county report.* Ordinances of counties and local government units may establish reasonable conditions respecting but shall not prevent the transportation of solid waste by a licensed collector through and between counties and local units, except as required for the enforcement of any designation of a facility by the council pursuant to section 473.827. A licensed collector or a metropolitan county or local government unit may request review by the council of an ordinance adopted under this subdivision. The council shall approve or disapprove the ordinance within 60 days of the submission of a request for review. The ordinance shall remain in effect unless it is disapproved. Ordinances of counties and local units of government shall provide for the enforcement of any designation of facilities by the council under section 473.827. Nothing in this subdivision shall be construed to limit the authority of the local government unit to regulate and license collectors of solid waste or to require review or approval by the council for ordinances regulating collection.

Sec. 24. Minnesota Statutes 1984, section 473.811, subdivision 5a, is amended to read:

Subd. 5a. [ORDINANCES; SOLID WASTE FACILITIES.] Each metropolitan county shall by ordinance establish and from time to time revise rules, regulations, and standards for solid waste facilities within the county, relating to location, sanitary operation, periodic inspection and monitoring, maintenance, termination and abandonment, and other pertinent matters. *The county ordinance may require facilities accepting mixed municipal solid waste for disposal to install scales.* The county ordinance shall require permits or licenses for solid waste facilities and shall require that such facilities be registered with a county office.

Sec. 25. Minnesota Statutes 1984, section 473.811, is amended by adding a subdivision to read:

Subd. 11. [EXEMPTION FROM LEVY LIMIT.] *Any levy to pay the increased costs to a statutory or home rule charter city or town of implementing waste reduction and source separation programs and facilities consistent with the applicable county master plan adopted under section 473.803 is in addition to any other taxes authorized by law and must be disregarded in the calculation of limits imposed by chapter 275.*

Sec. 26. Minnesota Statutes 1984, section 473.823, subdivision 6, is amended to read:

Subd. 6. [COUNCIL; CERTIFICATION OF NEED.] No new mixed municipal solid waste disposal facility or capacity shall be permitted in the metropolitan area without a certificate of need issued by the council indicating the council's determination that the additional disposal capacity planned for the facility is needed in the metropolitan area. The council shall amend its policy plan, adopted pursuant to section 473.149, to include standards and procedures for certifying need *that conform to the certification standards stated in this subdivision.* The standards and procedures shall be based on the council's disposal abatement plan adopted pursuant to section 473.149, subdivision 2d, the council's solid waste disposal facilities development schedule adopted under section 473.149, subdivision 2e, and the *provisions of any* master plans of counties (ADOPTED PURSUANT TO SECTION 473.803, SUBDIVISION 1B AND) *that have been* approved by the council under section 473.803, subdivision 2, *and that are consistent with the council's abatement plan and development schedule. Prior to its adoption of standards and procedures for certifying need, the council may issue a temporary certificate of need for expansion of an existing waste disposal facility that shall be effective only until the council has adopted standards and procedures for certifying need and has either issued or denied issuance of a certificate of need for the facility pursuant to its standards and procedures. Prior to its adoption of standards and procedures for certifying need, the council may issue a temporary certificate of need for expansion of an existing waste disposal facility which would otherwise be closed due to reaching its permitted capacity, and neither the owner of said facility nor an affiliate of the owner has another owned and permitted waste disposal facility in the metro area to use pending adoption of standards by the council. Said temporary certificate of need shall be effective only until the council has adopted standards and procedures for certifying need and has either issued or denied issuance of a certificate of need for the facility pursuant to its standards and procedures. An affiliate is defined to mean a corporation, partnership, sole proprietor, or other entity which controls, is controlled by, or under common control with the owner.* The council shall certify need only to the extent that there are no feasible and prudent alternatives to the disposal facility, including waste reduction, source separation and resource recovery which would minimize adverse impact upon natural resources. Alternatives that are speculative or conjectural shall not be deemed to be feasible and prudent. Economic considerations alone shall not justify the certification of need or the rejection of alternatives. In its certification the council shall not consider alternatives which have been eliminated from consideration by the adoption of the inventory pursuant to section 473.149, subdivision 2b, or the selection of sites under section 473.833, subdivision 3.

Sec. 27. Minnesota Statutes 1984, section 473.831, is amended to read:

473.831 [DEBT OBLIGATIONS; SOLID WASTE (DISPOSAL).]

Subdivision 1. [GENERAL OBLIGATION BONDS.] The council may by resolution authorize the issuance of general obligation bonds of the council to provide funds for the (ENVIRONMENTAL ANALYSIS AND ACQUISITION OF PERMANENT OR TEMPORARY RIGHT, TITLE, OR INTEREST IN REAL PROPERTY, INCLUDING EASEMENTS AND DEVELOPMENT RIGHTS, FOR SITES AND SURROUNDING BUFFER AREAS FOR SOLID WASTE DISPOSAL FACILITIES PURSUANT TO THIS SECTION AND SECTIONS 473.833 AND 473.840) *purposes specified in subdivision 2* and (TO PROVIDE FUNDS) for refunding obligations issued under this section. The bonds shall be sold, issued, and secured in the manner provided in chapter 475 for general obligation bonds, and the council shall have the same power and duties as a municipality and its governing body in issuing bonds under chapter 475, except as otherwise provided in this chapter. No election shall be required, and the net debt limitations in chapter 475 shall not apply. The council shall have the power to levy ad valorem taxes for debt service of the council's solid waste bonds upon all taxable property within the metropolitan area, without limitation of rate or amount and without affecting the amount or rate of taxes which may be levied by the council for other purposes or by any local government unit in the area. Each of the county auditors shall annually assess and extend upon the tax rolls in his county the portion of the taxes levied by the council in each year which is certified to him by the council. The principal amount of bonds issued pursuant to this section shall not exceed $15,000,000.

Subd. 2. [USE OF PROCEEDS.] The proceeds of bonds issued under subdivision 1 shall be used by the council (, FOR THE PURPOSES PROVIDED IN SUBDIVISION 1 AND)*:*

(a) to *provide funds for the environmental analysis of solid waste disposal sites; and*

(b) to make grants to metropolitan counties to pay*: (1)* the cost of the environmental review of sites, *(2)* the acquisition of development rights for all or part of the period that the development limitation imposed by section 473.806 is in effect, (AND) *(3)* the acquisition of (ALL PROPERTY OR) *permanent or temporary right, title, or* interests in property, *including easements and development rights,* for solid waste disposal sites and surrounding buffer areas required to be acquired by the county, pursuant to sections 473.833 and 473.840, by the council's policy plan and development schedule adopted pursuant to section 473.149, subdivision 2e, *and (4) the acquisition and improvement of resource recovery facilities.*

If the council is required by law or regulation to prepare environmental analyses on one or more solid waste disposal sites and surrounding buffer areas, the council may use the proceeds of the bonds issued under subdivision 1 to contract for consultant

services in the preparation of such analyses only upon a finding that equivalent expertise is not available among its own staff.

Sec. 28. Minnesota Statutes 1984, section 473.840, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] (a) "Qualifying property" is a parcel of real property any part of which is located within the site or buffer area of a candidate site (SELECTED) under section 473.153, (SUBDIVISION 2, FOR PURPOSES OF ENVIRONMENTAL REVIEW UNDER SUBDIVISION 5 OF THAT SECTION,) or a site included in the metropolitan inventory adopted under section 473.149, subdivision 2b, for the purposes of environmental review under section 473.83, subdivision 2a.

(b) An "eligible owner" is a person who: (1) owns the entire parcel of qualifying property; (2) owned the entire parcel of property at the time the site was selected as a candidate site or included in the metropolitan inventory; (3) since the site was selected or included in the inventory, has for at least six months offered to sell the entire parcel on the open market through a licensed real estate agent; and (4) has not previously entered a contract under subdivision 4 for the sale of any or all of the parcel.

Sec. 29. Minnesota Statutes 1984, section 473.842, is amended by adding a subdivision to read:

Subd. 1a. [CLOSURE.] *"Closure" means actions that will prevent, mitigate, or minimize the threat to public health and the environment posed by a closed solid waste disposal facility including application of final cover; grading and seeding of final cover; installation of an adequate monitoring system, if necessary; and construction of ground and surface water diversion structures.*

Sec. 30. Minnesota Statutes 1984, section 473.842, is amended by adding a subdivision to read:

Subd. 4a. [POSTCLOSURE, POSTCLOSURE CARE.] *"Postclosure" and "postclosure care" mean actions taken for the care, maintenance, and monitoring of a solid waste disposal facility after closure that will prevent, mitigate, or minimize the threat to public health and environment posed by the closed facility.*

Sec. 31. Minnesota Statutes 1984, section 473.843, subdivision 7, is amended to read:

Subd. 7. [ADMINISTRATIVE EXPENSES.] Any amount expended by the commissioner of revenue from a general fund

appropriation to enforce and administer this section must be reimbursed to the general fund, and the amount necessary to make the reimbursement is appropriated, *one-half* from the landfill abatement fund *and one-half from the landfill contingency action fund,* to the commissioner of finance for transfer to the general fund.

Sec. 32. Minnesota Statutes 1984, section 473.844, subdivision 2, is amended to read:

Subd. 2. [ALLOCATION.] (a) Up to ten percent of the money in the fund may be appropriated to the agency for transfer to the metropolitan council for grants under subdivision 1, clause (3).

(b) Up to five percent of the money in the fund may be appropriated to the agency for transfer to the metropolitan council for technical assistance and (GRANT) administration *of grants and loans and municipal cost recovery payments under this section.*

Sec. 33. Minnesota Statutes 1984, section 473.844, subdivision 5, is amended to read:

Subd. 5. [LANDFILL ABATEMENT COST RECOVERY.] By January 31, 1986, and each January 31 afterwards, the (DIRECTOR OF THE AGENCY) *council* shall pay each *statutory and home rule charter* city *and town* in the metropolitan area*: (1)* an amount not to exceed 50 cents per household, as defined in section 477A.011, subdivision 3a, for qualifying landfill abatement and resource recovery expenses incurred in the previous calendar year*; and (2) $4 per ton of recyclable material collected and recycled from residential sources within the city or town.* To qualify under (THIS SUBDIVISION) *clauses (1) and (2),* the landfill abatement and resource recovery must be included in the applicable county master plan or approved by the metropolitan council, and the city *or town* must certify *its* expenses (FOR THE LANDFILL ABATEMENT AND RESOURCE RECOVERY). *To qualify under clause (2), the city or town must certify, in the manner and form determined by the council, the tons collected and recycled.* The amounts necessary to make these payments are appropriated from the metropolitan landfill abatement fund to the director of the agency *for transfer to the council.*

Sec. 34. [473.848] [RESTRICTION ON DISPOSAL.]

After January 1, 1990, waste disposal facilities located in the metropolitan area may not accept mixed municipal solid waste for disposal unless the waste has been transferred to the disposal facility from a resource recovery facility identified by the council. For purposes of this section, mixed municipal solid waste

does not include street sweepings, construction debris, mining waste, foundry sand, and other materials, if they are not capable of being processed by resource recovery as determined by the council.

Sec. 35. Laws 1984, chapter 644, section 81, subdivision 2, is amended to read:

Subd. 2. [REIMBURSEMENT.] Any amount expended by the agency and metropolitan council from the appropriations in subdivision 1 shall be reimbursed to the general fund (, AND). The amount necessary to make the reimbursement *of the appropriation in subdivision 1, clause (1)* is appropriated from the landfill abatement fund to the commissioner of finance for transfer to the general fund, *and the amount necessary to make the reimbursement of the appropriation in subdivision 1, clause (2) is appropriated from the landfill contingency action fund to the commissioner of finance for transfer to the general fund.*

Sec. 36. [ANOKA COUNTY; RESOURCE RECOVERY.]

Subdivision 1. [SERVICE CHARGES; EXPENDITURES.] *Anoka county may exercise the powers of a county under Minnesota Statutes, section 400.08, in addition to the powers that the county may exercise under other law. The county may expend funds for resource recovery purposes under section 473.801 to 473.845.*

Subd. 2. [LEASE OR SALE OF PROPERTY.] *Anoka county may sell or lease any facilities or property or property rights to accomplish the purposes specified by sections 473.149, 473.151, and 473.801 to 473.823, 473.827, 473.831, 473.833, and 473.834. The property may be sold or leased in the manner provided by section 458.196, or may be sold or leased in the manner and on the terms and conditions determined by the county board. Each metropolitan county may convey to or permit the use of the property by a local government unit, with or without compensation, without submitting the matter to the voters of the county. No real property or property rights acquired under this section may be disposed of in any manner unless and until the county has submitted to the agency and the metropolitan council for review and comment the terms on and the use for which the property will be disposed of. The agency and the council shall review and comment on the proposed disposition within 60 days after each has received the data relating thereto from the county.*

Subd. 3. [APPLICATION.] *This section applies to Anoka county the day after compliance with Minnesota Statutes, section 645.021, subdivision 3.*

Sec. 37. [RECOMMENDATIONS ON FINANCIAL RESPONSIBILITY.]

By January 1, 1986, the legislative commission on waste management shall recommend to the legislature mechanisms that will enable owners and operators of solid waste land disposal facilities to comply with the requirements of the financial responsibility rules adopted under section 116.07, subdivision 4h.

Sec. 38. [ALTERNATIVE METHODS FOR CONTROLLING WASTE FLOW.]

The state planning agency shall report to the legislature by January 1, 1986, recommending a practical alternative or alternatives to designation that would assure the development and effective operation of resource recovery facilities. The alternative or alternatives must be capable of producing waste management systems that: (a) rely on price controls, including fees and taxes combined with subsidies, or other methods, rather than regulation, to influence the flow of waste; (b) relieve resource recovery facilities from competition with landfills while allowing competition among resource recovery facilities; and (c) provide fair and orderly processes for bringing facilities that are or may be protected by designation into the competitive system without impairment of contract or bond obligations. The report must compare the costs and benefits of designation and the alternative flow control methods and must evaluate the effect of designation and the alternatives on: the economic and financial structure of resource recovery facilities; the allocation of costs of facilities; the economic effect on taxpayers, local governments and waste collectors and disposers; the public health and the environment; the mix of vendors and facility technologies; and other similar matters. The report should take into consideration differences in local circumstances that may affect the practicality and the costs, benefits, and other effects of alternative flow control methods. The state planning agency shall request proposals and contract for the preparation of the report with qualified consultants who are based outside of the state and free of involvement in waste management projects in the state.

Sec. 39. [APPROPRIATION.]

Subdivision 1. [ABATEMENT FUNDS.] *The following amounts are appropriated from the metropolitan landfill abatement fund to the pollution control agency for the purposes stated:*

(a) for transfer to the metropolitan council for expenditure under section 473.844, subdivision 1, clause (1),

$..... $.....

(b) for transfer to the metropolitan council for expenditure under section 473.844, subdivision 1, clause (2),

$..... $.....

(c) for transfer to the metropolitan council for expenditure under section 473.844, subdivision 1, clause (3),

$ ..... $ .....

(d) for transfer to the metropolitan council for expenditure under section 473.844, subdivision 1, clause (4),

$ ..... $ .....

Any unencumbered balances remaining in the first year do not cancel but are available for the second year of the biennium for the same purpose.

Subd. 2. [CONTINGENCY.] *The appropriations in this section are contingent upon payment of the general fund reimbursements required in Laws 1984, chapter 644, section 81, subdivision 2, as amended, and subdivision 3, and the appropriations in sections 473.843, subdivision 7, and 473.844, subdivision 5. If in any year the amount remaining in the abatement fund after these payments is insufficient for the appropriations in this section, the appropriation in clause ... is reduced accordingly.*

Subd. 3. [REPORT.] *The sum of $ ..... is appropriated from the general fund to the state planning agency for the report required by section 38.*

Sec. 40. [APPLICATION.]

Sections 18 to 34 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 41. Minnesota Statutes 1984, section 115A.85, subdivision 2, is amended to read:

Subd. 2. [HEARING.] The district or county shall hold a public hearing to take testimony on the designation. Notice of the hearing must be published in a newspaper of general circulation in the area for two successive weeks ending at least 15 days before the date of the hearing and must be mailed to political subdivisions, landfill operators, and licensed solid waste collectors who may be *adversely affected by or* expected to use the facility. The notification must: (1) describe the area in which the designation will apply and the plans for the use of the solid waste; (2) specify the point or points of delivery of the solid waste; (3) estimate the types and quantities of solid waste subject to the designation; (AND) (4) estimate the fee to be charged for the use of the facilities and for any products of the facilities; *and (5) notify licensed solid waste collectors of their right to seek just compensation under subdivision 5.* A designation or contract

for use is not invalid by reason of the failure of the district or county to provide written notice to an entity listed in this subdivision.

Sec. 42. Minnesota Statutes 1984, section 115A.85, is amended by adding a subdivision to read:

Subd. 5. [JUST COMPENSATION.] *(a) If a licensed collector who entered into a contract before 1985 is directly affected adversely, by a designation ordinance, the person may seek compensation by submitting a request to the district or county within 90 days after the close of the hearing under subdivision 2. The request shall include a statement of the amount of compensation requested. If a person does not submit a request for compensation within this time limit or if the person enters into a contract with the district or county concerning compensation, the person is not entitled to compensation under this subdivision.*

(b) For a licensed solid waste collector, the district or county shall compensate the collector for additional costs incurred as a result of complying with the designation ordinance. Compensation for a licensed solid waste collector is limited to the value of the remaining contract or agreement under which the collector is furnishing collection services at the time the designation ordinance takes effect at the rates in effect at that time adding reasonably anticipated inflationary increases and deducting existing escalator clauses or reduced cost resulting from the imposition of the required use order. Additional costs include but are not limited to:

(1) Increased travel expenses resulting from increased travel distances and time.

(2) Increased travel expenses resulting from restructuring collection routes.

(3) Increased operational expenses.

(c) A district or county shall provide procedures so that any person adversely affected by the district's or county's decision concerning compensation may appeal that decision to district court.

Sec. 43. [EFFECTIVE DATE.]

Sections 41 and 42 are effective the day following final enactment.

Sec. 44. [EFFECT ON PENDING DESIGNATIONS.]

If the 90-day period for contract negotiations in section 115A.-85, subdivision 4, has not expired as of June 30, 1985, the district or county shall, within 30 days after final enactment, mail the notice required under section 115A.85, subdivision 2, to affected licensed solid waste collectors and shall be subject to the provisions of section 115A.85, subdivision 5."

Delete the title and insert:

"A bill for an act relating to solid waste and sewage sludge management; restricting land disposal of solid waste in the metropolitan area; providing for the financing of resource recovery facilities in the metropolitan area by local governments and the metropolitan council; imposing restrictions on publicly funded resource recovery facilities; changing provisions relating to designation plans, local disposal fees, metropolitan sludge and sludge ash facilities, and metropolitan county plans and ordinances; defining terms; allocating and appropriating money from the metropolitan landfill contingency action and abatement funds; amending Minnesota Statutes 1984, sections 115A.03, subdivision 27, and by adding subdivisions; 115A.15, subdivision 2; 115A.81; 115A.84, subdivisions 3 and 4; 115A.85, subdivision 2, and by adding a subdivision; 118A.86, subdivision 1; 115A.-919; 116.07, subdivision 4h; 400.04, subdivision 1; 473.149, by adding a subdivision; 473.153, subdivisions 1, 2, 5, 6b, and 7; 473.803, subdivisions 1b and 3; 473.811, subdivisions 5, 5a, and by adding a subdivision; 473.823, subdivision 6; 473.831; 473.-840, subdivision 2; 473.842, by adding subdivisions; 473.843, subdivision 7; and 473.844, subdivisions 2 and 5; Laws 1984, chapter 644, section 81, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 115A and 473."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 88 and 322 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 274, 781, 1278, 1353, 1356, 335, 459, 661, 896, 814, 901, 954, 986, 1071, 1077, 1140, 1148, 1203, 1214, 1238, 1244, 1254, 1329, 1347, 1357 and 1388 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Hartinger introduced:

H. F. No. 1628, A bill for an act relating to crime victims; making the battered women's council permanent; providing funds for the battered women program; appropriating money; amending Minnesota Statutes 1984, section 517.08, subdivision 1c.

The bill was read for the first time and referred to the Committee on Crime and Family Law.

Kelly, Tomlinson, Vellenga, Valento and Bennett introduced:

H. F. No. 1629, A bill for an act relating to health; creating a public corporation to provide health care services and research; providing that subsidiaries govern St. Paul Ramsey Medical Center and a physicians and dentists association; proposing coding for new law in Minnesota Statutes, chapter 246A; repealing Minnesota Statutes 1984, section 383A.41.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Knickerbocker, Hartle and Wynia introduced:

H. F. No. 1630, A bill for an act relating to insurance; life; providing for the payment of a fee to the commissioner for valuing policies; amending Minnesota Statutes 1984, section 60A.14, subdivision 1.

The bill was read for the first time and referred to the Committee on Financial Institutions and Insurance.

Clark, Omann, Gruenes, Redalen and McLaughlin introduced:

H. F. No. 1631, A bill for an act relating to utilities; providing for access by disabled persons to telephone service; amending Minnesota Statutes 1984, section 237.01, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 237.

The bill was read for the first time and referred to the Committee on Regulated Industries and Energy.

Kelly, Frederickson, McDonald, Welle and Simoneau introduced:

H. F. No. 1632, A bill for an act relating to the state treasurer; transferring most of the duties of the state treasurer to the commissioner of finance and other state officials; transferring personnel positions from the office of state treasurer to the department of finance; abolishing the state treasurer's revolving fund for cashing checks; amending Minnesota Statutes 1984, sections 6.60; 7.06; 7.09, subdivisions 1, 3, and 4; 7.10; 7.12, subdivision 1; 7.19; 7.193, subdivisions 1 and 2; 7.20; 9.031, subdivisions 1, 2, 3, 6, 7, 8, 10, and 12; 10.24; 10.25; 10.26; 10.27; 10A.31, subdivisions 6, 7, 8, 9, and 10; 10A.32, subdivisions 2 and 3; 11A.04; 11A.07, subdivision 4; 11A.10, subdivisions 1 and 4; 11A.15, subdivision 3; 11A.20, subdivision 1; 12.24, subdivision 2; 15.16, subdivision 3; 15.73, subdivision 3; 15A.081, subdivision 6; 16A.055, subdivision 1; 16A.125, subdivisions 5 and 6; 16A.127, subdivision 7; 16A.13, subdivisions 1 and 2a; 16A.131, subdivision 1; 16A.27, subdivision 1; 16A.275; 16A.40; 16A.42, subdivision 2; 16A.45, subdivisions 1 and 2; 16A.47; 16A.58; 16A.672, subdivisions 1, 2, and 3; 16B.05, subdivision 2; 18.434, subdivision 2; 31.15; 32.394, subdivision 8; 32A.05, subdivision 4; 32A.09, subdivision 6; 35.08; 35.09, subdivision 3; 42.06, subdivision 4; 42.09, subdivision 3; 43A.08, subdivisions 1 and 1a; 43A.37, subdivision 1; 46.041, subdivision 1; 47.54, subdivision 1; 48.67; 49.24, subdivisions 7, 13, and 16; 51A.51, subdivisions 1, 2, 3, 3a, and 5; 52.06, subdivision 1; 52.20, subdivision 5; 53.03, subdivisions 1 and 6; 56.02; 60A.15, subdivision 8; 60A.17, subdivisions 1a, 7a, and 13; 60A.199, subdivision 2; 60B.47, subdivisions 1 and 2; 69.54; 69.55; 69.56; 72B.04, subdivision 10; 79.34, subdivision 1; 82.34, subdivisions 1 and 5; 84.153, subdivision 5; 84.415, subdivision 5; 84A.04; 84A.11; 84A.23; 84A.33; 84A.40; 84A.52; 88.063, subdivision 3; 89.036; 89.43; 90.173; 92.06, subdivision 4; 92.21, subdivision 1; 92.23; 92.24; 93.08, subdivision 2; 93.17; 93.19, subdivisions 1 and 2; 93.20, subdivisions 7, 9, 19, and 31; 93.22; 93.283, subdivisions 5 and 6; 94.346, subdivision 2; 94.53; 97.49, subdivision 1; 97.85, subdivision 1; 98.50, subdivision 10; 115.77, subdivision 2; 115A.54, subdivision 3; 115A.57, subdivision 1; 115A.58, subdivisions 2 and 4; 116.16, subdivisions 4 and 8; 116.17, subdivisions 2 and 4; 116J.64, subdivisions 6, 7, and 10; 117.135, subdivision 2; 121.28; 124.12, subdivision 2; 124.42, subdivision 3; 124.43, subdivision 5; 124.46, subdivision 2; 124.62, subdivision 3; 124A.031, subdivision 2; 125.08; 128A.07; 136.40, subdivision 3; 136C.211; 136C.212; 136C.223; 136C.41, subdivision 5; 136C.42, subdivision 3; 136C.43, subdivisions 2, 4, and 5; 141.25, subdivision 5; 141.26, subdivision 3; 144.09; 144.10; 145.-125, subdivision 2; 156.02, subdivision 2; 156.072, subdivision 2; 156A.07, subdivision 2; 161.04, subdivision 2; 161.05; 161.06, subdivision 1; 161.07; 161.36, subdivision 5; 161.41, subdivision 3; 162.16; 163.051, subdivision 2; 167.50, subdivision 2; 167.51, subdivision 2; 168.33, subdivision 2; 168.67; 168C.11, subdivision 1; 174.50, subdivision 3; 174.51, subdivisions 2, 4, and 5; 176.129, subdivisions 1, 7, and 8; 176.134, subdivision 1; 176.181, subdivisions 2 and 5; 176.421, subdivision 4; 176.581, subdivision 2;

176.591, subdivisions 2 and 3; 176.602; 177.27, subdivision 5; 186.04; 190.11; 193.23, subdivision 1; 204B.11, subdivision 1; 214.06, subdivision 1; 214.13, subdivision 1; 222.025; 223.175, subdivision 4; 237.11; 240.10; 240.15, subdivision 6; 240.22; 241.08, subdivision 1; 241.09, subdivision 1; 241.10; 241.13, subdivision 1; 241.27, subdivision 4; 243.48, subdivision 1; 246.15, subdivision 1; 246.16; 246.18; 246.21; 246.41, subdivision 2; 246.51, subdivision 1; 248.07, subdivision 12; 256.01, subdivision 11; 256.89; 256.90; 256.92; 256B.041, subdivision 5; 256B.20; 260.311, subdivisions 4 and 6; 268.05, subdivisions 2 and 3; 268.15, subdivision 3; 270.45; 271.12; 272.68, subdivision 1; 273.02, subdivision 6; 276.11; 280.29; 282.19; 282.226; 282.33, subdivision 1; 282.36; 284.28, subdivisions 8 and 9; 287.11; 287.25; 291.32, subdivision 1; 293.06; 293.08; 293.09; 293.11; 296.06, subdivision 2; 296.421, subdivision 3; 298.39; 298.396; 298.64; 299.08; 299D.03, subdivision 5; 299F.17, subdivision 1; 299F.22; 299F.60, subdivision 4; 300.19; 300.49, subdivision 1; 302A.771; 303.07, subdivision 1; 303.16, subdivision 2; 303.19, subdivision 2; 303.25, subdivision 3; 308.84; 308.905; 325A.06, subdivision 3; 332.15, subdivision 4; 340.11, subdivision 21; 340.461, subdivision 2; 340.62; 340.63, subdivision 2; 341.10; 345.515; 349.212, subdivision 2; 349.52, subdivisions 2 and 3; 351.11; 352.01, subdivision 3; 352.04, subdivision 4; 352.05; 352B.01, subdivision 4; 352B.02, subdivision 1; 352B.03, subdivision 2; 353.05; 353.27, subdivision 4; 354.06, subdivision 3; 354.07, subdivision 4; 354.52, subdivisions 4 and 5; 355.04, subdivision 5; 357.021, subdivision 2a; 360.017, subdivision 2; 360.305, subdivisions 1, 2, and 5; 361.03, subdivision 5; 361.27, subdivision 2; 385.05; 385.20; 424.165, subdivisions 1 and 2; 458A.03, subdivision 3; 462A.17, subdivision 3; 462A.18, subdivisions 1 and 2; 473.606, subdivision 1; 475A.04, subdivisions 1, 2, and 4; 475A.06, subdivisions 2, 4, and 5; 481.01; 490.102, subdivision 6; 490.123, subdivision 2; 508.75; 508.77; 508.82; 508A.22, subdivision 3; 508A.77; 508A.82; 517.08, subdivision 1c; 525.161; 525.841; 574.261; 609.101; 626.85, subdivisions 2 and 3; and 626.861, subdivisions 2 and 3; proposing coding for new law in Minnesota Statutes, chapter 7; repealing Minnesota Statutes 1984, sections 7.01; 7.013; 7.02; 7.03; 7.04; 7.05; 7.13; 7.14; 7.15; 7.16; 7.17; 7.18; 10.18; 10.19; 10.20; 10.21; 10.22; 10.23; 16A.42, subdivision 3; 46.15; 48.87; 69.031, subdivision 2; 124.471; 349.212, subdivision 3; 360.301; 360.302; 360.304; 360.306; 360.388; and 360.389.

The bill was read for the first time and referred to the Committee on Governmental Operations.

HOUSE ADVISORIES

The following House Advisory was introduced:

Redalen and Jacobs introduced:

H. A. No. 25, A proposal to study state contracts for long distance telephone service.

The advisory was referred to the Committee on Regulated Industries and Energy.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 428, A bill for an act relating to the city of Eden Prairie; authorizing one annual one-day liquor license.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 1388, A resolution memorializing the President, Congress, and the Secretary of Agriculture to require certain minimum levels of solids-not-fat in fluid milk marketed for direct human consumption.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 468, A bill for an act relating to state departments and agencies; clarifying the duties of the state demographer; amending Minnesota Statutes 1984, sections 275.14; 368.01, subdivision 1a; and 368.015.

H. F. No. 580, A bill for an act relating to economic development; providing for the election of certain community development corporation directors; amending Minnesota Statutes 1984, section 116M.04, subdivision 6.

H. F. No. 602, A bill for an act relating to alcoholic beverages; allowing certain extensions of credit; amending Minnesota Statutes 1984, sections 340.031, subdivision 2; and 340.405.

H. F. No. 698, A bill for an act relating to intoxicating liquor; authorizing the city of North Mankato to issue one short-term, on-sale liquor license.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 454, A bill for an act relating to motor vehicles; providing defense to charge of operating motor vehicle without valid registration; amending Minnesota Statutes 1984, sections 168.09, by adding a subdivision; and 168.11, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

McKasy moved that the House concur in the Senate amendments to H. F. No. 454 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 454, A bill for an act relating to motor vehicles; providing defense to charge of operating motor vehicle without valid registration; amending Minnesota Statutes 1984, sections 168.09, by adding a subdivision; and 168.11, by adding a subdivision.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 124 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Brown	Erickson	Haukoos	Krueger
Anderson, R.	Burger	Fjoslien	Heap	Kvam
Backlund	Carlson, J.	Forsythe	Himle	Levi
Battaglia	Carlson, L.	Frederick	Jacobs	Lieder
Beard	Clark	Frederickson	Johnson	Long
Becklin	Clausnitzer	Frerichs	Kahn	Marsh
Begich	Cohen	Greenfield	Kalis	McDonald
Bennett	Dempsey	Gruenes	Kelly	McEachern
Blatz	DenOuden	Gutknecht	Kiffmeyer	McKasy
Boo	Dimler	Halberg	Knickerbocker	McPherson
Brandl	Dyke	Hartinger	Knuth	Metzen
Brinkman	Elioff	Hartle	Kostohryz	Miller

Minne	Ozment	Rice	Simoneau	Uphus
Munger	Pappas	Richter	Skoglund	Valan
Murphy	Pauly	Riveness	Solberg	Valento
Nelson, K.	Peterson	Rodosovich	Sparby	Vanasek
Neuenschwander	Piepho	Sarna	Stanius	Vellenga
Norton	Piper	Schafer	Staten	Voss
O'Connor	Poppenhagen	Scheid	Sviggum	Waltman
Ogren	Price	Schoenfeld	Thiede	Welle
Olsen, S.	Quinn	Schreiber	Thorson	Wenzel
Olson, E.	Quist	Seaberg	Tjornhom	Wynia
Onnen	Redalen	Segal	Tomlinson	Zaffke
Osthoff	Rees	Shaver	Tompkins	Spk. Jennings, D.
Otis	Rest	Sherman	Tunheim	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 204, A bill for an act relating to higher education; creating a student advisory council to the higher education coordinating board; amending Minnesota Statutes 1984, section 136A.02, subdivisions 1 and 1a, and by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Piepho moved that the House concur in the Senate amendments to H. F. No. 204 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 204, A bill for an act relating to higher education; creating a student advisory council to the higher education coordinating board; requiring, as nearly as possible, one-sixth of the terms of voting members of the higher education coordinating board to expire each year; amending Minnesota Statutes 1984, section 136A.02, subdivisions 1 and 1a, and by adding a subdivision.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 124 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Kvam	Pappas	Skoglund
Anderson, R.	Fjoslien	Levi	Pauly	Solberg
Backlund	Forsythe	Lieder	Peterson	Sparby
Battaglia	Frederick	Long	Piepho	Stanius
Beard	Frederickson	Marsh	Piper	Staten
Begich	Frerichs	McDonald	Poppenhagen	Sviggum
Bennett	Greenfield	McEachern	Price	Thiede
Blatz	Gruenes	McLaughlin	Quinn	Thorson
Boerboom	Gutknecht	McPherson	Quist	Tjornhom
Boo	Halberg	Metzen	Redalen	Tomlinson
Brandl	Hartinger	Miller	Rest	Tompkins
Brinkman	Hartle	Minne	Rice	Tunheim
Brown	Haukoos	Munger	Richter	Uphus
Burger	Heap	Murphy	Riveness	Valan
Carlson, D.	Himle	Nelson, K.	Rodosovich	Valento
Carlson, J.	Jacobs	Neuenschwander	Rose	Vanasek
Carlson, L.	Jennings, L.	Norton	Sarna	Vellenga
Clark	Johnson	O'Connor	Schafer	Voss
Clausnitzer	Kahn	Ogren	Schoenfeld	Waltman
Cohen	Kalis	Olsen, S.	Schreiber	Welle
Dempsey	Kelly	Olson, E.	Seaberg	Wenzel
DenOuden	Kiffmeyer	Omann	Segal	Wynia
Dimler	Knickerbocker	Onnen	Shaver	Zaffke
Dyke	Kostohryz	Otis	Sherman	Spk. Jennings, D.
Elioff	Krueger	Ozment	Simoneau	

Those who voted in the negative were:

Rees

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 256, A bill for an act relating to motor vehicles; defining terms; regulating van-type motor homes; amending Minnesota Statutes 1984, sections 168.011, subdivision 25, and by adding subdivisions; and 168.27, subdivisions 2 and 10.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Bennett moved that the House concur in the Senate amendments to H. F. No. 256 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 256, A bill for an act relating to motor vehicles; defining terms; regulating van-type motor homes; amending

Minnesota Statutes 1984, sections 168.011, subdivision 25, and by adding subdivisions; and 168.27, subdivisions 2 and 10.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Elioff	Kostohryz	Otis	Sherman
Anderson, R.	Ellingson	Kvam	Ozment	Simoneau
Backlund	Erickson	Levi	Pappas	Skoglund
Battaglia	Fjoslien	Lieder	Pauly	Solberg
Beard	Forsythe	Long	Peterson	Sparby
Becklin	Frederick	Marsh	Piepho	Stanius
Begich	Frederickson	McDonald	Piper	Staten
Bennett	Frerichs	McEachern	Poppenhagen	Sviggum
Bishop	Greenfield	McKasy	Price	Thiede
Blatz	Gruenes	McLaughlin	Quinn	Thorson
Boerboom	Gutknecht	McPherson	Quist	Tjornhom
Boo	Halberg	Metzen	Redalen	Tomlinson
Brandl	Hartinger	Miller	Rees	Tompkins
Brinkman	Hartle	Minne	Rest	Tunheim
Brown	Haukoos	Munger	Rice	Uphus
Burger	Heap	Murphy	Richter	Valan
Carlson, D.	Himle	Nelson, K.	Riveness	Valento
Carlson, J.	Jacobs	Neuenschwander	Rodosovich	Vanasek
Carlson, L.	Jennings, L.	Norton	Rose	Vellenga
Clark	Johnson	O'Connor	Sarna	Voss
Clausnitzer	Kahn	Ogren	Schafer	Waltman
Cohen	Kalis	Olsen, S.	Scheid	Welle
Dempsey	Kelly	Olson, E.	Schoenfeld	Wenzel
DenOuden	Kiffmeyer	Omann	Seaberg	Wynia
Dimler	Knickerbocker	Onnen	Segal	Zaffke
Dyke	Knuth	Osthoff	Shaver	Spk. Jennings, D.

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 907, A bill for an act relating to Ramsey county; providing for the creation, organization, powers, and duties of a personnel system; providing penalties; amending Minnesota Statutes 1984, sections 383.405; and 383A.41, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 383A; repealing Minnesota Statutes 1984, sections 383A.28; 383A.29; 383A.30; and 383A.31.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Valento moved that the House concur in the Senate amendments to H. F. No. 907 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 907, A bill for an act relating to Ramsey county; providing for the creation, organization, powers, and duties of a personnel system; providing penalties; amending Minnesota Statutes 1984, sections 383.405; and 383A.41, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 383A; repealing Minnesota Statutes 1984, sections 383A.28; 383A.29; 383A.30; and 383A.31.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 127 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Levi	Pappas	Skoglund
Anderson, R.	Erickson	Lieder	Peterson	Solberg
Backlund	Fjoslien	Long	Piepho	Sparby
Battaglia	Forsythe	Marsh	Piper	Stanius
Beard	Frederick	McDonald	Poppenhagen	Staten
Becklin	Frederickson	McEachern	Price	Sviggum
Begich	Frerichs	McKasy	Quinn	Thiede
Bennett	Greenfield	McLaughlin	Quist	Thorson
Blatz	Gruenes	McPherson	Redalen	Tjornhom
Boerboom	Gutknecht	Metzen	Rees	Tomlinson
Boo	Halberg	Miller	Rest	Tompkins
Brandl	Hartinger	Minne	Rice	Tunheim
Brinkman	Hartle	Munger	Richter	Uphus
Brown	Haukoos	Murphy	Riveness	Valan
Burger	Heap	Nelson, K.	Rodosovich	Valento
Carlson, D.	Himle	Neuenschwander	Rose	Vanasek
Carlson, J.	Jacobs	Norton	Sarna	Vellenga
Carlson, L.	Jennings, L.	O'Connor	Schafer	Waltman
Clark	Johnson	Ogren	Scheid	Welle
Clausnitzer	Kahn	Olsen, S.	Schoenfeld	Wenzel
Cohen	Kalis	Olson, E.	Schreiber	Wynia
Dempsey	Kelly	Omann	Seaberg	Zaffke
DenOuden	Kiffmeyer	Onnen	Segal	Spk. Jennings, D.
Dimler	Kostohryz	Osthoff	Shaver	
Dyke	Krueger	Otis	Sherman	
Elioff	Kvam	Ozment	Simoneau	

Those who voted in the negative were:

Knuth Voss

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 565, A bill for an act relating to soil and water conservation; changing powers and duties of the state board; amending Minnesota Statutes 1984, section 40.03, subdivision 4.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Welle moved that the House concur in the Senate amendments to H. F. No. 565 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 565, A bill for an act relating to soil and water conservation; changing powers and duties of the state board; amending Minnesota Statutes 1984, section 40.03, subdivision 4.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dyke	Kelly	O'Connor	Riveness
Anderson, R.	Elioff	Kiffmeyer	Ogren	Rodosovich
Backlund	Ellingson	Knickerbocker	Olsen, S.	Rose
Battaglia	Erickson	Knuth	Olson, E.	Sarna
Beard	Fjoslien	Kostohryz	Omann	Schafer
Becklin	Forsythe	Kvam	Onnen	Scheid
Begich	Frederick	Levi	Osthoff	Schoenfeld
Bennett	Frederickson	Lieder	Otis	Schreiber
Bishop	Frerichs	Long	Ozment	Seaberg
Blatz	Greenfield	Marsh	Pappas	Segal
Bocrboom	Gruenes	McDonald	Pauly	Shaver
Boo	Gutknecht	McEachern	Peterson	Sherman
Brandl	Halberg	McKasy	Piepho	Simoneau
Brinkman	Hartinger	McLaughlin	Piper	Skoglund
Brown	Hartle	McPherson	Poppenhagen	Solberg
Burger	Haukoos	Metzen	Price	Sparby
Carlson, D.	Heap	Miller	Quinn	Stanius
Carlson, J.	Himle	Minne	Quist	Staten
Carlson, L.	Jacobs	Munger	Redalen	Sviggum
Clausnitzer	Jennings, L.	Murphy	Rees	Thiede
Cohen	Johnson	Nelson, K.	Rest	Thorson
Dempsey	Kahn	Neuenschwander	Rice	Tjornhom
Dimler	Kalis	Norton	Richter	Tomlinson

Tompkins	Valan	Vellenga	Welle	Zaffke
Tunheim	Valento	Voss	Wenzel	Spk. Jennings, D.
Uphus	Vanasek	Waltman	Wynia	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1235, A bill for an act relating to state lands; authorizing conveyance of certain state trail lands no longer needed for trails; amending Laws 1981, chapter 190, section 3.

PATRICK E. FLAHAVEN, Secretary of the Senate

Zaffke moved that the House concur in the Senate amendments to H. F. No. 1235 and that the bill be repassed as amended by the Senate.

Wenzel moved that the House refuse to concur in the Senate amendments to H. F. No. 1235, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses.

A roll call was requested and properly seconded.

The question was taken on the Wenzel motion and the roll was called. There were 80 yeas and 41 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	McEachern	Pappas	Sherman
Battaglia	Fjoslien	McLaughlin	Peterson	Simoneau
Beard	Greenfield	Metzen	Piper	Skoglund
Becklin	Gruenes	Minne	Price	Solberg
Begich	Jacobs	Murphy	Quinn	Sparby
Boo	Jennings, L.	Nelson, K.	Rees	Staten
Brandl	Johnson	Neuenschwander	Rest	Thiede
Brinkman	Kahn	Norton	Rice	Tomlinson
Brown	Kalis	O'Connor	Richter	Tunheim
Carlson, D.	Kelly	Ogren	Riveness	Uphus
Carlson, L.	Knuth	Olsen, S.	Rodosovich	Vanasek
Clark	Kostohryz	Olson, E.	Rose	Vellenga
Clausnitzer	Lieder	Omann	Scheid	Voss
Cohen	Long	Osthoff	Schoenfeld	Welle
Dimler	Marsh	Otis	Seaberg	Wenzel
Elioff	McDonald	Ozment	Segal	Wynia

Those who voted in the negative were:

Anderson, R.	Dyke	Knickerbocker	Redalen	Tompkins
Backlund	Forsythe	Levi	Sarna	Valan
Bennett	Frederick	McKasy	Schafer	Valento
Blatz	Frederickson	McPherson	Schreiber	Waltman
Boerboom	Frerichs	Miller	Shaver	Zaffke
Burger	Hartle	Onnen	Stanius	
Carlson, J.	Haukoos	Piepho	Sviggum	
Dempsey	Heap	Poppenhagen	Thorson	
DenOuden	Kiffmeyer	Quist	Tjornhom	

The motion prevailed.

POINT OF ORDER

Levi raised a point of order pursuant to section 114, paragraphs 4, 5 and 6, of "Mason's Manual of Legislative Procedure" relating to asking questions of members. The Speaker ruled the point of order not well taken.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1382, A bill for an act relating to courts; providing for transcript fees; amending Minnesota Statutes 1984, section 486.06.

PATRICK E. FLAHAVEN, Secretary of the Senate

Cohen moved that the House refuse to concur in the Senate amendments to H. F. No. 1382, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 1358 and 1398.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 721, 1087 and 1447.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 86 and 944.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 921 and 1291.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 615, 825, 1220 and 1249.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 616.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 863, 1208, 1308 and 1404.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 650.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 904 and 1234.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 1411.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 658.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 580.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 1358, A bill for an act relating to local government; providing for the maintenance of town cartways; amending Minnesota Statutes 1984, section 164.08, by adding a subdivision.

The bill was read for the first time.

Quist moved that S. F. No. 1358 and H. F. No. 1435, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1398, A bill for an act relating to deposit and investment of public funds; modifying the collateral requirements for public deposits; amending Minnesota Statutes 1984, sections 118.005, subdivision 1; 118.01; 475.66, subdivision 1; and 475.76, subdivision 1.

The bill was read for the first time.

Schreiber moved that S. F. No. 1398 and H. F. No. 1375, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 721, A bill for an act relating to the city of Plymouth; permitting the establishment of a port authority; amending Laws 1984, chapter 397, section 1.

The bill was read for the first time.

Clausnitzer moved that S. F. No. 721 and H. F. No. 743, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1087, A bill for an act relating to drainage; authorizing the construction of roads rather than bridges or culverts in certain instances; amending Minnesota Statutes 1984, section 106.471, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 106.

The bill was read for the first time.

Hartle moved that S. F. No. 1087 and H. F. No. 1170, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1447, A bill for an act relating to the city of Breckenridge; permitting the establishment of a port authority; authorizing the port authority to exercise the powers of a municipal housing and redevelopment authority.

The bill was read for the first time.

Valan moved that S. F. No. 1447 and H. F. No. 1468, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 86, A bill for an act relating to agriculture; changing requirements for certain adulterated milk or cream; providing a penalty; amending Minnesota Statutes 1984, section 32.21.

The bill was read for the first time.

Uphus moved that S. F. No. 86 and H. F. No. 135, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 944, A bill for an act relating to education; authorizing the sale of computers and related products by the state university board, state board for community colleges, and state board of vocational technical education; requiring contracts with private vendors for service, maintenance, and support; amending Minnesota Statutes 1984, sections 136.24; and 136C.04, by adding a subdivision; proposing coding for new law in Minnesota Statutes 1984, chapter 136.

The bill was read for the first time.

Carlson, L., moved that S. F. No. 944 and H. F. No. 1338, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 921, A bill for an act relating to consumer protection; regulating prepayments of certain funeral and burial goods and services; amending Minnesota Statutes 1984, section 149.11.

The bill was read for the first time.

Frerichs moved that S. F. No. 921 and H. F. No. 1106, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1291, A bill for an act relating to the town of Harmony; allocating money from state transfer funds to replace bridge.

The bill was read for the first time.

Redalen moved that S. F. No. 1291 and H. F. No. 1417, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 615, A bill for an act relating to Lake of the Woods county; authorizing the issuance of bonds for the construction of

jetties and related public improvements; and authorizing the levy of special assessments.

The bill was read for the first time.

Tunheim moved that S. F. No. 615 and H. F. No. 584, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 825, A bill for an act relating to the city of Crystal; regulating the holding of public offices by council members; providing for the adoption of emergency ordinances.

The bill was read for the first time.

Carlson, L., moved that S. F. No. 825 and H. F. No. 997, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1220, A bill for an act relating to the city of Wadena; permitting the establishment of a port authority.

The bill was read for the first time.

Richter moved that S. F. No. 1220 and H. F. No. 1309, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1249, A bill for an act relating to horse racing; making certain technical and clarifying amendments; providing for certain name changes; modifying certain license revocation and suspension procedures; modifying the amounts deducted by the licensee for purses; appropriating money; amending Minnesota Statutes 1984, sections 240.01, subdivision 10; 240.02, subdivision 5; 240.03; 240.04; 240.05, subdivision 2; 240.06, subdivision 2; 240.08, subdivisions 1 and 5; 240.09, subdivisions 2, 3, and 6; 240.13, subdivisions 5 and 6; 240.14, subdivision 1; 240.15, subdivisions 5 and 6; 240.16, subdivisions 1 and 6; 240.18; 240.22; 240.24; 240.25, subdivisions 1 and 4; 240.29; 541.20; and 541.21; repealing Minnesota Statutes 1984, section 624.02.

The bill was read for the first time.

Kostohryz moved that S. F. No. 1249 and H. F. No. 1281, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 616, A bill for an act relating to the city of Warroad; permitting the establishment of a port authority.

The bill was read for the first time.

Tunheim moved that S. F. No. 616 and H. F. No. 594, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 863, A bill for an act relating to commerce; modifying the definition of credit card to include other types of instruments; prescribing criminal penalties for financial transaction card fraud; amending Minnesota Statutes 1984, sections 325G.02, subdivisions 2 and 4; 325G.03; 325G.04; 325G.041; 325G.05; 609.52, subdivisions 1 and 2; and 609.625, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 609.

The bill was read for the first time.

Seaberg moved that S. F. No. 863 and H. F. No. 1076, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1208, A bill for an act relating to the city of Gaylord; authorizing the issuance of general obligation bonds to finance the acquisition and betterment of municipal buildings.

The bill was read for the first time.

Schafer moved that S. F. No. 1208 and H. F. No. 1308, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1308, A bill for an act relating to Olmsted county; providing for sales, leases, and conveyances; providing certain exceptions to public bidding requirements.

The bill was read for the first time.

Frerichs moved that S. F. No. 1308 and H. F. No. 1266, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1404, A bill for an act relating to local government; expanding the authority of counties to make electronic funds transfers; amending Minnesota Statutes 1984, section 385.07; and proposing coding for new law in Minnesota Statutes, chapter 385.

The bill was read for the first time.

Ozment moved that S. F. No. 1404 and H. F. No. 1460, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 650, A bill for an act relating to crimes; increasing the penalty for an offense committed against a transit provider or operator when violence or a threat of violence is not involved; amending Minnesota Statutes 1984, section 609.855, subdivisions 3 and 4.

The bill was read for the first time.

Valento moved that S. F. No. 650 and H. F. No. 788, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 904, A bill for an act relating to local government; granting the cities of Red Wing and Hastings the authority to establish a port authority; authorizing each port authority to exercise the power of a municipal housing and redevelopment authority; authorizing the cities to impose restrictions and limitations upon the powers and procedures of the port authority; permitting each city to choose the name of the port authority; providing for removal of port authority commissioners; requiring local approval.

The bill was read for the first time.

Sviggum moved that S. F. No. 904 and H. F. No. 942, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1234, A bill for an act relating to the city of Saint Paul; permitting the city to issue temporary on-sale wine licenses to nonprofit charitable, religious, or veterans organizations.

The bill was read for the first time.

Osthoff moved that S. F. No. 1234 and H. F. No. 1171, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1411, A bill for an act relating to the city of Bemidji; permitting the city to contribute to a community seed capital fund.

The bill was read for the first time.

Thorson moved that S. F. No. 1411 and H. F. No. 1503, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 658, A bill for an act relating to wild animals; altering certain provisions regarding taking and possession, and penal-

ties related thereto; amending Minnesota Statutes 1984, sections 97.55, subdivision 16; 98.46, subdivision 5; 98.52, by adding a subdivision; 100.273, subdivisions 6 and 9; and 100.29, subdivision 8; repealing Minnesota Statutes 1984, section 97.55, subdivision 4.

The bill was read for the first time.

Thiede moved that S. F. No. 658 and H. F. No. 623, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 580, A bill for an act relating to the city of Lakeville; appropriating money to return a forfeiture.

The bill was read for the first time and referred to the Committee on Appropriations.

There being no objection the order of business reverted to Reports of Standing Committees.

REPORTS OF STANDING COMMITTEES

Levi from the Committee on Rules and Legislative Administration to which was referred:

House Concurrent Resolution No. 8, A house concurrent resolution designating the "Red Ribbon" to commemorate Minnesota citizens who are still missing in action or are being held against their will in Asian countries.

Reported the same back with the recommendation that the resolution be adopted.

The report was adopted.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Levi, from the Committee on Rules and Legislative Administration, pursuant to Rule 1.9, designated the following bills as Special Orders following the Special Orders pending for today, Monday, April 29, 1985:

H. F. Nos. 1001, 800, 957, 229, 237, 607, 1040, 1369, 1097, 1227 and 442.

CONSENT CALENDAR

S. F. No. 783 was reported to the House.

Olson, E., moved to amend S. F. No. 783, the second engrossment, as follows:

Page 2, after line 9, insert *"Notwithstanding any contrary provision, the department of natural resources is required to maintain the fire department in the Itasca Park complex at its present location."*

The motion prevailed and the amendment was adopted.

S. F. No. 783, A bill for an act relating to natural resources; authorizing additions to and deletions from certain state parks; amending Laws 1980, chapter 489, section 1, subdivision 4, and by adding a subdivision.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 124 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Fjoslien	Levi	Pauly	Skoglund
Backlund	Frederick	Lieder	Peterson	Solberg
Battaglia	Frederickson	Long	Piepho	Sparby
Beard	Frerichs	Marsh	Piper	Stanius
Becklin	Greenfield	McDonald	Poppenhagen	Staten
Begich	Gruenes	McEachern	Price	Sviggum
Bennett	Gutknecht	McKasy	Quinn	Thiede
Blatz	Halberg	McLaughlin	Quist	Thorson
Boerboom	Hartinger	McPherson	Redalen	Tjornhom
Boo	Hartle	Metzen	Rees	Tomlinson
Brandl	Haukoos	Minne	Rest	Tompkins
Brinkman	Heap	Munger	Rice	Tunheim
Brown	Himle	Murphy	Richter	Uphus
Carlson, J.	Jacobs	Nelson, K.	Riveness	Valan
Carlson, L.	Jennings, L.	Neuenschwander	Rodosovich	Valento
Clark	Johnson	Norton	Rose	Vanasek
Clausnitzer	Kahn	O'Connor	Schafer	Vellenga
Cohen	Kalis	Ogren	Scheid	Voss
Dempsey	Kelly	Olsen, S.	Schoenfeld	Waltman
DenOuden	Kiffmeyer	Olson, E.	Schreiber	Welle
Dimler	Knickerbocker	Omann	Seaberg	Wenzel
Dyke	Knuth	Onnen	Segal	Wynia
Elioff	Kostohryz	Osthoff	Shaver	Zaffke
Ellingson	Krueger	Ozment	Sherman	Spk. Jennings, D.
Erickson	Kvam	Pappas	Simoneau	

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

S. F. No. 143, A bill for an act relating to real property; changing effective dates for provisions relating to validation of foreclosure sales; amending Minnesota Statutes 1984, section 582.27.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Levi	Peterson	Sparby
Backlund	Erickson	Lieder	Piepho	Stanius
Battaglia	Fjoslien	Long	Piper	Staten
Beard	Forsythe	Marsh	Poppenhagen	Sviggum
Becklin	Frederick	McDonald	Price	Thiede
Begich	Frederickson	McEachern	Quinn	Thorson
Bennett	Frerichs	McKasy	Quist	Tjornhom
Bishop	Greenfield	McLaughlin	Redalen	Tomlinson
Blatz	Gruenes	McPherson	Rees	Tompkins
Boerboom	Gutknecht	Metzen	Rest	Tunheim
Boo	Halberg	Miller	Rice	Uphus
Brandl	Hartinger	Minne	Richter	Valan
Brinkman	Haukoos	Munger	Riveness	Valento
Brown	Himle	Murphy	Rodosovich	Vanasek
Burger	Jacobs	Nelson, K.	Rose	Vellenga
Carlson, D.	Jennings, L.	Neuenschwander	Sarna	Voss
Carlson, J.	Johnson	Norton	Schafer	Waltman
Carlson, L.	Kahn	O'Connor	Schoenfeld	Welle
Clark	Kalis	Ogren	Schreiber	Wenzel
Clausnitzer	Kelly	Olsen, S.	Seaberg	Wynia
Cohen	Kiffmeyer	Olson, E.	Segal	Zaffke
Dempsey	Knickerbocker	Omann	Shaver	Spk. Jennings, D.
DenOuden	Knuth	Onnen	Sherman	
Dimler	Kostohryz	Ozment	Simoneau	
Dyke	Krueger	Pappas	Skoglund	
Elioff	Kvam	Pauly	Solberg	

The bill was passed and its title agreed to.

S. F. No. 1119, A bill for an act relating to local government; increasing the amount that a county board may credit to the sheriff's contingency fund; amending Minnesota Statutes 1984, section 387.212.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Battaglia	Begich	Blatz	Brandl
Anderson, R.	Beard	Bennett	Boerboom	Brinkman
Backlund	Becklin	Bishop	Boo	Brown

Burger	Hartle	McPherson	Price	Staten
Carlson, D.	Haukoos	Metzen	Quinn	Sviggum
Carlson, J.	Heap	Miller	Quist	Thiede
Carlson, L.	Himle	Minne	Redalen	Thorson
Clark	Jacobs	Munger	Rees	Tjornhom
Clausnitzer	Jennings, L.	Murphy	Rice	Tomlinson
Cohen	Johnson	Nelson, K.	Richter	Tompkins
Dempsey	Kahn	Neuenschwander	Riveness	Tunheim
DenOuden	Kalis	Norton	Rodosovich	Uphus
Dimler	Kelly	O'Connor	Rose	Valan
Dyke	Kiffmeyer	Ogren	Sarna	Valento
Elioff	Knickerbocker	Olsen, S.	Schafer	Vanasek
Ellingson	Knuth	Olson, E.	Scheid	Vellenga
Erickson	Kostohryz	Omann	Schoenfeld	Voss
Fjoslien	Krueger	Onnen	Schreiber	Waltman
Forsythe	Kvam	Osthoff	Seaberg	Welle
Frederick	Levi	Otis	Segal	Wenzel
Frederickson	Lieder	Ozment	Shaver	Wynia
Frerichs	Long	Pappas	Sherman	Zaffke
Greenfield	Marsh	Pauly	Simoneau	Spk. Jennings, D.
Gruenes	McDonald	Peterson	Skoglund	
Gutknecht	McEachern	Piepho	Solberg	
Halberg	McKasy	Piper	Sparby	
Hartinger	McLaughlin	Poppenhagen	Stanius	

The bill was passed and its title agreed to.

CONSIDERATION UNDER RULE 1.10

Pursuant to rule 1.10, Schreiber requested immediate consideration of H. F. No. 756.

H. F. No. 756 was reported to the House.

The Speaker called Halberg to the Chair.

CALL OF THE HOUSE

On the motion of Levi and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Anderson, G.	Carlson, J.	Gutknecht	Levi	Olsen, S.
Anderson, R.	Carlson, L.	Halberg	Lieder	Olson, E.
Backlund	Clark	Hartinger	Long	Omann
Battaglia	Clausnitzer	Hartle	Marsh	Onnen
Beard	Cohen	Haukoos	McDonald	Osthoff
Becklin	Dempsey	Heap	McKasy	Otis
Begich	DenOuden	Himle	McLaughlin	Ozment
Bennett	Dimler	Jacobs	McPherson	Pappas
Bishop	Dyke	Jennings, L.	Metzen	Pauly
Blatz	Elioff	Kalis	Miller	Peterson
Boerboom	Erickson	Kelly	Minne	Piepho
Boo	Fjoslien	Kiffmeyer	Murphy	Piper
Brandl	Forsythe	Knickerbocker	Nelson, K.	Poppenhagen
Brinkman	Frederick	Knuth	Neuenschwander	Price
Brown	Frederickson	Kostohryz	Norton	Quinn
Burger	Frerichs	Krueger	O'Connor	Quist
Carlson, D.	Gruenes	Kvam	Ogren	Redalen

Rees	Scheid	Skoglund	Tjornhom	Vanasek
Rest	Schoenfeld	Solberg	Tomlinson	Vellenga
Richter	Schreiber	Sparby	Tompkins	Waltman
Riveness	Seaberg	Stanius	Tunheim	Welle
Rodosovich	Shaver	Sviggum	Uphus	Wenzel
Rose	Sherman	Thiede	Valan	
Schafer	Simoneau	Thorson	Valento	

Levi moved that further proceedings of the roll call be dispensed with and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

Schreiber moved to amend H. F. No. 756, the first engrossment, as follows:

Page 15, line 3, delete "*or*"

Page 15, line 4, delete "*or mentally*" and insert "*, or (d) in the case of an individual, other than the taxpayer or the taxpayer's spouse, who is mentally retarded, who is not a dependent for purposes of the credits provided by section 290.06, subdivision 3f, and for whom the taxpayer provides the chief support*"

Page 15, line 5, delete "*retarded*"

Page 16, after line 5, insert:

"Sec. 10. Minnesota Statutes 1984, section 290.01, subdivision 20f, is amended to read:

Subd. 20f. [MODIFICATION FOR ACCELERATED COST RECOVERY SYSTEM.] A modification shall be made for the allowable deduction under the accelerated cost recovery system. The allowable deduction for the accelerated cost recovery system as provided in section 168 of the Internal Revenue Code of 1954 shall be the same amount as provided in that section for individuals, estates, and trusts with the following modifications:

(1) For property placed in service after December 31, 1980, and for taxable years beginning before January 1, 1982, 15 percent of the allowance provided in section 168 of the Internal Revenue Code of 1954 shall not be allowed.

(2)(a) For taxable years beginning after December 31, 1981, and before January 1, 1983, for 15-year real property as defined in section 168 of the Internal Revenue Code of 1954, 40 percent of the allowance provided in section 168 of the Internal Revenue Code of 1954 shall not be allowed and for all other property, 17 percent of the allowance shall not be allowed.

(b) For taxable years beginning after December 31, 1982, and with respect to property placed in service in taxable years beginning before January 1, 1983, for 15-year real property as

defined in section 168 of the Internal Revenue Code of 1954, 40 percent of the allowance provided in section 168 of the Internal Revenue Code of 1954 shall not be allowed and for all other property 20 percent of the allowance shall not be allowed.

(3) For property placed in service in taxable years beginning after December 31, 1982, the allowable deduction shall be the amount provided by section 168 of the Internal Revenue Code of 1954.

(4) For property placed in service after December 31, 1980, for which the taxpayer elects to use the straight line method provided in section 168(b)(3) or a method provided in section 168 (e)(2) of the Internal Revenue Code of 1954, the modifications provided in clauses (1) and (2) do not apply.

(5) For property subject to the modifications contained in clause (1) or (2) above, the following modification shall be made after the entire amount of the allowable deduction for that property under the provision of section 168 of the Internal Revenue Code of 1954 has been obtained. The remaining depreciable basis in those assets for Minnesota purposes shall be a depreciation allowance computed by using the straight line method over the following number of years:

(a) 3 year property—1 year.

(b) 5 year property—2 years.

(c) 10 year property—5 years.

(d) All 15 year property—7 years.

(6) The basis of property to which section 168 of the Internal Revenue Code of 1954 applies shall be its basis as provided in this chapter and including the modifications provided in this subdivision. The recapture tax provisions provided in sections 1245 and 1250 of the Internal Revenue Code of 1954 shall apply but shall be calculated using the basis provided in the preceding sentence. When an asset is exchanged for another asset including an involuntary conversion and under the provision of the Internal Revenue Code of 1954 gain is not recognized in whole or in part on the exchange of the first asset, the basis of the second asset shall be the same as its federal basis provided that the difference in basis due to clause (1) or (2) can be written off as provided in clause (5).

(7) (THE MODIFICATIONS PROVIDED IN THIS SUBDIVISION SHALL APPLY BEFORE APPLYING ANY LIMITATION TO FARM LOSSES CONTAINED IN SECTION 290.09, SUBDIVISION 29.)

((8)) The first taxable year after the entire amount of the allowable deduction for that property under the provisions of section 168 of the Internal Revenue Code of 1954 has been obtained, or where the straight line method provided in section 168(b)(3) is used, the last taxable year in which an amount of allowable depreciation for that property under section 168 is obtained, the remaining depreciable basis in those assets for Minnesota purposes that is attributable to the basis reduction made for federal purposes under section 48(q) of the Internal Revenue Code of 1954 to reflect the investment tax credit shall be allowed as a deduction. No amount shall be allowed as a deduction under section 196 of the Internal Revenue Code of 1954."

Renumber the sections

Page 17, line 28, delete "*11*" and insert "*12*"

Page 75, line 9, delete "*9, 12 to 18, 20 to 45, 48, and 49*" and insert "*10, 13 to 19, 21 to 46, 49, and 50*"

Page 75, line 11, delete "*19*" and insert "*20*"

Page 75, line 12, delete "*46*" and insert "*47*"

Page 75, line 14, delete "*50*" and insert "*51*"

Page 132, line 9, after the period insert "*A foreign sales corporation is deemed not to be doing business within this state for purposes of section 290.02.*"

Further, amend the title:

Page 1, line 42, delete "and 20e" and insert ", 20e, and 20f"

The motion prevailed and the amendment was adopted.

Schreiber moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 151, line 2, after the stricken language insert: "*The property tax to be paid on that portion of class 3b property consisting of the dwelling and surrounding one acre as otherwise determined by law and which is located in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington, less any reduction received pursuant to sections 273.123 and 473H.10, shall be reduced by an amount equal to one percent of the market value of the property, provided that the amount of the reduction shall not exceed the lesser of $700 or 60 percent of the gross tax.*"

Page 151, line 4, after "law" insert "*and which is located in the 80 non-metropolitan counties,*"

Page 151, line 6, delete "*50*" and insert "*49*"

Page 151, line 7, after "reduction" insert "*for property located in the non-metropolitan counties*" and after the period insert "*For purposes of this subdivision, if property is located in a municipality that is partly within and partly outside the seven metropolitan counties, the entire municipality shall be considered to be in one of the non-metropolitan counties.*"

Page 153, after line 4, insert: "*The property tax to be paid on that portion of class 3c property as otherwise determined by law and which is located in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington, less any reduction received pursuant to sections 273.123 and 473H.10, shall be reduced by an amount equal to one percent of the market value of the property, provided that the amount of the reduction shall not exceed the lesser of $700 or 60 percent of the gross tax.*"

Page 153, line 6, after "law" insert "*and which is located in the 80 non-metropolitan counties*"

Page 153, line 7, delete "*50*" and insert "*49*"

Page 153, line 9, after "reduction" insert "*for property located in the non-metropolitan counties*"

Page 154, after line 35, insert: "*For purposes of this subdivision, if property is located in a municipality that is partly within and partly outside the seven metropolitan counties, the entire municipality shall be considered to be in one of the non-metropolitan counties.*"

Page 158, line 23, after "reduced" insert "*as follows: if the property is located in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington, it shall be reduced by an amount equal to one percent of the market value of the property, provided that the amount of the reduction shall not exceed the lesser of $700 or 60 percent of the tax; or if the property is located in the 80 non-metropolitan counties, it shall be reduced*"

Page 158, line 23, delete "*50*" and insert "*49*"

Page 158, line 25, after the period insert "*For purposes of this subdivision, if property is located in a municipality that is partly within and partly outside the seven metropolitan counties, the entire municipality shall be considered to be in one of the non-metropolitan counties.*"

Page 191, line 10, delete "*greater*" and insert "*lesser*"

Page 203, lines 35 and 36, delete "*$1,250*" and insert "*$1,125*"

Page 204, lines 1 to 22, delete "*$1,250*" and insert "*$1,125*"

Page 204, line 23, delete "*$1,230*" and insert "*$1,105*"

Page 204, line 24, delete "*$1,205*" and insert "*$1,080*"

Page 204, line 26, delete "*$1,175*" and insert "*$1,050*"

Page 204, line 28, delete "*$1,145*" and insert "*$1,020*"

Page 204, line 30, delete "*$1,115*" and insert "*$990*"

Page 204, line 32, delete "*$1,085*" and insert "*$960*"

Page 204, line 34, delete "*$1,055*" and insert "*$930*"

Page 204, line 36, delete "*$1,025*" and insert "*$900*"

Page 205, line 2, delete "*$925*" and insert "*$800*"

Page 205, line 3, delete "*$825*" and insert "*$700*"

Page 205, line 4, delete "*$725*" and insert "*$600*"

Page 205, line 5, delete "*$625*" and insert "*$500*"

Page 205, line 6, delete "*$525*" and insert "*$400*"

Page 205, line 7, delete "*$425*" and insert "*$300*"

Page 205, line 8, delete "*$325*" and insert "*$200*"

Page 205, line 9, delete "*$225*" and insert "*$100*"

Page 205, line 10, delete "*$125*" and insert "*$50*"

Page 207, line 1, strike "two years" and insert "*one year*"

Further, amend the title:

Page 1, line 18, delete "increase" and insert "changes"

A roll call was requested and properly seconded.

Vanasek moved that H. F. No. 756, as amended, be re-referred to the Committee on Taxes.

A roll call was requested and properly seconded.

The question was taken on the Vanasek motion and the roll was called. There were 63 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jacobs	Minne	Piper	Solberg
Battaglia	Jennings, L.	Munger	Price	Sparby
Beard	Kahn	Murphy	Quinn	Staten
Begich	Kalis	Nelson, K.	Rest	Tomlinson
Brandl	Kelly	Neuenschwander	Rice	Tunheim
Brinkman	Knuth	Norton	Riveness	Vanasek
Brown	Kostohryz	O'Connor	Rodosovich	Vellenga
Carlson, L.	Krueger	Ogren	Sarna	Voss
Clark	Lieder	Olson, E.	Scheid	Welle
Cohen	Long	Osthoff	Schoenfeld	Wenzel
Elioff	McEachern	Otis	Segal	Wynia
Ellingson	McLaughlin	Pappas	Simoneau	
Greenfield	Metzen	Peterson	Skoglund	

Those who voted in the negative were:

Anderson, R.	Dimler	Heap	Onnen	Sherman
Backlund	Dyke	Himle	Ozment	Stanius
Becklin	Erickson	Johnson	Pauly	Sviggum
Bennett	Fjoslien	Kiffmeyer	Piepho	Thiede
Bishop	Forsythe	Knickerbocker	Poppenhagen	Thorson
Blatz	Frederick	Kvam	Quist	Tjornhom
Boerboom	Frederickson	Levi	Redalen	Tompkins
Boo	Frerichs	Marsh	Rees	Uphus
Burger	Gruenes	McDonald	Richter	Valan
Carlson, D.	Gutknecht	McKasy	Rose	Valento
Carlson, J.	Halberg	McPherson	Schafer	Waltman
Clausnitzer	Hartinger	Miller	Schreiber	Zaffke
Dempsey	Hartle	Olsen, S.	Seaberg	Spk. Jennings, D.
DenOuden	Haukoos	Omann	Shaver	

The motion did not prevail.

The Speaker resumed the Chair.

The question recurred on the Schreiber amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 70 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Bennett	Boerboom	Carlson, D.	Dempsey
Backlund	Bishop	Boo	Carlson, J.	DenOuden
Becklin	Blatz	Burger	Clausnitzer	Dimler

Dyke	Hartle	McDonald	Quist	Sviggum
Erickson	Haukoos	McKasy	Redalen	Thiede
Fjoslien	Heap	McPherson	Rees	Thorson
Forsythe	Himle	Miller	Richter	Tjornhom
Frederick	Jacobs	Olsen, S.	Rose	Tompkins
Frederickson	Johnson	Omann	Schafer	Uphus
Frerichs	Kiffmeyer	Onnen	Schreiber	Valan
Gruenes	Knickerbocker	Ozment	Seaberg	Valento
Gutknecht	Kvam	Pauly	Shaver	Waltman
Halberg	Levi	Piepho	Sherman	Zaffke
Hartinger	Marsh	Poppenhagen	Stanius	Spk. Jennings, D.

Those who voted in the negative were:

Anderson, G.	Jennings, L.	Munger	Price	Sparby
Battaglia	Kahn	Murphy	Quinn	Staten
Beard	Kalis	Nelson, K.	Rest	Tomlinson
Begich	Kelly	Neuenschwander	Rice	Tunheim
Brandl	Knuth	Norton	Riveness	Vellenga
Brinkman	Kostohryz	O'Connor	Rodosovich	Voss
Brown	Krueger	Ogren	Sarna	Welle
Carlson, L.	Lieder	Olson, E.	Scheid	Wenzel
Clark	Long	Osthoff	Schoenfeld	Wynia
Cohen	McEachern	Otis	Segal	
Elioff	McLaughlin	Pappas	Simoneau	
Ellingson	Metzen	Peterson	Skoglund	
Greenfield	Minne	Piper	Solberg	

The motion prevailed and the amendment was adopted.

Schoenfeld and Redalen moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 66, line 18, after the period insert: "*A gain realized on a sale of agricultural production property, other real property, or equipment, used in a farm business that was owned and operated by the taxpayer shall be exempt from taxation under this chapter, if the taxpaper was insolvent at the time of the sale and the proceeds of the sale were used solely to discharge indebtedness secured by a mortgage, lien or other security interest on the property sold. For purposes of this section, "insolvent" means insolvent as defined in section 108 (d) (3) of the Internal Revenue Code of 1954, as amended through December 31, 1984.*"

The motion prevailed and the amendment was adopted.

Omann offered an amendment to H. F. No. 756, the first engrossment, as amended.

POINT OF ORDER

Schreiber raised a point of order pursuant to rule 5.10 that the Omann amendment was out of order. The Speaker ruled the Schreiber point of order well taken and the Omann amendment out of order.

Voss appealed the decision of the Chair.

A roll call was requested and properly seconded.

The vote was taken on the question "Shall the decision of the Speaker stand as the judgment of the House?" and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 67 yeas and 54 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dyke	Himle	Pauly	Sviggum
Backlund	Erickson	Johnson	Piepho	Thiede
Becklin	Fjoslien	Kiffmeyer	Poppenhagen	Thorson
Bennett	Forsythe	Knickerbocker	Quist	Tjornhom
Bishop	Frederick	Kvam	Redalen	Tompkins
Blatz	Frederickson	Levi	Rees	Uphus
Boerboom	Frerichs	Marsh	Richter	Valan
Boo	Gruenes	McDonald	Rose	Valento
Burger	Gutknecht	McKasy	Schafer	Waltman
Carlson, J.	Halberg	McPherson	Schreiber	Zaffke
Clausnitzer	Hartinger	Miller	Seaberg	Spk. Jennings, D.
Dempsey	Hartle	Olsen, S.	Shaver	
DenOuden	Haukoos	Onnen	Sherman	
Dimler	Heap	Ozment	Stanius	

Those who voted in the negative were:

Anderson, G.	Greenfield	Metzen	Pappas	Simoneau
Battaglia	Kahn	Minne	Peterson	Solberg
Beard	Kalis	Murphy	Piper	Sparby
Begich	Kelly	Nelson, K.	Price	Staten
Brinkman	Knuth	Neuenschwander	Quinn	Tomlinson
Brown	Kostohryz	Norton	Rice	Vanasek
Carlson, L.	Krueger	O'Connor	Riveness	Voss
Clark	Lieder	Ogren	Rodosovich	Welle
Cohen	Long	Olson, E.	Sarna	Wenzel
Elioff	McEachern	Osthoff	Scheid	Wynia
Ellingson	McLaughlin	Otis	Schoenfeld	

So it was the judgment of the House that the decision of the Speaker should stand.

Brandl moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 134, delete lines 34 to 36 and insert:

"Section 1. Minnesota Statutes 1984, section 16A.15, subdivision 6, is amended to read:

Subd. 6. [BUDGET RESERVE ACCOUNT.] A budget reserve account is created in the general fund in the state treasury. The commissioner of finance on July 1, 1983, shall transfer $250,000,000 to the budget reserve account. The commissioner of

finance on July 1, 1984, shall transfer an additional $125,000,000 to the budget reserve account in the general fund. *The commissioner of finance on July 1, 1985, shall transfer an additional $125,000,000 to the budget reserve account in the general fund.* The amounts transferred shall remain in the budget reserve account until expended under subdivision 1."

Delete pages 135 to 137

Page 138, delete lines 1 to 19

Further, amend the title:

Page 2, line 29, delete "16A;"

A roll call was requested and properly seconded.

The question was taken on the Brandl amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 58 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Metzen	Peterson	Solberg
Battaglia	Jennings, L.	Minne	Piper	Sparby
Beard	Kahn	Munger	Price	Staten
Begich	Kalis	Murphy	Quinn	Tomlinson
Brandl	Kelly	Nelson, K.	Rest	Tunheim
Brinkman	Knuth	Neuenschwander	Rice	Vanasek
Brown	Kostohryz	Norton	Riveness	Vellenga
Carlson, L.	Krueger	O'Connor	Rodosovich	Voss
Clark	Lieder	Ogren	Schoenfeld	Welle
Cohen	Long	Olson, E.	Segal	Wynia
Elioff	McEachern	Otis	Simoneau	
Ellingson	McLaughlin	Pappas	Skoglund	

Those who voted in the negative were:

Anderson, R.	Dimler	Heap	Omann	Sherman
Backlund	Dyke	Himle	Onnen	Stanius
Becklin	Erickson	Jacobs	Ozment	Sviggum
Bennett	Fjoslien	Johnson	Pauly	Thiede
Bishop	Forsythe	Kiffmeyer	Piepho	Thorson
Blatz	Frederick	Knickerbocker	Poppenhagen	Tjornhom
Boerboom	Frederickson	Kvam	Redalen	Tompkins
Boo	Frerichs	Levi	Rees	Uphus
Burger	Gruenes	Marsh	Richter	Valan
Carlson, D.	Gutknecht	McDonald	Rose	Valento
Carlson, J.	Halberg	McKasy	Schafer	Waltman
Clausnitzer	Hartinger	McPherson	Schreiber	Wenzel
Dempsey	Hartle	Miller	Seaberg	Zaffke
DenOuden	Haukoos	Olsen, S.	Shaver	Spk. Jennings, D.

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

Tomlinson moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Pages 2 to 75, delete Article 1 and insert:

"ARTICLE 1

Section 1. Minnesota Statutes 1984, section 10A.31, subdivision 1, is amended to read:

Subdivision 1. Every individual resident of Minnesota who files an income tax return or a renter and homeowner property tax refund return with the commissioner of revenue may designate on their original return that $2 shall be paid from the general fund of the state into the state elections campaign fund. If a husband and wife file a joint return, each spouse may designate that $2 shall be paid. (AN INDIVIDUAL WHO IS 18 YEARS OF AGE OR OLDER, WHO IS A RESIDENT OF MINNESOTA, AND WHO IS A DEPENDENT OF ANOTHER INDIVIDUAL WHO FILES A TAX RETURN OR A RENTER AND HOMEOWNER PROPERTY TAX REFUND RETURN, MAY DESIGNATE THAT $2 SHALL BE PAID FROM THE GENERAL FUND OF THE STATE INTO THE STATE ELECTIONS CAMPAIGN FUND.) No individual shall be allowed to designate $2 more than once in any year.

Sec. 2. Minnesota Statutes 1984, section 10A.31, subdivision 3, is amended to read:

Subd. 3. The commissioner of the department of revenue shall provide on the first page of the income tax form and the renter and homeowner property tax refund return a space for the (FILING) individual (AND ANY ADULT DEPENDENT OF THAT INDIVIDUAL) to indicate (WHETHER OR NOT) he wishes to allocate $2 ($4 if filing a joint return) from the general fund of the state to finance the election campaigns of state candidates. The form shall also contain language prepared by the commissioner which permits the individual to direct the state to allocate the $2 (or $4 if filing a joint return) to: (i) one of the major political parties; (ii) any minor political party as defined in section 10A.01, subdivision 13, which qualifies under the provisions of subdivision 3a; or (iii) all qualifying candidates as provided by subdivision 7. (THE DEPENDENT ON THE TAX RETURN OR THE RENTER AND HOMEOWNER PROPERTY TAX REFUND RETURN SHALL SIGN A STATEMENT WHICH AUTHORIZES THE DESIGNATION OF $2.) The renter and homeowner property tax refund return shall include instructions that the individual filing the return may designate $2 on the return only if he has not designated $2 on the income tax return.

Sec. 3. Minnesota Statutes 1984, section 13.04, subdivision 2, is amended to read:

Subd. 2. [INFORMATION REQUIRED TO BE GIVEN INDIVIDUAL.] An individual asked to supply private or confidential data concerning himself shall be informed of: (a) the purpose and intended use of the requested data within the collecting state agency, political subdivision, or statewide system; (b) whether he may refuse or is legally required to supply the requested data; (c) any known consequence arising from his supplying or refusing to supply private or confidential data; and (d) the identity of other persons or entities authorized by state or federal law to receive the data. This requirement shall not apply when an individual is asked to supply investigative data, pursuant to section 13.82, subdivision 5, to a law enforcement officer.

The commissioner of revenue may place the notice required under this subdivision in the individual income tax or property tax refund instructions instead of on those forms.

Sec. 4. Minnesota Statutes 1984, section 41.55, is amended to read:

41.55 [ELIGIBILITY.]

A family farm security loan approval may be granted if the following criteria are satisfied:

(a) That the applicant is a resident of the state of Minnesota;

(b) That the applicant has sufficient education, training, or experience in the type of farming for which he wishes the loan and continued participation in a farm management program, approved by the commissioner, for at least the first ten years of the family farm security loan;

(c) That the applicant, his dependents and spouse have total net worth valued at less than $75,000 and has demonstrated a need for the loan;

(d) That the applicant intends to purchase farm land to be used by the applicant for agricultural purposes;

(e) That the applicant is credit worthy according to standards prescribed by the commissioner (;)

((F) THAT THE SELLER HAS NOT ACQUIRED THE FARM LAND FOR PURPOSES OF OBTAINING THE INCOME TAX EXEMPTION ALLOWED BY SECTIONS 41.58 AND LAWS 1976, CHAPTER 210, SECTION 12).

Sec. 5. Minnesota Statutes 1984, section 117.55, is amended to read:

117.55 [PAYMENTS NOT CONSIDERED INCOME FOR TAX OR PUBLIC ASSISTANCE PURPOSES.]

No payments received under sections 117.50 to 117.56 shall be considered (AS INCOME FOR THE PURPOSES OF CHAPTER 290, OR) for purposes of determining the eligibility or the extent of eligibility of any person for public assistance based on need under the laws of the state of Minnesota.

Sec. 6. Minnesota Statutes 1984, section 270.68, subdivision 4, is amended to read:

Subd. 4. [CONFESSION OF JUDGMENT.] (a) The commissioner may, within 3-1/2 years after any return or report is filed, notwithstanding section 541.09, enter judgment on any confession of judgment contained in the return or report after ten days notice served upon the taxpayer by mail at the address shown in his return or report. The judgment shall be entered by the clerk of court of any county upon the filing of a photocopy or similar reproduction of that part of the return or report containing the confession of judgment along with a statement of the commissioner or his agent that the tax has not been paid. *The commissioner may prescribe the words for the confession of judgment statement contained in the return or report.*

(b) Notwithstanding any other provision of the law to the contrary, the commissioner may, within five years after a written agreement is signed by the taxpayer and the commissioner under the provisions of section 270.67, subdivision 2, enter judgment on the confession of judgment contained within the agreement after ten days notice served upon the taxpayer at the address shown in the agreement. Such judgment shall be entered by the clerk of court of any county upon the filing of the agreement or a certified copy thereof along with a statement of the commissioner or his agent that the tax has not been paid.

Sec. 7. Minnesota Statutes 1984, section 290.01, subdivision 19, is amended to read:

Subd. 19. [NET INCOME.] The term "net income" means the gross income, as defined in subdivision 20, less the following deductions to the extent allowed by section 290.18, subdivision 1:

(a) For corporations, the deductions allowed by section 290.09;

(b) For individuals, the deductions allowed in (SECTION 290.088, WITHOUT REGARD TO) sections 290.18, subdivision 1, 290.089, and 290.09; and

(c) For estates and trusts, the deduction allowed by section 290.088, without regard to section 290.18, subdivision 1.

Sec. 8. Minnesota Statutes 1984, section 290.01, subdivision 20, is amended to read:

Subd. 20. [GROSS INCOME.] Except as otherwise provided in this chapter, the term "gross income," as applied to corporations includes every kind of compensation for labor or personal services of every kind from any private or public employment, office, position or services; income derived from the ownership or use of property; gains or profits derived from every kind of disposition of, or every kind of dealing in, property; income derived from the transaction of any trade or business; and income derived from any source.

The term "gross income" in its application to individuals, estates, and trusts shall mean the adjusted gross income as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this subdivision and in subdivisions 20a to 20f. For estates and trusts the adjusted gross income shall be their federal taxable income as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this subdivision and in subdivisions 20a to 20f.

(i) (THE INTERNAL REVENUE CODE OF 1954, AS AMENDED THROUGH DECEMBER 31, 1976, INCLUDING THE AMENDMENTS MADE TO SECTION 280A (RELATING TO LICENSED DAY CARE CENTERS) IN H. R. 3477 AS IT PASSED THE CONGRESS ON MAY 16, 1977, SHALL BE IN EFFECT FOR THE TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1976. THE PROVISIONS OF THE TAX REFORM ACT OF 1976, P.L. 94-455, WHICH AFFECT ADJUSTED GROSS INCOME SHALL BECOME EFFECTIVE FOR PURPOSES OF THIS CHAPTER AT THE SAME TIME THEY BECOME EFFECTIVE FOR FEDERAL INCOME TAX PURPOSES.)

(THE PROVISIONS OF SECTION 4 OF P.L. 95-458, SECTIONS 131, 133, 134, 141, 152, 156, 157, 405, AND 543 OF P.L. 95-600, AND SECTION 2 OF P.L. 96-608 (RELATING TO PENSIONS, INDIVIDUAL RETIREMENT ACCOUNTS, DEFERRED COMPENSATION PLANS, THE SALE OF A RESIDENCE AND TO CONSERVATION PAYMENTS TO FARMERS) INCLUDING THE AMENDMENTS MADE TO THESE SECTIONS IN P.L. 96-222 SHALL BE EFFECTIVE AT THE SAME TIME THAT THESE PROVISIONS BECAME EFFECTIVE FOR FEDERAL INCOME TAX PURPOSES.)

((II) THE INTERNAL REVENUE CODE OF 1954, AS AMENDED THROUGH DECEMBER 31, 1979, SHALL BE IN EFFECT FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1979.)

((III)) The Internal Revenue Code of 1954, as amended through December 31, 1980, and as amended by sections 302(b) and 501 to 509 of Public Law Number 97-34, shall be in effect for taxable years beginning after December 31, 1980 including the provisions of section 404 (relating to partial exclusions of dividends and interest received by individuals) of the Crude Oil Windfall Profit Tax Act of 1980, P.L. 96-223. The provisions of P.L. 96-471 (relating to installment sales) sections 122, 123, 126, 201, 202, 203, 204, 211, 213, 214, 251, 261, 264, 265, 311(g)(3), 313, 314(a)(1), 321(a), 501 to 507, 811, and 812 of the Economic Recovery Tax Act of 1981, Public Law Number 97-34 and section 113 of Public Law Number 97-119 shall be effective at the same time that they become effective for federal income tax purposes.

((IV)) *(ii)* The Internal Revenue Code of 1954, as amended through December 31, 1981, shall be in effect for taxable years beginning after December 31, 1981. The provisions of sections 205(a), 214 to 222, 231, 232, 236, 247, 251, 252, 253, 265, 266, 285, 288, and 335 of the Tax Equity and Fiscal Responsibility Act of 1982, Public Law Number 97-248, section 6(b)(2) and (3) of the Subchapter S Revision Act of 1982, Public Law Number 97-354, section 517 of Public Law Number 97-424, sections 101(c) and (d), 102(a), (aa), (f)(4), (g), (j), (l), 103(c), 104(b)(3), 105, 305(d), 306(a)(9) of Public Law Number 97-448, and sections 101 and 102 of Public Law Number 97-473 shall be effective at the same time that they become effective for federal income tax purposes. The Payment-in-Kind Tax Treatment Act of 1983, Public Law Number 98-4, shall be effective at the same time that it becomes effective for federal income tax purposes.

((V)) *(iii)* The Internal Revenue Code of 1954, as amended through January 15, 1983, shall be in effect for taxable years beginning after December 31, 1982.

((VI)) *(iv)* The Internal Revenue Code of 1954, as amended through December 31, (1983) *1984,* (SHALL BE) *is* in effect for taxable years beginning after December 31, (1983) *1984.*

References to the Internal Revenue Code of 1954 in subdivisions 20a, 20b, (20C,) 20e, and 20f (SHALL) mean the code in effect for the purpose of defining gross income for the applicable taxable year.

Sec. 9. Minnesota Statutes 1984, section 290.01, subdivision 20a, is amended to read:

Subd. 20a. [MODIFICATIONS INCREASING FEDERAL ADJUSTED GROSS INCOME.] There shall be added to federal adjusted gross income:

(1) Interest income on obligations of any state other than Minnesota or a political subdivision of any other state exempt

from federal income taxes under the Internal Revenue Code of 1954;

(2) Income taxes imposed by this state or any other taxing jurisdiction, to the extent deductible in determining federal adjusted gross income and not credited against federal income tax;

(3) (THE AMOUNT OF ANY INCREASE IN THE TAXPAYER'S FEDERAL TAX LIABILITY UNDER SECTION 47 OF THE INTERNAL REVENUE CODE OF 1954 TO THE EXTENT OF THE CREDIT UNDER SECTION 38 OF THE INTERNAL REVENUE CODE OF 1954 THAT WAS PREVIOUSLY ALLOWED AS A DEDUCTION UNDER MINNESOTA STATUTES 1982, SECTION 290.01, SUBDIVISION 20B, CLAUSE (7);)

((4)) Expenses and losses arising from a farm which are not allowable under section 290.09, subdivision 29;

((5) EXPENSES AND DEPRECIATION ATTRIBUTABLE TO SUBSTANDARD BUILDINGS DISALLOWED BY SECTION 290.101;)

((6) THE AMOUNT BY WHICH THE GAIN DETERMINED PURSUANT TO SECTION 41.59, SUBDIVISION 2 EXCEEDS THE AMOUNT OF SUCH GAIN INCLUDED IN FEDERAL ADJUSTED GROSS INCOME;)

((7) TO THE EXTENT DEDUCTED IN COMPUTING THE TAXPAYER'S FEDERAL ADJUSTED GROSS INCOME FOR THE TAXABLE YEAR, LOSSES RECOGNIZED UPON A TRANSFER OF PROPERTY TO THE SPOUSE OR FORMER SPOUSE OF THE TAXPAYER IN EXCHANGE FOR THE RELEASE OF THE SPOUSE'S MARITAL RIGHTS;)

((8)) *(4)* Interest income from qualified scholarship funding bonds as defined in section 103(e) of the Internal Revenue Code of 1954, if the nonprofit corporation is domiciled outside of Minnesota;

((9)) *(5)* Exempt-interest dividends, as defined in section 852(b)(5)(A) of the Internal Revenue Code of 1954, not included in federal adjusted gross income pursuant to section 852(b)(5)(B) of the Internal Revenue Code of 1954, except for that portion of exempt-interest dividends derived from interest income on obligations of the state of Minnesota, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities;

((10) THE AMOUNT OF ANY EXCLUDED GAIN RECOGNIZED BY A TRUST ON THE SALE OR EXCHANGE OF PROPERTY AS DEFINED IN SECTION 641(C)(1) OF THE INTERNAL REVENUE CODE OF 1954;)

((11) TO THE EXTENT NOT INCLUDED IN THE TAXPAYER'S FEDERAL ADJUSTED GROSS INCOME, THE AMOUNT OF ANY GAIN, FROM THE SALE OR OTHER DISPOSITION OF PROPERTY HAVING A LOWER ADJUSTED BASIS FOR MINNESOTA INCOME TAX PURPOSES THAN FOR FEDERAL INCOME TAX PURPOSES. THIS MODIFICATION SHALL NOT EXCEED THE DIFFERENCE IN BASIS. IF THE GAIN IS CONSIDERED A LONG-TERM CAPITAL GAIN FOR FEDERAL INCOME TAX PURPOSES, THE MODIFICATION SHALL BE LIMITED TO 40 PERCENT OF THE PORTION OF THE GAIN. THIS MODIFICATION IS LIMITED TO PROPERTY THAT QUALIFIED FOR THE EQUITY INVESTMENT CREDIT CONTAINED IN SECTION 290.069, SUBDIVISION 4, AND TO PROPERTY ACQUIRED IN EXCHANGE FOR THE RELEASE OF THE TAXPAYER'S MARITAL RIGHTS CONTAINED IN SECTION 290.14, CLAUSE (7);)

((12)) *(6)* For an estate or trust, the amount of any loss from a source outside of Minnesota which is not allowed under section 290.17 including any capital loss or net operating loss carryforwards or carrybacks resulting from the loss;

((13)) *(7)* To the extent deducted in computing the estate or trust's federal taxable income, interest, taxes and other expenses which are not allowed under section 290.10, clause (9) or (10); *and*

((14) THE DEDUCTION FOR TWO EARNER MARRIED COUPLES PROVIDED IN SECTION 221 OF THE INTERNAL REVENUE CODE OF 1954;)

((15)) *(8)* Losses from the business of mining as defined in section 290.05, subdivision 1, clause (a) which is not subject to the Minnesota income tax (;)

((16) EXPENSES AND DEPRECIATION ATTRIBUTABLE TO PROPERTY SUBJECT TO LAWS 1982, CHAPTER 523, ARTICLE 7, SECTION 3 WHICH HAS NOT BEEN REGISTERED;)

((17) THE AMOUNT OF CONTRIBUTIONS TO AN INDIVIDUAL RETIREMENT ACCOUNT, INCLUDING A QUALIFIED VOLUNTARY EMPLOYEE CONTRIBUTION, SIMPLIFIED EMPLOYEE PENSION PLAN, OR SELF EMPLOYED RETIREMENT PLAN WHICH IS ALLOWED UNDER SECTIONS 311 AND 312 OF PUBLIC LAW NUMBER

97-34, SECTION 238 OF PUBLIC LAW NUMBER 97-248, AND SECTION 103(D)(1)(B) OF PUBLIC LAW NUMBER 97-448 TO THE EXTENT THOSE CONTRIBUTIONS WERE NOT AN ALLOWABLE DEDUCTION PRIOR TO THE ENACTMENT OF THAT LAW; PROVIDED THAT AN INDIVIDUAL ON WHOSE BEHALF STOCK WORTH LESS THAN $300 IS CONTRIBUTED DURING THE TAXABLE YEAR TO A TAX CREDIT EMPLOYEE STOCK OWNERSHIP PLAN THAT SATISFIES THE REQUIREMENTS OF SECTIONS 44G AND 409A OF THE INTERNAL REVENUE CODE OF 1954 SHALL NOT BE REQUIRED, AS A CONSEQUENCE OF THAT CONTRIBUTION, TO INCLUDE CONTRIBUTIONS TO ANOTHER PLAN OR ACCOUNT IN GROSS INCOME UNDER THIS CLAUSE TO THE EXTENT THE CONTRIBUTIONS DO NOT EXCEED THE DIFFERENCE BETWEEN THE VALUE OF THE STOCK CONTRIBUTED DURING THE TAXABLE YEAR AND $1,500; AND)

((18) TO THE EXTENT NOT INCLUDED IN THE TAXPAYER'S FEDERAL ADJUSTED GROSS INCOME, THE AMOUNT OF ANY CONTRIBUTIONS TO A QUALIFIED PENSION PLAN, DESIGNATED AS EMPLOYEE CONTRIBUTIONS BUT WHICH THE EMPLOYING UNIT PICKS UP AND WHICH ARE TREATED AS EMPLOYER CONTRIBUTIONS PURSUANT TO SECTION 414(H)(2) OF THE INTERNAL REVENUE CODE OF 1954, PROVIDED THAT EMPLOYEE CONTRIBUTIONS TO POLICE AND FIRE RELIEF ASSOCIATIONS THAT PREVIOUSLY WERE NOT INCLUDED WITHIN GROSS INCOME AS CONTRIBUTIONS TO ORGANIZATIONS QUALIFIED UNDER SECTION 501 (C)(4) OF THE INTERNAL REVENUE CODE OF 1954 SHALL NOT BE INCLUDED IN GROSS INCOME UNDER THIS CLAUSE).

Sec. 10. Minnesota Statutes 1984, section 290.01, subdivision 20b, is amended to read:

Subd. 20b. [MODIFICATIONS REDUCING FEDERAL ADJUSTED GROSS INCOME.] There shall be subtracted from federal adjusted gross income:

(1) Interest income on obligations of any authority, commission or instrumentality of the United States to the extent includible in gross income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) The portion of any gain, from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes, that does not exceed such difference in basis; but if such gain is considered a long-term capital gain for federal income tax purposes,

the modification shall be limited to 40 per centum of the portion of the gain. (THIS MODIFICATION SHALL NOT BE APPLICABLE IF THE DIFFERENCE IN BASIS IS DUE TO DISALLOWANCE OF DEPRECIATION PURSUANT TO SECTION 290.101.)

(3) (INCOME FROM THE PERFORMANCE OF PERSONAL OR PROFESSIONAL SERVICES WHICH IS SUBJECT TO THE RECIPROCITY EXCLUSION CONTAINED IN SECTION 290.081, CLAUSE (A);)

((4)) Losses, not otherwise reducing federal adjusted gross income assignable to Minnesota, arising from events or transactions which are assignable to Minnesota under the provisions of sections 290.17 to 290.20, including any capital loss or net operating loss carryforwards or carrybacks or out of state loss carryforwards resulting from the losses, and including any farm loss carryforwards or carrybacks;

((5)) *(4)* If included in federal adjusted gross income, (THE AMOUNT OF ANY CREDIT RECEIVED, WHETHER RECEIVED AS A REFUND OR CREDIT TO ANOTHER TAXABLE YEAR'S INCOME TAX LIABILITY, PURSUANT TO CHAPTER 290A, AND) the amount of any overpayment of income tax to Minnesota, or any other state, for any previous taxable year, whether the amount is received as a refund or credited to another taxable year's income tax liability;

((6) TO THE EXTENT INCLUDED IN FEDERAL ADJUSTED GROSS INCOME, OR THE AMOUNT REFLECTED AS THE ORDINARY INCOME PORTION OF A LUMP SUM DISTRIBUTION UNDER SECTION 402(E) OF THE INTERNAL REVENUE CODE OF 1954, NOTWITHSTANDING ANY OTHER LAW TO THE CONTRARY, THE AMOUNT RECEIVED BY ANY PERSON (I) FROM THE UNITED STATES, ITS AGENCIES OR INSTRUMENTALITIES, THE FEDERAL RESERVE BANK OR FROM THE STATE OF MINNESOTA OR ANY OF ITS POLITICAL OR GOVERNMENTAL SUBDIVISIONS OR FROM ANY OTHER STATE OR ITS POLITICAL OR GOVERNMENTAL SUBDIVISIONS, OR A MINNESOTA VOLUNTEER FIREFIGHTER'S RELIEF ASSOCIATION, BY WAY OF PAYMENT AS A PENSION, PUBLIC EMPLOYEE RETIREMENT BENEFIT, OR ANY COMBINATION THEREOF, (II) AS A RETIREMENT OR SURVIVOR'S BENEFIT MADE FROM A PLAN QUALIFYING UNDER SECTION 401, 403, 404, 405, 408, 409 OR 409A OF THE INTERNAL REVENUE CODE OF 1954, OR (III) SEVERANCE PAY DISTRIBUTED TO AN INDIVIDUAL UPON DISCONTINUANCE OF THE INDIVIDUAL'S EMPLOYMENT DUE TO TERMINATION OF BUSINESS OPERATIONS BY THE INDIVIDUAL'S EMPLOYER, PROVIDED THAT THE TERMINATION IS REASONABLY LIKELY TO BE PERMANENT, INVOLVES THE DISCHARGE OF AT

LEAST 75 PERCENT OF THE EMPLOYEES AT THAT SITE WITHIN A ONE YEAR PERIOD, AND THE BUSINESS IS NOT ACQUIRED BY ANOTHER PERSON WHO CONTINUES OPERATIONS AT THAT SITE. THE MAXIMUM AMOUNT OF THIS SUBTRACTION SHALL BE $11,000 LESS THE AMOUNT BY WHICH THE INDIVIDUAL'S FEDERAL ADJUSTED GROSS INCOME, PLUS THE ORDINARY INCOME PORTION OF A LUMP SUM DISTRIBUTION AS DEFINED IN SECTION 402(E) OF THE INTERNAL REVENUE CODE OF 1954, EXCEEDS $17,000. FOR PURPOSES OF THE PRECEDING SENTENCE, "FEDERAL ADJUSTED GROSS INCOME" SHALL NOT INCLUDE RAILROAD RETIREMENT OR SOCIAL SECURITY BENEFIT AMOUNTS PROVIDED IN SECTIONS 86 AND 72(R) OF THE INTERNAL REVENUE CODE OF 1954. FOR PURPOSES OF THIS CLAUSE, "SEVERANCE PAY" MEANS AN AMOUNT RECEIVED FOR CANCELLATION OF AN EMPLOYMENT CONTRACT OR A COLLECTIVELY BARGAINED TERMINATION PAYMENT MADE AS A SUBSTITUTE FOR INCOME WHICH WOULD HAVE BEEN EARNED FOR PERSONAL SERVICES TO BE RENDERED IN THE FUTURE. IN THE CASE OF A VOLUNTEER FIREFIGHTER WHO RECEIVES AN INVOLUNTARY LUMP SUM DISTRIBUTION OF HIS PENSION OR RETIREMENT BENEFITS, THE MAXIMUM AMOUNT OF THIS SUBTRACTION SHALL BE $11,000; THIS SUBTRACTION SHALL NOT BE REDUCED BY THE AMOUNT OF THE INDIVIDUAL'S FEDERAL ADJUSTED GROSS INCOME IN EXCESS OF $17,000;)

((7) TO THE EXTENT INCLUDED IN THE TAXPAYER'S FEDERAL ADJUSTED GROSS INCOME FOR THE TAXABLE YEAR, GAIN RECOGNIZED UPON A TRANSFER OF PROPERTY TO THE SPOUSE OR FORMER SPOUSE OF THE TAXPAYER IN EXCHANGE FOR THE RELEASE OF THE SPOUSE'S MARITAL RIGHTS;)

((8)) *(5) Pension income as provided by section 290.08, subdivision 26;*

(6) The amount of any distribution from a qualified pension or profit sharing plan included in federal adjusted gross income in the year of receipt to the extent of any contribution not previously allowed as a deduction by reason of a change in federal law which was not adopted by Minnesota law for a taxable year beginning in 1974 or later;

((9) INTEREST, INCLUDING PAYMENT ADJUSTMENT TO THE EXTENT THAT IT IS APPLIED TO INTEREST, EARNED BY THE SELLER OF THE PROPERTY ON A FAMILY FARM SECURITY LOAN EXECUTED BEFORE JANUARY 1, 1986 THAT IS GUARANTEED BY THE COMMISSIONER OF AGRICULTURE AS PROVIDED IN SECTIONS 41.51 TO 41.60;)

((10)) *(7)* The first $3,000 of compensation for personal services in the armed forces of the United States or the United Nations, and the next $2,000 of compensation for personal services in the armed forces of the United States or the United Nations wholly performed outside the state of Minnesota. This modification does not apply to compensation defined in subdivision 20b, clause ((6)) *(5)*;

((11) IN THE CASE OF WAGES OR SALARIES PAID OR INCURRED ON OR AFTER JANUARY 1, 1977, THE AMOUNT OF ANY CREDIT FOR EMPLOYMENT OF CERTAIN NEW EMPLOYEES UNDER SECTIONS 44B AND 51 TO 53 OF THE INTERNAL REVENUE CODE OF 1954 WHICH IS CLAIMED AS A CREDIT AGAINST THE TAXPAYER'S FEDERAL TAX LIABILITY, BUT ONLY TO THE EXTENT THAT THE CREDIT IS CONNECTED WITH OR ALLOCABLE AGAINST THE PRODUCTION OR RECEIPT OF INCOME INCLUDED IN THE MEASURE OF THE TAX IMPOSED BY THIS CHAPTER;)

((12)) *(8)* Unemployment compensation to the extent includible in gross income for federal income tax purposes under section 85 of the Internal Revenue Code of 1954;

((13)) *(9)* For an estate or trust, the amount of any income or gain which is not assignable to Minnesota under the provisions of section 290.17;

((14) INTEREST EARNED ON A CONTRACT FOR DEED ENTERED INTO FOR THE SALE OF PROPERTY FOR AGRICULTURAL USE IF THE RATE OF INTEREST SET IN THE CONTRACT IS NO MORE THAN NINE PERCENT PER YEAR FOR THE DURATION OF THE TERM OF THE CONTRACT. THIS EXCLUSION SHALL BE AVAILABLE ONLY IF (1) THE PURCHASER IS AN INDIVIDUAL WHO, TOGETHER WITH HIS SPOUSE AND DEPENDENTS, HAS A TOTAL NET WORTH VALUED AT LESS THAN $150,000 AND (2) THE PROPERTY SOLD UNDER THE CONTRACT IS FARM LAND AS DEFINED IN SECTION 41.52, SUBDIVISION 6 OF NO MORE THAN 1,000 ACRES THAT THE PURCHASER INTENDS TO USE FOR AGRICULTURAL PURPOSES. COMPLIANCE WITH THESE REQUIREMENTS SHALL BE STATED IN AN AFFIDAVIT TO BE FILED WITH THE FIRST INCOME TAX RETURN ON WHICH THE TAXPAYER CLAIMS THE EXCLUSION PROVIDED IN THIS CLAUSE. UPON REQUEST ACCOMPANIED BY THE INFORMATION NECESSARY TO MAKE THE DETERMINATION, THE COMMISSIONER SHALL DETERMINE WHETHER INTEREST TO BE PAID ON A PROPOSED TRANSACTION WILL QUALIFY FOR THIS EXCLUSION; THE DETERMINATION SHALL BE PROVIDED WITHIN 30 DAYS OF RECEIPT OF THE REQUEST, UNLESS THE COMMISSIONER FINDS IT NECES-

SARY TO OBTAIN ADDITIONAL INFORMATION, OR VERIFICATION OF THE INFORMATION PROVIDED, IN WHICH CASE THE DETERMINATION SHALL BE PROVIDED WITHIN 30 DAYS OF RECEIPT OF THE FINAL ITEM OF INFORMATION OR VERIFICATION. THE EXCLUSION PROVIDED IN THIS CLAUSE SHALL APPLY TO INTEREST EARNED ON CONTRACTS FOR DEED ENTERED INTO AFTER DECEMBER 31, 1981 AND BEFORE JULY 1, 1983;)

((15)) *(10)* Income from the business of mining as defined in section 290.05, subdivision 1, clause (a) which is not subject to the Minnesota income tax;

((16)) *(11)* To the extent included in federal adjusted gross income, distributions from a qualified governmental pension plan which represent a return of designated employee contributions to the plan and which contributions were included in gross income pursuant to *Minnesota Statutes 1984, section 290.01,* subdivision 20a, clause (18). The provisions of this clause shall apply before the provisions of clause ((6)) *(5)* apply and an amount subtracted under this clause may not be subtracted under clause ((6)) *(5)*;

((17)) *(12)* To the extent included in federal adjusted gross income, distributions from an individual retirement account which represent a return of contributions if the contributions were included in gross income pursuant to *Minnesota Statutes 1984, section 290.01,* subdivision 20a, clause (17). The distribution shall be allocated first to return of contributions included in gross income until the amount of the contributions has been exhausted; and

((18)) *(13)* To the extent included in federal adjusted gross income, social security benefits as defined and as provided in section 86 of the Internal Revenue Code of 1954, railroad retirement benefits as provided in section 72(r) of the Internal Revenue Code of 1954, and sick pay paid under the Railroad Unemployment Insurance Act as provided in section 105(i) of the Internal Revenue Code of 1954, provided that any amount subtracted under this clause may not be subtracted under clause ((6)) *(5);*

(14) The amount paid to others not to exceed $650 for each dependent in grades K to 6 and $1,000 for each dependent in grades 7 to 12, for tuition, textbooks, and transportation of each dependent in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil

Rights Act of 1964 and chapter 363. As used in this clause, "textbooks" includes books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs; and

(15) For the taxpayer, each dependent of the taxpayer, and, in the case of a joint return, the taxpayer's spouse, $1,000 for each of the following that is satisfied: (a) the individual is deaf, (b) the individual is a quadriplegic, or (c) in the case of a dependent only, the individual is blind. For purposes of this clause, an individual is blind if his central visual acuity does not exceed 20/200 in the better eye with correcting lenses, or if his visual acuity is greater than 20/200 but is accompanied by a limitation in the field of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees. An individual is deaf if the average loss in the speech frequencies (500-2000 Hertz) in the better ear, unaided, is 92 decibels, American National Standards Institute, or worse. Quadriplegic means an individual who has a congenital or traumatic partial or total loss of all four limbs or who has a disability that substantially impairs the functioning of all four limbs.

Sec. 11. Minnesota Statutes 1984, section 290.01, subdivision 20d, is amended to read:

Subd. 20d. [MODIFICATION FOR AMOUNTS TRANSFERRED TO SURPLUS.] Amounts transferred from a reserve or other account, if in effect transfers to surplus, shall, *for corporate taxpayers,* to the extent that the amounts were accumulated through deductions from gross income or entered into the computation of taxable net income during any taxable year, be treated as gross income for the year in which the transfer occurs, but only to the extent that the amounts resulted in a reduction of the tax imposed by this chapter and amounts received as refunds on account of taxes deducted from gross income during any taxable year shall be treated as gross income for the year in which actually received, but only to the extent that such amounts resulted in a reduction of the tax imposed by this chapter.

Sec. 12. Minnesota Statutes 1984, section 290.032, subdivision 2, is amended to read:

Subd. 2. The amount of tax imposed by subdivision 1 shall be computed in the same way as the tax imposed under section 402(e) of the Internal Revenue Code of 1954, as amended through December 31, 1983, except that the initial separate tax shall be an amount equal to ten times the tax which would be imposed by section (290.03) *290.06, subdivision 2c,* if the recipient was an *unmarried* individual (REFERRED TO IN SUCH SECTION) and the taxable net income, excluding the credits allowed in section 290.06, subdivision 3f, was an amount equal to one-tenth of the excess of

(i) the total taxable amount of the lump sum distribution for the year, over

(ii) the minimum distribution allowance, and except that references in section 402(e) of the Internal Revenue Code of 1954, as amended through December 31, 1983, to paragraph (1)(A) thereof shall instead be references to subdivision 1 of this section.

The amount of any distribution from a qualified pension or profit sharing plan which is received as a lump sum distribution shall be reduced to the extent of any contribution:

(1) not previously allowed as a deduction by reason of a change in federal law which was not adopted by Minnesota for a taxable year beginning in 1974 or thereafter; or

(2) designated as an employee contribution but which the employing unit picks up and which is treated as an employer contribution and which was taxed on the Minnesota return but not the federal return in the year the contribution was made.

Sec. 13. Minnesota Statutes 1984, section 290.06, subdivision 2c, is amended to read:

Subd. 2c. [(SCHEDULE) *SCHEDULES* OF RATES FOR INDIVIDUALS, ESTATES, AND TRUSTS.] (a) The income taxes imposed by this chapter upon *married* individuals (, ESTATES AND TRUSTS, OTHER THAN THOSE TAXABLE AS CORPORATIONS, SHALL) *filing joint returns must* be computed by applying to their taxable net income the following schedule of rates:

(1) On the first ($500, ONE AND SIX-TENTHS) *$2,700, two* percent;

(2) On (THE SECOND $500, TWO AND TWO-TENTHS) *all over $2,700, but not over $5,700, 3.5* percent;

(3) On (THE NEXT $1,000, THREE AND FIVE-TENTHS) *all over $5,700, but not over $9,600, 5.3* percent;

(4) On (THE NEXT $1,000, FIVE AND EIGHT-TENTHS) *all over $9,600, but not over $13,800, 6.9* percent;

(5) On (THE NEXT $1,000, SEVEN AND THREE-TENTHS) *all over $13,800, 9.3* percent (;)

((6) ON THE NEXT $1,000, EIGHT AND EIGHT-TENTHS PERCENT;)

((7) ON THE NEXT $2,000, TEN AND TWO-TENTHS PERCENT;)

((8) ON THE NEXT $2,000, ELEVEN AND FIVE-TENTHS PERCENT;)

((9) ON THE NEXT $3,500, TWELVE AND EIGHT-TENTHS PERCENT;)

((10) ON ALL OVER $12,500, AND NOT OVER $20,000, FOURTEEN PERCENT;)

((11) ON ALL OVER $20,000 AND NOT OVER $27,500, FIFTEEN PERCENT;)

((12) ON ALL OVER $27,500, SIXTEEN PERCENT).

(b) *The income taxes imposed by this chapter upon unmarried individuals, married individuals filing separate returns, estates, and trusts must be computed by applying to taxable net income the following schedule of rates:*

(1) On the first $3,000, 2.4 percent;

(2) On all over $3,000, but not over $6,800, 5.4 percent;

(3) On all over $6,800, but not over $12,000, 8.3 percent;

(4) On all over $12,000, 9.0 percent.

(c) In lieu of a tax computed according to the rates set forth in (CLAUSE) *paragraph* (a) *or (b)* of this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than ($40,000 SHALL) *an amount determined by the commissioner must* be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than $100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to $1.

((C)) *(d)* An individual who is not a Minnesota resident for the entire year must compute his Minnesota income tax as provided in (CLAUSE) *paragraph* (a) *or (b)*. After the application of the nonrefundable credits provided in this chapter, the tax liability must then be multiplied by a fraction in which:

(1) The numerator is the individual's Minnesota gross income, computed as if the provisions of section 290.17, subdivision 2, or 290.171 applied; and

(2) the denominator is the individual's federal adjusted gross income.

Sec. 14. Minnesota Statutes 1984, section 290.06, subdivision 2d, is amended to read:

Subd. 2d. [INFLATION ADJUSTMENT OF BRACKETS.] For taxable years beginning after December 31, (1980) *1985*, the taxable net income brackets in subdivision 2c shall be adjusted for inflation. For the purpose of making the adjustment as provided in this subdivision all of the *rate* brackets provided in subdivision 2c shall be the (ADJUSTED) *rate* brackets as they existed for taxable years beginning after December 31, (1979) *1984* and before January 1, (1981) *1986*. The commissioner shall determine (: (A)) the percentage increase in the revised consumer price index for all urban consumers (FOR THE MINNEAPOLIS-ST. PAUL METROPOLITAN AREA) prepared by the United States department of labor. He shall then determine the percent change from August, (1980) *1985*, to, in (1981) *1986*, August, (1981) *1986*, and in each subsequent year, from August of the preceding year to August of the current year (; AND (B) THE PERCENTAGE INCREASE IN AVERAGE MINNESOTA GROSS INCOME FROM TAX YEAR 1980 TO, IN 1981, TAX YEAR 1981, AND IN EACH SUBSEQUENT TAX YEAR BETWEEN THE PREVIOUS TAX YEAR AND THE CURRENT TAX YEAR. THE PERCENT INCREASES IN MINNESOTA GROSS INCOME SHALL BE ESTIMATED USING THE BEST AVAILABLE DATA SOURCES AND REASONABLE FORECASTING PROCEDURES). The determination of the commissioner pursuant to this (SECTION) *subdivision* shall not be considered a "rule" and shall not be subject to the administrative procedures act contained in chapter 14.

The dollar amount in each taxable net income bracket for the prior year in subdivision 2c shall be multiplied by a figure calculated as one plus 100 percent of the consumer price index increase (OR 100 PERCENT OF THE MINNESOTA GROSS INCOME INCREASE, WHICHEVER IS SMALLER). The product of the calculation shall yield the inflation adjusted tax brackets for each succeeding year. If the product exceeds a whole dollar amount, it shall be rounded to the nearest whole dollar.

No later than October 1 of each year, the commissioner shall announce (BOTH PERCENTAGE INCREASES AND) the

(SPECIFIC) percentage that will be used to adjust the tax *rate* brackets the maximum standard deduction amount, and the personal credit amounts.

Sec. 15. Minnesota Statutes 1984, section 290.06, subdivision 3f, is amended to read:

Subd. 3f. [CREDITS AGAINST TAX.] Subject to the provisions of subdivision 3g the taxes due under the computation in accordance with this section shall be credited with the following amounts:

(1) In the case of an unmarried individual ($68) *or a married individual filing separately, $72*;

(2) In the case of (A) married (INDIVIDUAL, $136. IF THE SPOUSES FILE SEPARATE, COMBINED OR JOINT RETURNS THE PERSONAL CREDITS MAY BE TAKEN BY EITHER OR DIVIDED BETWEEN THEM) *individuals filing a joint return, $144*;

(3) In the case of an individual, ($68) *$72* for each person ((OTHER THAN A SPOUSE) DEPENDENT UPON AND RECEIVING HIS CHIEF SUPPORT FROM THE TAXPAYER. ONE TAXPAYER ONLY SHALL BE ALLOWED THIS CREDIT WITH RESPECT TO ANY GIVEN DEPENDENT. A PAYMENT TO A DIVORCED OR SEPARATED SPOUSE, OTHER THAN A PAYMENT FOR SUPPORT OF MINOR CHILDREN UNDER A TEMPORARY ORDER OR FINAL DECREE OF DISSOLUTION OR LEGAL SEPARATION, SHALL NOT BE CONSIDERED A PAYMENT BY THE OTHER SPOUSE FOR THE SUPPORT OF ANY DEPENDENT) *who was claimed by the individual as a dependent on the individual's federal income tax return as provided in sections 151(e) and 152 of the Internal Revenue Code of 1954, as amended through December 31, 1984.*

(4)(a) In the case of an unmarried individual *or a married individual filing separately* who has attained the age of 65 before the close of his taxable year, an additional ($68) *$72*;

(b) In the case of an unmarried individual *or a married individual filing separately* who is blind at the close of the taxable year, an additional ($68) *$72*;

(c) In the case of (A) married (INDIVIDUAL) *individuals filing a joint return,* an additional ($68) *$72* for each spouse who has attained the age of 65 before the close of the individual's taxable year, and an additional ($68) *$72* for each spouse who is blind at the close of the individual's taxable year. (IF THE SPOUSES FILE SEPARATE, COMBINED OR JOINT RETURNS, THESE CREDITS MAY BE TAKEN BY EITHER OR DIVIDED BETWEEN THEM);

((D) IN THE CASE OF AN INDIVIDUAL, ANOTHER $68 FOR EACH PERSON, OTHER THAN A SPOUSE, WHO IS BLIND AND DEPENDENT UPON AND RECEIVING HIS CHIEF SUPPORT FROM THE TAXPAYER;)

((E) FOR THE PURPOSES OF SUBPARAGRAPHS (B), (C) AND (D) OF PARAGRAPH (4), AN INDIVIDUAL IS BLIND IF HIS CENTRAL VISUAL ACUITY DOES NOT EXCEED 20/200 IN THE BETTER EYE WITH CORRECTING LENSES, OR IF HIS VISUAL ACUITY IS GREATER THAN 20/200 BUT IS ACCOMPANIED BY A LIMITATION IN THE FIELDS OF VISION SUCH THAT THE WIDEST DIAMETER OF THE VISUAL FIELD SUBTENDS AN ANGLE NO GREATER THAN 20 DEGREES.)

((F) IN THE CASE OF AN UNMARRIED INDIVIDUAL WHO IS DEAF AT THE CLOSE OF THE TAXABLE YEAR, AN ADDITIONAL $68.)

((G) IN THE CASE OF A MARRIED INDIVIDUAL, AN ADDITIONAL $68 *$70* FOR EACH SPOUSE WHO IS DEAF AT THE CLOSE OF THE TAXABLE YEAR. IF THE SPOUSES FILE SEPARATE, COMBINED OR JOINT RETURNS, THESE CREDITS MAY BE TAKEN BY EITHER OR DIVIDED BETWEEN THEM.)

((H) IN THE CASE OF AN INDIVIDUAL, AN ADDITIONAL $68 FOR EACH PERSON (OTHER THAN A SPOUSE) WHO IS DEAF AND DEPENDENT UPON AND RECEIVING HIS CHIEF SUPPORT FROM THE TAXPAYER.)

((I) FOR THE PURPOSES OF SUBPARAGRAPHS (F), (G) AND (H) OF PARAGRAPH (4), AN INDIVIDUAL IS DEAF IF THE AVERAGE LOSS IN THE SPEECH FREQUENCIES (500-2000 HERTZ) IN THE BETTER EAR, UNAIDED, IS 92 DECIBELS, AMERICAN NATIONAL STANDARDS INSTITUTE, OR WORSE.)

(5) ((A) IN THE CASE OF AN UNMARRIED INDIVIDUAL WHO IS A QUADRIPLEGIC AT THE CLOSE OF THE TAXABLE YEAR, AN ADDITIONAL $68;)

((B) IN THE CASE OF A MARRIED INDIVIDUAL, AN ADDITIONAL $68 FOR EACH SPOUSE WHO IS A QUADRIPLEGIC AT THE CLOSE OF THE TAXABLE YEAR. IF THE SPOUSES FILE SEPARATE, COMBINED OR JOINT RETURNS, THESE CREDITS MAY BE TAKEN BY EITHER OR DIVIDED BETWEEN THEM;)

((C) IN THE CASE OF AN INDIVIDUAL, ANOTHER $68 FOR EACH PERSON, OTHER THAN A SPOUSE, WHO

IS QUADRIPLEGIC AND DEPENDENT UPON AND RECEIVING HIS CHIEF SUPPORT FROM THE TAXPAYER; AND)

((D) FOR THE PURPOSES OF SUBPARAGRAPHS (A), (B) AND (C) OF PARAGRAPH 5, "QUADRIPLEGIC" MEANS AN INDIVIDUAL WHO HAS A CONGENITAL OR TRAUMATIC PARTIAL OR TOTAL LOSS OF ALL FOUR LIMBS OR WHO HAS A DISABILITY THAT SUBSTANTIALLY IMPAIRS THE FUNCTIONING OF ALL FOUR LIMBS.)

((6)) In the case of an insurance company, it shall receive a credit on the tax computed as above equal in amount to any taxes based on premiums paid by it during the period for which the tax under this chapter is imposed by virtue of any law of this state, other than the surcharge on premiums imposed by sections 69.54 to 69.56.

Sec. 16. Minnesota Statutes 1984, section 290.06, subdivision 3g, is amended to read:

Subd. 3g. [INFLATION ADJUSTMENT OF CREDITS.] For taxable years beginning after December 31, (1980) *1985*, the credits provided for individuals in subdivision 3f shall be adjusted for inflation. The dollar amount of each credit for the prior year in subdivision 3f shall be increased in the same manner as provided in subdivision 2d for the expansion of the taxable net income brackets.

Sec. 17. Minnesota Statutes 1984, section 290.068, subdivision 1, is amended to read:

Subdivision 1. [CREDIT ALLOWED.] In addition to the deduction provided in section 290.09, a (CREDIT) *corporation* shall be allowed *a credit* against the tax imposed by this chapter for the taxable year equal to

(a) 12.5 percent of the first $2 million of the excess (if any) of

(1) the qualified research expenses for the taxable year, over

(2) the base period research expenses; and

(b) 6.25 percent on all of such excess expenses over $2 million.

Sec. 18. Minnesota Statutes 1984, section 290.068, subdivision 3, is amended to read:

Subd. 3. [LIMITATION; CARRYBACK AND CARRYOVER.] (a) ((1)) The credit for the taxable year shall not exceed the liability for tax. "Liability for tax" for purposes of this section means the tax imposed under this chapter for the taxable year reduced by the sum of the nonrefundable credits allowed under this chapter.

((2) IN THE CASE OF AN INDIVIDUAL WHO)

((A) OWNS AN INTEREST IN AN UNINCORPORATED BUSINESS,)

((B) IS A PARTNER IN A PARTNERSHIP,)

((C) IS A BENEFICIARY OF AN ESTATE OR TRUST, OR)

((D) IS A SHAREHOLDER IN AN S CORPORATION,)

(THE CREDIT ALLOWED FOR THE TAXABLE YEAR SHALL NOT EXCEED THE LESSER OF THE AMOUNT DETERMINED UNDER CLAUSE (1) FOR THE TAXABLE YEAR OR AN AMOUNT (SEPARATELY COMPUTED WITH RESPECT TO SUCH PERSON'S INTEREST IN THE TRADE OR BUSINESS OR ENTITY) EQUAL TO THE AMOUNT OF TAX ATTRIBUTABLE TO THAT PORTION OF A PERSON'S TAXABLE INCOME WHICH IS ALLOCABLE OR APPORTIONABLE TO THE PERSON'S INTEREST IN THE TRADE OR BUSINESS OR ENTITY.)

(b) If the amount of the credit determined under this section for any taxable year exceeds the limitation under clause (a), the excess shall be a research credit carryback to each of the three preceding taxable years and a research credit carryover to each of the 15 succeeding taxable years. The entire amount of the excess unused credit for the taxable year shall be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. The amount of the unused credit which may be added under this clause shall not exceed the taxpayer's liability for tax less the research credit for the taxable year.

For the purposes of sections 290.46 and 290.50, if the claim for refund relates to an overpayment attributable to a research and experimental expenditure credit carryback under this subdivision, in lieu of the period of limitation prescribed in sections 290.46 and 290.50, the period of limitation shall be that period which ends with the expiration of the 15th day of the (46TH MONTH, OR THE) 45th month (, IN THE CASE OF A CORPORATION,) following the end of the taxable year in which the research and experimental expenditure credit arises which results in the carryback. With respect to any portion of a credit carryback from a taxable year attributable to a loss carryback

from a subsequent taxable year, the period of limitation shall be that period which ends with the expiration of the 15th day of (THE 46TH MONTH, OR, IN THE CASE OF A CORPORATION,) the 45th month following the end of the subsequent taxable year. In any case in which a taxpayer is entitled to a refund in a carryback year due to the carryback of a research and experimental expenditure credit, interest shall be computed only from the end of the taxable year in which the credit arises. With respect to any portion of a credit carryback from a taxable year attributable to a loss carryback from a subsequent taxable year, interest shall be computed from the end of the subsequent taxable year.

Sec. 19. Minnesota Statutes 1984, section 290.068, subdivision 4, is amended to read:

Subd. 4. [(ESTATES AND TRUSTS;) PARTNERSHIPS.] In the case of (ESTATES AND TRUSTS, AND) partnerships, the credit shall be allocated *to corporate partners* in the same manner provided by section (44F) *30*(f)(2) of the Internal Revenue Code.

Sec. 20. Minnesota Statutes 1984, section 290.069, subdivision 5, is amended to read:

Subd. 5. [CARRYOVER; OTHER CONDITIONS.] If the amount of the allowable credit pursuant to subdivision 2 or 3 for the taxable year exceeds the taxpayer's tax liability or if the limitation contained in subdivision 4, clause (a)(3) applies, the unused credit for the taxable year is a carryover to each of the succeeding five taxable years. The entire amount of the unused credit must be carried to the earliest of the taxable years to which it may be carried. "Tax liability" means the tax imposed by this chapter reduced by the sum of the nonrefundable credits allowed under this chapter except the credit allowed by section 290.068. The credits allowed by (SUBDIVISIONS 2 AND 3) *this section* shall only be available to corporations and banks whose tax is computed pursuant to section 290.06, subdivision 1.

The maximum limitations on the amount of credits pursuant to subdivisions 2, 3, and 4 shall be determined by aggregating together the credits of all the corporations in the controlled group of corporations with the taxpayer. In order to facilitate compliance with and enforcement of this provision the commissioner may require the taxpayer to claim the credit on a combined report of the unitary business or to file a copy of the consolidated federal return with the state return or both.

Sec. 21. Minnesota Statutes 1984, section 290.069, subdivision 6, is amended to read:

Subd. 6. [REPEALER.] This section is repealed effective for contributions made to a small business office or to an inno-

vation center public corporation as provided in subdivision 3, for technology transferred as described in subdivision 2 *in taxable years beginning after December 31, 1985*, and for investments made as described in subdivision 4 in taxable years beginning after December 31, (1985) *1984*.

Sec. 22. Minnesota Statutes 1984, section 290.08, subdivision 26, is amended to read:

Subd. 26. [PENSION INCOME *EXCLUSION*.] (a) ([EXCLUSION.]) Gross income shall not include the (TAXPAYER'S) *individual's* pension income. The maximum amount of this exclusion is the greater of the following two amounts:

(1) $11,000 reduced by the amount of the (TAXPAYER'S) *individual's* federal adjusted gross income in excess of $17,000 excluding social security benefits and railroad retirement benefits to the extent included in federal adjusted gross income; or

(2) $11,000 reduced by the sum of *the individual's*

(A) social security benefits,

(B) railroad retirement benefits, and

(C) the excess over $23,000 of federal adjusted gross income, but excluding social security benefits and railroad retirement benefits to the extent included in federal adjusted gross income.

(3) Notwithstanding clauses (1) and (2), in the case of an involuntary lump sum distribution of pension or retirement benefits to volunteer firefighters, the maximum amount of the exclusion is $11,000. This amount is not subject to reduction for other income of the taxpayer.

(4) Pension income consisting of severance pay qualifies only for the exclusion computed according to paragraph (a), clause (1).

(b) ([DEFINITIONS.]) *In the case of a married couple filing a joint return, the exclusion applies to the pension income, social security and railroad retirement benefits, and federal adjusted gross income of each spouse and must be computed separately for each spouse.*

(c) For purposes of this subdivision the following terms have the meanings given:

(1) "Internal Revenue Code" means the Internal Revenue Code of 1954, as amended through December 31, 1983.

(2) "Federal adjusted gross income" is the federal adjusted gross income referred to in section 290.01, subdivision 20, for the current taxable year, and includes the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code.

(3) "Pension income" means to the extent included in the taxpayer's federal adjusted gross income the amount received by the taxpayer

(A) from the United States, its agencies or instrumentalities, the Federal Reserve Bank or from the state of Minnesota or any of its political or governmental subdivisions or from any other state or its political or governmental subdivisions, or a Minnesota volunteer firefighter's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof,

(B) as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 404, 405, 408, 409, or 409A of the Internal Revenue Code, or

(C) severance pay distributed to an individual upon discontinuance of the individual's employment due to termination of business operations by the individual's employer, if the termination is reasonably likely to be permanent, involves the discharge of at least 75 percent of the employees at that site within a one-year period, and the business is not acquired by another person who continues operations at that site.

(4) "Severance pay" means an amount received for cancellation of an employment contract or a collectively bargained termination payment made as a substitute for income which would have been earned for personal services to be rendered in the future.

Sec. 23. Minnesota Statutes 1984, section 290.089, subdivision 2, is amended to read:

Subd. 2. [ITEMIZED DEDUCTIONS.] An amount equal to the amount determined pursuant to section 63(f) of the Internal Revenue Code is allowed with the following adjustments:

(a) (ADD THE AMOUNT PAID TO OTHERS NOT TO EXCEED $650 FOR EACH DEPENDENT IN GRADES K TO 6 AND $1,000 FOR EACH DEPENDENT IN GRADES 7 TO 12, FOR TUITION, TEXTBOOKS, AND TRANSPORTATION OF EACH DEPENDENT IN ATTENDING AN ELEMENTARY OR SECONDARY SCHOOL SITUATED IN MINNESOTA, NORTH DAKOTA, SOUTH DAKOTA, IOWA, OR WISCONSIN, WHEREIN A RESIDENT OF THIS STATE MAY LEGALLY FULFILL THE STATE'S COMPULSORY AT-

TENDANCE LAWS, WHICH IS NOT OPERATED FOR PROFIT, AND WHICH ADHERES TO THE PROVISIONS OF THE CIVIL RIGHTS ACT OF 1964 AND CHAPTER 363. AS USED IN THIS CLAUSE, "TEXTBOOKS" INCLUDES BOOKS AND OTHER INSTRUCTIONAL MATERIALS AND EQUIPMENT USED IN ELEMENTARY AND SECONDARY SCHOOLS IN TEACHING ONLY THOSE SUBJECTS LEGALLY AND COMMONLY TAUGHT IN PUBLIC ELEMENTARY AND SECONDARY SCHOOLS IN THIS STATE. "TEXTBOOKS" DOES NOT INCLUDE INSTRUCTIONAL BOOKS AND MATERIALS USED IN THE TEACHING OF RELIGIOUS TENETS, DOCTRINES, OR WORSHIP, THE PURPOSE OF WHICH IS TO INSTILL SUCH TENETS, DOCTRINES, OR WORSHIP, NOR DOES IT INCLUDE BOOKS OR MATERIALS FOR, OR TRANSPORTATION TO, EXTRACURRICULAR ACTIVITIES INCLUDING SPORTING EVENTS, MUSICAL OR DRAMATIC EVENTS, SPEECH ACTIVITIES, DRIVER'S EDUCATION, OR SIMILAR PROGRAMS;)

((B) ADD THE AMOUNT OF MINNESOTA AND OTHER STATES' ESTATE OR INHERITANCE TAXES WHICH WERE ALLOWED AS A DEDUCTION UNDER SECTION 290.077, SUBDIVISION 4, ON INCOME IN RESPECT OF A DECEDENT;)

((C)) Add the amount by which the deduction for the taxable year allowed pursuant to subdivision 4 exceeds the amount determined pursuant to section 222 of the Internal Revenue Code;

((D)) *(b)* Subtract income taxes paid or accrued within the taxable year under this chapter;

((E)) *(c)* Subtract income taxes paid to any other state or to any province or territory of Canada (;)

((F) IF THE DEDUCTION COMPUTED UNDER SECTION 164 OF THE INTERNAL REVENUE CODE IS NOT REDUCED BY THE AMOUNT OF THE CREDIT OR REFUND ALLOWED UNDER CHAPTER 290A, SUBTRACT THAT AMOUNT;)

((G) SUBTRACT THE AMOUNT OF INTEREST ON INVESTMENT INDEBTEDNESS PAID OR ACCRUED IN A TAXABLE YEAR BEGINNING BEFORE JANUARY 1, 1981, WHICH HAS BEEN CARRIED FORWARD AND IS ALLOWED AS A DEDUCTION IN THE TAXABLE YEAR UNDER SECTION 163(D) OF THE INTERNAL REVENUE CODE;)

((H) SUBTRACT THE AMOUNT OF CHARITABLE CONTRIBUTIONS DEDUCTED UNDER SECTION 170 OF THE

INTERNAL REVENUE CODE THAT (I) EXCEEDS THE FOLLOWING LIMITATIONS: (A) AN OVERALL LIMIT OF 30 PERCENT OF THE TAXPAYER'S MINNESOTA GROSS INCOME WHICH, FOR PURPOSES OF THIS PARAGRAPH, SHALL INCLUDE THE ORDINARY INCOME PORTION OF A LUMP SUM DISTRIBUTION AS DEFINED IN SECTION 402(E) OF THE INTERNAL REVENUE CODE; AND (B) THE AGGREGATE OF CONTRIBUTIONS TO ORGANIZATIONS DESCRIBED IN SECTION 290.21, SUBDIVISION 3, CLAUSE (C) SHALL NOT EXCEED 20 PERCENT OF THE TAXPAYER'S MINNESOTA GROSS INCOME; OR (II) WAS DEDUCTED AS A CARRYOVER UNDER SECTION 170(D) OF THE INTERNAL REVENUE CODE).

Sec. 24. Minnesota Statutes 1984, section 290.089, subdivision 3, is amended to read:

Subd. 3. [STANDARD DEDUCTION.] In lieu of the deductions provided in subdivision 2, an individual may claim or be allowed a standard deduction as follows:

(a) Subject to modification pursuant to clause (b), the standard deduction shall be an amount equal to ten percent of the (ADJUSTED) gross income of the taxpayer *or the aggregate gross in the case of a husband and wife filing a joint return,* up to a maximum deduction of ($2,268) *$2,400.*

In the case of a (HUSBAND AND WIFE) *married individual filing a separate return, the standard deduction is ten percent of the gross income of the taxpayer, up to a maximum of $1,200, except that* the standard deduction shall not be allowed (TO EITHER) if the net income of (ONE OF) the (SPOUSES) *spouse* is determined without regard to the standard deduction.

(b) The maximum amount of the standard deduction shall be adjusted for inflation in the same manner as provided in section 290.06, subdivision 2d, for the expansion of the taxable net income brackets. The commissioner shall then round the maximum amount of the standard deduction to the nearest hundred dollar amount. When adjusting the maximum amount of standard deduction for inflation, the commissioner shall use the actual dollar amount of the maximum amount of the standard deduction prior to rounding the dollar amounts.

(c) The commissioner of revenue may establish a standard deduction tax table incorporating the rates set forth in section 290.06, subdivision 2c, and the standard deduction. The tax of any individual taxpayer whose adjusted gross income is less than $20,000 shall, if an election is made not to itemize nonbusiness deductions, be computed in accordance with tables prepared and issued by the commissioner of revenue. The tables shall be prepared to reflect the allowance of the standard deduction and the personal and dependent credits.

Sec. 25. Minnesota Statutes 1984, section 290.09, subdivision 29, is amended to read:

Subd. 29. [DEDUCTIONS ATTRIBUTABLE TO FARMING.] (a) [DEFINITIONS.] For purposes of this subdivision, income and gains and expenses and losses shall be considered as "arising from a farm" if such items are received or incurred in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, including horses, bees, poultry, and fur-bearing animals and wildlife, and all operations incident thereto, including but not limited to the common use of "hedging."

(b) [DEDUCTIONS LIMITED.] Except as provided in this subdivision, expenses and losses, except for interest and taxes, arising from a farm shall not be allowed as deductions in excess of income and gains arising from a farm.

(c) [DEDUCTIONS ALLOWED; CARRYOVER DEDUCTIONS.] Expenses and losses arising from a farm or farms shall be allowed as deductions up to the amount of the income and gains arising from a farm or farms in any taxable year, plus the first ($30,000) *$35,000* of nonfarm gross income, or nonfarm taxable net income in the case of a corporation, provided however that in any case where nonfarm income exceeds ($30,000) *$35,000*, the maximum allowable amount of ($30,000) *$35,000* shall be reduced by an amount equal to the nonfarm income in excess of ($30,000) *$35,000* multiplied by (THREE) *3.5*. For this purpose and for the purpose of applying the limitation in the following paragraph regarding the application of any carryback or carryforward, the term gross income shall include the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code of 1954, as amended through December 31, 1983, and no deduction shall be allowed for two-earner married couples as provided in section 221 of the Internal Revenue Code of 1954, as amended through December 31, 1983. Any remaining balance of the deductions shall be carried back three years and carried forward five years, in chronological order, provided, however, that in any case in which any individual, estate or trust which elects a net operating loss carryforward under section 172(b)(3)(C) of the Internal Revenue Code of 1954, as amended through December 31, 1983, such losses shall not be carried back but shall only be carried forward.

Current expenses and losses shall be utilized as deductions in any taxable year, to the extent herein allowable, prior to the application of any carryback or carryover deductions. In any event, the combined amounts of such current expenses and losses and carryback or carryover deductions shall be allowed as deductions up to the amount of the income and gains arising from a farm or farms in any taxable year, plus the first

($30,000) *$35,000* of nonfarm gross income, or nonfarm taxable net income in the case of a corporation, provided however that in any case where nonfarm income exceeds ($30,000) *$35,000*, the maximum allowable amount of ($30,000) *$35,000* shall be reduced by an amount equal to the nonfarm income in excess of ($30,000) *$35,000* multiplied by (THREE) *3.5*. For taxable years beginning after December 31, (1984) *1985*, the ($30,000) *$35,000* amount in this subdivision shall be adjusted for inflation in the manner provided in section 290.06, subdivision 2d. The commissioner shall round that amount to the nearest hundred dollar amount. When adjusting the amount for inflation, the commissioner shall use the actual dollar amount of the maximum allowable amount of nonfarm income prior to rounding. Carryback or carryover deductions will be subject to the maximum amount in effect for the year to which the deduction is carried.

(d) [SHAREHOLDERS SEPARATE ENTITIES.] For purposes of this subdivision, individual shareholders of an S corporation shall be considered separate entities.

(e) [SPECIAL PERIOD OF LIMITATION WITH RESPECT TO FARM LOSS LIMITATION CARRYBACKS.] For the purposes of sections 290.46 and 290.50, if the claim for refund relates to an overpayment attributable to a farm loss limitation carryback under this subdivision, in lieu of the period of limitation prescribed in sections 290.46 and 290.50, the period of limitation shall be that period which ends with the expiration of the 15th day of the 46th month (or the 45th month, in the case of a corporation) following the end of the taxable year of the farm loss which results in the carryback. During this extended period, married individuals who elected to file separate returns or a combined return may change their election and file a joint return.

(f) [INTEREST ON CLAIMS.] In any case in which a taxpayer is entitled to a refund in a carryback year due to the carryback of a farm loss, interest shall be computed only from the end of the taxable year in which the loss occurs.

Sec. 26. Minnesota Statutes 1984, section 290.095, subdivision 9, is amended to read:

Subd. 9. [SPECIAL PERIOD OF LIMITATION WITH RESPECT TO NET OPERATING LOSS CARRYBACKS.] For the purposes of sections 290.46 and 290.50 if the claim for refund relates to an overpayment attributable to a net operating loss carryback under this section or as the result in the case of an individual of an adjustment of "federal adjusted gross income" because of the carryback under section 172 of the Internal Revenue Code of 1954, as amended through December 31, 1983 in lieu of the period of limitation prescribed in sections 290.46 and 290.50, the period shall be that period which ends with the expiration of the 15th day of the 46th month (or the

45th month, in the case of a corporation) following the end of the taxable year of the net operating loss which results in such carryback or adjustment of "federal adjusted gross income." During this extended period, *for taxable years beginning before January 1, 1985,* married individuals who elected to file separate returns or a combined return may change their election and file a joint return.

Sec. 27. Minnesota Statutes 1984, section 290.095, subdivision 11, is amended to read:

Subd. 11. [CARRYBACK OR CARRYOVER ADJUSTMENTS.] (a) For individuals the amount of a net operating loss that may be carried back or carried over shall be the same dollar amount allowable in the determination of federal adjusted gross income. For estates and trusts the amount of a net operating loss that may be carried back or carried over shall be the same dollar amount allowable in the determination of federal taxable income.

(b) The following adjustments to the amount of the net operating loss that may be carried back or carried over must be made for:

(1) Nonassignable income or losses as required by section 290.17, subdivision 2.

(2) Modifications required because of the restrictions on farm losses as provided in section 290.09, subdivision 29.

(3) Adjustments to the determination of federal adjusted gross income that must be made because of changes in the Internal Revenue Code that have not yet been adopted by the legislature by updating the reference to the Internal Revenue Code contained in section 290.01, subdivision 20.

(4) (MODIFICATIONS TO INCOME CONTAINED IN FEDERAL ADJUSTED GROSS INCOME ACCORDING TO THE PROVISIONS OF SECTION 290.01, SUBDIVISION 20C.)

((5)) Gains or losses which result from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes subject to the limitations contained in section 290.01, subdivision 20b, clauses (2) and ((4)) *(3).*

((6)) *(5)* Interest, taxes, and other expenses not allowed under section 290.10, clause ((9) OR SECTION 290.101) *(8).*

((7)) *(6)* The modification for accelerated cost recovery system depreciation as provided in section 290.01, subdivision 20f.

(c) (1) The net operating loss carryback or carryover applied as a deduction in the taxable year to which the net operating loss is carried back or carried over shall be equal to the net operating loss carryback or carryover applied in the taxable year in arriving at federal adjusted gross income (or federal taxable income for trusts and estates) subject to the modifications contained in clause (b) and to the following modifications:

(A) Increase the amount of carryback or carryover applied in the taxable year by the amount of losses and interest, taxes and other expenses not assignable or allowable to Minnesota incurred in the taxable year.

(B) Decrease the amount of carryback or carryover applied in the taxable year by the amount of income not assignable to Minnesota earned in the taxable year (AND THE AMOUNT OF FEDERAL JOBS CREDIT EARNED IN THE TAXABLE YEAR).

(C) A taxpayer who is not a resident of Minnesota during any part of the taxable year and who has no income assignable to Minnesota during the taxable year shall apply no net operating loss carryback or carryover in the taxable year.

(2) The provisions of section 172(b) of the Internal Revenue Code of 1954 as amended through December 31, 1983 (relating to carrybacks and carryovers) shall apply. The net operating loss carryback or carryover to the next consecutive taxable year shall be the net operating loss carryback or carryover as calculated in clause (c)(1) less the amount applied in the earlier taxable year(s). No additional net operating loss carryback or carryover shall be allowed if the entire amount has been used to offset Minnesota income in a year earlier than was possible on the federal return. A net operating loss carryback or carryover that was allowed to offset federal income in a year earlier than was possible on the Minnesota return shall still be allowed to offset Minnesota income but only if the loss was assignable to Minnesota in the year the loss occurred.

(d) A net operating loss shall be allowed to be carried back or carried forward only to the extent that loss was assignable to Minnesota in the year the loss occurred or in the year to which the loss was carried over, whichever would allow more of the loss to be allowed for Minnesota purposes.

(e) If a taxpayer has a net operating loss for federal purposes and the provisions of the farm loss limitation as provided in section 290.09, subdivision 29 apply, the limitations applying to the farm losses that are carried back or carried over are applied first and the net operating loss that is carried back or carried over is limited to the excess, if any, that the net operating loss exceeds the farm loss limitation.

Sec. 28. Minnesota Statutes 1984, section 290.10, is amended to read:

290.10 [NONDEDUCTIBLE ITEMS.]

In computing the net income no deduction shall in any case be allowed for:

(1) Personal, living or family expenses;

(2) Amounts paid out for new buildings or for permanent improvements or betterments made to increase the value of any property or estate, except as otherwise provided in this chapter;

(3) Amounts expended in restoring property or in making good the exhaustion thereof for which an allowance is or has been made;

(4) Premiums paid on any life insurance policy covering the life of the taxpayer or of any other person;

(5) The shrinkage in value, due to the lapse of time, of a life or terminable interest of any kind in property acquired by gift, devise, bequest or inheritance;

(6) Losses from sales or exchanges of property, directly or indirectly, between related taxpayers as defined and as provided in section 267 of the Internal Revenue Code of 1954, as amended through December 31, 1983;

(7) In computing net income, no deduction shall be allowed under section 290.09, subdivision 2, relating to expenses incurred or under section 290.09, subdivision 3, relating to interest accrued as provided in section 267 of the Internal Revenue Code of 1954, as amended through December 31, 1983;

(8) ((A) CONTRIBUTIONS BY EMPLOYEES UNDER THE FEDERAL RAILROAD RETIREMENT ACT AND THE FEDERAL SOCIAL SECURITY ACT; (B) PAYMENTS TO MINNESOTA OR FEDERAL PUBLIC EMPLOYEE RETIREMENT FUNDS; (C) THREE-FOURTHS (75 PERCENT) OF THE AMOUNT OF TAXES IMPOSED ON SELF EMPLOYMENT INCOME UNDER SECTION 1401 OF THE INTERNAL REVENUE CODE OF 1954, AS AMENDED THROUGH DECEMBER 31, 1983, PROVIDED THAT EFFECTIVE FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1989, NO DEDUCTION IS ALLOWED FOR SELF EMPLOYMENT TAXES WHERE THE TAXPAYER CLAIMED A DEDUCTION FOR THOSE TAXES UNDER SECTION 164(F) OF THE INTERNAL REVENUE CODE OF 1954, AS AMENDED THROUGH DECEMBER 31, 1983;)

((9)) Expenses, interest and taxes connected with or allocable against the production or receipt of all income not included in the measure of the tax imposed by this chapter;

((10) IN SITUATIONS WHERE THIS CHAPTER PROVIDES FOR A SUBTRACTION FROM GROSS INCOME OF A SPECIFIC DOLLAR AMOUNT OF AN ITEM OF INCOME ASSIGNABLE TO THIS STATE, AND WITHIN THE MEASURE OF THE TAX IMPOSED BY THIS CHAPTER, THAT PORTION OF THE FEDERAL INCOME TAX LIABILITY ASSESSED UPON SUCH INCOME SUBTRACTED, AND ANY EXPENSES ATTRIBUTABLE TO EARNING SUCH INCOME, SHALL NOT BE DEDUCTIBLE IN COMPUTING NET INCOME;)

((11)) *(9)* Amounts paid or accrued for such taxes and carrying charges as, under rules prescribed by the commissioner, are chargeable to capital account with respect to property, if the taxpayer elects, in accordance with such rules, to treat such taxes or charges as so chargeable;

((12)) *(10)* No deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if the trade or business (or the activities which comprise the trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the federal Controlled Substances Act) which is prohibited by federal law or the law of Minnesota.

Sec. 29. Minnesota Statutes 1984, section 290.12, subdivision 2, is amended to read:

Subd. 2. [ADJUSTMENTS.] In computing the amount of gain or loss under subdivision 1 proper adjustment shall be made for any expenditure, receipt, loss, or other item properly chargeable to capital account by the taxpayer during his ownership thereof. The basis shall be diminished by the amount of the deductions for exhaustion, wear and tear, obsolescence, amortization, depletion, and the allowance for amortization of bond premium if an election to amortize was made in accordance with section 290.09, subdivision 13, which could, during the period of his ownership thereof, have been deducted by the taxpayer under this chapter in respect of such property. (THE BASIS SHALL ALSO BE DIMINISHED BY THE AMOUNT OF DEPRECIATION RELATING TO A SUBSTANDARD BUILDING DISALLOWED BY SECTION 290.101.) In addition, if the property was acquired before January 1, 1933, the basis, if other than the fair market value as of such date, shall be diminished by the amount of exhaustion, wear and tear, obsolescence, amortization, or depletion actually sustained before such date. In respect of any period since December 31, 1932, during which property was held by a person or an organization not subject to income taxation under this chapter, proper adjustment shall

be made for exhaustion, wear and tear, obsolescence, amortization, and depletion of such property to the extent sustained. For the purpose of determining the amount of these adjustments the taxpayer who sells or otherwise disposes of property acquired by gift shall be treated as the owner thereof from the time it was acquired by the last preceding owner who did not acquire it by gift, and the taxpayer who sells or otherwise disposes of property acquired by gift through an inter vivos transfer in trust shall be treated as the owner from the time it was acquired by the grantor.

No adjustment shall be made:

(1) for taxes or other carrying charges described in section 290.10, clause ((11)) *(9)*, or

(2) for expenditures described in section 290.09, subdivision 16 (relating to circulation expenditures), for which deductions have been taken by the taxpayer in determining taxable income for the taxable year or prior years.

Sec. 30. Minnesota Statutes 1984, section 290.14, is amended to read:

290.14 [GAIN OR LOSS ON DISPOSITION OF PROPERTY, BASIS.]

Except as otherwise provided in this chapter, the basis for determining the gain or loss from the sale or other disposition of property acquired on or after January 1, 1933, shall be the cost to the taxpayer of such property, with the following exceptions:

(1) If the property should have been included in the last inventory, it shall be the last inventory value thereof;

(2) If the property was acquired by gift, it shall be the same as it would be if it were being sold or otherwise disposed of by the last preceding owner not acquiring it by gift; if the facts required for this determination cannot be ascertained, it shall be the fair market value as of the date, or approximate date, of acquisition by the last preceding owner, as nearly as the requisite facts can be ascertained by the commissioner;

(3) If the property was acquired by gift through an inter vivos transfer in trust, it shall be the same as it would be if it were being sold or otherwise disposed of by the grantor;

(4) Except as otherwise provided in this clause, the basis of property in the hands of a person acquiring the property from a decedent or to whom the property passed from a decedent shall, if not sold, exchanged or otherwise disposed of before the dece-

dent's death by the person, be the fair market value of the property at the date of decedent's death or, in the case of an election under section 2032 (relating to alternate valuation) of the Internal Revenue Code of 1954, as amended through December 31, 1983, its valuation at the applicable valuation date prescribed by that section, or in the case of an election under section 2032A (relating to valuation of farm real property) of the Internal Revenue Code of 1954, as amended through December 31, 1983, its value determined by that section.

For the purposes of the preceding paragraph, the following property shall be considered to have been acquired from or to have passed from the decedent:

(a) Property acquired by bequest, devise, or inheritance, or by the decedent's estate from the decedent;

(b) Property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent, with the right reserved to the decedent at all times before his death to revoke the trust;

(c) Property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent with the right reserved to the decedent at all times before his death to make any change in the enjoyment thereof through the exercise of a power to alter, amend, or terminate the trust;

(d) Property passing without full and adequate consideration under a general power of appointment exercised by the decedent by will;

(e) In the case of a decedent's dying after December 31, 1956, property acquired from the decedent by reason of death, form of ownership, or other conditions (including property acquired through the exercise or non-exercise of a power of appointment), if by reason thereof the property is required to be included in determining the value of the decedent's gross estate for Minnesota inheritance or estate tax purposes. In this case, if the property is acquired before the death of the decedent, the basis shall be the amount determined under the first paragraph of this clause reduced by the amount allowed to the taxpayer as deductions in computing taxable net income under this chapter or prior Minnesota income tax laws for exhaustion, wear and tear, obsolescence, amortization, and depletion on the property before the death of the decedent. The basis shall be applicable to the property commencing on the death of the decedent. This paragraph shall not apply to annuities and property described in paragraphs (a), (b), (c) and (d) of this clause.

This clause shall not apply to property which constitutes a right to receive an item of income in respect of a decedent under section 290.077.

(5) If substantially identical property was acquired in the place of stocks or securities which were sold or disposed of and in respect of which loss was not allowed as a deduction under section 290.089 or section 290.09, subdivision 5, the basis in the case of property so acquired shall be the same as that provided in section 1091 of the Internal Revenue Code of 1954, as amended through December 31, 1983.

(6) Neither the basis nor the adjusted basis of any portion of real property shall, in the case of a lessor of the property, be increased or diminished on account of income derived by the lessor in respect of the property and excludable from gross income under section 290.08, subdivision 14.

If an amount representing any part of the value of real property attributable to buildings erected or other improvements made by a lessee in respect of the property was included in gross income of the lessor for any taxable year beginning before January 1, 1943, the basis of each portion of the property shall be properly adjusted for the amount included in gross income.

(7) (IF THE PROPERTY WAS ACQUIRED BY THE TAXPAYER AS A TRANSFER OF PROPERTY IN EXCHANGE FOR THE RELEASE OF THE TAXPAYER'S MARITAL RIGHTS, THE BASIS OF THE PROPERTY SHALL BE THE SAME AS IT WOULD BE IF IT WERE BEING SOLD OR OTHERWISE DISPOSED OF BY THE PERSON WHO TRANSFERRED THE PROPERTY TO THE TAXPAYER.)

((8)) The basis of property subject to the provisions of section 1034 of the Internal Revenue Code of 1954, as amended through December 31, 1983 (relating to the rollover of gain on sale of principal residence) shall be the same as the basis for federal income tax purposes. The basis shall be increased by the amount of gain realized on the sale of a principal residence outside of Minnesota, while a nonresident of this state, which gain was not recognized because of the provisions of section 1034.

Sec. 31. Minnesota Statutes 1984, section 290.23, subdivision 5, is amended to read:

Subd. 5. [DISTRIBUTABLE NET INCOME, INCOME, BENEFICIARY; DEFINED.] (1) For purposes of sections 290.22 through 290.25, the term "distributable net income" means the same as that term is defined in section 643(a) of the Internal Revenue Code of 1954, as amended through December 31, 1983 with the following modification:

There shall be included any tax-exempt interest to which section 290.01, subdivision 20b, clause (1) applies, reduced by any amounts which would be deductible in respect of disbursements

allocable to such interest but for the provisions of section (290.-10(9)) *290.10(8)* (relating to disallowance of certain deductions).

If the estate or trust is allowed a deduction under section 642(c) of the Internal Revenue Code of 1954, as amended through December 31, 1983, the amount of the modification shall be reduced to the extent that the amount of income which is paid, permanently set aside, or to be used for the purposes specified in that section of the Internal Revenue Code is deemed to consist of items specified in the modification. For this purpose, such amount shall (in the absence of specific provisions in the governing instrument) be deemed to consist of the same proportion of each class of items of income of the estate or trust as the total of each class bears to the total of all classes.

(2) The term "income," and the term "beneficiary" have the same meaning as those terms are defined in section 643(b) and (c) of the Internal Revenue Code of 1954, as amended through December 31, 1983.

Sec. 32. Minnesota Statutes 1984, section 290.37, subdivision 1, is amended to read:

Subdivision 1. [PERSONS MAKING RETURNS.] (a) The commissioner of revenue shall annually determine the gross income levels at which individuals, trusts, and estates shall be required to file a return for each taxable year. An individual who is not a Minnesota resident for any part of the year is not required to file a Minnesota income tax return if the individual's Minnesota gross income computed under section 290.06, subdivision 2c, clause ((C)(1)) *(d)(1)* is less than the filing requirements for an individual who is a full year resident of Minnesota with the same marital status and number of personal credits.

The decedent's final income tax return, and all other income tax returns for prior years where the decedent had gross income in excess of the minimum amount at which an individual is required to file and did not file, shall be filed by his or her personal representative, if any. If there is no personal representative, the return or returns shall be filed by the transferees as defined in section 290.29, subdivision 3, who receive any property of the decedent.

The trustee or other fiduciary of property held in trust shall file a return with respect to the taxable net income of such trust if that exceeds an amount determined by the commissioner if such trust belongs to the class of taxable persons.

Every corporation shall file a return. The return in this case shall be signed by an officer of the corporation.

The receivers, trustees in bankruptcy, or assignees operating the business or property of a taxpayer shall file a return with respect to the taxable net income of such taxpayer if that exceeds an amount on which a tax at the rates herein provided would exceed the specific credits allowed.

(b) Such return shall (1) (BE VERIFIED OR) contain a written declaration that it is (MADE UNDER THE PENALTIES OF CRIMINAL LIABILITY FOR WILLFULLY MAKING A FALSE RETURN) *correct and complete*, and (2) shall contain *language prescribed by the commissioner providing* a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

(c) For purposes of this subdivision the term "gross income" shall mean gross income as defined in section 61 of the Internal Revenue Code of 1954, as amended through December 31, 1983, modified and adjusted in accordance with the provisions of sections 290.01, subdivision 20b, clauses (1), ((6)), *(6)* and ((10)) *(7)*, 290.08, and 290.17.

Sec. 33. Minnesota Statutes 1984, section 290.38, is amended to read:

290.38 [(JOINT) RETURNS OF (HUSBAND AND WIFE) *MARRIED PERSONS.*]

A husband and wife (MAY MAKE A SINGLE RETURN JOINTLY EVEN THOUGH ONE OF THE SPOUSES HAS NEITHER GROSS INCOME NOR DEDUCTIONS) *must file a joint Minnesota income tax return if they filed a joint federal income tax return.* If a joint return is made the tax shall be computed on the aggregate income and the liability with respect to the tax shall be joint and several. If (BOTH) *the* husband and wife have (GROSS INCOME) *elected to file separate federal income tax returns* they (MAY ELECT TO EITHER FILE A SINGLE RETURN JOINTLY OR MAY) *must* file *Minnesota* separate *income tax* returns (PURSUANT TO THIS SECTION OR AS PROVIDED IN SECTION 290.39, SUBDIVISION 2). This election to file a joint or separate returns (MAY) *must* be changed (WITHIN THE PERIOD PROVIDED FOR THE ASSESSMENT OF ADDITIONAL TAXES ON SAID RETURN OR RETURNS) *if they change their election for federal purposes.* In the event taxpayers desire to change their election, such change shall be done in the manner and on such form as the commissioner shall prescribe by (REGULATION) *rule.*

(NO JOINT RETURN SHALL BE MADE IF THE HUSBAND AND WIFE HAVE DIFFERENT TAXABLE YEARS; EXCEPT THAT IF SUCH TAXABLE YEARS BEGIN ON THE SAME DAY AND END ON DIFFERENT DAYS BECAUSE OF THE DEATH OF EITHER OR OF BOTH, THEN THE JOINT RETURN MAY BE MADE WITH RESPECT TO

THE TAXABLE YEAR OF EACH. THE ABOVE EXCEPTION SHALL NOT APPLY IF THE SURVIVING SPOUSE REMARRIES BEFORE THE CLOSE OF HIS TAXABLE YEAR OR IF THE TAXABLE YEAR OF EITHER SPOUSE IS A FRACTIONAL PART OF A YEAR UNDER SECTION 290.32) *For purposes of this section, marital status shall be determined under section 143(a) of the Internal Revenue Code of 1954, as amended through December 31, 1984.*

In the case of the death of one spouse or both spouses the joint return with respect to the decedent may be made only by the personal representative of his estate; except that in the case of the death of one spouse the joint return may be made by the surviving spouse with respect to both himself and the decedent if (a) no return for the taxable year has been made by the decedent, (b) no personal representative has been appointed, and (c) no personal representative is appointed before the last day prescribed by law for filing the return of the surviving spouse. If a personal representative of the estate of the decedent is appointed after the joint return has been filed by the surviving spouse, the personal representative may disaffirm such joint return by filing, within one year after the last day prescribed by law for filing the return of the surviving spouse, a separate return for the taxable year of the decedent with respect to which the joint return was made, in which case the return made by the survivor shall constitute his separate return *provided that the election has been also disaffirmed for federal purposes.*

(IF HUSBAND AND WIFE DETERMINE THEIR FEDERAL INCOME TAX ON A JOINT RETURN BUT DETERMINE THEIR MINNESOTA INCOME TAXES SEPARATELY, THEY SHALL DETERMINE THEIR MINNESOTA GROSS INCOME SEPARATELY AS IF THEIR FEDERAL ADJUSTED GROSS INCOMES HAD BEEN DETERMINED SEPARATELY.)

Sec. 34. Minnesota Statutes 1984, section 290.41, subdivision 2, is amended to read:

Subd. 2. [BY PERSONS, CORPORATIONS, COOPERATIVES, GOVERNMENTAL ENTITIES OR SCHOOL DISTRICTS.] Every person, corporation, or cooperative, the state of Minnesota and its political subdivisions, and every city, county and school district in Minnesota, making payments in the regular course of a trade or business during the taxable year to any person or corporation of $600 or more on account of rents or royalties, or of $10 or more on account of interest, or $10 or more on account of dividends or patronage dividends, or $600 or more on account of either wages, salaries, commissions, fees, prizes, awards, pensions, annuities, or any other fixed or determinable gains, profits or income, not otherwise reportable under section 290.92, subdivision 7, or on account of earnings of $10 or more distributed to its members by savings, building and loan associa-

tions or credit unions chartered under the laws of this state or the United States, (a) shall make a return (except in cases where a valid agreement to participate in the combined federal and state information reporting system has been entered into, and such return is therefore filed only with the commissioner of internal revenue pursuant to the applicable filing and informational reporting requirements of the Internal Revenue Code of 1954 as amended through December 31, 1983) in respect to such payments in excess of the amounts specified, giving the names and addresses of the persons to whom such payments were made, the amounts paid to each, and (b) shall make a return in respect to the total number of such payments and total amount of such payments, for each category of income specified, which were in excess of the amounts specified. This subdivision shall not apply to the payment of interest or dividends to a person who was a nonresident of Minnesota for the entire year.

A person, corporation, or cooperative required to file returns under this subdivision on interest, dividends, or patronage dividend payments with respect to more than 50 payees for any calendar year must file all of these returns on magnetic media unless the person establishes to the satisfaction of the commissioner that compliance with this requirement would be an undue hardship.

(UPON REQUEST FROM THE COMMISSIONER, ANY PUBLIC PENSION PLAN AS DEFINED IN SECTION 356.61 IN WHICH THE EMPLOYER PICKS UP THE EMPLOYEE CONTRIBUTIONS UNDER SECTION 356.62 SHALL FURNISH THE COMMISSIONER, ON MAGNETIC MEDIA TO THE EXTENT POSSIBLE, WITH THE NAME, ADDRESS, AND SOCIAL SECURITY NUMBER OF EACH EMPLOYEE WHO PARTICIPATED IN THE PLAN DURING THAT CALENDAR YEAR FOR WHICH PICKED UP CONTRIBUTIONS WERE MADE.)

Sec. 35. Minnesota Statutes 1984, section 290.50, subdivision 5, is amended to read:

Subd. 5. [OVERPAYMENTS; CREDITS AND REFUNDS.] (a) If the amount allowable as a credit under section 290.92, subdivision 12 (relating to credit for tax withheld at source) or an amount determined to be an overpayment under section 290.93, subdivision 9, or 290.936 exceeds the taxes imposed by this chapter against which such credit is allowable the amount of such excess shall be considered an overpayment. An amount paid as tax shall constitute an overpayment even if in fact there was no tax liability with respect to which such amount was paid.

(b) Notwithstanding any other provision of law to the contrary, in the case of any overpayment the commissioner, within the applicable period of limitations, may credit the amount of such overpayment against any liability in respect of Minnesota

income tax on the part of the person who made the overpayment or against any liability in respect to Minnesota income tax on the part of either spouse who shall have filed a joint (OR COMBINED) return for the taxable year in which the overpayment was made and shall refund any balance of more than one dollar to such person if the taxpayer shall so request.

The commissioner is authorized to prescribe rules providing for the crediting against the estimated income tax for any taxable year of the amount determined by the commissioner to be an overpayment of the income tax for a preceding taxable year.

Sec. 36. Minnesota Statutes 1984, section 290.50, subdivision 6, is amended to read:

Subd. 6. [WITHHOLDING OF REFUNDS FROM CHILD SUPPORT DEBTORS.] Upon a finding by a court of this state that a person obligated to pay child support is delinquent in making payments, the amount of child support unpaid and owing including attorneys fees and costs incurred in ascertaining or collecting child support shall be withheld from a refund due the person under this section. The public agency responsible for child support enforcement or the parent or guardian of a child for whom the support, attorneys fees and costs are owed may petition the district or county court for an order providing for the withholding of the amount of child support, attorneys fees and costs unpaid and owing as determined by court order. The person from whom the refund may be withheld shall be notified of the petition pursuant to the rules of civil procedure prior to the issuance of an order pursuant to this subdivision. The order may be granted on a showing to the court that required support payments, attorneys fees and costs have not been made when they were due.

On order of the court, the money shall be withheld by the commissioner from the refund due to the person obligated to pay and the amount withheld shall be remitted to the public agency responsible for child support enforcement or to the parent or guardian petitioning on behalf of the child, provided that any delinquent tax obligations of the taxpayer owed to the revenue department shall be satisfied first. Any amount received by the responsible public agency or the petitioning parent or guardian in excess of the amount of public assistance expended for the benefit of the child to be supported, or the amount of any support, attorneys fees and costs that had been the subject of the claim pursuant to this subdivision which has been paid by the taxpayer prior to the diversion of the refund, shall be remitted to the person entitled to the money. (IF THE REFUND IS BASED ON A JOINT OR COMBINED RETURN, THE PORTION OF THE REFUND THAT SHALL BE REMITTED TO THE PETITIONER SHALL BE THE PROPORTION OF THE TOTAL REFUND THAT EQUALS THE PROPORTION OF THE TOTAL FEDERAL ADJUSTED GROSS INCOME OF

THE SPOUSES THAT IS THE FEDERAL ADJUSTED GROSS INCOME OF THE SPOUSE WHO IS DELINQUENT IN MAKING THE CHILD SUPPORT PAYMENTS.) A petition filed pursuant to this subdivision shall be in effect with respect to any refunds due under this section until the support money, attorneys fees and costs have been paid in full or the court orders the commissioner to discontinue withholding the money from the refund due the person obligated to pay the support, attorneys fees and costs. If a petition is filed pursuant to this subdivision and a claim is made pursuant to chapter 270A with respect to the same individual's refund and notices of both are received prior to the time when payment of the refund is made on either claim, the claim relating to the liability that accrued first in time shall be paid first; any amount of the refund remaining shall then be applied to the other claim. The provisions of section 290.61 shall not prohibit the exchange of information among the department, the petitioner, and the court to the extent necessary to accomplish the intent of this subdivision.

Sec. 37. Minnesota Statutes 1984, section 290.92, subdivision 2a, is amended to read:

Subd. 2a. [COLLECTION AT SOURCE.] (1) [DEDUCTIONS.] Every employer making payment of wages shall deduct and withhold upon such wages a tax as provided in this section.

(2) [WITHHOLDING ON PAYROLL PERIOD.] The employer shall withhold the tax on the basis of each payroll period or as otherwise provided in this section.

(3) [WITHHOLDING TABLES.] Unless the amount of tax to be withheld is determined as provided in subdivision 3, the amount of tax to be withheld for each individual shall be based upon tables to be prepared and distributed by the commissioner. The tables shall be computed for the several permissible withholding periods and shall take account of exemptions allowed under this section; and the amounts computed for withholding shall be such that the amount withheld for any individual during his taxable year shall approximate in the aggregate as closely as possible the tax which is levied and imposed under this chapter for that taxable year, upon his salary, wages, or compensation for personal services of any kind for the employer, and shall take into consideration (THE ALLOWABLE DEDUCTION FOR FEDERAL INCOME TAX AND) the deduction allowable under section 290.089, subdivision 3, and the personal credits allowed against the tax.

(4) [MISCELLANEOUS PAYROLL PERIOD.] If wages are paid with respect to a period which is not a payroll period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a num-

ber of days, including Sundays and holidays, equal to the number of days in the period with respect to which such wages are paid.

(5) [MISCELLANEOUS PAYROLL PERIOD.] (a) In any case in which wages are paid by an employer without regard to any payroll period or other period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days equal to the number of days, including Sundays and holidays, which have elapsed since the date of the last payment of such wages by such employer during the calendar year, or the date of commencement of employment with such employer during such year, or January 1 of such year, whichever is the later.

(b) In any case in which the period, or the time described in clause (a), in respect of any wages is less than one week, the commissioner, under regulations prescribed by him, may authorize an employer to determine the amount to be deducted and withheld under the tables applicable in the case of a weekly payroll period, in which case the aggregate of the wages paid to the employee during the calendar week shall be considered the weekly wages.

(6) [WAGES COMPUTED TO NEAREST DOLLAR.] If the wages exceed the highest bracket, in determining the amount to be deducted and withheld under this subdivision, the wages may, at the election of the employer, be computed to the nearest dollar.

(7) [(REGULATIONS ON WITHHOLDING) *ADMINISTRATIVE RULES.*] The commissioner may, by (REGULATIONS) *rule,* authorize employers:

(a) To estimate the wages which will be paid to any employee in any quarter of the calendar year;

(b) To determine the amount to be deducted and withheld upon each payment of wages to such employee during such quarter as if the appropriate average of the wages so estimated constituted the actual wages paid; and

(c) To deduct and withhold upon any payment of wages to such employee during such quarter such amount as may be necessary to adjust the amount actually deducted and withheld upon wages of such employee during such quarter to the amount required to be deducted and withheld during such quarter without regard to this paragraph (7).

(8) [ADDITIONAL WITHHOLDING.] The commissioner is authorized to provide by rule for increases or decreases in the amount of withholding otherwise required under this section in cases where the employee requests the changes. Such additional withholding shall for all purposes be considered tax required to be deducted and withheld under this section.

(9) [TIPS.] In the case of tips which constitute wages, this subdivision shall be applicable only to such tips as are included in a written statement furnished to the employer pursuant to section 6053 of the Internal Revenue Code of 1954, as amended through December 31, 1983, and only to the extent that the tax can be deducted and withheld by the employer, at or after the time such statement is so furnished and before the close of the calendar year in which such statement is furnished, from such wages of the employee (excluding tips, but including funds turned over by the employee to the employer for the purpose of such deduction and withholding) as are under the control of the employer; and an employer who is furnished by an employee a written statement of tips (received in a calendar month) pursuant to section 6053 of the Internal Revenue Code of 1954 as amended through December 31, 1983 to which subdivision 1 is applicable may deduct and withhold the tax with respect to such tips from any wages of the employee (excluding tips) under his control, even though at the time such statement is furnished the total amount of the tips included in statements furnished to the employer as having been received by the employee in such calendar month in the course of his employment by such employer is less than $20. Such tax shall not at any time be deducted and withheld in an amount which exceeds the aggregate of such wages and funds as are under the control of the employer minus any tax required by other provisions of state or federal law to be collected from such wages and funds.

Sec. 38. Minnesota Statutes 1984, section 290.92, subdivision 18, is amended to read:

Subd. 18. [RETURNS; CONFESSION OF JUDGMENT.] Any return that is required to be filed with the commissioner of revenue under this section shall (a) contain a written declaration that it is (MADE UNDER THE PENALTIES OF CRIMINAL LIABILITY FOR WILFULLY MAKING A FALSE RETURN) *correct and complete,* and (b) shall contain *language prescribed by the commissioner providing* a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

Sec. 39. Minnesota Statutes 1984, section 290.92, subdivision 21, is amended to read:

Subd. 21. [EXTENSION OF WITHHOLDING TO UNEMPLOYMENT COMPENSATION BENEFITS.] For purposes of this section, any supplemental unemployment compensation benefit paid to an individual to the extent includable in such individual's Minnesota (ADJUSTED) gross income, shall be treated as if it were a payment of wages by an employer to an employee for a payroll period.

Sec. 40. Minnesota Statutes 1984, section 290.93, subdivision 10, is amended to read:

Subd. 10. [UNDERPAYMENT OF ESTIMATED TAX.] (1) In the case of any underpayment of estimated tax by an individual, except as provided in paragraph (4) or (5), there may be added to and become a part of the taxes imposed by this chapter, for the taxable year an amount determined at the rate specified in section 270.75 upon the amount of the underpayment for the period of the underpayment.

(2) For purposes of the preceding paragraph, the amount of underpayment shall be the excess of

(a) The amount of the installment which would be required to be paid if the estimated tax were equal to 80 percent (66-2/3 percent in the case of farmers referred to in subdivision 5(2) of this section) of the taxes shown on the return for the taxable year or the taxes for such year if no return was filed, over

(b) The amount, if any, of the installment paid on or before the last day prescribed for such payment.

(3) The period of the underpayment shall run from the date the installment was required to be paid to whichever of the following dates is the earlier

(a) The 15th day of the fourth month following the close of the taxable year.

(b) With respect to any portion of the underpayment, the date on which such portion is paid. For purposes of this subparagraph, a payment of estimated tax on any installment date shall be considered a payment of any previous underpayment only to the extent such payment exceeds the amount of the installment determined under paragraph (2)(a) for such installment date.

(4) The addition to the tax with respect to any underpayment of any installment shall not be imposed if the total amount of all payments of estimated tax made on or before the last date prescribed for the payment of such installment equals or exceeds the amount which would have been required to be paid on or before such date if the estimated tax were whichever of the following is the lesser

(a) The total tax liability shown on the return of the individual for the preceding taxable year (if a return showing a liability for such taxes was filed by the individual for the preceding taxable year of 12 months), or

(b) An amount equal to the tax computed, at the rates applicable to the taxable year, on the basis of the taxpayer's *marital* status *and* with respect to the personal credits for the taxable year, but otherwise on the basis of the facts shown on his return for, and the law applicable to the preceding taxable year, or

(c) An amount equal to 80 percent (66-2/3 percent in the case of farmers referred to in subdivision 5(2) of this section) of the tax for the taxable year (after deducting personal credits) computed by placing on an annualized basis the taxable income for the months in the taxable year ending before the month in which the installment is required to be paid. For purposes of this subparagraph, the taxable income shall be placed on an annualized basis by

(i) Multiplying by 12 (or in the case of a taxable year of less than 12 months, the number of months in the taxable year) the taxable income computed for the months in the taxable year ending before the month in which the installment is required to be paid.

(ii) Dividing the resulting amount by the number of months in the taxable year ending before the month in which such installment date falls, or

(d) An amount equal to 90 percent of the tax computed, at the rates applicable to the taxable year, on the basis of the actual taxable income for the months in the taxable year ending before the month in which the installment is required to be paid.

(5) No addition to the tax shall be imposed under this subdivision for any taxable year if:

(a) the individual did not have any liability for tax for the preceding taxable year,

(b) the preceding taxable year was a taxable year of 12 months, and

(c) the individual was a resident of Minnesota throughout the preceding taxable year.

(6) For the purposes of applying this subdivision, the estimated tax shall be computed without any reduction for the amount which the individual estimates as his credit under section 290.92, subdivision 12 (relating to tax withheld at source on wages), and the refundable credits contained in sections 290.06, subdivision 13, 290.067, and any other refundable credits which are allowed against income tax liability, and the amount of such credits for the taxable year shall be deemed a payment of estimated tax, and an equal part of such amounts shall be deemed paid on each installment date (determined under subdivisions 6 and 7 of this section) for such taxable year, unless the taxpayer establishes the dates on which all amounts were actually withheld, in which case the amounts so withheld shall be deemed payments of estimated tax on the dates on which such amounts were actually withheld.

Sec. 41. Minnesota Statutes 1984, section 290A.03, subdivision 3, is amended to read:

Subd. 3. [INCOME.] (1) "Income" means the sum of the following:

(a) federal adjusted gross income as defined in the Internal Revenue Code of 1954 as amended through December 31, 1983; and

(b) the sum of the following amounts to the extent not included in clause (a):

(i) additions to federal adjusted gross income as provided in Minnesota Statutes, section 290.01, subdivision 20a, clauses (1), (2), (4) (, (9), (10),) and ((14)) *(5)*;

(ii) all nontaxable income;

(iii) recognized net long term capital gains;

(iv) dividends (AND INTEREST) excluded from federal adjusted gross income under (SECTIONS) *section* 116 (OR 128) of the Internal Revenue Code of 1954;

(v) cash public assistance and relief;

(vi) any pension or annuity (including railroad retirement benefits, all payments received under the federal social security act, supplemental security income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vii) nontaxable interest received from the state or federal government or any instrumentality or political subdivision thereof;

(viii) workers' compensation;

(ix) unemployment benefits;

(x) nontaxable strike benefits; and

(xi) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise. In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal

year ending in the calendar year. Federal adjusted gross income shall not be reduced by the amount of a net operating loss carryback.

(2) "Income" does not include

(a) amounts excluded pursuant to the Internal Revenue Code, Sections 101(a), 102, 117, and 121;

(b) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(c) surplus food or other relief in kind supplied by a governmental agency;

(d) relief granted under this chapter; *or*

(e) child support payments received under a temporary or final decree of dissolution or legal separation; or

(f) federal adjusted gross income shall be reduced by wage or salary expense which is not allowed as a deduction under provisions of section 280C of the Internal Revenue Code of 1954.

Sec. 42. [REPEALER.]

Minnesota Statutes 1984, sections 41.58, subdivision 3; 41.59, subdivisions 2 and 3; 290.01, subdivisions 20c and 26; 290.06, subdivisions 3e, 11, 16, 17, 18, and 19; 290.077, subdivision 4; 290.08, subdivisions 23 and 24; 290.088; 290.089, subdivision 6; 290.101; 290.18, subdivisions 2 and 4; 290.39, subdivision 2; 290.41, subdivision 5; 290.431; 290.9726, subdivisions 5; and Laws 1982, chapter 523, article 7, section 3, are repealed.

Sec. 43. [APPROPRIATION.]

$700,000 is appropriated from the general fund for fiscal year 1987 to the nongame wildlife management account.

Sec. 44. [EFFECTIVE DATE.]

Sections 1 to 40 and 42 are effective for taxable years beginning after December 31, 1984, except as otherwise provided in those sections. Section 41 is effective for claims based on rent paid in 1985 and for property taxes payable in 1986. For any carryback to a taxable year beginning before January 1, 1985, "$35,000" shall be substituted for "$30,000" each place it appears in the second paragraph of Minnesota Statutes, section 290.09, subdivision 29, clause (c)."

Further amend the title:

Page 1, line 29, after the first semicolon insert "270.68;"

Page 1, line 42, after "subdivisions" insert "19,"

Page 1, line 43, delete "290.05, subdivision 3;"

Page 1, line 44, after "3f," insert "and"

Page 1, line 44, delete ", 11, and by adding a" insert a semicolon

Page 1, line 45, delete "subdivision; 290.067, subdivision 1;" insert "290.068, subdivisions 1, 3 and 4;"

Page 1, line 46, delete "subdivision 4" insert "subdivisions 5 and 6"

Page 2, line 1, delete ", and by adding a subdivision"

Page 2, line 2, delete "subdivision 2" insert "subdivisions 2 and 3"

Page 2, line 2, delete "subdivisions 1 and 7; 290.091;" insert "subdivision 29;"

Page 2, line 3, delete "7,"

Page 2, line 5, delete "subdivisions 3 and" insert "subdivision"

Page 2, line 5, after the second semicolon insert "290.23, subdivision 5;"

Page 2, line 7, delete "290.39, subdivision 1a;"

Page 2, line 9, delete "and 19" insert "18, and 21"

Page 2, line 10, delete "subdivision 9" insert "subdivisions 9 and 10"

Page 2, line 23, delete "298.40, by"

Page 2, line 24, delete "by adding a subdivision;"

Page 2, line 28, delete "290;"

Page 2, line 32, delete "62E.03, subdivision 2;"

Page 2, line 36, delete "2f, 3d, 3e, 14" insert "3e, 11"

Page 2, line 37, delete "290.067, subdivisions 2 and 4"

Page 2, line 39, after the semicolon insert "290.088;"

Page 2, line 39, delete "subdivisions 1, 3, 4"

Page 2, line 40, delete "5, and 6; 290.09, subdivision 29;" insert "subdivision 6;"

Page 2, line 41, delete "subdivision" insert "subdivisions 2 and"

Page 2, line 43, after the first semicolon insert "290.431; 290.-9726, subdivision 5;"

A roll call was requested and properly seconded.

The Speaker called Halberg to the Chair.

The question was taken on the Tomlinson amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 55 yeas and 73 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jacobs	Minne	Pappas	Skoglund
Battaglia	Jennings, L.	Munger	Peterson	Solberg
Begich	Kahn	Murphy	Piper	Sparby
Brandl	Kelly	Nelson, K.	Price	Staten
Brown	Knuth	Neuenschwander	Quinn	Tomlinson
Carlson, L.	Kostohryz	Norton	Rest	Tunheim
Clark	Krueger	O'Connor	Rice	Vanasek
Cohen	Lieder	Ogren	Riveness	Vellenga
Elioff	Long	Olson, E.	Rodosovich	Voss
Ellingson	McEachern	Osthoff	Scheid	Welle
Greenfield	McLaughlin	Otis	Simoneau	Wynia

Those who voted in the negative were:

Anderson, R.	Carlson, J.	Gutknecht	Marsh	Poppenhagen
Backlund	Clausnitzer	Halberg	McDonald	Quist
Beard	Dempsey	Hartinger	McKasy	Redalen
Becklin	DenOuden	Hartle	McPherson	Rees
Bennett	Dimler	Haukoos	Metzen	Richter
Bishop	Dyke	Heap	Miller	Rose
Blatz	Erickson	Himle	Olsen, S.	Sarna
Boerboom	Forsythe	Johnson	Omann	Schafer
Boo	Frederick	Kiffmeyer	Onnen	Schreiber
Brinkman	Frederickson	Knickerbocker	Ozment	Seaberg
Burger	Frerichs	Kvam	Pauly	Shaver
Carlson, D.	Gruenes	Levi	Piepho	Sherman

Stanius	Thorson	Uphus	Waltman	Zaffke
Sviggum	Tjornhom	Valan	Wenzel	Spk. Jennings, D.
Thiede	Tompkins	Valento		

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

Neuenschwander, Riveness and Clark moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 22, line 31, after "*returns*" insert "*and upon a single individual who is either a surviving spouse or a head of household, as defined in section 2(a) and 2(b) of the Internal Revenue Code of 1954, as amended through December 31, 1984*"

A roll call was requested and properly seconded.

The question was taken on the Neuenschwander et al. amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 61 yeas and 66 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jennings, L.	Murphy	Quinn	Staten
Battaglia	Kahn	Nelson, K.	Rest	Tomlinson
Beard	Kelly	Neuenschwander	Rice	Tunheim
Begich	Knuth	Norton	Riveness	Vanasek
Brandl	Kostohryz	O'Connor	Rodosovich	Vellenga
Brinkman	Krueger	Ogren	Sarna	Voss
Brown	Lieder	Olson, E.	Scheid	Welle
Carlson, L.	Long	Omann	Schoenfeld	Wenzel
Clark	McEachern	Osthoff	Segal	Wynia
Cohen	McLaughlin	Otis	Simoneau	
Elioff	Metzen	Pappas	Skoglund	
Ellingson	Minne	Peterson	Solberg	
Greenfield	Munger	Piper	Sparby	

Those who voted in the negative were:

Anderson, R.	Carlson, J.	Frederickson	Jacobs	Miller
Backlund	Clausnitzer	Frerichs	Johnson	Onnen
Becklin	Dempsey	Gruenes	Kiffmeyer	Ozment
Bennett	DenOuden	Gutknecht	Knickerbocker	Pauly
Bishop	Dimler	Halberg	Kvam	Piepho
Blatz	Dyke	Hartinger	Levi	Poppenhagen
Boerboom	Erickson	Hartle	Marsh	Redalen
Boo	Fjoslien	Haukoos	McDonald	Rees
Burger	Forsythe	Heap	McKasy	Richter
Carlson, D.	Frederick	Himle	McPherson	Rose

Schafer	Sherman	Thiede	Uphus	Waltman
Schreiber	Stanius	Thorson	Valan	Zaffke
Seaberg	Sviggum	Tompkins	Valento	Spk. Jennings, D.
Shaver				

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

Ogren moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 8, line 2, after "((4))" reinstate the stricken language

Page 8, line 3, reinstate the stricken language

Page 8, line 14, after "((8))" insert "*(4)*"

Page 8, line 18, delete "*(4)*" insert "*(5)*"

Page 9, line 6, delete "*(5)*" insert "*(6)*"

Page 9, line 10, delete "*(6)*" insert "*(7)*"

Page 9, line 16, delete "*(7)*" insert "*(8)*"

Pages 40 to 44, delete sections 26 and 27 and insert:

"Sec. 26. Minnesota Statutes 1984, section 290.09, subdivision 29, is amended to read:

Subd. 29. [DEDUCTIONS ATTRIBUTABLE TO FARMING.] (a) [DEFINITIONS.] For purposes of this subdivision, income and gains and expenses and losses shall be considered as "arising from a farm" if such items are received or incurred in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, including (HORSES,) bees, poultry, and fur-bearing animals and wildlife, and all operations incident thereto, including but not limited to the common use of "hedging." *Income, gains, expenses, and losses do not "arise from a farm" if the items are incurred or received in connection with the breeding, raising, feeding, training, or caring for horses.*

(b) [DEDUCTIONS LIMITED.] Except as provided in this subdivision, expenses and losses, except for interest and taxes, arising from a farm shall not be allowed as deductions in excess of income and gains arising from a farm.

(c) [DEDUCTIONS ALLOWED; CARRYOVER DEDUCTIONS.] Expenses and losses arising from a farm or farms shall be allowed as deductions up to the amount of the income and gains arising from a farm or farms in any taxable year, plus the first ($30,000) *$35,000* of nonfarm gross income, or nonfarm taxable net income in the case of a corporation, provided how-

ever that in any case where nonfarm income exceeds ($30,000) *$35,000*, the maximum allowable amount of ($30,000) *$35,000* shall be reduced by an amount equal to the nonfarm income in excess of ($30,000) *$35,000* multiplied by (THREE) *3.5*. For this purpose and for the purpose of applying the limitation in the following paragraph regarding the application of any carryback or carryforward, the term gross income shall include the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code of 1954, as amended through December 31, 1983, and no deduction shall be allowed for two-earner married couples as provided in section 221 of the Internal Revenue Code of 1954, as amended through December 31, 1983. Any remaining balance of the deductions shall be carried back three years and carried forward five years, in chronological order, provided, however, that in any case in which any individual, estate or trust which elects a net operating loss carryforward under section 172(b)(3)(c) of the Internal Revenue Code of 1954, as amended through December 31, 1983, such losses shall not be carried back but shall only be carried forward.

Current expenses and losses shall be utilized as deductions in any taxable year, to the extent herein allowable, prior to the application of any carryback or carryover deductions. In any event, the combined amounts of such current expenses and losses and carryback or carryover deductions shall be allowed as deductions up to the amount of the income and gains arising from a farm or farms in any taxable year, plus the first ($30,000) *$35,000* of nonfarm gross income, or nonfarm taxable net income in the case of a corporation, provided however that in any case where nonfarm income exceeds ($30,000) *$35,000*, the maximum allowable amount of ($30,000) *$35,000* shall be reduced by an amount equal to the nonfarm income in excess of ($30,000) *$35,000* multiplied by (THREE) *3.5*. For taxable years beginning after December 31, (1984) *1985*, the ($30,000) *$35,000* amount in this subdivision shall be adjusted for inflation in the manner provided in section 290.06, subdivision 2d. The commissioner shall round that amount to the nearest hundred dollar amount. When adjusting the amount for inflation, the commissioner shall use the actual dollar amount of the maximum allowable amount of nonfarm income prior to rounding. Carryback or carryover deductions will be subject to the maximum amount in effect for the year to which the deduction is carried.

(d) [SHAREHOLDERS SEPARATE ENTITIES.] For purposes of this subdivision, individual shareholders of an S corporation shall be considered separate entities.

(e) [SPECIAL PERIOD OF LIMITATION WITH RESPECT TO FARM LOSS LIMITATION CARRYBACKS.] For the purposes of sections 290.46 and 290.50, if the claim for refund relates to an overpayment attributable to a farm loss limitation carryback under this subdivision, in lieu of the period of limitation prescribed in sections 290.46 and 290.50, the period of

limitation shall be that period which ends with the expiration of the 15th day of the 46th month (or the 45th month, in the case of a corporation) following the end of the taxable year of the farm loss which results in the carryback. During this extended period, married individuals who elected to file separate returns or a combined return may change their election and file a joint return.

(f) [INTEREST ON CLAIMS.] In any case in which a taxpayer is entitled to a refund in a carryback year due to the carryback of a farm loss, interest shall be computed only from the end of the taxable year in which the loss occurs."

Page 50, lines 16 to 18, reinstate the stricken language

Page 50, line 26, delete "*(3)*" insert "*(4)*"

Page 50, line 31, delete "*(4)*" insert "*(5)*"

Page 50, line 33, delete "*(5)*" insert "*(6)*"

Page 52, lines 4 to 11, reinstate the stricken language

Page 72, line 15, delete "*(3), and*"

Page 72, line 15, after "((14))" insert "*and (5)*"

Page 74, line 9, delete "*290.09, subdivision 29;*"

Page 74, delete section 49

Renumber the remaining sections

Page 75, line 9, delete "*45, 48, and 49*" insert "*43 and 46*"

Page 75, line 12, delete "*46*" insert "*44*"

Page 75, line 14, delete "*50*" insert "*48*"

Page 75, line 15, after the period insert "*For any carryback to a taxable year beginning before January 1, 1985, "$35,000" shall be substituted for "$30,000" each place it appears in the second paragraph of Minnesota Statutes, section 290.09, subdivision 29, clause (c).*

Further, amend the title:

Page 2, line 2, delete "subdivisions 1 and 7" insert "subdivision 29"

Page 2, line 3, delete "7,"

Page 2, line 40, delete "290.09, subdivision 29;"

A roll call was requested and properly seconded.

The question was taken on the Ogren amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 58 yeas and 66 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Minne	Peterson	Simoneau
Battaglia	Jennings, L.	Munger	Piper	Solberg
Beard	Kahn	Murphy	Price	Sparby
Begich	Kelly	Nelson, K.	Quinn	Staten
Brinkman	Knuth	Neuenschwander	Rest	Tomlinson
Brown	Kostohryz	Norton	Rice	Tunheim
Carlson, L.	Krueger	Ogren	Riveness	Vanasek
Clark	Lieder	Olson, E.	Rodosovich	Voss
Cohen	Long	Omann	Sarna	Welle
Elioff	McEachern	Osthoff	Scheid	Wenzel
Ellingson	McLaughlin	Otis	Schoenfeld	
Greenfield	Metzen	Pappas	Segal	

Those who voted in the negative were:

Anderson, R.	Dyke	Jacobs	Pauly	Thiede
Backlund	Erickson	Johnson	Piepho	Thorson
Becklin	Fjoslien	Kiffmeyer	Poppenhagen	Tjornhom
Bennett	Forsythe	Knickerbocker	Redalen	Tompkins
Bishop	Frederick	Kvam	Rees	Uphus
Blatz	Frederickson	Levi	Richter	Valan
Boerboom	Frerichs	Marsh	Rose	Valento
Boo	Gutknecht	McDonald	Schafer	Waltman
Burger	Halberg	McKasy	Schreiber	Zaffke
Carlson, J.	Hartinger	McPherson	Seaberg	Spk. Jennings, D.
Clausnitzer	Hartle	Miller	Shaver	
Dempsey	Haukoos	Olsen, S.	Sherman	
DenOuden	Heap	Onnen	Stanius	
Dimler	Himle	Ozment	Sviggum	

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

McLaughlin and Clark moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 74, line 6, delete "*3d*,"

Further amend the title:

Page 2, line 36, delete "3d,"

A roll call was requested and properly seconded.

The question was taken on the McLaughlin and Clark amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 59 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jennings, L.	Murphy	Price	Solberg
Battaglia	Kahn	Nelson, K.	Quinn	Sparby
Beard	Kelly	Neuenschwander	Rest	Staten
Begich	Knuth	Norton	Rice	Tomlinson
Brandl	Kostohryz	O'Connor	Riveness	Tunheim
Brown	Krueger	Ogren	Rodosovich	Vanasek
Carlson, L.	Lieder	Olson, E.	Sarna	Vellenga
Clark	Long	Osthoff	Scheid	Voss
Cohen	McLaughlin	Otis	Schoenfeld	Welle
Elioff	Metzen	Pappas	Segal	Wenzel
Ellingson	Minne	Peterson	Simoneau	Wynia
Greenfield	Munger	Piper	Skoglund	

Those who voted in the negative were:

Anderson, R.	DenOuden	Haukoos	Olsen, S.	Shaver
Backlund	Dimler	Heap	Omann	Sherman
Becklin	Dyke	Himle	Onnen	Stanius
Bennett	Erickson	Jacobs	Ozment	Sviggum
Bishop	Fjoslien	Johnson	Pauly	Thiede
Blatz	Forsythe	Kiffmeyer	Piepho	Thorson
Boerboom	Frederick	Knickerbocker	Poppenhagen	Tjornhom
Boo	Frederickson	Kvam	Redalen	Tompkins
Brinkman	Frerichs	Levi	Rees	Uphus
Burger	Gruenes	Marsh	Richter	Valan
Carlson, D.	Gutknecht	McDonald	Rose	Valento
Carlson, J.	Halberg	McKasy	Schafer	Waltman
Clausnitzer	Hartinger	McPherson	Schreiber	Zaffke
Dempsey	Hartle	Miller	Seaberg	

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

Scheid and Cohen moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 31, line 25, delete "*$18*" and insert "*$12*"

Page 31, line 25, delete "*$250*" and insert "*$500*"

Page 31, line 26, delete "*$36*" and insert "*$24*"

Page 31, line 27, strike "24,001" and insert "*$35,000*"

A roll call was requested and properly seconded.

The question was taken on the Scheid and Cohen amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 58 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jacobs	Nelson, K.	Quinn	Sparby
Battaglia	Jennings, L.	Neuenschwander	Rest	Staten
Beard	Kahn	Norton	Rice	Tomlinson
Brandl	Kelly	O'Connor	Riveness	Tunheim
Brinkman	Knuth	Ogren	Rodosovich	Vanasek
Brown	Kostohryz	Olson, E.	Sarna	Vellenga
Carlson, L.	Krueger	Osthoff	Scheid	Voss
Clark	Lieder	Otis	Schoenfeld	Welle
Cohen	Long	Pappas	Segal	Wenzel
Elioff	McLaughlin	Peterson	Simoneau	Wynia
Ellingson	Minne	Piper	Skoglund	
Greenfield	Murphy	Price	Solberg	

Those who voted in the negative were:

Anderson, R.	Dimler	Heap	Ozment	Stanius
Backlund	Dyke	Himle	Pauly	Sviggum
Becklin	Erickson	Johnson	Piepho	Thiede
Bennett	Fjoslien	Kiffmeyer	Poppenhagen	Thorson
Bishop	Forsythe	Knickerbocker	Quist	Tjornhom
Blatz	Frederick	Kvam	Redalen	Tompkins
Boerboom	Frederickson	Levi	Rees	Uphus
Boo	Frerichs	Marsh	Richter	Valan
Burger	Gruenes	McDonald	Rose	Valento
Carlson, D.	Gutknecht	McKasy	Schafer	Waltman
Carlson, J.	Halberg	McPherson	Schreiber	Zaffke
Clausnitzer	Hartinger	Miller	Seaberg	Spk. Jennings, D.
Dempsey	Hartle	Omann	Shaver	
DenOuden	Haukoos	Onnen	Sherman	

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

Skoglund and Clark moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 8, line 4, reinstate everything after the stricken "(5)"

Page 8, reinstate line 5

Renumber the clauses

Page 10, lines 29 and 30, reinstate the stricken language

Page 10, line 31, reinstate everything before the stricken period

Page 50, line 32, reinstate the stricken language

Page 54, line 2, to page 55, line 4, delete section 33

Page 72, line 15, delete "*(3), and*" and before the semicolon insert "*, and (5)*"

Page 74, line 9, delete "*290.101*;"

Page 75, line 9, delete "*45, 48, and 49*" and insert "*44, 47, and 48*"

Page 75, line 12, delete "*46*" and insert "*45*"

Page 75, line 14, delete "*50*" and insert "*49*"

Renumber the sections

Amend the title as follows:

Page 2, line 3, delete "290.12,"

Page 2, line 4, delete "subdivision 2;"

Page 2, line 40, delete "290.101;"

A roll call was requested and properly seconded.

The question was taken on the Skoglund and Clark amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 54 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jennings, L.	Nelson, K.	Quinn	Solberg
Battaglia	Kahn	Neuenschwander	Rest	Sparby
Beard	Kalis	Norton	Rice	Staten
Begich	Kostohryz	O'Connor	Riveness	Tunheim
Brandl	Krueger	Ogren	Rodosovich	Vanasek
Brown	Lieder	Olson, E.	Sarna	Vellenga
Carlson, L.	Long	Osthoff	Scheid	Voss
Clark	McLaughlin	Otis	Schoenfeld	Welle
Elioff	Minne	Peterson	Segal	Wenzel
Ellingson	Munger	Piper	Simoneau	Wynia
Greenfield	Murphy	Price	Skoglund	

Those who voted in the negative were:

Anderson, R.	Bennett	Boo	Carlson, D.	Dempsey
Backlund	Blatz	Brinkman	Carlson, J.	DenOuden
Becklin	Boerboom	Burger	Clausnitzer	Dimler

Dyke	Hartle	McKasy	Quist	Sviggum
Erickson	Haukoos	McPherson	Redalen	Thiede
Fjoslien	Himle	Metzen	Rees	Thorson
Forsythe	Jacobs	Miller	Richter	Tjornhom
Frederick	Johnson	Olsen, S.	Rose	Tompkins
Frederickson	Kiffmeyer	Omann	Schafer	Uphus
Frerichs	Knickerbocker	Onnen	Schreiber	Valan
Gruenes	Kvam	Ozment	Seaberg	Valento
Gutknecht	Levi	Pauly	Shaver	Waltman
Halberg	Marsh	Piepho	Sherman	Zaffke
Hartinger	McDonald	Poppenhagen	Stanius	Spk. Jennings, D.

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

Vanasek, Cohen, Osthoff, Segal and Metzen moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 12, line 32, delete "*senior citizens income subtraction*" and insert "*pension income*"

Page 13, line 13, after "((12))" insert "*(8)*" and restore the stricken language

Page 13, lines 14 and 15, restore the stricken language

Page 13, line 16, delete "*(8)*" insert "*(9)*"

Page 14, line 7, delete "*(9)*" insert "*(10)*"

Page 14, line 10, delete "*(10)*" insert "*(11)*"

Page 14, line 19, delete "*(11)*" insert "*(12)*"

Page 14, line 27, after "((18))" insert "*(13)*" and restore the stricken language

Page 14, lines 28 to 35, restore the stricken language

Page 14, line 35, after "(6)" insert a semicolon

Page 14, line 36, delete "*(12)*" insert "*(14)*"

Page 15, line 17, delete "*(13)*" insert "*(15)*"

Page 15, line 20, delete "*(14)*" insert "*(16)*"

Page 15, line 23, delete "*(15)*" insert "*(16)*"

Page 15, line 23, delete "*(15)*" insert "*(17)*"

Pages 33 to 35, delete section 23

Renumber the sections

Page 75, line 9, delete "*45, 48, and 49*" insert "*44, 47, and 48*"

Page 75, line 12, delete "*46*" insert "*45*"

Page 75, line 14, delete "*50*" insert "*49*"

Further amend the title:

Page 2, line 1, delete "subdivision 26, and"

A roll call was requested and properly seconded.

The question was taken on the Vanasek et al. amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 64 yeas and 64 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Metzen	Peterson	Solberg
Battaglia	Jacobs	Minne	Piper	Sparby
Beard	Jennings, L.	Munger	Price	Staten
Begich	Kahn	Murphy	Quinn	Tjornhom
Brandl	Kalis	Nelson, K.	Rest	Tomlinson
Brinkman	Kelly	Neuenschwander	Rice	Tunheim
Brown	Knuth	Norton	Riveness	Vanasek
Carlson, L.	Kostohryz	O'Connor	Rodosovich	Vellenga
Clark	Krueger	Ogren	Sarna	Voss
Cohen	Lieder	Olsen, S.	Scheid	Welle
Elioff	Long	Olson, E.	Schoenfeld	Wenzel
Ellingson	McEachern	Osthoff	Segal	Wynia
Greenfield	McLaughlin	Otis	Skoglund	

Those who voted in the negative were:

Becklin	Dyke	Himle	Ozment	Sherman
Bennett	Erickson	Johnson	Pauly	Stanius
Bishop	Fjoslien	Kiffmeyer	Piepho	Sviggum
Blatz	Forsythe	Knickerbocker	Poppenhagen	Thiede
Boerboom	Frederick	Kvam	Quist	Thorson
Boo	Frederickson	Levi	Redalen	Tompkins
Burger	Frerichs	Marsh	Rees	Uphus
Carlson, D.	Gutknecht	McDonald	Richter	Valan
Carlson, J.	Halberg	McKasy	Rose	Valento
Clausnitzer	Hartinger	McPherson	Schafer	Waltman
Dempsey	Hartle	Miller	Schreiber	Zaffke
DenOuden	Haukoos	Omann	Scaberg	Spk. Jennings, D.
Dimler	Heap	Onnen	Shaver	

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

Clark moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 106, line 13, in both places strike "August" and insert "*May*"

Page 106, line 16, strike "August" and insert "*May*"

Page 112, after line 15, insert:

"Sec. 43. [APPROPRIATION.]

There is appropriated to the commissioner of revenue from the general fund for fiscal year 1985 the amounts required to make the property tax refund payments to renters in fiscal years 1986 and 1987. Notwithstanding the provisions of Minnesota Statutes 1984, section 16A.28, this appropriation is available until June 30, 1987."

Renumber the remaining section

Page 112, line 18, after the period, insert "*The portion of section 12 changing the payment date is effective for claims based on rent paid during calendar year 1985 and thereafter.*"

A roll call was requested and properly seconded.

The question was taken on the Clark amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 54 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Munger	Piper	Solberg
Battaglia	Jacobs	Murphy	Price	Sparby
Beard	Jennings, L.	Nelson, K.	Rest	Staten
Begich	Kahn	Norton	Riveness	Tomlinson
Brandl	Kelly	O'Connor	Rodosovich	Tunheim
Brown	Knuth	Ogren	Sarna	Vanasek
Carlson, L.	Kostohryz	Olsen, S.	Scheid	Vellenga
Clark	Lieder	Olson, E.	Schoenfeld	Voss
Cohen	Long	Osthoff	Segal	Welle
Elioff	McLaughlin	Otis	Simoneau	Wenzel
Ellingson	Minne	Peterson	Skoglund	

Those who voted in the negative were:

Anderson, R.	Bennett	Boo	Carlson, D.	Dempsey
Backlund	Blatz	Brinkman	Carlson, J.	DenOuden
Becklin	Boerboom	Burger	Clausnitzer	Dyke

Erickson	Heap	McKasy	Redalen	Thiede
Fjoslien	Himle	McPherson	Rees	Thorson
Forsythe	Johnson	Miller	Richter	Tjornhom
Frederick	Kalis	Omann	Rose	Tompkins
Frederickson	Kiffmeyer	Onnen	Schafer	Uphus
Frerichs	Knickerbocker	Ozment	Schreiber	Valan
Gruenes	Krueger	Pauly	Seaberg	Valento
Gutknecht	Kvam	Piepho	Shaver	Waltman
Halberg	Levi	Poppenhagen	Sherman	Spk. Jennings, D.
Hartle	Marsh	Quinn	Stanius	
Haukoos	McDonald	Quist	Sviggum	

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

Clark moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 106, line 12, after "renter" insert "*and who is disabled or who has attained the age of 65 shall receive full payment after May 1 and prior to May 15 or 60 days after receipt of the application, whichever is later and who is not disabled or who is not 65 years old*"

Page 106, line 16, after "from" insert "*May 15 in the case of disabled and seniors and*"

Page 106, line 16, after "15" insert "*in the case of non-disabled and non-seniors*"

Page 112, after line 15, insert:

"Sec. 23. [APPROPRIATION.]

There is appropriated to the commissioner of revenue from the general fund for fiscal year 1985 the amounts required to make the May property tax refund payments to renters in fiscal years 1986 and 1987. Notwithstanding the provisions of Minnesota Statutes 1984, section 16A.28, this appropriation is available until June 30, 1987."

Page 112, line 18, after the period insert "*The portion of section 12 changing the payment date is effective for claims based on rent paid during calendar year 1985 and thereafter.*"

A roll call was requested and properly seconded.

The question was taken on the Clark amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 59 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jennings, L.	Murphy	Piper	Solberg
Battaglia	Kahn	Nelson, K.	Price	Sparby
Beard	Kelly	Neuenschwander	Rest	Staten
Begich	Kostohryz	Norton	Rice	Tomlinson
Brandl	Krueger	O'Connor	Riveness	Tunheim
Brown	Lieder	Ogren	Rodosovich	Vanasek
Carlson, L.	Long	Olsen, S.	Sarna	Vellenga
Clark	McEachern	Olson, E.	Scheid	Voss
Cohen	McLaughlin	Omann	Schoenfeld	Welle
Elioff	Metzen	Osthoff	Segal	Wenzel
Ellingson	Minne	Otis	Simoneau	Wynia
Greenfield	Munger	Peterson	Skoglund	

Those who voted in the negative were:

Anderson, R.	Dimler	Heap	Miller	Shaver
Backlund	Dyke	Himle	Onnen	Sherman
Becklin	Erickson	Jacobs	Ozment	Stanius
Bennett	Fjoslien	Johnson	Pauly	Sviggum
Bishop	Forsythe	Kalis	Piepho	Thiede
Blatz	Frederick	Kiffmeyer	Poppenhagen	Thorson
Boo	Frederickson	Knickerbocker	Quist	Tjornhom
Brinkman	Frerichs	Knuth	Redalen	Tompkins
Burger	Gruenes	Kvam	Rees	Uphus
Carlson, D.	Gutknecht	Levi	Richter	Valan
Carlson, J.	Halberg	Marsh	Rose	Valento
Clausnitzer	Hartinger	McDonald	Schafer	Waltman
Dempsey	Hartle	McKasy	Schreiber	Zaffke
DenOuden	Haukoos	McPherson	Seaberg	Spk. Jennings, D.

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

Otis moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 30, after line 32, insert:

"Sec. 20. Minnesota Statutes 1984, section 290.06, is amended by adding a subdivision to read:

Subd. 21. [POST SECONDARY TUITION.] *(a) A credit is allowed equal to 50 percent of the amount paid during the taxable year for tuition to a qualified post-secondary institution either for the taxpayer or for a dependent of a taxpayer. The maximum amount of the tuition qualifying for the credit is limited to $1,000 for each student. The credit is not allowable for tuition paid by the taxpayer, if the taxpayer was claimed as a dependent for the taxable year. The amount of tuition to which the credit may apply must be reduced to the extent the taxpayer or student was reimbursed for or received funds for payment of the tuition from scholarships or grants that were not included in taxable income of either the student or the taxpayer. To qualify*

for the credit the student must be enrolled in a program leading to a degree at a qualified post-secondary institution and the tuition must have been paid for the student's enrollment in the program.

(b) For purposes of this subdivision, the following terms have the meanings given:

(1) "Tuition" means tuition or other fees paid for the privilege of enrolling in a class or course of study for credit at a qualified post-secondary institution. Tuition does not include amounts paid for textbooks, instructional materials, equipment, social activities or living expenses.

(2) "Qualified post-secondary institution" means an accredited university, college, community college, or vocational-technical institute, or other institution providing an accredited course of post-secondary instruction.

(3) "Degree" includes a certificate of the completion of a course of study at a vocational technical institute.

(c) If the amount of credit which a claimant is eligible to receive under this subdivision exceeds the tax liability, the excess amount of the credit shall be refunded by the commissioner of revenue.

(d) The amount necessary to pay the credits allowed in excess of tax liability under this subdivision is annually appropriated to the commissioner of revenue from the general fund."

Renumber the sections

Page 75, line 9, delete "*45, 48, and 49*" insert "*46, 49, and 50*"

Page 75, line 12, delete "*46*" insert "*47*"

Page 75, line 14, delete "*50*" insert "*51*"

Further amend the title:

Page 1, line 44, delete "a"

Page 1, line 45, delete the first "subdivision" insert "subdivisions"

A roll call was requested and properly seconded.

The question was taken on the Otis amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 62 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jacobs	Minne	Price	Sparby
Battaglia	Jennings, L.	Munger	Quinn	Staten
Beard	Kahn	Nelson, K.	Rest	Tomlinson
Begich	Kalis	Neuenschwander	Rice	Tunheim
Brandl	Kelly	Norton	Riveness	Vanasek
Brinkman	Knuth	O'Connor	Rodosovich	Vellenga
Brown	Kostohryz	Ogren	Sarna	Voss
Carlson, L.	Krueger	Olson, E.	Scheid	Welle
Clark	Lieder	Osthoff	Schoenfeld	Wenzel
Cohen	Long	Otis	Segal	Wynia
Elioff	McEachern	Pappas	Simoneau	
Ellingson	McLaughlin	Peterson	Skoglund	
Greenfield	Metzen	Piper	Solberg	

Those who voted in the negative were:

Anderson, R.	Dimler	Himle	Ozment	Stanius
Backlund	Dyke	Johnson	Pauly	Sviggum
Becklin	Erickson	Kiffmeyer	Piepho	Thiede
Bennett	Fjoslien	Knickerbocker	Poppenhagen	Thorson
Bishop	Forsythe	Kvam	Quist	Tjornhom
Blatz	Frederick	Levi	Redalen	Tompkins
Boerboom	Frederickson	Marsh	Rees	Uphus
Boo	Gruenes	McDonald	Richter	Valan
Burger	Gutknecht	McKasy	Rose	Valento
Carlson, D.	Halberg	McPherson	Schafer	Waltman
Carlson, J.	Hartinger	Miller	Schreiber	Zaffke
Clausnitzer	Hartle	Olsen, S.	Seaberg	Spk. Jennings, D.
Dempsey	Haukoos	Omann	Shaver	
DenOuden	Heap	Onnen	Sherman	

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

Wenzel moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 123, after line 6, insert:

"Section 1. Minnesota Statutes 1984, section 290.06, subdivision 1, is amended to read:

Subdivision 1. [COMPUTATION, CORPORATIONS.] The privilege and income taxes imposed by this chapter upon corporations shall be computed by applying to their taxable net income in excess of the applicable deductions allowed under section 290.21 the following rates:

(1) On the first $25,000, (FOR THE FIRST TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 1981 AND

BEFORE JANUARY 1, 1983 NINE PERCENT AND, FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1982,) six percent; provided that, in the case of a corporation having taxable net income allocated to this state pursuant to the provisions of section 290.19, 290.20, 290.35, or 290.36, the amount of income subject to this rate shall be that proportion of $25,000 which its income allocable to this state bears to its total taxable net income; and

(2) On the remainder, (12) *ten* percent."

Page 134, line 29, delete "*5, 7, and 10*" and insert "*6, 8, and 11*"

Page 134, line 30, delete "*8 and 9*" and insert "*9 and 10*"

Page 134, line 32, delete "*6*" and insert "*7*"

Renumber the sections

Amend the title as follows:

Page 1, line 44, after "subdivisions" insert "1,"

A roll call was requested and properly seconded.

The question was taken on the Wenzel amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 37 yeas and 83 nays as follows:

Those who voted in the affirmative were:

Battaglia	Cohen	Lieder	Otis	Staten
Beard	Elioff	Long	Peterson	Tunheim
Begich	Ellingson	McEachern	Piper	Uphus
Brandl	Gutknecht	Metzen	Quinn	Welle
Brinkman	Kalis	Minne	Scheid	Wenzel
Brown	Kelly	Murphy	Schoenfeld	
Carlson, L.	Knickerbocker	O'Connor	Solberg	
Clausnitzer	Krueger	Osthoff	Sparby	

Those who voted in the negative were:

Anderson, G.	Burger	Fjoslien	Hartle	Kvam
Anderson, R.	Carlson, D.	Forsythe	Haukoos	Levi
Backlund	Carlson, J.	Frederick	Himle	Marsh
Becklin	Clark	Frederickson	Jacobs	McDonald
Bennett	Dempsey	Frerichs	Johnson	McKasy
Bishop	DenOuden	Greenfield	Kahn	McLaughlin
Blatz	Dimler	Gruenes	Kiffmeyer	McPherson
Boerboom	Dyke	Halberg	Knuth	Miller
Boo	Erickson	Hartinger	Kostohryz	Neuenschwander

Norton	Poppenhagen	Rodosovich	Simoneau	Valan
Olsen, S.	Price	Rose	Skoglund	Valento
Omann	Quist	Sarna	Stanius	Vanasek
Onnen	Redalen	Schafer	Sviggum	Voss
Ozment	Rees	Schreiber	Thiede	Waltman
Pappas	Rest	Segal	Thorson	Spk. Jennings, D.
Pauly	Richter	Shaver	Tomlinson	
Piepho	Riveness	Sherman	Tompkins	

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

Vanasek moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 92, line 12, delete "*2, 4, 5*" insert "*3, 5, 6*"

Page 92, line 15, delete "*3 and 6*" insert "*2 and 4*"

Page 92, line 18, delete "*1985*" insert "*1986*"

Page 92, line 19, delete "*1986*" insert "*1985*"

A roll call was requested and properly seconded.

The question was taken on the Vanasek amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 51 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Kalis	Nelson, K.	Price	Tomlinson
Battaglia	Kelly	Neuenschwander	Rest	Tunheim
Beard	Knuth	Norton	Rice	Vanasek
Begich	Kostohryz	O'Connor	Rodosovich	Vellenga
Brinkman	Long	Ogren	Sarna	Voss
Carlson, L.	McEachern	Olson, E.	Scheid	Welle
Clark	McLaughlin	Osthoff	Schoenfeld	Wenzel
Cohen	Metzen	Otis	Segal	
Elioff	Minne	Pappas	Simoneau	
Greenfield	Munger	Peterson	Skoglund	
Jennings, L.	Murphy	Piper	Sparby	

Those who voted in the negative were:

Anderson, R.	Boo	DenOuden	Frederickson	Haukoos
Backlund	Brown	Dimler	Frerichs	Heap
Becklin	Burger	Dyke	Gruenes	Himle
Bennett	Carlson, D.	Erickson	Gutknecht	Jacobs
Bishop	Carlson, J.	Fjoslien	Halberg	Johnson
Blatz	Clausnitzer	Forsythe	Hartinger	Kiffmeyer
Boerboom	Dempsey	Frederick	Hartle	Knickerbocker

Krueger	Olsen, S.	Redalen	Sherman	Valan
Kvam	Omann	Rees	Stanius	Valento
Levi	Onnen	Richter	Sviggum	Waltman
Marsh	Ozment	Riveness	Thiede	Zaffke
McDonald	Pauly	Rose	Thorson	Spk. Jennings, D.
McKasy	Piepho	Schreiber	Tjornhom	
McPherson	Poppenhagen	Seaberg	Tompkins	
Miller	Quist	Shaver	Uphus	

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

Voss moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 76, line 33, delete "*5.5*" and insert "*5*"

Page 77, line 17, delete "*5.5*" and insert "*5*"

Page 78, line 9, delete "*5.5*" and insert "*5*"

A roll call was requested and properly seconded.

POINT OF ORDER

Olsen, S., raised a point of order pursuant to section 112, paragraph 6, of "Mason's Manual of Legislative Procedure" relating to the reading of papers. The Speaker pro tempore Halberg ruled the point of order not well taken.

The Speaker resumed the Chair.

The question recurred on the Voss amendment and the roll was called. There were 64 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jennings, L.	Minne	Peterson	Skoglund
Battaglia	Kahn	Munger	Piper	Solberg
Beard	Kalis	Murphy	Price	Sparby
Begich	Kelly	Nelson, K.	Quinn	Staten
Brandl	Knuth	Neuenschwander	Rest	Tomlinson
Brinkman	Kostohryz	Norton	Rice	Tunheim
Brown	Krueger	O'Connor	Riveness	Vanasek
Carlson, L.	Lieder	Ogren	Rodosovich	Vellenga
Clark	Long	Olson, E.	Sarna	Voss
Cohen	McDonald	Omann	Scheid	Welle
Elioff	McEachern	Osthoff	Schoenfeld	Wenzel
Ellingson	McLaughlin	Otis	Segal	Wynia
Greenfield	Metzen	Pappas	Simoneau	

Those who voted in the negative were:

Anderson, R.	Bennett	Boerboom	Carlson, D.	Dempsey
Backlund	Bishop	Boo	Carlson, J.	DenOuden
Becklin	Blatz	Burger	Clausnitzer	Dimler

Dyke	Hartle	McKasy	Rees	Thorson
Erickson	Haukoos	McPherson	Richter	Tjornhom
Fjoslien	Heap	Miller	Rose	Tompkins
Forsythe	Himle	Olsen, S.	Schafer	Uphus
Frederick	Jacobs	Onnen	Schreiber	Valan
Frederickson	Johnson	Ozment	Seaberg	Valento
Frerichs	Kiffmeyer	Pauly	Shaver	Waltman
Gruenes	Knickerbocker	Piepho	Sherman	Zaffke
Gutknecht	Kvam	Poppenhagen	Stanius	Spk. Jennings, D.
Halberg	Levi	Quist	Sviggum	
Hartinger	Marsh	Redalen	Thiede	

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

Wenzel moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 76, line 36, to page 77, line 5, delete section 4

Page 78, line 11, strike everything after the period

Page 78, lines 12 to 14, strike the old language and delete the new language

Page 87, line 36, before the period insert "*;*

(ee) The gross receipts from sales of capital equipment and special tooling"

Page 89, line 13, to page 90, line 9, delete section 10

Page 92, line 9, after "*sections*" insert "*297A.02, subdivision 2;*"

Page 92, line 12, delete "*5,*" and insert "*7,*" delete "*11,*"

Page 92, line 13, delete "*14*" and insert "*12*"

Page 92, line 15, delete "*6*" and insert "*5*"

Page 92, lines 16 and 19, delete "*7*" and insert "*6*"

Page 92, line 16, delete "*pertaining to*" and insert "*striking*"

Page 92, delete lines 20 to 24

Page 92, line 25, delete "*June 1.*" and delete "*, 12,*" and delete "*14*" and insert "*12*"

Renumber the sections

Amend the title as follows:

Page 2, line 19, delete ", *2*,"

Page 2, after line 48, insert "297.02, subdivision 2;"

A roll call was requested and properly seconded.

The question was taken on the Wenzel amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 40 yeas and 85 nays as follows:

Those who voted in the affirmative were:

Battaglia	Cohen	Krueger	Peterson	Skoglund
Beard	Dimler	Long	Piper	Solberg
Begich	Elioff	Metzen	Price	Sparby
Brandl	Ellingson	Munger	Quinn	Tunheim
Brinkman	Kahn	Murphy	Rodosovich	Vanasek
Brown	Kalis	Nelson, K.	Scheid	Vellenga
Carlson, L.	Kelly	Osthoff	Segal	Wenzel
Clark	Kostohryz	Otis	Simoneau	Wynia

Those who voted in the negative were:

Anderson, G.	Fjoslien	Knickerbocker	Pauly	Sherman
Anderson, R.	Forsythe	Knuth	Piepho	Stanius
Backlund	Frederick	Kvam	Poppenhagen	Staten
Becklin	Frederickson	Levi	Quist	Sviggum
Bennett	Frerichs	Lieder	Redalen	Thiede
Bishop	Greenfield	Marsh	Rees	Thorson
Blatz	Gruenes	McDonald	Rest	Tjornhom
Boerboom	Gutknecht	McKasy	Rice	Tomlinson
Boo	Halberg	McPherson	Richter	Tompkins
Burger	Hartinger	Miller	Riveness	Uphus
Carlson, D.	Hartle	Neuenschwander	Rose	Valan
Carlson, J.	Haukoos	Norton	Sarna	Valento
Clausnitzer	Heap	Olsen, S.	Schafer	Voss
Dempsey	Himle	Omann	Schoenfeld	Waltman
DenOuden	Jacobs	Onnen	Schreiber	Welle
Dyke	Johnson	Ozment	Seaberg	Zaffke
Erickson	Kiffmeyer	Pappas	Shaver	Spk. Jennings, D.

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

Brinkman; Jennings, L.; Neuenschwander; Ogren; Vanasek; Lieder; Schoenfeld; Brown; Krueger; Olson, E.; Anderson, G., and Wenzel offered an amendment to H. F. No. 756, the first engrossment, as amended.

POINT OF ORDER

Schreiber raised a point of order pursuant to rule 5.10 that the Brinkman et al. amendment was out of order. The Speaker ruled the Schreiber point of order well taken and the Brinkman et al. amendment out of order.

Voss appealed the decision of the Chair.

A roll call was requested and properly seconded.

The vote was taken on the question "Shall the decision of the Speaker stand as the judgment of the House?" and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 67 yeas and 55 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dyke	Himle	Pauly	Sviggum
Backlund	Erickson	Johnson	Piepho	Thiede
Becklin	Fjoslien	Kiffmeyer	Poppenhagen	Thorson
Bennett	Forsythe	Knickerbocker	Quist	Tjornhom
Bishop	Frederick	Kvam	Redalen	Tompkins
Blatz	Frederickson	Levi	Rees	Uphus
Boerboom	Frerichs	Marsh	Richter	Valan
Boo	Gruenes	McDonald	Rose	Valento
Burger	Gutknecht	McKasy	Schafer	Waltman
Carlson, J.	Halberg	McPherson	Schreiber	Zaffke
Clausnitzer	Hartinger	Miller	Seaberg	Spk. Jennings, D.
Dempsey	Hartle	Olsen, S.	Shaver	
DenOuden	Haukoos	Onnen	Sherman	
Dimler	Heap	Ozment	Stanius	

Those who voted in the negative were:

Anderson, G.	Greenfield	McLaughlin	Peterson	Simoneau
Battaglia	Jacobs	Metzen	Piper	Solberg
Beard	Kahn	Minne	Price	Sparby
Begich	Kalis	Murphy	Quinn	Staten
Brinkman	Kelly	Nelson, K.	Rice	Tomlinson
Brown	Knuth	Norton	Riveness	Tunheim
Carlson, L.	Kostohryz	O'Connor	Rodosovich	Vanasek
Clark	Krueger	Ogren	Sarna	Vellenga
Cohen	Lieder	Olson, E.	Scheid	Voss
Elioff	Long	Osthoff	Schoenfeld	Wenzel
Ellingson	McEachern	Otis	Segal	Wynia

So it was the judgment of the House that the decision of the Speaker should stand.

Jennings, L., offered an amendment to H. F. No. 756, the first engrossment, as amended.

POINT OF ORDER

Schreiber raised a point of order pursuant to rule 5.10 that the Jennings, L., amendment was out of order. The Speaker ruled the Schreiber point of order well taken and the Jennings, L., amendment out of order.

Norton appealed the decision of the Chair.

A roll call was requested and properly seconded.

The vote was taken on the question "Shall the decision of the Speaker stand as the judgment of the House?" and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 67 yeas and 53 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dimler	Heap	Pauly	Sviggum
Backlund	Dyke	Himle	Piepho	Thiede
Becklin	Erickson	Kiffmeyer	Poppenhagen	Thorson
Bennett	Fjoslien	Knickerbocker	Quist	Tjornhom
Bishop	Forsythe	Kvam	Redalen	Tompkins
Blatz	Frederick	Levi	Rees	Uphus
Boerboom	Frederickson	Marsh	Richter	Valan
Boo	Frerichs	McDonald	Rose	Valento
Burger	Gruenes	McKasy	Schafer	Waltman
Carlson, D.	Gutknecht	McPherson	Schreiber	Zaffke
Carlson, J.	Halberg	Miller	Seaberg	Spk. Jennings, D.
Clausnitzer	Hartinger	Olsen, S.	Shaver	
Dempsey	Hartle	Onnen	Sherman	
DenOuden	Haukoos	Ozment	Stanius	

Those who voted in the negative were:

Anderson, G.	Ellingson	McEachern	Peterson	Skoglund
Battaglia	Greenfield	McLaughlin	Price	Sparby
Beard	Jacobs	Metzen	Quinn	Tomlinson
Begich	Jennings, L.	Minne	Rice	Tunheim
Brandl	Kahn	Murphy	Riveness	Vanasek
Brinkman	Kelly	Nelson, K.	Rodosovich	Vellenga
Brown	Knuth	Norton	Sarna	Voss
Carlson, L.	Kostohryz	O'Connor	Scheid	Wenzel
Clark	Krueger	Ogren	Schoenfeld	Wynia
Cohen	Lieder	Osthoff	Segal	
Elioff	Long	Otis	Simoneau	

So it was the judgment of the House that the decision of the Speaker should stand.

Ogren; Vanasek; Lieder; Jennings, L.; Brinkman; Schoenfeld; Krueger; Piper; Tunheim; Brown; Anderson, G.; Wenzel and Olson, E., moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 173, after line 8, insert:

"Sec. 42. [FARM CRISIS CREDIT.]

Subdivision 1. [CREDIT.] *For taxes payable in 1985 and 1986 only, the county auditor shall reduce the tax on all agricultural land classified pursuant to section 273.13, subdivision 4 or 6, excluding the homestead dwelling and surrounding one acre of land, by an amount equal to 25 percent of the net tax payable on the property after reductions of the tax pursuant to sections 124.2137, 273.123, 273.13, 273.135, 273.1391, and 473H.10. The credit must be applied against the first one-half property tax payment which is due on or before May 15 or if the taxpayer has already made the May 15, 1985 payment, it shall be applied against the October 15, 1985 payment. For taxes payable in 1985, the county auditor shall notify each affected taxpayer by May 10, 1985, of the revised May 15, 1985, payment amount on each piece of qualifying property. This credit applies to the land and buildings and structures located on it, except for all dwellings and one acre of land for each dwelling.*

Subd. 2. [CERTIFICATIONS.] *The county auditor shall certify to the commissioner of revenue at the times required by the commissioner the amounts computed under subdivision 1. The commissioner of revenue shall review the certifications to determine their accuracy. He may make necessary changes in a certification or return it to the county auditor for corrections.*

Subd. 3. [LIMITATION.] *The amount of the reduction provided under this section which any taxpayer can receive on all agricultural property which he owns must not exceed $2,000. In the case of property owned by more than one person, the maximum amount of the reduction applies to the total of all the owners.*

Subd. 4. [REIMBURSEMENT.] *Revenue lost as a result of the reduction of property taxes pursuant to this section shall be paid to local taxing jurisdictions according to the provisions of sections 273.13, subdivision 15a, and 273.1392.*

Subd. 5. [APPROPRIATION.] *There is established in the treasury of the state a separate account known as the agriculture property tax reduction fund. The commissioner of finance shall transfer from the unexpended balance of the general fund for fiscal year 1985 an amount required to make the payments under subdivision 4. The commissioner of finance shall de-*

termine the appropriate amounts required to accomplish the purposes of subdivision 4 and transfer these amounts to the commissioners of revenue and education. Funds in the agriculture property tax reduction fund are annually appropriated to the commissioner of finance."

Page 173, line 14, delete "*42*" and insert "*43*"

Page 173, line 20, delete "*and 41*" and insert "*to 42*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 24, after the first semicolon insert "providing a property tax credit in 1985 and 1986 for certain agricultural property;"

A roll call was requested and properly seconded.

The question was taken on the Ogren et al. amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 58 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Minne	Piper	Sparby
Battaglia	Jacobs	Munger	Price	Staten
Beard	Jennings, L.	Murphy	Quinn	Tomlinson
Begich	Kahn	Neuenschwander	Rest	Tunheim
Brandl	Kalis	Norton	Rice	Vanasek
Brinkman	Kelly	O'Connor	Rodosovich	Vellenga
Brown	Knuth	Ogren	Sarna	Voss
Carlson, L.	Krueger	Olson, E.	Scheid	Welle
Clark	Lieder	Osthoff	Schoenfeld	Wenzel
Cohen	Long	Otis	Segal	Wynia
Elioff	McEachern	Pappas	Simoneau	
Ellingson	McLaughlin	Peterson	Solberg	

Those who voted in the negative were:

Anderson, R.	Clausnitzer	Gruenes	Kostohryz	Onnen
Backlund	Dempsey	Gutknecht	Kvam	Ozment
Becklin	DenOuden	Halberg	Levi	Pauly
Bennett	Dimler	Hartinger	Marsh	Poppenhagen
Bishop	Dyke	Hartle	McDonald	Quist
Blatz	Erickson	Haukoos	McKasy	Redalen
Boerboom	Fjoslien	Heap	McPherson	Rees
Boo	Forsythe	Himle	Metzen	Richter
Burger	Frederick	Johnson	Miller	Riveness
Carlson, D.	Frederickson	Kiffmeyer	Olsen, S.	Rose
Carlson, J.	Frerichs	Knickerbocker	Omann	Schreiber

Seaberg	Stanius	Thorson	Uphus	Waltman
Shaver	Sviggum	Tjornhom	Valan	Zaffke
Sherman	Thiede	Tompkins	Valento	Spk. Jennings, D.

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

Schoenfeld; Lieder; Brown; Jennings, L.; Piper; Neuenschwander and McEachern moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 173, after line 8, insert:

"Sec. 42. [DEFERRAL OF 1985 TAXES ON AGRICULTURAL HOMESTEADS.]

Notwithstanding the provisions of Minnesota Statutes, section 279.01, or any other law to the contrary, taxes otherwise due on May 15, 1985, on class 3b or class 3cc or class 3 agricultural property may be paid at any time before October 16, 1985, and no penalty shall be charged upon that tax if paid by October 15, 1985. If the deferred tax is not paid by October 15, 1985, a penalty of eight percent shall attach on October 16, 1985. Penalties shall attach to all taxes unpaid after October 15, 1985, pursuant to Minnesota Statutes, section 279.01.

By May 10, 1985, the county treasurer shall mail a notice regarding the availability of this deferral, in a form prepared by the commissioner of revenue, to each owner of class 3b or 3cc agricultural property who is responsible for payment of tax on the property. If notification to the taxpayer is made after the taxpayer has made the May 15, 1985 payment, the amount of this deferred payment shall be refunded to the qualifying taxpayer.

Sec. 43. [TEMPORARY STATE REIMBURSEMENT.]

Subdivision 1. [PAYMENT TO TAXING DISTRICTS.] *Payment from the budget reserve account in the general fund shall be made for the purpose of temporarily replacing the revenue, receipt of which is deferred as a result of the property tax deferral provided in section 42.*

The county auditor shall certify by May 20, 1985, the amount of taxes deferred. The commissioner may review the certification to determine its accuracy and may correct the certification or return it to the county auditor for corrections. On May 30, 1985, the commissioner of revenue shall pay to each taxing district, other than school districts, the amount of tax, receipt of which was deferred. The amount of deferred tax receipts otherwise payable to school districts shall be certified to the department of education by the department of revenue and paid by the commissioner of education on May 29, 1985. The amount received by a school district pursuant to this subdivision shall be recog-

nized as revenue in the same manner as if it were property tax revenue received through the May 20, 1985, settlement. Payments received pursuant to this section shall not be considered to be borrowing for purposes of any prohibition on borrowing by a school district or other taxing district to meet debt service payments.

Subd. 2. [REPAYMENT TO STATE.] *By October 31, 1985, the county auditor shall reimburse the state for all payments made to taxing districts within the county pursuant to subdivision 1. The county treasurer shall make settlement with the county auditor on October 21, 1985, for the deferred tax payments made by October 15, 1985, under section 42. The county auditor shall apportion the receipts among the taxing districts and issue a warrant to the county treasurer who shall pay to the state treasurer the amount of state reimbursement which each taxing district received pursuant to subdivision 1. Any shortfall shall be deducted from the amounts apportioned to the taxing districts on that settlement date and paid to the state treasurer. Payments made to the state treasurer under this section shall be deposited in the budget reserve account of the general fund.*

Subd. 3. [APPROPRIATION.] *Notwithstanding the provisions of Minnesota Statutes, section 16A.15, subdivision 6, there is appropriated from the budget reserve account of the general fund for fiscal year 1985 to the commissioner of revenue and the commissioner of education the amounts necessary to make the payments required by this section."*

Page 173, line 14, delete "*42*" and insert "*44*"

Page 173, line 20, delete "*and 41*" and insert "*to 43*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 24, after the first semicolon insert "allowing deferred payments of first half property taxes on agricultural homesteads in 1985; providing for loans of state funds to taxing districts;"

A roll call was requested and properly seconded.

The question was taken on the Schoenfeld et al. amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 54 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Munger	Piper	Solberg
Battaglia	Greenfield	Murphy	Price	Sparby
Beard	Kahn	Neuenschwander	Quinn	Staten
Begich	Kalis	Norton	Rest	Tomlinson
Brandl	Kelly	Ogren	Rice	Tunheim
Brinkman	Kostohryz	Olson, E.	Rodosovich	Vanasek
Brown	Krueger	Omann	Scheid	Voss
Carlson, L.	Lieder	Osthoff	Schoenfeld	Welle
Clark	Long	Otis	Segal	Wenzel
Cohen	McLaughlin	Pappas	Simoneau	Wynia
Elioff	Minne	Peterson	Skoglund	

Those who voted in the negative were:

Anderson, R.	Dimler	Heap	Miller	Seaberg
Backlund	Dyke	Himle	Olsen, S.	Shaver
Becklin	Erickson	Jacobs	Onnen	Sherman
Bennett	Fjoslien	Johnson	Pauly	Stanius
Bishop	Forsythe	Kiffmeyer	Piepho	Sviggum
Blatz	Frederick	Knickerbocker	Poppenhagen	Thiede
Boerboom	Frederickson	Knuth	Quist	Thorson
Boo	Frerichs	Kvam	Redalen	Tjornhom
Burger	Gruenes	Levi	Rees	Tompkins
Carlson, D.	Gutknecht	Marsh	Richter	Valan
Carlson, J.	Halberg	McDonald	Riveness	Valento
Clausnitzer	Hartinger	McKasy	Rose	Waltman
Dempsey	Hartle	McPherson	Schafer	Zaffke
DenOuden	Haukoos	Metzen	Schreiber	Spk. Jennings, D.

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

Tomlinson moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 150, line 35, reinstate the stricken language after the period

Page 150, line 36, reinstate the stricken language before the stricken "14" and after the stricken "14" insert "*20*" and reinstate the stricken language after the stricken "14"

Page 151, lines 1 and 2, reinstate the stricken language

Page 151, line 7, after the period insert "*For taxes payable in 1987 and thereafter, the maximum amount of the reduction must be adjusted by the average statewide percentage increase, if any, in the property tax on residential homestead properties between the two preceding years. The revised maximum amount shall be rounded to the nearest $10. The commissioner of revenue shall determine and announce the revised maximum amount on December 15 of each year preceding the payment date.*"

Page 153, line 1, reinstate the stricken "The"

Page 153, line 2, reinstate the stricken language

Page 153, line 3, reinstate the stricken "subject to the" and after the stricken "rates" insert "*20 percent rate*" and reinstate the stricken "shall be adjusted"

Page 153, line 4, reinstate the stricken language

Page 153, line 9, after the period insert "*For taxes payable in 1987 and thereafter, the maximum amount of the reduction must be adjusted by the average statewide percentage increase, if any, in the property tax on residential homestead properties between the two preceding years. The revised maximum amount shall be rounded to the nearest $10. The commissioner of revenue shall determine and announce the revised maximum amount on December 15 of each year preceding the payment date.*"

Page 158, line 25, after the period insert "*For taxes payable in 1987 and thereafter, the maximum amount of the reduction must be adjusted by the average statewide percentage increase, if any, in the property tax on residential homestead properties between the two preceding years. The revised maximum amount shall be rounded to the nearest $10. The commissioner of revenue shall determine and announce the revised maximum amount on December 15 of each year preceding the payment date.*"

Renumber the remaining section

A roll call was requested and properly seconded.

The question was taken on the Tomlinson amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 63 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jacobs	Minne	Piper	Solberg
Battaglia	Jennings, L.	Munger	Price	Sparby
Beard	Kahn	Murphy	Quinn	Staten
Begich	Kalis	Nelson, K.	Rest	Tomlinson
Brandl	Kelly	Neuenschwander	Rice	Tunheim
Brinkman	Knuth	Norton	Riveness	Vanasek
Brown	Kostohryz	O'Connor	Rodosovich	Vellenga
Carlson, L.	Krueger	Ogren	Sarna	Voss
Clark	Lieder	Olson, E.	Scheid	Welle
Cohen	Long	Osthoff	Schoenfeld	Wenzel
Elioff	McEachern	Otis	Segal	Wynia
Ellingson	McLaughlin	Pappas	Simoneau	
Greenfield	Metzen	Peterson	Skoglund	

Those who voted in the negative were:

Anderson, R.	Dimler	Heap	Onnen	Stanius
Backlund	Dyke	Himle	Ozment	Sviggum
Becklin	Erickson	Johnson	Pauly	Thiede
Bennett	Fjoslien	Kiffmeyer	Piepho	Thorson
Bishop	Forsythe	Knickerbocker	Poppenhagen	Tjornhom
Blatz	Frederick	Kvam	Redalen	Tompkins
Boerboom	Frederickson	Levi	Rees	Uphus
Boo	Frerichs	Marsh	Richter	Valan
Burger	Gruenes	McDonald	Rose	Valento
Carlson, D.	Gutknecht	McKasy	Schafer	Waltman
Carlson, J.	Halberg	McPherson	Schreiber	Zaffke
Clausnitzer	Hartinger	Miller	Seaberg	Spk. Jennings, D.
Dempsey	Hartle	Olsen, S.	Shaver	
DenOuden	Haukoos	Omann	Sherman	

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

Scheid and Brandl moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 205, line 25, delete "*$100*" insert "*$30*"

Page 209, after line 15, insert:

"Sec. 11. [APPROPRIATION.]

An amount sufficient to pay the refunds provided by section 5 is appropriated from the general fund for fiscal year 1985."

Renumber the remaining sections

Page 209, line 24, after the period insert "*Section 11 is effective the day following final enactment.*"

A roll call was requested and properly seconded.

The question was taken on the Scheid and Brandl amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 56 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Brown	Ellingson	Kelly	McLaughlin
Battaglia	Carlson, L.	Greenfield	Knuth	Metzen
Beard	Clark	Jennings, L.	Krueger	Minne
Begich	Cohen	Kahn	Lieder	Murphy
Brandl	Elioff	Kalis	Long	Nelson, K.

Neuenschwander	Pappas	Riveness	Simoneau	Tunheim
Norton	Peterson	Rodosovich	Skoglund	Vanasek
O'Connor	Piper	Sarna	Solberg	Vellenga
Ogren	Price	Scheid	Sparby	Voss
Olson, E.	Rest	Schoenfeld	Staten	Welle
Osthoff	Rice	Segal	Tomlinson	Wenzel
Otis				

Those who voted in the negative were:

Anderson, R.	Dimler	Heap	Omann	Shaver
Backlund	Dyke	Himle	Onnen	Sherman
Becklin	Erickson	Jacobs	Ozment	Stanius
Bennett	Fjoslien	Johnson	Pauly	Sviggum
Bishop	Forsythe	Kiffmeyer	Piepho	Thiede
Blatz	Frederick	Knickerbocker	Poppenhagen	Thorson
Boerboom	Frederickson	Kvam	Quist	Tjornhom
Boo	Frerichs	Levi	Redalen	Tompkins
Burger	Gruenes	Marsh	Rees	Uphus
Carlson, D.	Gutknecht	McDonald	Richter	Valan
Carlson, J.	Halberg	McKasy	Rose	Valento
Clausnitzer	Hartinger	McPherson	Schafer	Waltman
Dempsey	Hartle	Miller	Schreiber	Zaffke
DenOuden	Haukoos	Olsen, S.	Seaberg	Spk. Jennings, D.

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

Wenzel, Kalis, Krueger, Schoenfeld and Olson, E., moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 173, after line 12, insert:

"Sec. 43. [STATE PAID REFUND FOR TAXES PAYABLE IN 1985 AND 1986.]

For taxes payable in 1985 and 1986, a property tax refund is allowed to owners of property classified under section 273.13, subdivision 6, or agricultural property classified class 3cc. The refund for each year is equal to the lesser of (1) property taxes payable after the reductions under sections 124.2137, 273.123, 273.13, 273.135, 273.1391, and 473H.10; or (2) $500.

On or before May 25, 1985, and March 1, 1986, the county auditor shall certify to the department of revenue the properties within the county eligible for the refund under this section, the name and mailing address of each taxpayer, and the property tax payable for the taxable year by each taxpayer after the reductions under sections 124.2137, 273.123, 273.13, 273.135, 273.1391, and 473H.10.

The commissioner may make changes in the certifications necessary to determine their accuracy or return a certification to the county auditor for corrections.

In cases where property classified under section 273.13, subdivision 6, or agricultural property classified class 3cc lies in more than one county, only the county auditor of the county in which the dwelling is located shall certify the information to the commissioner of revenue. The county auditor shall obtain from the county auditor of the counties in which the balance of the property is located the information required to be provided under this section.

On or before June 15, 1985, and May 1, 1986, the department of revenue shall determine the amount of the refund to be paid to each taxpayer for taxes payable that year and pay to each taxpayer one-half of the amount. The remaining half must be paid on or before October 1.

For purposes of chapter 290A.03, subdivision 13, "property taxes payable" means property taxes payable without regard to the refund under this section.

There is appropriated from the general fund for fiscal year 1985 to the commissioner of revenue the amount necessary to make the payments provided in this section. Notwithstanding the provisions of Minnesota Statutes 1984, this appropriation is available until June 30, 1987.

Sec. 44. [STATE PAID REFUND FOR TAXES PAID IN 1984.]

Owners of property classified under section 273.13, subdivision 6, or agricultural property classified class 3cc for taxes payable in both 1984 and 1985 are allowed a property tax refund for taxes paid in 1984. The refund is equal to the lesser of (1) property taxes paid in 1984 after the reductions under sections 124.2137, 273.123, 273.13, 273.135, 273.1391, 473H.10, and the refund allowed under chapter 290A; or (2) $500.

Taxpayers eligible for the credit must apply to the commissioner of revenue for the refund on or before December 31, 1985. The application must be in the form prescribed by the commissioner and be accompanied by copies of the 1984 property tax statement, property tax refund form on taxes payable in 1984, and proof of classification under section 273.13, subdivision 6, class 3cc agricultural property for taxes payable in 1985.

There is appropriated from the general fund for fiscal year 1985 to the commissioner of revenue the amount necessary to make the payments provided in this section. Notwithstanding Minnesota Statutes 1984, section 16A.28, this appropriation is available until expended."

Page 173, line 20, delete "*and 41*" and insert "*, 41, 43, and 44*"

Renumber the remaining section

Amend the title as follows:

Page 1, line 15, after "ratios;" insert "providing state paid refunds for homestead agricultural property for certain years;"

A roll call was requested and properly seconded.

The question was taken on the Wenzel et al. amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 37 yeas and 80 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Elioff	Olson, E.	Rice	Tunheim
Battaglia	Ellingson	Osthoff	Rodosovich	Vanasek
Beard	Greenfield	Otis	Scheid	Voss
Begich	Kalis	Peterson	Schoenfeld	Welle
Brinkman	Krueger	Piper	Simoneau	Wenzel
Brown	Lieder	Price	Solberg	
Carlson, L.	Norton	Quinn	Sparby	
Clark	Ogren	Rest	Staten	

Those who voted in the negative were:

Anderson, R.	Dyke	Kahn	Onnen	Segal
Backlund	Erickson	Kelly	Ozment	Shaver
Becklin	Fjoslien	Kiffmeyer	Pappas	Sherman
Bennett	Forsythe	Knickerbocker	Pauly	Stanius
Bishop	Frederick	Knuth	Piepho	Sviggum
Blatz	Frederickson	Kvam	Poppenhagen	Thiede
Boerboom	Frerichs	Levi	Quist	Thorson
Boo	Gruenes	Long	Redalen	Tjornhom
Brandl	Gutknecht	Marsh	Rees	Tomlinson
Burger	Hartinger	McDonald	Richter	Tompkins
Carlson, D.	Hartle	McPherson	Riveness	Uphus
Carlson, J.	Haukoos	Metzen	Rose	Valan
Clausnitzer	Heap	Miller	Sarna	Valento
Dempsey	Himle	Murphy	Schafer	Waltman
DenOuden	Jacobs	Olsen, S.	Schreiber	Zaffke
Dimler	Johnson	Omann	Seaberg	Spk. Jennings, D.

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

Scheid, Rest, Segal, Brown and Metzen moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 157, line 18, reinstate the old language and delete the new language

Page 157, lines 23, 26, and 27, reinstate the stricken language and delete the new language

Page 157, line 30, delete "*30*" and reinstate the stricken "28"

Page 157, line 36, delete "*21*" and reinstate the stricken "20"

Page 158, line 1, reinstate the stricken language

Page 158, lines 4, 5, and 6, delete the new language and reinstate the stricken language

Page 158, after line 14, insert:

"Sec. 20. Minnesota Statutes 1984, section 273.13, is amended by adding a subdivision to read:

Subd. 9a. [SMALL BUSINESS PROPERTY TAX CREDIT.] *Effective for taxes payable in 1986 and thereafter, the property taxes payable on commercial and industrial property constituting class 4c as determined by law must be reduced by an amount equal to ten percent of the tax imposed on the first $60,000 of market value.*

The property tax statement mailed pursuant to section 276.04 to a taxpayer whose taxes are reduced under this subdivision must state the amount of the reduction in dollars and identify it as "state paid small business property tax credit."

Page 158, after line 25, insert:

"Sec. 22. Minnesota Statutes 1984, section 273.13, subdivision 15a, is amended to read:

Subd. 15a. [GENERAL FUND, REPLACEMENT OF REVENUE.] (1) Payment from the general fund shall be made, as provided herein, for the purpose of replacing revenue lost as a result of the reduction of property taxes provided in subdivisions 6, 7, *9a*, and 14a.

(2) Each county auditor shall certify, not later than May 1 of each year to the commissioner of revenue the amount of reduction resulting from subdivisions 6, 7, *9a*, and 14a in his county. This certification shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner of revenue shall review such certifications to determine their accuracy. He may make such changes in the certification as he may deem necessary or return a certification to the county auditor for corrections.

(3) Based on current year tax data reported in the abstracts of tax lists, the commissioner of revenue shall annually determine the taxing district distribution of the amounts certified under

clause (2). The commissioner of revenue shall pay to each taxing district, other than school districts, its total payment for the year in equal installments on or before July 15, August 15, September 15, October 15, November 15, and December 15 of each year."

Page 168, line 35, after the semicolon insert *"small business property tax credit under section 273.13, subdivision 9a;"*

Page 173, after line 12, insert:

"Sec. 45. [APPROPRIATION.] *There is established in the treasury of the state a separate account known as the small business property tax credit account. The commissioner of finance shall transfer from the unexpended balance of the general fund for fiscal year 1985 an amount sufficient to meet the requirements of subdivision 9a. Funds in the small business property tax credit account are annually appropriated to the commissioner of finance. The commissioner of finance shall determine the appropriate amounts required to accomplish the purposes of subdivision 9a and transfer such amounts to the commissioners of revenue and education for payments required under subdivision 9a."*

Page 173, line 14, delete *"38"* and insert *"40"* and delete *"42"* and insert *"44"*

Page 173, line 19, delete *"39"* and insert *"41"*

Page 173, line 20, delete *"40 and 41"* and insert *"42 and 43"*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 24, after the first semicolon insert "providing a state paid small business property tax credit;"

Page 1, line 33, after "14a," insert "15a,"

Page 1, line 34, delete "and" and after "21" insert ", and by adding a subdivision"

A roll call was requested and properly seconded.

The question was taken on the Scheid et al. amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 50 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Murphy	Price	Skoglund
Battaglia	Jennings, L.	Neuenschwander	Quinn	Solberg
Beard	Kahn	Norton	Rest	Sparby
Brandl	Kelly	O'Connor	Riveness	Staten
Brown	Knuth	Olson, E.	Rodosovich	Tomlinson
Carlson, L.	Lieder	Osthoff	Sarna	Tunheim
Clark	Long	Otis	Scheid	Vellenga
Cohen	McLaughlin	Pappas	Schoenfeld	Voss
Elioff	Metzen	Peterson	Segal	Wenzel
Ellingson	Minne	Piper	Simoneau	Wynia

Those who voted in the negative were:

Anderson, R.	Dimler	Heap	Omann	Shaver
Backlund	Dyke	Himle	Onnen	Sherman
Becklin	Erickson	Jacobs	Ozment	Stanius
Bennett	Fjoslien	Johnson	Pauly	Sviggum
Bishop	Forsythe	Kiffmeyer	Piepho	Thiede
Blatz	Frederick	Knickerbocker	Poppenhagen	Thorson
Boerboom	Frederickson	Krueger	Quist	Tjornhom
Boo	Frerichs	Kvam	Redalen	Tompkins
Burger	Gruenes	Levi	Rees	Uphus
Carlson, D.	Gutknecht	Marsh	Richter	Valan
Carlson, J.	Halberg	McDonald	Rose	Valento
Clausnitzer	Hartinger	McPherson	Schafer	Waltman
Dempsey	Hartle	Miller	Schreiber	Zaffke
DenOuden	Haukoos	Olsen, S.	Seaberg	Spk. Jennings, D.

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

Long, Cohen and Nelson, K., moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 149, line 35, delete "*28*" and insert "*26*"

Page 153, line 1, delete "*28*" and insert "*26*"

A roll call was requested and properly seconded.

The question was taken on the Long et al. amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 32 yeas and 87 nays as follows:

Those who voted in the affirmative were:

Battaglia	Carlson, L.	Ellingson	Kostohryz	McEachern
Begich	Cohen	Jennings, L.	Krueger	Metzen
Brinkman	Elioff	Knuth	Long	Minne

Munger	Otis	Riveness	Skoglund	Vanasek
Murphy	Peterson	Rodosovich	Solberg	Vellenga
O'Connor	Piper	Sarna	Tunheim	Wenzel
Ogren	Price			

Those who voted in the negative were:

Anderson, G.	Forsythe	Kiffmeyer	Piepho	Sviggum
Anderson, R.	Frederick	Knickerbocker	Poppenhagen	Thiede
Backlund	Frederickson	Kvam	Quist	Thorson
Becklin	Frerichs	Levi	Redalen	Tjornhom
Bennett	Greenfield	Lieder	Rees	Tomlinson
Bishop	Gruenes	Marsh	Richter	Tompkins
Boerboom	Gutknecht	McDonald	Rose	Uphus
Boo	Halberg	McLaughlin	Schafer	Valan
Brown	Hartinger	McPherson	Schoenfeld	Valento
Burger	Hartle	Miller	Schreiber	Voss
Carlson, D.	Haukoos	Norton	Seaberg	Waltman
Carlson, J.	Heap	Olsen, S.	Segal	Welle
Clausnitzer	Himle	Olson, E.	Shaver	Wynia
Dempsey	Jacobs	Onnen	Sherman	Zaffke
DenOuden	Johnson	Osthoff	Simoneau	Spk. Jennings, D.
Dyke	Kahn	Ozment	Sparby	
Erickson	Kalis	Pappas	Stanius	
Fjoslien	Kelly	Pauly	Staten	

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

Knuth moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 139, line 29, reinstate the stricken language

Page 139, line 30, reinstate the stricken language

Page 143, lines 4 and 5, reinstate the stricken language

Page 146, line 18 to page 147, line 35, delete sections 6 to 9

Page 168, lines 35 and 36, reinstate the stricken language

Page 171, line 5 to page 172, line 14, delete section 39

Page 173, line 10, delete everything after "*sections*"

Page 173, line 11, delete everything before "273.1311;"

Page 173, after line 12, insert:

"Sec. 43. [APPROPRIATION.]

An amount sufficient to fund the wetlands and native prairie credits for fiscal years 1986 and 1987 is appropriated from the

general fund for fiscal year 1985. Notwithstanding the provisions of Minnesota Statutes 1984, section 16A.28, this appropriation is available until June 30, 1987."

Page 173, line 14, delete "*38, and 42*" and insert "*36 and 39*"

Page 173, delete line 19

Page 173, line 20, delete everything before "*Sections*" and delete "*40 and 41*" and insert "*37 and 38*"

Renumber the remaining sections

Amend the title as follows:

Page 1, line 31, delete everything after "11;"

Page 1, line 32, delete everything before "273.13"

Page 2, line 33, delete everything after "7;"

Page 2, line 34, delete everything before "273.1311;"

A roll call was requested and properly seconded.

The question was taken on the Knuth amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 61 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jennings, L.	Minne	Price	Tomlinson
Battaglia	Kahn	Munger	Quinn	Tunheim
Beard	Kalis	Murphy	Rest	Uphus
Begich	Kelly	Nelson, K.	Rice	Vanasek
Brandl	Knuth	Neuenschwander	Riveness	Vellenga
Brinkman	Kostohryz	Norton	Rodosovich	Voss
Brown	Krueger	O'Connor	Sarna	Welle
Carlson, L.	Lieder	Ogren	Schoenfeld	Wenzel
Clark	Long	Olson, E.	Segal	Wynia
Cohen	Marsh	Otis	Simoneau	
Elioff	McEachern	Pappas	Skoglund	
Ellingson	McLaughlin	Peterson	Solberg	
Greenfield	Metzen	Piper	Staten	

Those who voted in the negative were:

Anderson, R.	Bennett	Boerboom	Carlson, D.	Dempsey
Backlund	Bishop	Boo	Carlson, J.	DenOuden
Becklin	Blatz	Burger	Clausnitzer	Dimler

Dyke	Hartle	McKasy	Redalen	Thiede
Erickson	Haukoos	McPherson	Rees	Thorson
Fjoslien	Heap	Miller	Richter	Tjornhom
Forsythe	Himle	Olsen, S.	Rose	Tompkins
Frederick	Jacobs	Omann	Schafer	Valan
Frederickson	Johnson	Onnen	Schreiber	Valento
Frerichs	Kiffmeyer	Ozment	Seaberg	Waltman
Gruenes	Knickerbocker	Pauly	Shaver	Zaffke
Gutknecht	Kvam	Piepho	Sherman	Spk. Jennings, D.
Halberg	Levi	Poppenhagen	Stanius	
Hartinger	McDonald	Quist	Sviggum	

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

Krueger moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 145, after line 11, insert:

"*(17) The commissioner of agriculture shall determine which land in the state qualifies for tax exemption under this clause. To qualify, land must be used for field windbreaks, farmstead shelter belts, wildlife tree plantings, living snow fences, or other tree plantings made specifically for conservation purposes; and the planting, maintenance, and renovation of the shelter belt must be in accordance with rules of the state soil and water conservation board. The commissioner of agriculture must redetermine the eligibility of enrolled lands for tax exemption upon the request of the county auditor or as determined by rule. Each time the commissioner of agriculture makes the required determination, the commissioner of agriculture shall notify the county auditor of each county in which the enrolled lands are located.*"

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

Minne, Begich, Elioff, Battaglia and Solberg moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 151, line 5, delete "*273.135,*"

Page 153, line 7, delete ", *273.135,*"

Page 165, line 25 to page 166, line 36, delete sections 31 and 32

Page 167, line 10 to page 168, line 30, delete sections 34 and 35

Page 173, after line 12, insert:

"Sec. 39. [APPROPRIATION.]

There is established in the treasury of the state a separate account known as the Taconite Homestead Credit reduction fund. The commissioner of finance shall transfer from the unexpended balance of the general fund for fiscal year 1985 an amount required to make the payments sufficient to pay the additional cost to the state due to payment of homestead credit prior to reduction pursuant to section 273.135 for taxes payable in 1986 only. The commissioner of finance shall determine the appropriate amount required to accomplish the purposes herein and transfer these amounts to the commissioners of revenue and education. Funds in the Taconite Homestead Credit reduction fund are appropriated to the commissioner of finance."

Page 173, line 14, delete "*38*" and insert "*34*"

Page 173, line 14, delete "*42*" and insert "*38*"

Page 173, line 19, delete "*39*" and insert "*35*"

Page 173, line 20, delete "*40 and 41*" and insert "*36 and 37*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 35, delete "subdivisions 1, 2, and 5" and insert "subdivision 1"

Page 1, line 36, delete "subdivisions 1, 2, and 4" and insert "subdivision 1"

A roll call was requested and properly seconded.

The question was taken on the Minne et al. amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 62 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Brown	Jacobs	Krueger	Munger
Battaglia	Carlson, L.	Jennings, L.	Lieder	Murphy
Beard	Clark	Kahn	Long	Nelson, K.
Begich	Cohen	Kalis	McEachern	Neuenschwander
Boo	Elioff	Kelly	McLaughlin	Norton
Brandl	Ellingson	Knuth	Metzen	O'Connor
Brinkman	Greenfield	Kostohryz	Minne	Ogren

Olson, E.	Quinn	Schoenfeld	Sparby	Vellenga
Otis	Rest	Segal	Staten	Voss
Pappas	Rice	Simoneau	Tomlinson	Welle
Peterson	Riveness	Skoglund	Tunheim	Wenzel
Piper	Rodosovich	Solberg	Vanasek	Wynia
Price	Sarna			

Those who voted in the negative were:

Anderson, R.	Dyke	Himle	Ozment	Sviggum
Backlund	Erickson	Johnson	Pauly	Thiede
Becklin	Fjoslien	Kiffmeyer	Piepho	Thorson
Bennett	Forsythe	Knickerbocker	Poppenhagen	Tjornhom
Bishop	Frederick	Kvam	Quist	Tompkins
Blatz	Frederickson	Levi	Rees	Uphus
Boerboom	Frerichs	Marsh	Richter	Valan
Burger	Gruenes	McDonald	Rose	Valento
Carlson, D.	Gutknecht	McKasy	Schafer	Waltman
Carlson, J.	Halberg	McPherson	Schreiber	Zaffke
Clausnitzer	Hartinger	Miller	Seaberg	Spk. Jennings, D.
Dempsey	Hartle	Olsen, S.	Shaver	
DenOuden	Haukoos	Omann	Sherman	
Dimler	Heap	Onnen	Stanius	

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

Wenzel moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 157, line 26, delete "*30*" and insert "*25*"

Page 157, line 27, delete "*42*" and insert "*40*"

Page 157, line 30, delete "*30*" and insert "*25*"

Page 157, after line 33, insert:

"*The reduction in revenue resulting from the application of the reduced classification ratios provided in this clause must be certified by the county auditor and reviewed by the commissioner as provided in section 273.13, subdivision 15a. Each taxing district, other than school districts, must be reimbursed for the revenue lost under this clause pursuant to section 273.13, subdivision 15a. Each school district must be reimbursed for the revenue lost under this clause pursuant to section 273.1392.*

Beginning with fiscal year 1988, the amounts necessary to pay the reimbursements are annually appropriated to the commissioner of revenue and the commissioner of education."

Page 173, after line 12, insert:

"Sec. 43. [APPROPRIATION.]

An amount sufficient to pay the reimbursement provided in section 273.13, subdivision 9, clause 3, for fiscal years 1986 and 1987 is appropriated from the general fund for fiscal year 1985. Notwithstanding the provisions of Minnesota Statutes 1984, section 16A.28, this appropriation is available until June 30, 1987."

A roll call was requested and properly seconded.

The question was taken on the Wenzel amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 30 yeas and 75 nays as follows:

Those who voted in the affirmative were:

Battaglia	Kalis	Minne	Peterson	Schoenfeld
Begich	Kelly	Murphy	Piper	Skoglund
Brown	Krueger	Neuenschwander	Rice	Sparby
Carlson, L.	Lieder	O'Connor	Rodosovich	Tunheim
Elioff	McLaughlin	Olson, E.	Sarna	Uphus
Gutknecht	Metzen	Osthoff	Scheid	Wenzel

Those who voted in the negative were:

Anderson, R.	Dyke	Johnson	Pappas	Shaver
Backlund	Erickson	Kahn	Pauly	Sherman
Beard	Fjoslien	Kiffmeyer	Piepho	Stanius
Becklin	Forsythe	Knickerbocker	Poppenhagen	Sviggum
Bennett	Frederick	Kvam	Price	Thiede
Blatz	Frederickson	Levi	Quist	Thorson
Boerboom	Frerichs	Marsh	Redalen	Tjornhom
Boo	Gruenes	McEachern	Rees	Tomlinson
Brandl	Halberg	McKasy	Rest	Tompkins
Carlson, D.	Hartinger	McPherson	Richter	Valan
Carlson, J.	Hartle	Miller	Riveness	Valento
Clausnitzer	Haukoos	Olsen, S.	Rose	Waltman
Dempsey	Heap	Omann	Schafer	Wynia
DenOuden	Himle	Onnen	Schreiber	Zaffke
Dimler	Jacobs	Ozment	Seaberg	Spk. Jennings, D.

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

Wenzel moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 149, line 34, delete *"20"* and insert *"19"*, reinstate the stricken "of its" and delete the new language

Page 149, line 35, delete the new language before the period

Page 150, after line 2, insert:

"(c) The reduction in revenue resulting from the application of the reduced classification ratio provided in paragraph (b) for class 3 property devoted to temporary and seasonal residential occupancy for recreational purposes must be certified by the county auditor and reviewed by the commissioner as provided in section 273.13, subdivision 15a. Each taxing district, other than school districts, must be reimbursed for the revenue lost under this paragraph pursuant to section 273.13, subdivision 15a. Each school district must be reimbursed for the revenue lost under this paragraph pursuant to section 273.1392.

Beginning with fiscal year 1988, the amounts necessary to pay the reimbursements are annually appropriated to the commissioner of revenue and the commissioner of education."

Page 173, after line 12, insert:

"Sec. 43. [APPROPRIATION.]

An amount sufficient to pay the reimbursement provided in section 273.13, subdivision 4, paragraph (c), for fiscal years 1986 and 1987 is appropriated from the general fund for fiscal year 1985. Notwithstanding the provisions of Minnesota Statutes 1984, section 16A.28, this appropriation is available until June 30, 1987."

Renumber the remaining section

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

Brandl moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 138, line 21 to page 140, line 33, delete sections 1 to 3

Page 146, line 18 to page 173, line 21, delete sections 6 to 43 and insert:

"Sec. 3. Minnesota Statutes 1984, section 273.13, subdivision 6, is amended to read:

Subd. 6. [CLASS 3B.] Agricultural land, except as provided by class 1, which is used for the purposes of a homestead shall constitute class 3b and shall be valued and assessed as follows: the first $60,000 of market value shall be valued and assessed at 14 percent; the remaining market value shall be valued and assessed at 19 percent. The maximum amount of the market value of the homestead bracket subject to the 14 percent rate shall be adjusted by the commissioner of revenue as provided in section 273.1311. The property tax to be paid on class 3b property as

otherwise determined by law less any reduction received pursuant to sections 124.2137, 273.123, and 473H.10 shall be reduced by 54 percent of the tax. The amount of the reduction shall not exceed ($650) *$700*. Noncontiguous land shall constitute class 3b only if the homestead is classified as class 3b and the detached land is located in the same township or city or not farther than two townships or cities or combination thereof from the homestead.

Agricultural land as used herein, and in section 124.2137, shall mean contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land and land included in federal farm programs.

Real estate of less than ten acres used principally for raising poultry, livestock, fruit, vegetables or other agricultural products, shall be considered as agricultural land, if it is not used primarily for residential purposes.

The assessor shall determine and list separately on his records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

Sec. 4. Minnesota Statutes 1984, section 273.13, subdivision 7, is amended to read:

Subd. 7. [CLASS 3C, 3CC.] All other real estate and class 2a property, except as provided by classes 1 and 3cc, which is used for the purposes of a homestead, shall constitute class 3c, and shall be valued and assessed as follows: the first $30,000 of market value shall be valued and assessed at 17 percent; the next $30,000 of market value shall be valued and assessed at 19 percent; and the remaining market value shall be valued and assessed at 30 percent. The maximum amounts of the market value of the homestead brackets subject to the 17 percent and 19 percent rates shall be adjusted by the commissioner of revenue as provided in section 273.1311. The property tax to be paid on class 3c property as otherwise determined by law, less any reduction received pursuant to sections 273.123 and 473H.10 shall be reduced by 54 percent of the tax imposed on the first $67,000 of market value. The amount of the reduction shall not exceed ($650) *$700*.

Class 3cc property shall include real estate or manufactured homes used for the purposes of a homestead by (a) any blind person, if the blind person is the owner thereof or if the blind person and his or her spouse are the sole owners thereof; or (b) any person (hereinafter referred to as veteran) who: (1) served in the active military or naval service of the United States and (2) is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, anky-

losis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheelchair, and (3) with assistance by the administration of veterans affairs has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, or the surviving spouse of the deceased veteran for as long as the surviving spouse retains the special housing unit as his or her homestead; or (c) any person who: (1) is permanently and totally disabled and (2) receives 90 percent or more of his total income from (i) aid from any state as a result of that disability, or (ii) supplemental security income for the disabled, or (iii) workers' compensation based on a finding of total and permanent disability, or (iv) social security disability, including the amount of a disability insurance benefit which is converted to an old age insurance benefit and any subsequent cost of living increases, or (v) aid under the Federal Railroad Retirement Act of 1937, 45 United States Code Annotated, Section 228b(a)5, or (vi) a pension from any local government retirement fund located in the state of Minnesota as a result of that disability. Property shall be classified and assessed pursuant to clause (a) only if the commissioner of human services certifies to the assessor that the owner of the property satisfies the requirements of this subdivision. The commissioner of human services shall provide a copy of the certification to the commissioner of revenue. Class 3cc property shall be valued and assessed as follows: in the case of agricultural land, including a manufactured home, used for a homestead, the first $30,000 of market value shall be valued and assessed at five percent, the next $30,000 of market value shall be valued and assessed at 14 percent, and the remaining market value shall be valued and assessed at 19 percent; and in the case of all other real estate and manufactured homes, the first $30,000 of market value shall be valued and assessed at five percent, the next $30,000 of market value shall be valued and assessed at 19 percent, and the remaining market value shall be valued and assessed at 30 percent. In the case of agricultural land including a manufactured home used for purposes of a homestead, the commissioner of revenue shall adjust, as provided in section 273.1311, the maximum amount of the market value of the homestead brackets subject to the five percent and 14 percent rates; and for all other real estate and manufactured homes, the commissioner of revenue shall adjust, as provided in section 273.1311, the maximum amount of the market value of the homestead brackets subject to the five percent and 19 percent rates. Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings him an income. The property tax to be paid on class 3cc property as otherwise determined by law, shall be reduced by 54 percent of the tax imposed on the first $67,000 of market value. The amount of the reduction shall not exceed ($650) *$700.*

For purposes of this subdivision, homestead property which qualifies for the classification ratios and credits provided in this

subdivision shall include property which is used for purposes of the homestead but is separated from the homestead by a road, street, lot, waterway, or other similar intervening property. The term "used for purposes of the homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings commonly associated with a homestead, but shall not include vacant land held primarily for future development. In order to receive homestead treatment for the noncontiguous property, the owner shall apply for it to the assessor by July 1 of the year when the treatment is initially sought. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

Sec. 5. Minnesota Statutes 1984, section 273.13, subdivision 14a, is amended to read:

Subd. 14a. [BUILDINGS AND APPURTENANCES ON LAND NOT OWNED BY OCCUPANT.] The property tax to be paid in respect to the value of all buildings and appurtenances thereto owned and used by the occupant for the purposes of a homestead, which are located upon land subject to property taxes and the title to which is vested in a person or entity other than the occupant, for all purposes shall be reduced by 54 percent of the amount of the tax in respect of the value not in excess of $67,000 as otherwise determined by law, but not by more than ($650) *$700.*

Sec. 6. [APPROPRIATION.] *There is established in the treasury of the state a separate account known as the property tax relief fund. The commissioner of finance shall transfer from the unexpended balance of the general fund for fiscal year 1985 an amount sufficient to meet the requirements of this article. Funds in the property tax relief fund are annually appropriated to the commissioner of finance. The commissioner of finance shall determine the appropriate amounts needed to meet requirements of this article and shall transfer such amounts to the commissioners of revenue and education for payments required under this article.*

Sec. 7. [EFFECTIVE DATE.]

Section 2, paragraph (d), and the amendment to section 272.-02, subdivision 1, clause (8) in section 1 are effective beginning with taxes assessed in 1986 payable in 1987.

Sections 3 to 5 are effective beginning with taxes assessed in 1985 payable in 1986."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 11, delete everything after "towns;"

Page 1, delete lines 12 to 14

Page 1, line 15, delete "ratios" and insert "increasing the maximum homestead credit"

Page 1, line 16, delete "providing for studies;"

Page 1, line 28, delete "124.2137, subdivision 1;"

Page 1, line 29, delete "124A.02, subdivision 7;"

Page 1, line 31, delete everything after the first semicolon

Page 1, line 32, delete everything before "273.13" and delete "4,"

Page 1, line 33, delete "5a,", "6a,", "7b, 7c, 7d, 8a, 9," and delete "16, 17, 17b,"

Page 1, delete lines 34 to 36

Page 1, line 37, delete "273.42, subdivision 2;"

Page 2, line 29, delete "124A;"

Page 2, line 33, delete everything after the first semicolon

Page 2, delete line 34

Page 2, delete "273.1315;"

A roll call was requested and properly seconded.

The question was taken on the Brandl amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 59 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Brandl	Clark	Greenfield	Kelly
Battaglia	Brinkman	Cohen	Jennings, L.	Knuth
Beard	Brown	Elioff	Kahn	Kostohryz
Begich	Carlson, L.	Ellingson	Kalis	Krueger

Lieder	Nelson, K.	Pappas	Sarna	Tunheim
Long	Neuenschwander	Peterson	Segal	Vanasek
McEachern	Norton	Piper	Simoneau	Vellenga
McLaughlin	O'Connor	Price	Skoglund	Voss
Metzen	Ogren	Quinn	Solberg	Welle
Minne	Olson, E.	Rest	Sparby	Wenzel
Munger	Osthoff	Rice	Staten	Wynia
Murphy	Otis	Rodosovich	Tomlinson	

Those who voted in the negative were:

Anderson, R.	Dimler	Heap	Omann	Shaver
Backlund	Dyke	Himle	Onnen	Sherman
Becklin	Erickson	Jacobs	Ozment	Stanius
Bennett	Fjoslien	Johnson	Pauly	Sviggum
Bishop	Forsythe	Kiffmeyer	Piepho	Thiede
Blatz	Frederick	Knickerbocker	Poppenhagen	Thorson
Boerboom	Frederickson	Kvam	Quist	Tjornhom
Boo	Frerichs	Levi	Redalen	Tompkins
Burger	Gruenes	Marsh	Rees	Uphus
Carlson, D.	Gutknecht	McDonald	Richter	Valan
Carlson, J.	Halberg	McKasy	Rose	Valento
Clausnitzer	Hartinger	McPherson	Schafer	Waltman
Dempsey	Hartle	Miller	Schreiber	Zaffke
DenOuden	Haukoos	Olsen, S.	Seaberg	Spk. Jennings, D.

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

H. F. No. 756, as amended, was read for the third time.

POINT OF ORDER

Norton raised a point of order pursuant to section 101, of "Mason's Manual of Legislative Procedure" relating to limiting debate to the question before the house. The Speaker ruled the point of order not well taken.

H. F. No. 756, A bill for an act relating to taxation; simplifying Minnesota income tax law by increasing conformity to federal income tax law; changing income tax rates, rate brackets, credits, and deductions; providing for computation of interest on overpayments; providing for timely payment of certain taxes; changing the estate tax; changing corporate income tax provisions; rescheduling payments and reducing the budget reserve; reducing sales tax rates and providing sales tax exemptions; authorizing lodging taxes for towns; reducing the basic maintenance mill rate; changing the computation of or eliminating certain property tax credits; changing property tax exemptions, classes, and classification ratios; changing the taxation of telephone companies; providing for studies; imposing duties on the commissioner of revenue and commissioner of natural resources; providing for changes in the levy limit base; changing property tax provisions relating to collection of property tax, confessions of judgment, and sale of tax forfeit lands; changing property tax refund benefit schedules, eligible claimants, and definition of property taxes payable; changing local government

aids; appropriating money; amending Minnesota Statutes 1984, sections 10A.31, subdivisions 1 and 3; 13.04, subdivision 2; 16A.15, subdivision 6; 41.55; 60A.15, subdivision 12; 60A.199, subdivision 8; 92.46, subdivision 1; 117.55; 124.2137, subdivision 1; 124A.02, subdivision 7; 270A.07, subdivision 5; 271.12; 272.02, subdivision 1; 272.03, subdivision 1; 273.111, subdivision 11; 273.115, subdivisions 2 and 3; 273.116, subdivisions 2 and 3; 273.13, subdivisions 4, 5a, 6, 6a, 7, 7b, 7c, 7d, 8a, 9, 14a, 16, 17, 17b, 17c, 17d, 19, 20, and 21; 273.133, by adding a subdivision; 273.135, subdivisions 1, 2, and 5; 273.1391, subdivisions 1, 2, and 4; 273.1392; 273.40; 273.42, subdivision 2; 275.50, by adding a subdivision; 275.51, subdivision 3h; 277.03; 277.10; 279.37, subdivisions 1, 3, 4, 8, and by adding a subdivision; 281.23, subdivision 1; 281.29; 282.01, subdivision 7a; 282.021; 282.261, by adding a subdivision; 290.01, subdivisions 20, 20a, 20b, 20d, 20e, and 20f; 290.032, subdivision 2; 290.05, subdivision 3; 290.06, subdivisions 2c, 2d, 3f, 3g, 11, and by adding a subdivision; 290.067, subdivision 1; 290.069, subdivision 4; 290.07, subdivision 1; 290.08, subdivision 26, and by adding a subdivision; 290.089, subdivision 2; 290.09, subdivisions 1 and 7; 290.091; 290.095, subdivisions 3, 7, 9, and 11; 290.10; 290.12, subdivision 2; 290.14; 290.17, subdivision 2; 290.175; 290.18, subdivision 2; 290.21, subdivisions 3 and 4; 290.34, subdivision 1, and by adding a subdivision; 290.37, subdivision 1; 290.38; 290.39, subdivision 1a; 290.41, subdivision 2; 290.50, subdivisions 1, 5, and 6; 290.92, subdivisions 2a, 6, 11, 13, and 19; 290.93, subdivision 9; 290.932, subdivision 1; 290.933, subdivision 1; 290.936; 290A.03, subdivisions 3 and 13; 290A.04, subdivisions 1, 2, 3, and by adding a subdivision; 290A.06; 290A.07, subdivisions 2a and 3; 290A.10; 290A.19; 291.005, subdivision 1; 291.03, subdivision 1; 291.075; 291.09, subdivisions 1a, 2a, and 3a; 291.11, subdivision 1; 291.15, subdivisions 1 and 3; 291.18; 291.215, subdivision 1; 291.32; 294.09, subdivision 1; 295.34, subdivision 1; 297A.01, subdivisions 15 and 16; 297A.02, subdivisions 1, 2, and 3; 297A.03, subdivision 2; 297A.14; 297A.25, subdivision 1; 297A.26, subdivision 1, and by adding a subdivision; 297A.27, subdivision 1; 297A.35, subdivision 1; 298.09, subdivision 4; 298.40, by adding a subdivision; 299.05; 299F.26, subdivision 1; 473.556, subdivision 4; 477A.011, subdivision 3, and by adding subdivisions; 477A.013; 477A.018; 524.3-1202; amending Laws 1984, chapter 644, section 85; proposing coding for new law in Minnesota Statutes, chapters 16A; 124A; 270; 290; and 297A; repealing Minnesota Statutes 1984, sections 41.58, subdivision 3; 41.59, subdivisions 2 and 3; 55.10, subdivision 2; 62E.03, subdivision 2; 270.75, subdivision 7; 273.115, subdivisions 1, 5, 6, and 7; 273.116, subdivisions 1, 5, 6, and 7; 273.1311; 273.1315; 290.01, subdivisions 20c and 26; 290.012; 290.06, subdivisions 2f, 3d, 3e, 14, 15, 16, 17, 18, and 19; 290.067, subdivisions 2 and 4; 290.068, subdivision 6; 290.077, subdivision 4; 290.08, subdivisions 23 and 24; 290.089, subdivisions 1, 3, 4, 5, and 6; 290.09, subdivision 29; 290.101; 290.18, subdivision 4; 290.21, subdivision 8; 290.34, subdivision 2; 290.39, subdivision 2; 290.41, subdivision 5; 290A.04, subdivisions 2a and 2b; 291.015; 291.03, subdivisions 3, 4, 5, 6, and 7; 291.05; 291.051; 291.06; 291.065; 291.07; 291.08; 291.09,

subdivision 5; 291.111; 291.131, subdivisions 5 and 6; 291.132; 291.15, subdivision 2; 291.18; 291.20; 291.29, subdivision 5; 295.34, subdivision 2; 297A.15, subdivision 5; 297A.26, subdivision 3; 297A.275; 385.36; 477A.011, subdivision 10; and 477A.0131; repealing Laws 1982, chapter 523, article 7, section 3.

The bill, as amended, was placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 100 yeas and 32 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dimler	Kalis	Onnen	Segal
Anderson, R.	Dyke	Kiffmeyer	Ozment	Shaver
Backlund	Ellingson	Knickerbocker	Pauly	Sherman
Beard	Erickson	Knuth	Peterson	Sparby
Becklin	Fjoslien	Kostohryz	Piepho	Stanius
Bennett	Forsythe	Krueger	Poppenhagen	Sviggum
Bishop	Frederick	Kvam	Price	Thiede
Blatz	Frederickson	Levi	Quinn	Thorson
Boerboom	Frerichs	Lieder	Quist	Tjornhom
Boo	Gruenes	Marsh	Redalen	Tompkins
Brinkman	Gutknecht	McDonald	Rees	Tunheim
Brown	Halberg	McEachern	Rest	Uphus
Burger	Hartinger	McKasy	Richter	Valan
Carlson, D.	Hartle	McPherson	Riveness	Valento
Carlson, J.	Haukoos	Metzen	Rodosovich	Vanasek
Carlson, L.	Heap	Miller	Rose	Waltman
Clausnitzer	Himle	Nelson, K.	Schafer	Welle
Cohen	Jacobs	Olsen, S.	Schoenfeld	Wenzel
Dempsey	Jennings, L.	Olson, E.	Schreiber	Zaffke
DenOuden	Johnson	Omann	Seaberg	Spk. Jennings, D.

Those who voted in the negative were:

Battaglia	Kelly	Norton	Rice	Tomlinson
Begich	Long	O'Connor	Sarna	Vellenga
Brandl	McLaughlin	Ogren	Scheid	Voss
Clark	Minne	Osthoff	Simoneau	Wynia
Elioff	Munger	Otis	Skoglund	
Greenfield	Murphy	Pappas	Solberg	
Kahn	Neuenschwander	Piper	Staten	

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

CALL OF THE HOUSE LIFTED

Levi moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

Rodosovich was excused for the remainder of today's session.

SPECIAL ORDERS

Levi moved that the bills on Special Orders for today be continued one day. The motion prevailed.

GENERAL ORDERS

Levi moved that the bills on General Orders for today be continued one day. The motion prevailed.

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1382:

Cohen, Halberg and Dempsey.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 535:

Sherman, Vellenga and Clausnitzer.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 186:

Sherman, Elioff and Gruenes.

MOTIONS AND RESOLUTIONS

Blatz moved that the name of Hartinger be added as an author on H. F. No. 143. The motion prevailed.

Johnson moved that the name of Jennings, L., be added as an author on H. F. No. 723. The motion prevailed.

Kostohryz moved that the name of Nelson, D., be added as an author on H. F. No. 1033. The motion prevailed.

McLaughlin moved that the name of Clark be added as an author on H. F. No. 1620. The motion prevailed.

Redalen moved that the name of McDonald be added as an author on H. F. No. 1623. The motion prevailed.

Jacobs moved that the name of Osthoff be added as an author on H. F. No. 1624. The motion prevailed.

Redalen moved that the name of McDonald be added as an author on H. F. No. 1627. The motion prevailed.

Shaver moved that H. F. No. 1490 be recalled from the Committee on Local and Urban Affairs and be re-referred to the Committee on Taxes. The motion prevailed.

POINT OF ORDER

Voss raised a point of order pursuant to rule 5.4, paragraph 3, relating to votes required to re-refer bills. The Speaker ruled the point of order well taken and the Shaver motion to re-refer H. F. No. 1490 did not prevail.

Gruenes moved that S. F. No. 568 be recalled from the Committee on Appropriations and together with H. F. No. 322, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

Wenzel moved that H. F. No. 664 be returned to its author. The motion prevailed.

House Concurrent Resolution No. 8 was reported to the House.

HOUSE CONCURRENT RESOLUTION NO. 8

A house concurrent resolution designating the "Red Ribbon" to commemorate Minnesota citizens who are still missing in action or are being held against their will in Asian countries.

Whereas, the State of Minnesota is proud of the veterans of this nation's wars; and

Whereas, 8,800 Americans including 121 Minnesotans remain unaccounted for from the Korean conflict and 2,483 Americans including 49 Minnesotans remain unaccounted for from the Vietnam conflict; *Now, Therefore,*

Be It Resolved by the House of Representatives of the State of Minnesota, the Senate concurring, that an official symbol is established in memory of those Americans who are missing and unaccounted for. The symbol established is a "Red Ribbon" and that the Red Ribbon will be displayed in all public buildings and other appropriate locations on the national day of recognition as designated by the Congress of the United States.

Be It Further Resolved that the Chief Clerk is directed to prepare enrolled copies of this resolution, to be authenticated by his signature and those of the Speaker, the President of the Senate, and the Secretary of the Senate, and present them to representatives of the various Minnesota veterans organizations.

Fjoslien moved that House Concurrent Resolution No. 8 be now adopted. The motion prevailed and House Concurrent Resolution No. 8 was adopted.

ADJOURNMENT

Levi moved that when the House adjourns today it adjourn until 2:00 p.m., Wednesday, May 1, 1985. The motion prevailed.

Levi moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:00 p.m., Wednesday, May 1, 1985.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-FOURTH SESSION – 1985

FORTY-EIGHTH DAY

SAINT PAUL, MINNESOTA, TUESDAY, APRIL 30, 1985

The Senate met on Tuesday, April 30, 1985, which was the Forty-eighth Day of the Seventy-fourth Session of the Minnesota State Legislature. The House of Representatives did not meet on this date.

STATE OF MINNESOTA

SEVENTY-FOURTH SESSION – 1985

FORTY-NINTH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, MAY 1, 1985

The House of Representatives convened at 2:00 p.m. and was called to order by David M. Jennings, Speaker of the House.

Prayer was offered by Reverend Howard C. Gravrock, House Chaplain.

The roll was called and the following members were present:

Anderson, G.	Ellingson	Krueger	Ozment	Simoneau
Anderson, R.	Erickson	Kvam	Pappas	Skoglund
Backlund	Fjoslien	Levi	Pauly	Solberg
Battaglia	Forsythe	Lieder	Peterson	Sparby
Beard	Frederick	Long	Piepho	Stanius
Becklin	Frederickson	Marsh	Piper	Sviggum
Begich	Frerichs	McDonald	Poppenhagen	Thiede
Bennett	Greenfield	McEachern	Price	Thorson
Bishop	Gruenes	McKasy	Quinn	Tjornhom
Blatz	Gutknecht	McLaughlin	Quist	Tomlinson
Boerboom	Halberg	McPherson	Redalen	Tompkins
Boo	Hartinger	Metzen	Rees	Tunheim
Brandl	Hartle	Miller	Rest	Uphus
Brinkman	Haukoos	Minne	Rice	Valan
Brown	Heap	Munger	Richter	Valento
Burger	Himle	Murphy	Riveness	Vanasek
Carlson, D.	Jacobs	Nelson, D.	Rodosovich	Vellenga
Carlson, J.	Jaros	Nelson, K.	Rose	Voss
Carlson, L.	Jennings, L.	Neuenschwander	Sarna	Waltman
Clark	Johnson	Norton	Schafer	Welle
Clausnitzer	Kahn	O'Connor	Scheid	Wenzel
Cohen	Kalis	Ogren	Schoenfeld	Wynia
Dempsey	Kelly	Olsen, S.	Schreiber	Zaffke
DenOuden	Kiffmeyer	Olson, E.	Seaberg	Spk. Jennings, D.
Dimler	Knickerbocker	Onnen	Segal	
Dyke	Knuth	Osthoff	Shaver	
Elioff	Kostohryz	Otis	Sherman	

A quorum was present.

Omann was excused.

The Chief Clerk proceeded to read the Journals of the preceding days. Kvam moved that further reading of the Journals be dispensed with and that the Journals be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 322, 88 and 756 and S. F. Nos. 86, 944, 1358, 1398, 721, 1087, 1447, 921, 1291, 904, 1234, 650, 863, 1208, 1308, 1404, 616, 615, 825, 1220, 1249, 1411, 658 and 580 have been placed in the members' files.

S. F. No. 86 and H. F. No. 135, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Uphus moved that S. F. No. 86 be substituted for H. F. No. 135 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 615 and H. F. No. 584, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Tunheim moved that S. F. No. 615 be substituted for H. F. No. 584 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 616 and H. F. No. 594, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Tunheim moved that S. F. No. 616 be substituted for H. F. No. 594 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 721 and H. F. No. 743, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Clausnitzer moved that S. F. No. 721 be substituted for H. F. No. 743 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 825 and H. F. No. 997, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Carlson, L., moved that S. F. No. 825 be substituted for H. F. No. 997 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1220 and H. F. No. 1309, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Richter moved that S. F. No. 1220 be substituted for H. F. No. 1309 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1411 and H. F. No. 1503, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Thorson moved that S. F. No. 1411 be substituted for H. F. No. 1503 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1447 and H. F. No. 1468, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Valan moved that S. F. No. 1447 be substituted for H. F. No. 1468 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 568 and H. F. No. 322, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Gruenes moved that the rules be so far suspended that S. F. No. 568 be substituted for H. F. No. 322 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 650 and H. F. No. 788, which has been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Valento moved that the rules be so far suspended that S. F. No. 650 be substituted for H. F. No. 788 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 658 and H. F. No. 623, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Thiede moved that the rules be so far suspended that S. F. No. 658 be substituted for H. F. No. 623 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 863 and H. F. No. 1076, which had been referred to the Chief Clerk for comparision, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Seaberg moved that the rules be so far suspended that S. F. No. 863 be substituted for H. F. No. 1076 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 904 and H. F. No. 942, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Sviggum moved that the rules be so far suspended that S. F. No. 904 be substituted for H. F. No. 942 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 921 and H. F. No. 1106, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Frerichs moved that the rules be so far suspended that S. F. No. 921 be substituted for H. F. No. 1106 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 944 and H. F. No. 1338, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Carlson, L., moved that the rules be so far suspended that S. F. No. 944 be substituted for H. F. No. 1338 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1087 and H. F. No. 1170, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Hartle moved that the rules be so far suspended that S. F. No. 1087 be substituted for H. F. No. 1170 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1208 and H. F. No. 1308, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Schafer moved that the rules be so far suspended that S. F. No. 1208 be substituted for H. F. No. 1308 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1249 and H. F. No. 1281, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Kostohryz moved that the rules be so far suspended that S. F. No. 1249 be substituted for H. F. No. 1281 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1291 and H. F. No. 1417, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Redalen moved that the rules be so far suspended that S. F. No. 1291 be substituted for H. F. No. 1417 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1308 and H. F. No. 1266, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Frerichs moved that the rules be so far suspended that S. F. No. 1308 be substituted for H. F. No. 1266 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1358 and H. F. No. 1435, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Quist moved that the rules be so far suspended that S. F. No. 1358 be substituted for H. F. No. 1435 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1398 and H. F. No. 1375, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Schreiber moved that the rules be so far suspended that S. F. No. 1398 be substituted for H. F. No. 1375 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1404 and H. F. No. 1460, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Ozment moved that the rules be so far suspended that S. F. No. 1404 be substituted for H. F. No. 1460 and that the House File be indefinitely postponed. The motion prevailed.

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

April 29, 1985

The Honorable David M. Jennings
Speaker of the House
The State of Minnesota

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House Files:

H. F. No. 91, relating to elections, providing for the preparation and availability of correct precinct lists; amending Minnesota Statutes 1984, section 201.091, subdivision 2.

H. F. No. 112, relating to veterans; authorizing certain American Legion officers and employees to elect to state employee benefit coverage at their own expense; amending Minnesota Statutes 1984, section 43A.27, subdivision 2.

H. F. No. 157, relating to elections; requiring that a candidate for school district office be eligible to hold office; amending Minnesota Statutes 1984, section 123.32, subdivision 4.

H. F. No. 221, relating to highways; designating the George Mann Memorial Highway; amending Minnesota Statutes 1984, section 161.14, by adding a subdivision.

H. F. No. 320, relating to the city of Roseville; increasing the total number of on-sale liquor licenses.

H. F. No. 241, relating to commerce; modifying certain motor vehicle sale and distribution regulations; amending Minnesota Statutes 1984, sections 80E.04, subdivision 4; 80E.06, subdivision 1; 80E.10, subdivision 5; 80E.12; and 80E.14, subdivision 1; repealing Minnesota Statutes 1984, section 80E.03, subdivision 11.

H. F. No. 316, relating to the military; providing for the appointment of an additional assistant adjutant general for the army national guard; amending Minnesota Statutes 1984, section 190.08, subdivision 1.

H. F. No. 335, relating to corrections; removing certain information from the certified record for commitment of persons convicted of a felony or gross misdemeanor; amending Minnesota Statutes 1984, section 243.49.

H. F. No. 379, relating to elections; qualifying certain persons to be election judges; amending Minnesota Statutes 1984, section 204B.19, subdivision 2.

H. F. No. 415, relating to elections; permitting certain reports to be made by certified mail; amending Minnesota Statutes 1984, section 10A.20, subdivision 5.

H. F. No. 461, relating to courts; providing that Ramsey municipal court judges shall set salaries of conciliation court referees in Ramsey county; amending Minnesota Statutes 1984, section 488A.30, subdivision 1.

H. F. No. 485, relating to the city of Lismore; authorizing it to issue bonds for municipal facilities.

H. F. No. 517, relating to insurance; authorizing the use of funding agreements; prescribing powers of the commissioner; proposing coding for new law in Minnesota Statutes, chapter 61A.

H. F. No. 604, relating to agriculture; eliminating license requirement for fur farmers; establishing a registration system; providing definitions; defining agricultural products and pur-

suits related to fur farming; proposing coding for new law in Minnesota Statutes, chapter 17; repealing Minnesota Statutes 1984, section 17.35.

H. F. No. 985, relating to human services; clarifying eligibility for aid for unborn children and prenatal care payments; amending Minnesota Statutes 1984, section 256.73, subdivision 5.

Sincerely,

RUDY PERPICH
Governor

STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
ST. PAUL 55155

April 29, 1985

The Honorable David M. Jennings
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1985 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	*H.F. No.*	*Session Laws Chapter No.*	*Date Approved 1985*	*Date Filed 1985*
	91	31	April 29	April 29
	112	32	April 29	April 29
	157	33	April 29	April 29
	241	34	April 29	April 29
	221	35	April 29	April 29
	316	36	April 29	April 29
	320	37	April 29	April 29
	335	38	April 29	April 29

	379	39	April 29	April 29
	415	40	April 29	April 29
	461	41	April 29	April 29
	485	42	April 29	April 29
	517	43	April 29	April 29
	604	44	April 29	April 29
	985	45	April 29	April 29
46		46	April 29	April 29
70		47	April 29	April 29
379		48	April 29	April 29
437		49	April 29	April 29
625		50	April 29	April 29
1231		Resolution No. 2	April 29	April 29

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

REPORTS OF STANDING COMMITTEES

Forsythe from the Committee on Appropriations to which was referred:

H. F. No. 414, A bill for an act relating to retirement; providing postretirement annuity or benefit increases for certain retired or disabled public employees; providing for a study of benefit adjustments; providing medical and hospital coverage for retired employees of the public employees retirement association; appropriating money.

Reported the same back with the following amendments:

Page 3, delete lines 6 to 28

Page 4, delete lines 6 to 16

Amend the title as follows:

Page 1, line 4, delete everything after the semicolon

Page 1, line 5, delete everything before "providing"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kvam from the Committee on Financial Institutions and Insurance to which was referred:

H. F. No. 605, A bill for an act relating to commerce; authorizing certain investments in obligations of or guaranteed by the United States and certain other authorized securities; amending Minnesota Statutes 1984, sections 50.14, subdivision 2; 475.66, by adding a subdivision; and 501.125, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 11A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 48.61, is amended by adding a subdivision to read:

Subd. 5. In the absence of an express provision to the contrary, whenever any statute, regulation, charter, trust indenture, authorizing resolution, or other instrument governing the investment of funds of a banking institution, as defined in section 48.01, subdivision 2, directs, requires, authorizes, or permits investment in obligations of the United States or obligations, the payment of the principal of and interest on which is unconditionally guaranteed by the United States, investment in these obligations may be made either directly or in the form of securities of, or other interests in, an investment company (1) registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and (2) whose investments are limited to these obligations and repurchase agreements fully collateralized by these obligations, if the repurchase agreements are entered into only with those primary reporting dealers that report to the Federal Reserve Bank of New York and with the 100 largest United States commercial banks.

Investment company shares authorized pursuant to this subdivision shall not exceed 20 percent of the banks' capital stock and paid in surplus. These obligations shall be carried at the lower of cost or market on the banks' books and adjusted to market on a quarterly basis.

Sec. 2. Minnesota Statutes 1984, section 475.66, subdivision 3, is amended to read:

Subd. 3. Subject to the provisions of any resolutions or other instruments securing obligations payable from a debt service fund, any balance in the fund may be invested

(a) in any security which is a direct obligation of or is guaranteed as to payment of principal and interest by the United States or any agency or instrumentality of the United States,

(b) in shares of an investment company *(1)* registered under the federal investment company act of 1940, whose shares are registered under the federal securities act of 1933, and *(2)* whose only investments are in securities described in the preceding clause *and repurchase agreements fully collateralized by those securities, if the repurchase agreements are entered into only with those primary reporting dealers that report to the Federal Reserve Bank of New York and with the 100 largest United States commercial banks,*

(c) in any security which is a general obligation of the state of Minnesota or any of its municipalities,

(d) in bankers acceptances of United States banks eligible for purchase by the Federal Reserve System, or

(e) in commercial paper issued by United States corporations or their Canadian subsidiaries that is of the highest quality and matures in 270 days or less.

The fund may also be used to purchase any obligation, whether general or special, of an issue which is payable from the fund, at such price, which may include a premium, as shall be agreed to by the holder, or may be used to redeem any obligation of such an issue prior to maturity in accordance with its terms. The securities representing any such investment may be sold or hypothecated by the municipality at any time, but the money so received remains a part of the fund until used for the purpose for which the fund was created.

Sec. 3. Minnesota Statutes 1984, section 501.125, is amended by adding a subdivision to read:

Subd. 6. [INVESTMENT COMPANIES.] *In the absence of an express prohibition in the trust instrument, whenever the instrument directs, requires, authorizes, or permits investment in obligations of the United States or obligations, the payment of the principal of and interest on which is unconditionally guaranteed by the United States, the trustee may invest in and hold those obligations either directly or in the form of securities of, or other interests in, an investment company (1) registered un-*

der the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and (2) whose investments are limited to these obligations and repurchase agreements fully collateralized by these obligations, if the repurchase agreements are entered into only with those primary reporting dealers that report to the Federal Reserve Bank of New York and with the 100 largest United States commercial banks.

Nothing in this subdivision shall be construed to alter the degree of care and judgment required of trustees by subdivision 1.

Sec. 4. [EFFECTIVE DATE.]

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

Amend the title as follows:

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

Page 1, line 6, delete "2" and insert "48.61, by adding a subdivision" and delete "by adding a" and after "subdivision" insert "3"

Page 1, line 7, delete everything after "subdivision"

Page 1, line 8, delete everything before the period

With the recommendation that when so amended the bill pass.

The report was adopted.

Kvam from the Committee on Financial Institutions and Insurance to which was referred:

H. F. No. 857, A bill for an act relating to insurance; authorizing the receiver of an insolvent insurer to accelerate the distribution of available assets in payment of claims against the insurer; establishing priority of certain claims; providing for recoupment of assessments; amending Minnesota Statutes 1984, sections 60B.44, subdivision 4; 60B.46, by adding subdivisions; 60C.05, subdivision 1; 60C.18; and 61B.07, by adding a subdivision.

Reported the same back with the following amendments:

Page 5, after line 20, insert:

"The premium tax offset shall not apply for any assessments made in connection with an insurer which became an insolvent

insurer under section 60C.03, subdivision 8, prior to the effective date of sections 1 to 8."

Page 5, after line 36, insert:

"*The premium tax offset shall not apply for any assessments made in connection with an insurer which became an impaired insurer under section 61B.03, subdivision 9, prior to the effective date of sections 1 to 8.*"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

Forsythe from the Committee on Appropriations to which was referred:

H. F. No. 1458, A bill for an act relating to claims against the state; providing for payment of various claims; appropriating money.

Reported the same back with the following amendments:

Page 1, line 14, delete "*$1,929*" and insert "*$12,929*"

Page 2, line 19, after "*Association*" insert ", *Elk River, Minnesota 55330,*"

Page 2, line 20, delete "*Elk River, Minnesota 55330*" and insert "*Eden Prairie, Minnesota 55344*"

Page 2, line 24, delete "*$242,081.*" and insert "*$230,000.*"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kvam from the Committee on Financial Institutions and Insurance to which was referred:

H. F. No. 1548, A bill for an act relating to housing; providing for local and regional review and comment on housing programs; extending interest reduction program; amending Minnesota Statutes 1984, sections 462C.02, by adding subdivisions; 462C.03, subdivision 1, and by adding a subdivision; 462C.04, subdivision 2; 462C.09, subdivisions 2a and 3, and by adding a subdivision; proposing coding for new law in Minnesota Stat-

utes, chapter 462C; repealing Minnesota Statutes 1984, sections 462.445, subdivision 13; and 462C.09, subdivision 2.

Reported the same back with the following amendments:

Page 3, line 12, delete "*and*"

Page 3, after line 12, insert:

"*(h) an analysis of how the program will meet the needs of low and moderate income families; and*"

Page 3, line 13, delete "*(h)*" and insert "*(i)*"

Page 9, line 10, delete "*2*" and insert "*2a*"

Page 9, after line 24, insert:

"Sec. 10. [462C.12] [MINNEAPOLIS/ST. PAUL HOUSING FINANCE BOARD; POWERS; JURISDICTION.]

Subdivision 1. [ESTABLISHMENT OF HOUSING BOARD RATIFIED.] *The establishment of the Minneapolis/St. Paul housing finance board in accordance with a joint powers agreement entered into between the Minneapolis community development agency and the housing and redevelopment authority of the city of St. Paul, Minnesota and accepted by the cities of Minneapolis and St. Paul under section 471.59 is ratified and approved.*

Subd. 2. [POWERS.] *The board is granted the following powers:*

(a) The board may issue obligations and other forms of indebtedness under this section, subject to the terms and conditions set forth in the joint powers agreement, as may be from time to time amended.

(b) The board is authorized to exercise the powers conferred upon the cities of Minneapolis and St. Paul and their designated housing and redevelopment authorities, or the powers of an agency exercising the powers of a housing and redevelopment authority, by chapters 462 and 462C and any other general or special law of the state of Minnesota relating to housing or housing finance. The powers which may be exercised by the board include, without limitation, the power to undertake and implement projects, developments, or programs, the power to issue and sell obligations and other forms of indebtedness payable exclusively from the revenues of the programs, projects, or de-

velopments undertaken by the board, or any of the powers the Minnesota housing finance agency may exercise under chapter 462A, provided that the obligations and other forms of indebtedness may be sold upon terms and conditions as the board may from time to time determine. The board may exercise the powers conferred by this section only with respect to projects, programs, or developments within the corporate limits of the cities of Minneapolis and St. Paul, except as may be otherwise provided in a joint powers agreement entered into under section 471.59 between the board and any other city, housing and redevelopment authority, or port authority in the state of Minnesota.

(c) For the purposes of section 462C.09, the board may be authorized by the cities of Minneapolis and St. Paul, or by any other city with which the board enters into a joint powers agreement, to issue revenue bonds or obligations in an amount not to exceed the amount of bonds allocated by general or special law to such cities, or the board may issue mortgage credit certificates in lieu thereof.

Subd. 3. [JURISDICTION.] *Notwithstanding any other provision of law, the territorial jurisdiction of the board shall extend to all of the area within the corporate limits of the cities of Minneapolis and St. Paul and shall for the purposes of any particular project, development, or program undertaken in whole or part for any other city include all of the area within the corporate limits of the city. For the purposes of any provision of law intended to apply within a particular jurisdiction, the provision shall be construed to apply to the entire area within the corporate limits of the cities of Minneapolis and St. Paul, together with the entire area within the corporate limits of any other city with which the board has entered into a joint powers agreement and on whose behalf a project, development, or program is undertaken or implemented, or on whose behalf obligations or other forms of indebtedness are issued by the board.*

Subd. 4. [POWERS SUPPLEMENTARY.] *The powers granted by this section are in addition and supplemental to the powers granted by section 471.59, or the law under which a project, development, or program is undertaken or implemented by the board, or under which the board issued obligations or other forms of indebtedness."*

Page 9, line 30, after the period insert "*Section 10 is effective the day after compliance by the governing bodies of the cities of Minneapolis and St. Paul with the provisions of Minnesota Statutes, section 645.021, subdivision 3.*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon insert "ratifying the Minneapolis/St. Paul housing finance board established under a joint powers agreement;"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

Kvam from the Committee on Financial Institutions and Insurance to which was referred:

S. F. No. 302, A bill for an act relating to commerce; providing for deposits of public funds in thrift institutions; amending Minnesota Statutes 1984, section 118.005.

Reported the same back with the following amendments:

Page 2, after line 6, insert:

"Sec. 2. Minnesota Statutes 1984, section 290.01, subdivision 4, is amended to read:

Subd. 4. [CORPORATIONS.] The term "corporation" shall include joint stock companies and corporations existing under the laws of any state or country; partnerships, limited or otherwise, the organization of which is not interrupted by the death of a general partner or by a change in the ownership of his participating interest, and the management of which is centralized in one or more persons acting in a representative capacity; associations (other than ordinary partnerships)*; credit unions;* and common-law trusts organized or conducted for profit.

Sec. 3. Minnesota Statutes 1984, section 290.05, subdivision 3, is amended to read:

Subd. 3. (a) An organization exempt from taxation under subdivision 2 shall, nevertheless, be subject to tax under this chapter to the extent provided in the following provisions of the Internal Revenue Code:

(i) Section 527 (dealing with political organizations) and (ii) section 528 (dealing with certain homeowners associations) but

notwithstanding this subdivision, shall be considered an organization exempt from income tax for the purposes of any law which refers to organizations exempt from income taxes.

(b) The tax shall be imposed on the taxable income of political organizations or homeowner associations. The tax shall be at the corporate rates. The tax shall only be imposed on income and deductions assignable to this state under sections 290.17 to 290.20. Except for section 290.09, subdivision 29, to the extent deducted in computing federal taxable income, the deductions contained in sections 290.09 and 290.21 shall not be allowed in computing Minnesota taxable net income.

(c) A credit union exempt from federal taxation under subchapter F of the Internal Revenue Code is taxable in the same manner as a savings association.

Sec. 4. Minnesota Statutes 1984, section 290.21, subdivision 6, is amended to read:

Subd. 6. To each regulated investment company, as that term is defined and limited by section 851 of the Internal Revenue Code of 1954, as amended through December 31, 1983 an amount equal to the interest and dividends paid during the taxable year, and to each building and loan and savings and loan association *and credit union*, an amount equal to the dividends paid during the taxable year to its members as members. For the purposes of this paragraph any dividend or portion thereof declared by a regulated investment company after the close of the taxable year and prior to the time prescribed by law for the filing of its return for the taxable year (including the period of any extension of time granted for filing such return) shall, to the extent the company so elects in such return, be treated as having been paid during such taxable year, but only if distribution of such dividend is actually made to shareholders in the 12 month period following the close of such taxable year and not later than the date of the first regular dividend payment made after such declaration.

Sec. 5. [REPEALER.]

Minnesota Statutes 1984, section 52.22, is repealed."

Amend the title as follows:

Page 1, line 4, delete "section" and insert "sections" and before the period insert "; 290.01, subdivision 4; 290.05, subdivision 3; and 290.21, subdivision 6; repealing Minnesota Statutes 1984, section 52.22"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 414, 605 and 1458 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 86, 615, 616, 721, 825, 1220, 1411, 1447, 568, 650, 658, 863, 904, 921, 944, 1087, 1208, 1249, 1291, 1308, 1358, 1398 and 1404 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Schoenfeld, Haukoos and Piper introduced:

H. F. No. 1633, A bill for an act authorizing the city of Waseca to establish and provide taxes and service charges for a special service district.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Shaver introduced:

H. F. No. 1634, A bill for an act relating to natural resources; authorizing the commissioner of natural resources to lease peat lands for wild rice farming; proposing coding for new law in Minnesota Statutes, chapter 92.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Olsen, S., introduced:

H. F. No. 1635, A bill for an act relating to real property; providing a restriction on the duration of conditions affecting certain real property; providing an exemption for the city of North Oaks; amending Minnesota Statutes 1984, section 500.20, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Judiciary.

Rose, by request, introduced:

H. F. No. 1636, A bill for an act relating to game and fish; requiring certain big game animals to be covered when transported; amending Minnesota Statutes 1984, section 97.45, subdivision 3.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Gruenes and Marsh introduced:

H. F. No. 1637, A bill for an act relating to local government; permitting the establishment of special service districts in the cities of Sartell, Sauk Rapids, St. Cloud, and Waite Park; providing taxing and other financial authority for the cities.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Forsythe, for the Committee on Appropriations, introduced:

H. F. No. 1638, A bill for an act relating to the organization and operation of state government; appropriating money for education and related purposes to the department of education, higher education coordinating board, state board of vocational technical education, state board for community colleges, state university board, University of Minnesota, and the Mayo medical foundation, with certain conditions; providing for staff assistance, average cost of instruction, appropriations carry over authority, a science and technology center, financial aid, credit transferability, surveys, studies, reports, notices, planning, policy development, mission statements, task forces, private proprietary schools, state university parking, annual appropriations, aid payments, review of vocational capital improvements, veterans' vocational program exemptions, vocational budgets and programs, endowed chairs, and pilot programs; amending Minnesota Statutes 1984, sections 121.02, by adding a subdivision; 135A.03, subdivision 4; 135A.05; 135A.06; 136.031; 136A.042; 136.67, subdivision 5; 136A.09; 136A.095; 136A.101; 136A.121, subdivisions 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, and 16; 136A.132, subdivisions 3, 4, 5, and 6; 136A.15, subdivision 7; 136A.162; 136A.233, subdivision 2; 136C.04, subdivisions 4a and 15; 136C.07, by adding a subdivision; 136C.08, subdivision 2; 136C.-13, subdivision 3, and by adding a subdivision; 136C.26, subdivisions 4 and 5; 136C.28, subdivision 2; 136C.29, subdivision 5;

136C.33, subdivision 1; 136C.34; 137.022; 141.23; 141.25, subdivisions 8, 9, 10, and by adding a subdivision; 141.26, subdivisions 2 and 5; 141.28, subdivision 4; 141.32; proposing coding for new law in Minnesota Statutes, chapters 136 and 136A.

The bill was read for the first time and laid over one day.

Forsythe, for the Committee on Appropriations, introduced:

H. F. No. 1639, A bill for an act relating to state government; appropriating money to the department of transportation and other agencies with certain conditions; modifying agencies and responsibilities; providing for regulation of certain activities and practices; prescribing funds, accounts, bonding, and fees; amending Minnesota Statutes 1984, sections 15.0591, subdivision 2; 17.101, subdivision 2; 17.717, by adding a subdivision; 17A.10, subdivision 2; 17A.11; 25.39, subdivision 4; 138.94; 168.12, subdivisions 1 and 5; 174.32, subdivisions 1, 2, 3, and by adding a subdivision; 299A.01, subdivision 6; 340.14, subdivision 2; 349.12, subdivisions 11, 13, and by adding subdivisions; 349.14; 349.151; 349.16; 349.161; 349.162; 349.17; 349.18, subdivisions 1 and 2; 349.19, subdivisions 5, 6 and by adding a subdivision; 349.20; 349.21; 349.211, subdivisions 3 and 4; 349.213, subdivision 1; 349.214, subdivisions 1 and 2; 349.22, subdivision 2; 349.31, subdivision 1; 352D.02, subdivision 1; 360.024; 473.373, subdivision 4; 473.375, subdivision 4, and by adding a subdivision; 473.38, subdivision 2; 473.384, subdivision 6; 473.386, subdivision 2; 473.388; 473.39; 473.404, subdivision 7; 473.405, subdivision 12; 473.408, subdivision 4, and by adding a subdivision; 473.435, subdivision 2; 473.446, subdivisions 1, 1a, 2a, and 3; 609.75, subdivision 3; 609.761; proposing coding for new law in Minnesota Statutes, chapters 219; and 473; proposing coding for new law as Minnesota Statutes, chapter 297C; repealing Minnesota Statutes 1984, sections 17.717, subdivision 6; 349.19, subdivision 4; 349.212; 349.213, subdivision 2; 473.373, subdivisions 2 and 7; 473.384, subdivision 7; 473.408, subdivisions 3, 3A, 3B, and 5; 473.436; 473.438; and 473.446, subdivision 6.

The bill was read for the first time and laid over one day.

Forsythe, for the Committee on Appropriations, introduced:

H. F. No. 1640, A bill for an act relating to the organization and operation of state government; appropriating money for human services, corrections, health, and other purposes with certain conditions; amending Minnesota Statutes 1984, sections 62E.52, subdivisions 2, 3, 7, and by adding a subdivision; 62E.53, subdivisions 1, 2, 3, and 4; 62E.531, subdivisions 1 and 3; 72A.20,

by adding a subdivision; 129A.01; 129A.03; 129A.07, subdivision 1; 129A.08, subdivision 5; 171.29, subdivision 2; 241.71; 256.045, subdivision 3, and by adding a subdivision; 256.737; 256.871, subdivision 4; 256.969, subdivisions 1, 2, and by adding a subdivision; 256B.02, by adding a subdivision; 256B.04, subdivision 14; 256B.15; 256B.19, subdivision 1; 256B.48, by adding a subdivision; 256B.501, subdivisions 1, 2, 5, and 8; 256D.03, subdivisions 4 and 6; 256D.04; 256D.05, subdivision 1; 256D.06, subdivision 4; 256E.08, subdivision 1; 260.311, subdivision 5; 268.671; 268.672, subdivisions 2, 6, and 11; 268.673, subdivisions 1 and 2; 268.674, subdivision 1; 268.675, subdivision 1; 268.676, subdivisions 1 and 2; 268.677; 268.678, subdivision 2; 268.679, subdivision 1; 268.68; 268.681, subdivisions 3 and 4; 268.685; 268.83; 401.01, subdivision 1; 517.08, subdivisions 1b and 1c; 611A.34, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 129A; 144; 256B; 256D; and 501; repealing Minnesota Statutes 1984, sections 256.045, subdivision 2; 256B.092; 256B.19, subdivision 3; 256B.501, subdivision 4; and 268.686; Laws 1983, chapter 312, article 7, section 16; Laws 1983, chapter 312, article 9, section 10; and Laws 1984, chapter 654, article 5, section 50.

The bill was read for the first time and laid over one day.

HOUSE ADVISORIES

The following House Advisories were introduced:

Sherman; Carlson, D.; Brandl; Vellenga and Backlund introduced:

H. A. No. 26, A proposal to study ways to expedite legislative debate.

The advisory was referred to the Committee on Rules and Legislative Administration.

Piepho, Frerichs and Frederick introduced:

H. A. No. 27, A proposal to study the market effects of government sponsored multifamily housing.

The advisory was referred to the Committee on Commerce and Economic Development.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 273, A bill for an act relating to commerce; making permanent the time price differential rate on certain motor vehicles; amending Minnesota Statutes 1984, section 168.72, subdivisions 1 and 4; repealing Minnesota Statutes 1984, section 168.72, subdivision 2.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 537, A bill for an act relating to local government; changing the permissible expenditures on tourist, agricultural, and industrial promotion for Itasca county and Koochiching county; changing apportionment of certain proceeds from forfeited land sales in Itasca county and Koochiching county; amending Laws 1965, chapter 326, section 1, subdivisions 1, 4, 5, as amended, and 7; and Laws 1967, chapter 170, section 1, subdivisions 1, 5, and 7.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 730, A bill for an act relating to petroleum products; setting standards for heating fuel, diesel fuel, and kerosene; providing testing authority for the weights and measures division of the department of public service; amending Minnesota Statutes 1984, sections 296.01, subdivision 4, and by adding subdivisions; and 296.05, subdivisions 2 and 4; repealing Minnesota Statutes 1984, section 296.05, subdivision 3a.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 852, A bill for an act relating to state lands; directing conveyance of an easement over certain state lands to the city of Duluth.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the adoption by the Senate of the following House Concurrent Resolution, herewith returned:

House Concurrent Resolution No. 8, A house concurrent resolution designating the "Red Ribbon" to commemorate Minnesota citizens who are still missing in action or are being held against their will in Asian countries.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 1216, A bill for an act relating to agriculture; clarifying the meaning of lender in the Minnesota emergency farm operating loans act; amending Laws 1985, chapter 4, section 3, subdivision 8.

The Senate has appointed as such Committee Messrs. Stumpf, Davis and Berg.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 245, A bill for an act relating to crimes; clarifying elements of the crime of depriving another of custodial or parental rights; amending Minnesota Statutes 1984, section 609.26, subdivisions 1 and 2.

PATRICK E. FLAHAVEN, Secretary of the Senate

Segal moved that the House refuse to concur in the Senate amendments to H. F. No. 245, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 399, A bill for an act relating to education; the permanent school fund; requiring exchange for land in state parks and waysides; requiring an inventory of other permanent school fund lands; stating the goal of the permanent school fund; proposing coding for new law in Minnesota Statutes, chapters 92 and 120.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

McEachern moved that the House concur in the Senate amendments to H. F. No. 399 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 399, A bill for an act relating to education; requiring exchange of permanent school fund land in state parks and waysides; requiring an inventory of other permanent school fund lands; stating the goal of the permanent school fund; proposing coding for new law in Minnesota Statutes, chapters 92 and 120.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 110 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	DenOuden	Kiffmeyer	Otis	Simoneau
Anderson, R.	Dimler	Knickerbocker	Pauly	Skoglund
Backlund	Dyke	Knuth	Peterson	Solberg
Battaglia	Elioff	Kostohryz	Piepho	Stanius
Beard	Erickson	Krueger	Piper	Sviggum
Becklin	Fjoslien	Kvam	Price	Thiede
Begich	Forsythe	Levi	Quinn	Thorson
Bennett	Frederick	Lieder	Quist	Tjornhom
Bishop	Frederickson	Marsh	Rees	Tomlinson
Blatz	Frerichs	McEachern	Rest	Tompkins
Boerboom	Greenfield	McKasy	Rice	Tunheim
Boo	Gruenes	McPherson	Richter	Uphus
Brinkman	Gutknecht	Metzen	Riveness	Valan
Brown	Hartinger	Munger	Rodosovich	Valento
Burger	Haukoos	Murphy	Rose	Vanasek
Carlson, D.	Himle	Nelson, D.	Sarna	Vellenga
Carlson, J.	Jacobs	Norton	Schafer	Voss
Carlson, L.	Jaros	O'Connor	Schoenfeld	Waltman
Clark	Jennings, L.	Ogren	Schreiber	Welle
Clausnitzer	Johnson	Olsen, S.	Segal	Wenzel
Cohen	Kalis	Olson, E.	Shaver	Wynia
Dempsey	Kelly	Onnen	Sherman	Spk. Jennings, D.

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 446, A bill for an act relating to real estate; providing conditions for certain transportation department land sales; providing conditions for certain county land sales; amending Minnesota Statutes 1984, sections 161.23, subdivision 2, and by adding subdivisions; and 373.01, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Johnson moved that the House concur in the Senate amendments to H. F. No. 446 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 446, A bill for an act relating to real estate; providing conditions for certain transportation department land sales; providing conditions for certain county land sales; amending Minnesota Statutes 1984, sections 161.23, subdivision 2, and by adding subdivisions; and 373.01, subdivision 1.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Elioff	Kostohryz	Osthoff	Skoglund
Anderson, R.	Ellingson	Krueger	Pauly	Solberg
Backlund	Erickson	Kvam	Peterson	Sparby
Battaglia	Fjoslien	Levi	Piepho	Stanius
Beard	Forsythe	Lieder	Piper	Sviggum
Becklin	Frederick	Marsh	Poppenhagen	Thiede
Begich	Frederickson	McDonald	Price	Thorson
Bennett	Frerichs	McEachern	Quinn	Tjornhom
Bishop	Greenfield	McKasy	Quist	Tomlinson
Blatz	Gruenes	McLaughlin	Rees	Tompkins
Boerboom	Gutknecht	McPherson	Rest	Tunheim
Boo	Halberg	Metzen	Rice	Uphus
Brandl	Hartinger	Miller	Richter	Valan
Brinkman	Hartle	Minne	Riveness	Valento
Brown	Haukoos	Munger	Rodosovich	Vanasek
Burger	Himle	Murphy	Rose	Vellenga
Carlson, D.	Jacobs	Nelson, D.	Sarna	Voss
Carlson, J.	Jaros	Nelson, K.	Schafer	Waltman
Carlson, L.	Jennings, L.	Neuenschwander	Scheid	Welle
Clark	Johnson	Norton	Schoenfeld	Wenzel
Clausnitzer	Kalis	O'Connor	Schreiber	Wynia
Cohen	Kelly	Ogren	Seaberg	Spk. Jennings, D.
Dempsey	Kiffmeyer	Olsen, S.	Segal	
DenOuden	Knickerbocker	Olson, E.	Sherman	
Dyke	Knuth	Onnen	Simoneau	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1113, A bill for an act relating to state lands; authorizing conveyance by commissioner of transportation of certain state lands for historical preservation purposes.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Pappas moved that the House concur in the Senate amendments to H. F. No. 1113 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1113, A bill for an act relating to state lands; authorizing conveyance by commissioner of transportation of certain state lands for historical preservation purposes.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 123 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Kostohryz	Otis	Skoglund
Anderson, R.	Erickson	Krueger	Pappas	Solberg
Backlund	Fjoslien	Kvam	Pauly	Sparby
Battaglia	Forsythe	Levi	Peterson	Stanius
Beard	Frederick	Lieder	Piepho	Sviggum
Becklin	Frederickson	Long	Piper	Thiede
Begich	Frerichs	Marsh	Poppenhagen	Thorson
Bennett	Greenfield	McDonald	Price	Tjornhom
Blatz	Gruenes	McEachern	Quinn	Tomlinson
Boerboom	Gutknecht	McLaughlin	Quist	Tompkins
Boo	Halberg	McPherson	Redalen	Tunheim
Brandl	Hartinger	Metzen	Rees	Uphus
Brinkman	Hartle	Minne	Rest	Valan
Brown	Haukoos	Munger	Rice	Valento
Burger	Heap	Murphy	Richter	Vanasek
Carlson, D.	Himle	Nelson, D.	Riveness	Vellenga
Carlson, J.	Jacobs	Nelson, K.	Rodosovich	Voss
Carlson, L.	Jaros	Neuenschwander	Rose	Waltman
Clark	Jennings, L.	Norton	Sarna	Welle
Clausnitzer	Johnson	O'Connor	Schafer	Wenzel
Cohen	Kalis	Ogren	Schoenfeld	Wynia
Dempsey	Kelly	Olsen, S.	Schreiber	Zaffke
DenOuden	Kiffmeyer	Olson, E.	Seaberg	Spk. Jennings, D.
Dyke	Knickerbocker	Onnen	Sherman	
Elioff	Knuth	Osthoff	Simoneau	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1152, A bill for an act relating to Winona county; authorizing the sale of certain property.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Sherman moved that the House concur in the Senate amendments to H. F. No. 1152 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1152, A bill for an act relating to Winona county; authorizing the sale of certain property.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 124 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Kvam	Otis	Sherman
Anderson, R.	Erickson	Levi	Ozment	Simoneau
Backlund	Fjoslien	Lieder	Pappas	Skoglund
Battaglia	Forsythe	Long	Pauly	Solberg
Beard	Frederickson	Marsh	Peterson	Sparby
Becklin	Frerichs	McDonald	Piepho	Stanius
Begich	Greenfield	McEachern	Piper	Sviggum
Bennett	Gruenes	McKasy	Poppenhagen	Thiede
Bishop	Gutknecht	McLaughlin	Price	Thorson
Blatz	Halberg	McPherson	Quinn	Tjornhom
Boerboom	Hartinger	Metzen	Quist	Tomlinson
Boo	Hartle	Miller	Redalen	Tompkins
Brandl	Haukoos	Minne	Rees	Tunheim
Brinkman	Heap	Munger	Rest	Uphus
Brown	Himle	Murphy	Rice	Valan
Carlson, D.	Jacobs	Nelson, D.	Richter	Valento
Carlson, J.	Jaros	Nelson, K.	Riveness	Vanasek
Carlson, L.	Johnson	Neuenschwander	Rodosovich	Vellenga
Clark	Kalis	Norton	Rose	Voss
Clausnitzer	Kelly	O'Connor	Sarna	Waltman
Cohen	Kiffmeyer	Ogren	Schafer	Wenzel
Dempsey	Knickerbocker	Olsen, S.	Scheid	Wynia
DenOuden	Knuth	Olson, E.	Schoenfeld	Zaffke
Dyke	Kostohryz	Onnen	Schreiber	Spk. Jennings, D.
Elioff	Krueger	Osthoff	Seaberg	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1226, A bill for an act relating to local government; permitting land transfers between Ramsey county and the town of White Bear.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Stanius moved that the House concur in the Senate amendments to H. F. No. 1226 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1226, A bill for an act relating to local government; permitting land transfer between Ramsey county and town of White Bear.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Forsythe	Long	Peterson	Solberg
Anderson, R.	Frederick	Marsh	Piepho	Sparby
Backlund	Frederickson	McDonald	Piper	Stanius
Battaglia	Frerichs	McEachern	Poppenhagen	Sviggum
Beard	Greenfield	McKasy	Price	Thiede
Becklin	Gruenes	McLaughlin	Quinn	Thorson
Bennett	Gutknecht	McPherson	Quist	Tjornhom
Bishop	Halberg	Metzen	Redalen	Tomlinson
Blatz	Hartinger	Miller	Rees	Tompkins
Boerboom	Hartle	Minne	Rest	Tunheim
Boo	Haukoos	Munger	Rice	Uphus
Brandl	Heap	Murphy	Richter	Valan
Brinkman	Himle	Nelson, D.	Riveness	Valento
Brown	Jacobs	Nelson, K.	Rodosovich	Vanasek
Carlson, D.	Jaros	Neuenschwander	Rose	Vellenga
Carlson, L.	Johnson	Norton	Sarna	Voss
Clark	Kalis	O'Connor	Schafer	Waltman
Clausnitzer	Kelly	Ogren	Scheid	Welle
Cohen	Kiffmeyer	Olsen, S.	Schoenfeld	Wenzel
Dempsey	Knickerbocker	Olson, E.	Schreiber	Wynia
DenOuden	Knuth	Onnen	Seaberg	Zaffke
Dyke	Kostohryz	Osthoff	Segal	Spk. Jennings, D.
Elioff	Krueger	Otis	Shaver	
Ellingson	Kvam	Ozment	Sherman	
Erickson	Levi	Pappas	Simoneau	
Fjoslien	Lieder	Pauly	Skoglund	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1193, A bill for an act relating to corrections; updating the recordkeeping systems of jails and lockups; amending Minnesota Statutes 1984, sections 641.05; and 642.07.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Clausnitzer moved that the House concur in the Senate amendments to H. F. No. 1193 and that the bill be repassed as amended by the Senate.

DenOuden moved that the House refuse to concur in the Senate amendments to H. F. No. 1193, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer of the disagreeing votes of the two houses. The motion did not prevail.

The question recurred on the Clausnitzer motion that the House concur in the Senate amendments to H. F. No. 1193 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1193, A bill for an act relating to corrections; requiring the commissioner of corrections to develop a policy to provide counseling services to American Indian inmates; updating the recordkeeping systems of jails and lockups; amending Minnesota Statutes 1984, sections 641.05; and 642.07; proposing coding for new law in Minnesota Statutes, chapter 241.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 119 yeas and 7 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Carlson, D.	Gruenes	Knuth	Munger
Anderson, R.	Carlson, J.	Gutknecht	Kostohryz	Murphy
Backlund	Carlson, L.	Halberg	Krueger	Nelson, D.
Battaglia	Clark	Hartinger	Kvam	Nelson, K.
Beard	Clausnitzer	Hartle	Levi	Neuenschwander
Becklin	Cohen	Haukoos	Lieder	Norton
Begich	Dempsey	Heap	Long	O'Connor
Bennett	Dyke	Himle	Marsh	Ogren
Blatz	Elioff	Jacobs	McDonald	Olsen, S.
Boerboom	Ellingson	Jaros	McEachern	Olson, E.
Boo	Erickson	Jennings, L.	McKasy	Osthoff
Brandl	Forsythe	Johnson	McLaughlin	Otis
Brinkman	Frederickson	Kahn	McPherson	Ozment
Brown	Frerichs	Kalis	Metzen	Pappas
Burger	Greenfield	Kelly	Minne	Pauly

Peterson	Richter	Seaberg	Sviggum	Vanasek
Piepho	Riveness	Segal	Thorson	Vellenga
Piper	Rodosovich	Shaver	Tjornhom	Voss
Price	Rose	Sherman	Tomlinson	Waltman
Quist	Sarna	Simoneau	Tompkins	Wenzel
Redalen	Schafer	Skoglund	Tunheim	Wynia
Rees	Scheid	Solberg	Uphus	Zaffke
Rest	Schoenfeld	Sparby	Valan	Spk. Jennings, D.
Rice	Schreiber	Stanius	Valento	

Those who voted in the negative were:

DenOuden	Frederick	Miller	Poppenhagen	Thiede
Fjoslien	Kiffmeyer			

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 274, A bill for an act relating to crimes; defining "dangerous weapon" to include flammable liquids; amending Minnesota Statutes 1984, section 609.02, subdivision 6.

PATRICK E. FLAHAVEN, Secretary of the Senate

Ozment moved that the House refuse to concur in the Senate amendments to H. F. No. 274, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 315, A bill for an act relating to local government; removing the restriction on the number of mills certain towns may levy to provide fire protection for special fire protection districts; authorizing the city of Carlton to issue general obligation bonds to finance the acquisition and betterment of a new fire hall and permitting participation by other local government units; amending Minnesota Statutes 1984, section 368.85, subdivision 6.

PATRICK E. FLAHAVEN, Secretary of the Senate

Becklin moved that the House refuse to concur in the Senate amendments to H. F. No. 315, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendment to:

S. F. No. 472, A bill for an act relating to taxation; discontinuing enforcement of the unfair cigarette sales act; modifying certain procedures relating to taxpayer appeals; requiring apportionment of levies in specific situations; clarifying the calculation of property tax credits; clarifying the tax treatment of certain pipelines; modifying provisions relating to the payment of property taxes; allowing for sales of sample packs of cigarettes containing 25 cigarettes; altering the eligibility for confessions of judgment; providing for the recording of state deeds; modifying the deed stamp tax procedure; clarifying the computation of gross earnings tax for taconite railroads; clarifying labor credit provisions; modifying the taconite production tax distribution; reducing occupation and royalty tax rates for certain ore; clarifying process of taconite aid guarantee phase out; requiring payment of current taxes before conveyance of registered land; allowing for memorializing of state deeds on certificates of title; amending Minnesota Statutes 1984, sections 270.06; 270.076, subdivision 2; 270.11, subdivision 7; 270.12, subdivision 3; 272.02, subdivision 1; 273.123, subdivision 5; 273.13, subdivision 4; 273.-138, subdivision 5; 273.33, subdivisions 1 and 2; 279.01, subdivision 1; 279.37, subdivision 1; 282.01, subdivision 6; 282.014; 282.-301; 282.33, subdivision 1; 282.36; 287.25; 294.22; 297.03, subdivision 10; 298.01, subdivision 1; 298.02, subdivision 1; 298.225; 298.28, subdivision 1; 299.01, subdivision 1; 299.012, subdivision 1; 473H.10, subdivision 3; 508.47, subdivision 4; 508.71, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 273; repealing Minnesota Statutes 1984, sections 298.01, subdivision 2; 299.01, subdivision 2; 325D.41; and 477A.04.

And the Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee Messrs. Johnson, D. J.; Peterson, C. C., and Sieloff.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

Dempsey moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of

3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 472. The motion prevailed.

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 979 and 1202.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 35.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 800 and 818.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 243 and 643.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 862.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 1363.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 251, 1131 and 1485.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 87 and 1499.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 952, 1061 and 1279.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 1190.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 547, 887 and 1362.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 979, A bill for an act relating to dispute resolution; establishing guidelines for community dispute resolution programs; proposing coding for new law in Minnesota Statutes, chapter 494; repealing Minnesota Statutes 1984, sections 494.01, subdivision 3; 494.02; and 494.03.

The bill was read for the first time.

Dempsey moved that S. F. No. 979 and H. F. No. 1112, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1202, A bill for an act relating to environment; requiring the commissioner of health to monitor the quality of water in private water wells in the metropolitan area; amending Minnesota Statutes 1984, section 473.845, subdivision 2.

The bill was read for the first time.

Nelson, D., moved that S. F. No. 1202 and H. F. No. 718, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 35, A bill for an act relating to crimes; requiring health professionals to report suspicious wounds to law enforcement authorities; amending Minnesota Statutes 1984, section 626.52.

The bill was read for the first time.

Bennett moved that S. F. No. 35 and H. F. No. 1029, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 800, A bill for an act relating to consumer protection; prohibiting certain deceptive advertising practices;

amending Minnesota Statutes 1984, sections 325F.68, by adding a subdivision; and 325F.69, by adding a subdivision.

The bill was read for the first time.

Becklin moved that S. F. No. 800 and H. F. No. 988, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 818, A bill for an act relating to employment and economic opportunity; providing for the streamlining and coordination of job, economic development, and income-maintenance programs; setting as dual goals the lowering of unemployment rates and welfare caseloads; creating the councils for the hearing impaired and for the blind; abolishing the department of economic security; creating a new department of employment and training; transferring responsibilities of the department of economic security to the department of employment and training and the department of human services; transferring certain employment and training functions of the department of human services and the department of administration to the department of employment and training; providing for biennial statewide plans for employment and training and apprenticeships; providing for coordination of state and federal jobs programs; establishing community investment programs; granting rulemaking authority; changing formulas for paying local agencies for general assistance grants to recipients subject to work requirements; removing a sunset provision from the Minnesota emergency employment development act; amending Minnesota Statutes 1984, sections 15A.081, subdivision 1; 86.33, by adding subdivisions; 116J.035, by adding a subdivision; 116L.03, subdivision 7; 116L.04, by adding a subdivision; 129A.02, subdivision 2; 136.63, by adding a subdivision; 136C.06; 178.03, by adding a subdivision; 245.87; 248.07; 248.08; 256.736; 256.737; 256C.24; 256C.-25; 256C.26; 256D.02, subdivision 13; 256D.03, subdivision 2; 256D.09, subdivision 3, and by adding a subdivision; 256D.111, subdivision 2; 268.04, by adding subdivisions; 268.08, by adding a subdivision; 268.31; 268.32; 268.33; 268.34; 268.36; 268.672, subdivision 6; 268.676, subdivision 1; and 268.686; proposing coding for new law in Minnesota Statutes, chapters 256C and 268; proposing coding for new law as Minnesota Statutes, chapters 267 and 268A; repealing Minnesota Statutes 1984, sections 129A.02, subdivision 4; 245.84, subdivision 2; 256.736, subdivisions 1 and 2; 256D.02, subdivision 8a; 256D.111, subdivision 1a; 256D.112; 268.011; 268.012; 268.013; 268.12, subdivisions 1 and 1a; 268.683, subdivision 2; 268.684; 268.80; and 268.81.

The bill was read for the first time and referred to the Committee on Appropriations.

S. F. No. 243, A bill for an act relating to health; providing for physical therapy evaluation and referral; prohibiting certain practices by physical therapists; amending Minnesota Statutes 1984, sections 148.65, subdivision 1; 148.75; and 148.76.

The bill was read for the first time.

Gruenes moved that S. F. No. 243 and H. F. No. 346, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 643, A bill for an act relating to fish and game; changing designation of muskellunge lakes; providing for certain restrictions on designated muskellunge lakes; providing a penalty for a person that illegally takes or possesses a muskellunge; amending Minnesota Statutes 1984, sections 97.55, by adding a subdivision; and 101.475, subdivision 1; repealing Minnesota Statutes 1984, section 101.475, subdivision 2.

The bill was read for the first time.

Stanius moved that S. F. No. 643 and H. F. No. 413, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 862, A bill for an act relating to courts; providing conciliation court with jurisdiction to determine actions brought by educational institutions to recover student loans; amending Minnesota Statutes 1984, sections 487.30, by adding a subdivision; 488A.12, subdivision 3; and 488A.29, subdivision 3.

The bill was read for the first time.

McKasy moved that S. F. No. 862 and H. F. No. 1178, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1363, A bill for an act relating to Minnesota Statutes; correcting erroneous, ambiguous, omitted, and obsolete references and text; eliminating certain redundant, conflicting, and superseded provisions; reenacting certain laws; providing instructions to the revisor; amending Minnesota Statutes 1984, sections 3C.12, subdivision 2; 8.31, subdivision 2; 13.37, subdivision 2; 14.47, subdivision 8; 16A.065; 16A.133, subdivision 1; 16B.64, subdivision 2; 21.92; 35.09, subdivision 1; 42.09, subdivision 9; 46.046, subdivision 1; 47.101, subdivisions 2 and 3; 47.29, subdivision 1; 47.30, subdivisions 2 and 3; 47.51; 48.89, subdivision 1; 60A.03, subdivision 2; 62D.04, subdivision 1; 62D.041, subdivision 5; 62D.09; 62H.06; 83.23, subdivision 3; 106.631,

subdivisions 2 and 4; 116J.58, subdivision 4; 122.531, subdivisions 3a and 5; 124A.03, subdivision 3; 204B.14, subdivision 5; 214.13, subdivision 4; 240.16, subdivision 6; 256B.431, subdivision 4; 257.67, subdivision 3; 260.121, subdivision 3; 268.04, subdivision 32; 268.08, subdivision 1; 268.675, subdivision 1; 270.84, subdivision 1; 290.531; 290A.111, subdivision 2; 296.18, subdivision 1; 297A.391; 307.06; 309.502; 349.51, subdivision 5; 352.01, subdivision 2A; 360.531, subdivision 7; 363.071, subdivision 1; 388.051, subdivision 2; 422A.101, subdivision 2; 453.55, subdivision 11; 473.384, subdivision 6; 473.446, subdivision 1; 474.17, subdivision 3; 474.19, subdivisions 3 and 7; 519.01; 525.619; 571.41, subdivision 5b; amending Laws 1984, chapter 463, article 7, section 53, subdivision 2; reenacting Minnesota Statutes 1984, sections 10A.31, subdivision 5; 62D.03, subdivision 4; repealing Minnesota Statutes 1984, sections 124A.035, subdivision 6; 177.-295; 204B.19, subdivision 3; repealing Laws 1977, chapter 434, sections 4 and 5; chapter 386, section 1; Laws 1978, chapter 772, section 8; Laws 1980, chapter 522, section 4; Laws 1983, chapter 222, section 14; chapter 247, sections 122, 176, and 217; chapter 253, section 19; chapter 299, section 20; chapter 301, section 220; chapter 314, article 11, section 19; chapter 359, section 149; Laws 1984, chapter 464, section 12, clause (g), and the second paragraph after clause (g); chapter 468, section 1; chapter 471, sections 14, 15, and 16; chapter 514, article 2, section 13; chapter 541, section 1; chapter 543, section 8; chapter 618, section 59; that part of Laws 1984, chapter 629, section 2, that amends section 375.193; Laws 1984, chapter 638, section 3; chapter 654, article 2, section 118.

The bill was read for the first time.

Bishop moved that S. F. No. 1363 and H. F. No. 1371, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 251, A bill for an act relating to nursing homes; establishing an educational program for resident and family advisory councils; authorizing a surcharge on license fees; requiring evaluation and a report to the legislature by the Minnesota board on aging; appropriating money; amending Minnesota Statutes 1984, sections 256B.421, subdivision 8; and 256B.431, subdivision 2b; proposing coding for new law in Minnesota Statutes, chapter 144A.

The bill was read for the first time and referred to the Committee on Appropriations.

S. F. No. 1131, A bill for an act relating to the city of South St. Paul; providing for the financing of certain public improvements.

The bill was read for the first time.

McKasy moved that S. F. No. 1131 and H. F. No. 380, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1485, A bill for an act relating to the city of South St. Paul; authorizing the expenditure of certain tax increments to pay costs of a combined storm-sanitary sewer separation project.

The bill was read for the first time.

Metzen moved that S. F. No. 1485 and H. F. No. 970, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 87, A bill for an act relating to agriculture; removing the limitation on certain fees for state livestock weighing services; amending Minnesota Statutes 1984, section 17A.11.

The bill was read for the first time.

Sviggum moved that S. F. No. 87 and H. F. No. 208, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1499, A bill for an act relating to Goodhue county; permitting the county to levy a tax for the county historical society; imposing a reverse referendum requirement.

The bill was read for the first time and referred to the Committee on Taxes.

S. F. No. 952, A bill for an act relating to occupations and professions; providing for licensing of alarm and communication contractors and installers by the board of electricity; amending Minnesota Statutes 1984, sections 326.01, by adding subdivisions; 326.241; 326.242, subdivisions 7 and 8, and by adding subdivisions; 326.243; 326.244, subdivisions 4 and 5; and 326.246.

The bill was read for the first time.

Miller moved that S. F. No. 952 and H. F. No. 1151, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1061, A bill for an act relating to taxation; property; clarifying the definition of real property; amending Minnesota Statutes 1984, section 272.03, subdivision 1.

The bill was read for the first time and referred to the Committee on Taxes.

S. F. No. 1279, A bill for an act relating to housing; providing for a product standard for formaldehyde in building materials used in the construction of housing units; amending Minnesota Statutes 1984, sections 144.495; and 325F.18, subdivisions 1, 1a, and 4; proposing coding for new law in Minnesota Statutes, chapter 325F; repealing Minnesota Statutes 1984, section 325F.18, subdivision 5.

The bill was read for the first time.

Zaffke moved that S. F. No. 1279 and H. F. No. 1360, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1190, A bill for an act relating to housing; providing for local and regional review and comment on housing programs; extending interest reduction program; ratifying the Minneapolis/St. Paul housing finance board established under a joint powers agreement; clarifying tax status of public housing property managed by a housing redevelopment authority or public housing agency; amending Minnesota Statutes 1984, sections 462C.02, by adding subdivisions; 462C.03, subdivision 1, and by adding a subdivision; 462C.04, subdivision 2; 462C.09, subdivisions 2a and 3, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 272 and 462C; repealing Minnesota Statutes 1984, sections 462.445, subdivision 13; and 462C.09, subdivision 2.

The bill was read for the first time and referred to the Committee on Taxes.

S. F. No. 547, A bill for an act relating to motor vehicles; exempting from certain franchising requirements those dealers who remodel or convert motor vehicles for medical purposes; prohibiting issuance of a motor vehicle dealer license to a person convicted of certain crimes; authorizing immediate revocation or suspension of motor vehicle dealer licenses upon conviction; removing an exception allowing a motor vehicle dealer to register a vehicle without a certificate of title; amending Minnesota Statutes 1984, sections 168.27, subdivisions 2, 11, 12, and 24; and 168A.02, subdivision 2.

The bill was read for the first time.

Dempsey moved that S. F. No. 547 and H. F. No. 593, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 887, A bill for an act relating to the environment; providing for determination of environmental impairment; amending Minnesota Statutes 1984, section 117.085.

The bill was read for the first time.

Pauly moved that S. F. No. 887 and H. F. No. 860, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1362, A bill for an act relating to statutes; revising the text of certain laws to remove redundant and obsolete language, to simplify grammar and syntax, and to improve the style of language without causing changes in the meaning of the laws affected; expanding the mandatory free distribution of Minnesota Rules; amending Minnesota Statutes 1984, section 14.-47, subdivision 8; chapters 35; 37; 92; 219; 315; 344; 390; 458; 589; 629; and 631; Laws 1959, chapter 699, section 4; Laws 1961, chapter 545, section 1; Laws 1963, chapters 254, section 1; and 827, section 1; Laws 1965, chapter 344, as amended; Laws 1967, chapter 541, section 1, as amended; Laws 1971, extra session, chapter 35, sections 7, 8, and 9; Laws 1974, chapter 218; Laws 1975, chapter 326, section 1; Laws 1976, chapter 234, section 3, as amended; Laws 1979, chapters 269, section 1; and 303, article 10, section 16; Laws 1980, chapter 453, section 1; and chapter 595, section 5; Laws 1982, chapter 523, article 24, section 2; Laws 1983, chapters 110, sections 1 and 2; and 257, section 1; Laws 1984, chapters 397, section 1; 498, section 1; and 548, section 9; repealing Minnesota Statutes 1984, sections 458.13; 458.16, subdivision 3; 458.192, subdivision 3a; 458.41; 458.50; 458.51; 458.52; 458.54; 458.55; 458.56; 458.57; 458.58; and 458.60

The bill was read for the first time.

Bishop moved that S. F. No. 1362 and H. F. No. 1370, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

The Speaker called Halberg to the Chair.

CONSIDERATION UNDER RULE 1.10

Pursuant to rule 1.10, Schreiber requested immediate consideration of H. F. No. 1045 and S. F. Nos. 1329 and 450.

H. F. No. 1045, A bill for an act relating to taxation; making administrative and technical changes to income tax and property tax refund provisions; amending Minnesota Statutes 1984, sections 80A.09, subdivision 1; 136D.28, subdivision 4; 136D.741, subdivision 7; 136D.89, subdivision 4; 270.67, by adding a subdivision; 270.75, subdivision 4; 290.06, subdivision 3d; 290.069, subdivision 5; 290.08, subdivision 8; 290.09, subdivision 4; 290.095, subdivisions 3 and 10; 290.101, subdivision 1; 290.172; 290.18, subdivision 2; 290.42; 290.50, subdivision 2; 290.523, subdivision 2; 290.92, subdivisions 5a, 6, 19, and 28; 290.97; 290.9726, subdivision 2; 290A.03, subdivisions 3 and 11; 290A.11, subdivision 2, and by adding a subdivision; 290A.19; repealing Laws 1983, chapters 213, section 2; and 247, section 122; and Laws 1984, chapter 514, article 2, section 13.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 116 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Ellingson	Knuth	Otis	Skoglund
Backlund	Erickson	Krueger	Ozment	Solberg
Battaglia	Forsythe	Kvam	Pauly	Sparby
Beard	Frederick	Levi	Peterson	Stanius
Becklin	Frederickson	Lieder	Piepho	Staten
Begich	Frerichs	Long	Piper	Sviggum
Bennett	Greenfield	Marsh	Poppenhagen	Thorson
Bishop	Gruenes	McDonald	Price	Tjornhom
Blatz	Gutknecht	McEachern	Quinn	Tomlinson
Boerboom	Halberg	McKasy	Quist	Tunheim
Boo	Hartinger	McLaughlin	Redalen	Uphus
Brandl	Hartle	Metzen	Rees	Valan
Brinkman	Haukoos	Miller	Rest	Valento
Brown	Heap	Minne	Richter	Vanasek
Burger	Himle	Munger	Riveness	Vellenga
Carlson, J.	Jacobs	Murphy	Rodosovich	Waltman
Carlson, L.	Jaros	Nelson, D.	Sarna	Welle
Clark	Jennings, L.	Nelson, K.	Schafer	Wenzel
Clausnitzer	Johnson	O'Connor	Scheid	Wynia
Cohen	Kahn	Ogren	Schreiber	Zaffke
Dempsey	Kalis	Olsen, S.	Seaberg	
DenOuden	Kelly	Olson, E.	Segal	
Dyke	Kiffmeyer	Onnen	Sherman	
Elioff	Knickerbocker	Osthoff	Simoneau	

The bill was passed and its title agreed to.

S. F. No. 1329, A bill for an act relating to taxation; clarifying definitions for sales and use tax; clarifying exemptions; providing an exemption for certain mailing materials used for advertising purposes; imposing civil and criminal penalties for underreporting or failing to report motor vehicle excise tax; repealing certain refund procedures; amending Minnesota Statutes 1984,

sections 297A.01, subdivision 11; 297A.041; 297A.25, subdivision 1; 297B.10; and 297B.11; repealing Minnesota Statutes 1984, section 297A.35, subdivision 3.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 121 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Kostohryz	Osthoff	Skoglund
Anderson, R.	Erickson	Krueger	Otis	Solberg
Backlund	Fjoslien	Kvam	Ozment	Sparby
Battaglia	Forsythe	Levi	Pappas	Stanius
Beard	Frederick	Lieder	Pauly	Sviggum
Becklin	Frederickson	Long	Peterson	Thiede
Begich	Frerichs	Marsh	Piepho	Tjornhom
Bennett	Greenfield	McDonald	Piper	Tomlinson
Blatz	Gruenes	McEachern	Poppenhagen	Tompkins
Boerboom	Gutknecht	McLaughlin	Price	Tunheim
Boo	Halberg	McPherson	Quinn	Uphus
Brandl	Hartinger	Metzen	Quist	Valan
Brinkman	Hartle	Miller	Redalen	Valento
Brown	Haukoos	Minne	Rees	Vanasek
Burger	Himle	Munger	Rest	Vellenga
Carlson, J.	Jacobs	Murphy	Richter	Voss
Carlson, L.	Jaros	Nelson, D.	Rodosovich	Waltman
Clark	Jennings, L.	Nelson, K.	Sarna	Welle
Clausnitzer	Johnson	Neuenschwander	Schafer	Wenzel
Cohen	Kahn	Norton	Schoenfeld	Wynia
Dempsey	Kalis	O'Connor	Seaberg	Zaffke
DenOuden	Kelly	Ogren	Segal	
Dimler	Kiffmeyer	Olsen, S.	Shaver	
Dyke	Knickerbocker	Olson, E.	Sherman	
Elioff	Knuth	Onnen	Simoneau	

Those who voted in the negative were:

Rice Staten

The bill was passed and its title agreed to.

CALL OF THE HOUSE

On the motion of Norton and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Anderson, G.	Bishop	Carlson, J.	Dyke	Frerichs
Anderson, R.	Blatz	Carlson, L.	Elioff	Greenfield
Backlund	Boerboom	Clark	Ellingson	Gruenes
Battaglia	Boo	Clausnitzer	Erickson	Gutknecht
Beard	Brandl	Cohen	Fjoslien	Halberg
Becklin	Brinkman	Dempsey	Forsythe	Hartinger
Begich	Brown	DenOuden	Frederick	Hartle
Bennett	Burger	Dimler	Frederickson	Haukoos

Himle	McDonald	Onnen	Rose	Tjornhom
Jacobs	McEachern	Osthoff	Sarna	Tomlinson
Jaros	McKasy	Otis	Schafer	Tompkins
Jennings, L.	McLaughlin	Ozment	Scheid	Tunheim
Johnson	McPherson	Pauly	Schoenfeld	Uphus
Kahn	Metzen	Peterson	Schreiber	Valento
Kalis	Miller	Piepho	Seaberg	Vanasek
Kelly	Minne	Piper	Segal	Vellenga
Kiffmeyer	Munger	Poppenhagen	Shaver	Voss
Knickerbocker	Murphy	Price	Sherman	Welle
Knuth	Nelson, D.	Quinn	Simoneau	Wenzel
Kostohryz	Nelson, K.	Quist	Skoglund	Wynia
Krueger	Neuenschwander	Redalen	Solberg	Zaffke
Kvam	Norton	Rees	Sparby	Spk. Jennings, D.
Levi	O'Connor	Rest	Stanius	
Lieder	Ogren	Richter	Sviggum	
Long	Olsen, S.	Riveness	Thiede	
Marsh	Olson, E.	Rodosovich	Thorson	

Levi moved that further proceedings of the roll call be dispensed with and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

S. F. No. 450 was reported to the House.

Price offered an amendment to S. F. No. 450.

POINT OF ORDER

Blatz raised a point of order pursuant to rule 3.10 that the Price amendment was not in order. The Speaker pro tempore Halberg ruled the point of order well taken and the Price amendment out of order.

S. F. No. 450, A bill for an act relating to taxation; providing for collection of outstate liabilities; changing certain time limitations; changing tax lien provisions; providing for certain disclosures; changing entry for confessions of judgment; amending Minnesota Statutes 1984, sections 270.06; 270.063; 270.66, subdivision 1; 270.68, subdivisions 1 and 4; 270.69, subdivisions 1, 2, 3, and 4; 270.70, subdivisions 1 and 13; 290.49, subdivision 7; 290.58; 290.92, subdivisions 6 and 23; 296.15, subdivision 6; 297A.34, subdivision 5; 297A.42, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 270; repealing Minnesota Statutes 1984, section 270.69, subdivision 5.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 122 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Battaglia	Begich	Boerboom	Brown
Anderson, R.	Beard	Bennett	Brandl	Burger
Backlund	Becklin	Blatz	Brinkman	Carlson, J.

Carlson, L.	Himle	Miller	Price	Sparby
Clark	Jennings, L.	Minne	Quinn	Sviggum
Clausnitzer	Johnson	Munger	Quist	Thiede
Cohen	Kahn	Murphy	Rees	Thorson
Dempsey	Kalis	Nelson, D.	Rest	Tjornhom
DenOuden	Kelly	Nelson, K.	Rice	Tomlinson
Dimler	Kiffmeyer	Neuenschwander	Richter	Tompkins
Dyke	Knickerbocker	Norton	Riveness	Tunheim
Elioff	Knuth	O'Connor	Rodosovich	Uphus
Ellingson	Kostohryz	Ogren	Rose	Valan
Erickson	Krueger	Olsen, S.	Sarna	Valento
Fjoslien	Kvam	Olson, E.	Schafer	Vanasek
Forsythe	Levi	Onnen	Scheid	Vellenga
Frederick	Lieder	Osthoff	Schoenfeld	Voss
Frederickson	Long	Otis	Schreiber	Waltman
Frerichs	Marsh	Ozment	Seaberg	Welle
Greenfield	McDonald	Pappas	Segal	Wenzel
Gruenes	McEachern	Pauly	Shaver	Wynia
Gutknecht	McKasy	Peterson	Sherman	Zaffke
Hartinger	McLaughlin	Piepho	Simoneau	
Hartle	McPherson	Piper	Skoglund	
Haukoos	Metzen	Poppenhagen	Solberg	

Those who voted in the negative were:

Halberg

The bill was passed and its title agreed to.

SPECIAL ORDERS

S. F. No. 994 was reported to the House.

Ogren offered an amendment to S. F. No. 994.

POINT OF ORDER

Erickson raised a point of order pursuant to rule 3.9 that the Ogren amendment was not in order. The Speaker pro tempore Halberg ruled the point of order well taken and the Ogren amendment out of order.

S. F. No. 994, A bill for an act relating to education; authorizing the transfer of certain state land unneeded for community college purposes to certain cities to be used for student housing; authorizing the sale of certain community college land in Worthington; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 136.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 120 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Elioff	Knickerbocker	Osthoff	Seaberg
Anderson, R.	Ellingson	Knuth	Otis	Segal
Backlund	Erickson	Kostohryz	Ozment	Shaver
Battaglia	Fjoslien	Krueger	Pappas	Simoneau
Beard	Forsythe	Kvam	Pauly	Skoglund
Becklin	Frederick	Levi	Peterson	Solberg
Begich	Frederickson	Lieder	Piepho	Sparby
Bennett	Frerichs	Long	Piper	Stanius
Bishop	Greenfield	Marsh	Poppenhagen	Sviggum
Boerboom	Gruenes	McDonald	Price	Thiede
Boo	Gutknecht	McLaughlin	Quinn	Thorson
Brandl	Halberg	McPherson	Quist	Tjornhom
Brown	Hartinger	Miller	Redalen	Tomlinson
Burger	Hartle	Minne	Rees	Tompkins
Carlson, D.	Haukoos	Munger	Rest	Tunheim
Carlson, J.	Himle	Murphy	Rice	Uphus
Carlson, L.	Jacobs	Nelson, D.	Richter	Valento
Clark	Jaros	Nelson, K.	Riveness	Vanasek
Clausnitzer	Jennings, L.	Neuenschwander	Rodosovich	Vellenga
Cohen	Johnson	Norton	Rose	Voss
Dempsey	Kahn	O'Connor	Schafer	Waltman
DenOuden	Kalis	Olsen, S.	Scheid	Welle
Dimler	Kelly	Olson, E.	Schoenfeld	Wenzel
Dyke	Kiffmeyer	Onnen	Schreiber	Wynia

The bill was passed and its title agreed to.

S. F. No. 335 was reported to the House.

Simoneau moved to amend S. F. No. 335, the first engrossment, as follows:

Page 2, after line 18, insert:

"Sec. 4. Minnesota Statutes 1984, section 343.21, subdivision 1, is amended to read:

Subdivision 1. [TORTURE.] No person shall (OVERDRIVE, OVERLOAD,) torture, cruelly beat, (NEGLECT,) or unjustifiably injure, maim, mutilate, or kill any animal, or cruelly work any animal when it is unfit for labor, whether it belongs to himself or to another person.

Sec. 5. Minnesota Statutes 1984, section 343.21, is amended by adding a subdivision to read:

Subd. 1a. [NEGLECT.] *No person shall neglect any animal.*

Sec. 6. Minnesota Statutes 1984, section 343.21, subdivision 9, is amended to read:

Subd. 9. [PENALTY.] *A person who fails to comply with any provision of subdivision 1 or 7 is guilty of a gross misdemeanor.* A person who fails to comply with any *other* provision of this section is guilty of a misdemeanor."

A roll call was requested and properly seconded.

POINT OF ORDER

Olsen, S., raised a point of order pursuant to rule 3.9 that the Simoneau amendment was not in order. The Speaker pro tempore Halberg ruled the point of order not well taken and the Simoneau amendment in order.

McDonald moved to lay the Simoneau amendment to S. F. No. 335 on the table. The motion prevailed and the Simoneau amendment to S. F. No. 335 was laid on the table.

POINT OF ORDER

Voss raised a point of order pursuant to sections 338 and 399 of "Mason's Manual of Legislative Procedure" that the McDonald motion to lay the Simoneau amendment to S. F. No. 335 on the table was not in order. The Speaker pro tempore Halberg ruled the Voss point of order not well taken and the McDonald motion to lay on the table in order.

S. F. No. 335, A bill for an act relating to animals; changing certain duties and powers of the board of animal health; amending Minnesota Statutes 1984, sections 35.03; 35.05; and 35.069.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Carlson, D.	Frederick	Johnson	McLaughlin
Anderson, R.	Carlson, J.	Frederickson	Kahn	McPherson
Backlund	Carlson, L.	Frerichs	Kelly	Metzen
Battaglia	Clark	Greenfield	Kiffmeyer	Miller
Beard	Clausnitzer	Gruenes	Knickerbocker	Minne
Becklin	Cohen	Gutknecht	Knuth	Murphy
Begich	Dempsey	Halberg	Kostohryz	Nelson, D.
Bennett	DenOuden	Hartinger	Krueger	Nelson, K.
Blatz	Dimler	Hartle	Kvam	Neuenschwander
Boerboom	Dyke	Haukoos	Levi	Norton
Boo	Elioff	Heap	Lieder	O'Connor
Brandl	Ellingson	Himle	Long	Ogren
Brinkman	Erickson	Jacobs	Marsh	Olsen, S.
Brown	Fjoslien	Jaros	McDonald	Olson, E.
Burger	Forsythe	Jennings, L.	McEachern	Onnen

Osthoff	Quist	Scheid	Stanius	Vanasek
Otis	Redalen	Schoenfeld	Sviggum	Vellenga
Ozment	Rees	Schreiber	Thiede	Voss
Pappas	Rest	Seaberg	Thorson	Waltman
Pauly	Rice	Segal	Tjornhom	Welle
Peterson	Richter	Shaver	Tomlinson	Wenzel
Piepho	Riveness	Sherman	Tompkins	Wynia
Piper	Rodosovich	Simoneau	Tunheim	Zaffke
Poppenhagen	Rose	Skoglund	Uphus	
Price	Sarna	Solberg	Valan	
Quinn	Schafer	Sparby	Valento	

The bill was passed and its title agreed to.

The Speaker resumed the Chair.

H. F. No. 1109 was reported to the House.

Frerichs moved to amend H. F. No. 1109, the first engrossment, as follows:

Page 3, line 19, delete "*must*" and reinstate the stricken language

Amend the title as follows:

Page 1, line 4, delete "removing" and insert "modifying"

The motion prevailed and the amendment was adopted.

Frerichs moved to amend H. F. No. 1109, the first engrossment, as amended, as follows:

Page 2, line 9, delete "*may*" and insert "*must*"

Page 2, line 9, delete "*certain*" and insert "*at least three percent of all*"

Page 7, after line 11, insert:

"Sec. 8. [PREFERENCE PROGRAM STUDY.]

The commissioner shall prepare a report that examines the short term and long term effects of the preference bidding process on each category of businesses owned and operated by economically or socially disadvantaged persons. This report shall be submitted to the governor and the legislature by February 15, 1986."

The motion prevailed and the amendment was adopted.

H. F. No. 1109, A bill for an act relating to state government; concerning the state procurement of goods and services from small businesses; modifying geographical distribution requirements and preference program limitations; amending Minnesota Statutes 1984, section 16B.19, subdivisions 5, 6, 9, and by adding a subdivision; 16B.21, subdivision 1; 16B.22; and 645.445, subdivision 5.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 117 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Krueger	Ozment	Skoglund
Anderson, R.	Erickson	Kvam	Pappas	Solberg
Backlund	Fjoslien	Levi	Pauly	Sparby
Battaglia	Forsythe	Lieder	Peterson	Stanius
Beard	Frederick	Long	Piepho	Sviggum
Becklin	Frederickson	Marsh	Piper	Thiede
Begich	Frerichs	McDonald	Poppenhagen	Thorson
Bennett	Greenfield	McEachern	Price	Tjornhom
Bishop	Gruenes	McKasy	Quinn	Tomlinson
Blatz	Gutknecht	McLaughlin	Quist	Tompkins
Boerboom	Hartinger	McPherson	Redalen	Tunheim
Boo	Hartle	Metzen	Rees	Uphus
Brandl	Haukoos	Miller	Rest	Valan
Brown	Heap	Minne	Riveness	Valento
Burger	Himle	Murphy	Rodosovich	Vanasek
Carlson, J.	Jacobs	Nelson, D.	Rose	Vellenga
Carlson, L.	Jennings, L.	Nelson, K.	Sarna	Voss
Clark	Johnson	Neuenschwander	Schafer	Waltman
Clausnitzer	Kahn	Norton	Schoenfeld	Wenzel
Cohen	Kelly	O'Connor	Schreiber	Wynia
DenOuden	Kiffmeyer	Ogren	Seaberg	Spk. Jennings, D.
Dimler	Knickerbocker	Olsen, S.	Segal	
Dyke	Knuth	Onnen	Shaver	
Elioff	Kostohryz	Otis	Sherman	

Those who voted in the negative were:

Olson, E.	Osthoff	Scheid

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

H. F. No. 563 was reported to the House.

Nelson, D., moved that H. F. No. 563 be returned to General Orders. The motion prevailed.

H. F. No. 781 was reported to the House.

Sviggum moved to amend H. F. No. 781, the first engrossment, as follows:

Amend the title as follows:

Page 1, line 4, after the semicolon insert "transferring certain duties from the department of commerce to the department of labor and industry;"

The motion prevailed and the amendment was adopted.

H. F. No. 781, A bill for an act relating to workers' compensation; regulating the membership of the board of directors of the workers' compensation reinsurance association; transferring certain duties from the department of commerce to the department of labor and industry; amending Minnesota Statutes 1984, section 79.37.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 100 yeas and 24 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Kvam	Pauly	Simoneau
Anderson, R.	Fjoslien	Levi	Peterson	Sparby
Backlund	Forsythe	Lieder	Piepho	Stanius
Becklin	Frederick	Marsh	Poppenhagen	Sviggum
Bishop	Frederickson	McDonald	Price	Thiede
Blatz	Frerichs	McEachern	Quist	Thorson
Boerboom	Gruenes	McKasy	Redalen	Tjornhom
Boo	Gutknecht	McPherson	Rees	Tomlinson
Brinkman	Hartinger	Metzen	Rest	Tompkins
Brown	Hartle	Miller	Richter	Tunheim
Burger	Haukoos	Nelson, D.	Rodosovich	Uphus
Carlson, D.	Heap	Nelson, K.	Rose	Valan
Carlson, J.	Himle	Neuenschwander	Sarna	Valento
Clausnitzer	Jennings, L.	Norton	Schafer	Vanasek
Cohen	Johnson	O'Connor	Schoenfeld	Vellenga
Dempsey	Kiffmeyer	Ogren	Schreiber	Waltman
DenOuden	Knickerbocker	Olsen, S.	Seaberg	Welle
Dimler	Knuth	Olson, E.	Segal	Wenzel
Dyke	Kostohryz	Onnen	Shaver	Zaffke
Ellingson	Krueger	Ozment	Sherman	Spk. Jennings, D.

Those who voted in the negative were:

Battaglia	Clark	Jaros	Pappas	Scheid
Beard	Elioff	Kelly	Piper	Skoglund
Begich	Greenfield	McLaughlin	Quinn	Voss
Brandl	Halberg	Minne	Rice	Wynia
Carlson, L.	Jacobs	Murphy	Riveness	

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

S. F. No. 1214, A bill for an act relating to negligence; clarifying immunity from liability for volunteer firefighters who render assistance at scenes of emergency; amending Minnesota Statutes 1984, section 604.05, subdivision 2.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 116 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Kostohryz	Osthoff	Sparby
Anderson, R.	Fjoslien	Krueger	Otis	Stanius
Backlund	Forsythe	Kvam	Ozment	Sviggum
Battaglia	Frederick	Levi	Pappas	Thiede
Becklin	Frederickson	Lieder	Pauly	Thorson
Begich	Frerichs	Long	Peterson	Tjornhom
Bishop	Greenfield	Marsh	Piepho	Tomlinson
Blatz	Gruenes	McDonald	Piper	Tunheim
Boerboom	Gutknecht	McKasy	Poppenhagen	Uphus
Boo	Halberg	McLaughlin	Price	Valan
Brandl	Hartinger	McPherson	Quinn	Valento
Brinkman	Hartle	Metzen	Rees	Vanasek
Brown	Haukoos	Miller	Rest	Vellenga
Carlson, D.	Heap	Minne	Richter	Voss
Carlson, J.	Himle	Murphy	Riveness	Waltman
Carlson, L.	Jacobs	Nelson, D.	Rodosovich	Welle
Clark	Jaros	Nelson, K.	Rose	Wenzel
Clausnitzer	Jennings, L.	Neuenschwander	Scheid	Wynia
Cohen	Johnson	Norton	Schoenfeld	Zaffke
Dempsey	Kalis	O'Connor	Seaberg	Spk. Jennings, D.
DenOuden	Kelly	Ogren	Segal	
Dimler	Kiffmeyer	Olsen, S.	Sherman	
Dyke	Knickerbocker	Olson, E.	Simoneau	
Elioff	Knuth	Onnen	Skoglund	

Those who voted in the negative were:

McEachern	Sarna

The bill was passed and its title agreed to.

S. F. No. 459 was reported to the House.

There being no objection S. F. No. 459 was temporarily laid over on Special Orders.

CALL OF THE HOUSE LIFTED

Schoenfeld moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

S. F. No. 1071, A bill for an act relating to corporations; providing for access by shareholders to certain corporate records; protecting the privacy of individuals; amending Minnesota Statutes 1984, sections 302A.011, by adding a subdivision; and 302A.-461, subdivisions 4 and 5, and by adding a subdivision.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Elioff	Kostohryz	Otis	Sherman
Anderson, R.	Ellingson	Krueger	Ozment	Simoneau
Backlund	Erickson	Kvam	Pappas	Skoglund
Battaglia	Fjoslien	Levi	Pauly	Solberg
Beard	Forsythe	Lieder	Peterson	Sparby
Becklin	Frederick	Long	Piepho	Stanius
Begich	Frederickson	Marsh	Piper	Thiede
Bennett	Frerichs	McDonald	Poppenhagen	Thorson
Bishop	Greenfield	McEachern	Price	Tjornhom
Blatz	Gruenes	McKasy	Quinn	Tomlinson
Boerboom	Gutknecht	McLaughlin	Quist	Tompkins
Boo	Halberg	McPherson	Redalen	Tunheim
Brandl	Hartinger	Metzen	Rees	Uphus
Brinkman	Hartle	Miller	Rest	Valan
Brown	Haukoos	Minne	Rice	Valento
Burger	Heap	Munger	Richter	Vanasek
Carlson, D.	Jacobs	Murphy	Riveness	Vellenga
Carlson, J.	Jaros	Nelson, D.	Rodosovich	Voss
Carlson, L.	Jennings, L.	Nelson, K.	Rose	Waltman
Clark	Johnson	Neuenschwander	Sarna	Welle
Clausnitzer	Kahn	Norton	Schafer	Wenzel
Cohen	Kalis	O'Connor	Schoenfeld	Wynia
Dempsey	Kelly	Ogren	Schreiber	Zaffke
DenOuden	Kiffmeyer	Olsen, S.	Seaberg	Spk. Jennings, D.
Dimler	Knickerbocker	Olson, E.	Segal	
Dyke	Knuth	Onnen	Shaver	

The bill was passed and its title agreed to.

H. F. No. 1280 was reported to the House.

Burger moved that H. F. No. 1280 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 1116 was reported to the House.

Schreiber moved that H. F. No. 1116 be continued on Special Orders for one day. The motion prevailed.

Levi moved that the remaining bills on Special Orders be continued one day. The motion prevailed.

GENERAL ORDERS

Levi moved that the bills on General Orders for today be continued one day. The motion prevailed.

Simoneau was excused for the remainder of today's session.

There being no objection the order of business reverted to Introduction and First Reading of House Bills.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House File was introduced:

Forsythe, for the Committee on Appropriations, introduced:

H. F. No. 1641, A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative, judicial, and administrative expenses of state government with certain conditions; providing for the transfer of certain money in the state treasury; authorizing land acquisition; fixing and limiting fees; creating, modifying, transferring, and abolishing agencies and functions; amending Minnesota Statutes 1984, sections 2.722, subdivision 1; 3.21; 3.85, subdivision 11; 3.9223, subdivision 1; 11A.07, by adding a subdivision; 11A.-20, subdivision 1; 13.68, subdivision 1; 15.50, subdivision 3; 16A.-055, subdivision 1; 16A.275; 16A.40; 16A.42, subdivision 2; 16A.-45, subdivision 2; 16A.47; 16A.58; 16A.672, subdivisions 1, 2, and 3; 16B.09, by adding a subdivision; 16B.29; 43A.07, subdivision 2; 84B.03, subdivision 4; 85.05, subdivisions 1 and 2; 85.22, subdivision 2a; 85A.01, subdivisions 1 and 2; 85A.02, subdivisions 3, 4, 5, 7, 12, 16, and by adding subdivisions; 85A.04, subdivision 3; 86.72; 86.75; 97.4841, subdivision 3; 97.4842, subdivision 2; 97.50, subdivision 1; 98.45, by adding a subdivision; 98.46, subdivisions 2, 14, and by adding a subdivision; 98.47, subdivision 1; 100.271, subdivision 2; 115.03, by adding a subdivision; 115A.05, subdivision 1; 115A.908, subdivisions 2 and 3; 116J.76; 116M.03, by adding a subdivision; 179A.03, subdivision 17; 179A.04, subdivision 3; 179A.13; 179A.16; 179A.21; 179A.25; 192.51, subdivision 2; 196.051, by adding a subdivision; 268.05, subdivision 2; 268.07, subdivision 2a; 268.38, subdivisions 1, 2, 6, 7, and 8; 270A.07, subdivision 1; 290.50, subdivision 6; 296.421, subdivision 4, and by adding a subdivision; 297.13, subdivision 1; 361.03, subdivision 5; 361.27; 462C.05, subdivision 2, and by adding a subdivision; 462C.07, subdivision 1, and by adding a subdivision; 473.606, subdivision 1; 487.01, subdivision 5; 609.101; proposing coding for new law in Minnesota Statutes, chapters 3; 5; 85A; 97; 116; 139; and 270; proposing coding for new law as Minnesota Statutes, chapter 116N; repealing Minnesota Statutes 1984,

sections 7.01; 7.013; 7.02; 7.03; 7.04; 7.05; 7.13; 7.14; 7.15; 7.16; 7.17; 7.18; 10.18; 10.19; 10.20; 10.21; 10.22; 10.23; 16A.42, subdivision 3; 46.15; 48.87; 69.031, subdivision 2; 85A.01, subdivision 1a; 85A.03; 85A.04, subdivision 1; 115A.05, subdivision 3; 115A.201, subdivision 2; 115A.22, subdivision 4; 116M.06, subdivision 5; 116M.07, subdivision 3; 124.471; 179A.03, subdivision 3; 179A.05; 296.10; 349.212, subdivision 3, as amended; 360.301; 360.302; 360.304; 360.306; 360.388; 360.389; 403.01, subdivision 1; and Laws 1982, chapter 489, section 11.

The bill was read for the first time and laid over one day.

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 245:

Segal, Blatz and Bishop.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 274:

Ozment, Bishop and Nelson, K.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 315:

Becklin, Ogren and Carlson, D.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1235:

Zaffke, Thiede and Wenzel.

Levi moved that when the House adjourns today it adjourn until 2:00 p.m., Thursday, May 2, 1985. The motion prevailed.

POINT OF ORDER

Norton raised a point of order pursuant to section 258 of "Mason's Manual of Legislative Procedure" relating to the precedence of calling for the orders of the day. The Speaker ruled the point of order not well taken.

POINT OF ORDER

Vanasek raised a point of order pursuant to section 257 of "Mason's Manual of Legislative Procedure" and rule 1.3 relating to the order of business of the House. The Speaker ruled the point of order not well taken.

POINT OF ORDER

Levi raised a point of order pursuant to section 126, paragraph 3, of "Mason's Manual of Legislative Procedure" relating to complaints against the presiding officer. The Speaker ruled the point of order well taken.

POINT OF ORDER

Norton raised a point of order pursuant to section 250 of "Mason's Manual of Legislative Procedure" relating to the purpose of a parliamentary inquiry. The Speaker ruled the point of order not well taken.

Norton moved that the House proceed to the order of business Motions and Resolutions.

A roll call was requested and properly seconded.

CALL OF THE HOUSE

On the motion of Levi and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Anderson, G.	Boo	DenOuden	Greenfield	Kahn
Anderson, R.	Brandl	Dimler	Gruenes	Kalis
Backlund	Brinkman	Dyke	Gutknecht	Kelly
Battaglia	Brown	Elioff	Halberg	Kiffmeyer
Beard	Burger	Ellingson	Hartinger	Knickerbocker
Becklin	Carlson, J.	Erickson	Hartle	Knuth
Begich	Carlson, L.	Fjoslien	Haukoos	Krueger
Bennett	Clark	Forsythe	Heap	Kvam
Bishop	Clausnitzer	Frederick	Himle	Levi
Blatz	Cohen	Frederickson	Jennings, L.	Lieder
Boerboom	Dempsey	Frerichs	Johnson	Long

Marsh	Ogren	Quist	Segal	Valan
McDonald	Olsen, S.	Redalen	Shaver	Valento
McEachern	Olson, E.	Rees	Sherman	Vanasek
McKasy	Onnen	Rest	Skoglund	Vellenga
McLaughlin	Osthoff	Rice	Solberg	Voss
McPherson	Otis	Richter	Sparby	Waltman
Metzen	Ozment	Riveness	Stanius	Welle
Miller	Pappas	Rodosovich	Sviggum	Wenzel
Minne	Pauly	Rose	Thiede	Wynia
Murphy	Peterson	Sarna	Thorson	Zaffke
Nelson, D.	Piepho	Schafer	Tjornhom	Spk. Jennings, D.
Nelson, K.	Piper	Scheid	Tomlinson	
Neuenschwander	Poppenhagen	Schoenfeld	Tompkins	
Norton	Price	Schreiber	Tunheim	
O'Connor	Quinn	Seaberg	Uphus	

Levi moved that further proceedings of the roll call be dispensed with and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

The question recurred on the Norton motion and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 57 yeas and 66 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jacobs	Minne	Peterson	Solberg
Battaglia	Jennings, L.	Murphy	Piper	Sparby
Beard	Kahn	Nelson, D.	Price	Tomlinson
Begich	Kalis	Nelson, K.	Quinn	Tunheim
Brandl	Kelly	Neuenschwander	Rest	Vanasek
Brown	Knuth	Norton	Riveness	Vellenga
Carlson, L.	Krueger	O'Connor	Rodosovich	Voss
Clark	Lieder	Ogren	Sarna	Wenzel
Cohen	Long	Olson, E.	Scheid	Wynia
Elioff	McEachern	Osthoff	Schoenfeld	
Ellingson	McLaughlin	Otis	Segal	
Greenfield	Metzen	Pappas	Skoglund	

Those who voted in the negative were:

Anderson, R.	Dyke	Himle	Pauly	Thiede
Backlund	Erickson	Johnson	Piepho	Thorson
Becklin	Fjoslien	Kiffmeyer	Poppenhagen	Tjornhom
Bennett	Forsythe	Knickerbocker	Quist	Tompkins
Bishop	Frederick	Kvam	Redalen	Uphus
Blatz	Frederickson	Levi	Rees	Valan
Boerboom	Frerichs	Marsh	Richter	Valento
Boo	Gruenes	McDonald	Rose	Waltman
Burger	Gutknecht	McKasy	Schafer	Zaffke
Carlson, J.	Halberg	McPherson	Schreiber	Spk. Jennings, D.
Clausnitzer	Hartinger	Miller	Seaberg	
Dempsey	Hartle	Olsen, S.	Sherman	
DenOuden	Haukoos	Onnen	Stanius	
Dimler	Heap	Ozment	Sviggum	

The motion did not prevail.

ADJOURNMENT

Levi moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:00 p.m., Thursday, May 2, 1985.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-FOURTH SESSION – 1985

FIFTIETH DAY

SAINT PAUL, MINNESOTA, THURSDAY, MAY 2, 1985

The House of Representatives convened at 2:00 p.m. and was called to order by David M. Jennings, Speaker of the House.

Prayer was offered by Reverend George Cable, Chisago Lakes Baptist Church, Chisago City, Minnesota.

The roll was called and the following members were present:

Anderson, G.	Ellingson	Krueger	Pappas	Solberg
Anderson, R.	Erickson	Kvam	Pauly	Sparby
Backlund	Fjoslien	Levi	Peterson	Stanius
Battaglia	Forsythe	Lieder	Piepho	Staten
Beard	Frederick	Long	Piper	Sviggum
Becklin	Frederickson	Marsh	Poppenhagen	Thiede
Begich	Frerichs	McDonald	Price	Thorson
Bennett	Greenfield	McEachern	Quinn	Tjornhom
Bishop	Gruenes	McKasy	Quist	Tomlinson
Blatz	Gutknecht	McLaughlin	Redalen	Tompkins
Boerboom	Halberg	McPherson	Rees	Tunheim
Boo	Hartinger	Metzen	Rest	Uphus
Brandl	Hartle	Miller	Rice	Valan
Brinkman	Haukoos	Minne	Richter	Valento
Brown	Heap	Munger	Riveness	Vanasek
Burger	Himle	Murphy	Rodosovich	Vellenga
Carlson, D.	Jacobs	Nelson, D.	Rose	Voss
Carlson, J.	Jaros	Nelson, K.	Sarna	Waltman
Carlson, L.	Jennings, L.	Norton	Schafer	Welle
Clark	Johnson	O'Connor	Scheid	Wenzel
Clausnitzer	Kahn	Ogren	Schreiber	Wynia
Cohen	Kalis	Olsen, S.	Seaberg	Zaffke
Dempsey	Kelly	Olson, E.	Segal	Spk. Jennings, D.
DenOuden	Kiffmeyer	Onnen	Shaver	
Dimler	Knickerbocker	Osthoff	Sherman	
Dyke	Knuth	Otis	Simoneau	
Elioff	Kostohryz	Ozment	Skoglund	

A quorum was present.

Neuenschwander, Omann and Schoenfeld were excused.

The Chief Clerk proceeded to read the Journal of the preceding day. Vanasek moved that further reading of the Journal be dispensed with and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 414, 605, 1458, 781, 1109, 1638, 1639, 1640 and 1641 and S. F. Nos. 979, 1202, 35, 800, 818, 243, 643, 862, 547, 887, 1362, 1363, 251, 1131, 1485, 952, 1061, 1279, 1190, 87 and 1499 have been placed in the members' files.

S. F. No. 1279 and H. F. No. 1360, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Zaffke moved that S. F. No. 1279 be substituted for H. F. No. 1360 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1363 and H. F. No. 1371, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Bishop moved that S. F. No. 1363 be substituted for H. F. No. 1371 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 35 and H. F. No. 1029, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Bennett moved that the rules be so far suspended that S. F. No. 35 be substituted for H. F. No. 1029 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 87 and H. F. No. 208, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Sviggum moved that the rules be so far suspended that S. F. No. 87 be substituted for H. F. No. 208 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 243 and H. F. No. 346, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Gruenes moved that the rules be so far suspended that S. F. No. 243 be substituted for H. F. No. 346 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 547 and H. F. No. 593, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Dempsey moved that the rules be so far suspended that S. F. No. 547 be substituted for H. F. No. 593 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 643 and H. F. No. 413, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Stanius moved that the rules be so far suspended that S. F. No. 643 be substituted for H. F. No. 413 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 800 and H. F. No. 988, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Becklin moved that the rules be so far suspended that S. F. No. 800 be substituted for H. F. No. 988 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 862 and H. F. No. 1178, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

McKasy moved that the rules be so far suspended that S. F. No. 862 be substituted for H. F. No. 1178 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 887 and H. F. No. 860, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Pauly moved that the rules be so far suspended that S. F. No. 887 be substituted for H. F. No. 860 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 952 and H. F. No. 1151, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Miller moved that the rules be so far suspended that S. F. No. 952 be substituted for H. F. No. 1151 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 979 and H. F. No. 1112, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Dempsey moved that the rules be so far suspended that S. F. No. 979 be substituted for H. F. No. 1112 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1131 and H. F. No. 380, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

McKasy moved that the rules be so far suspended that S. F. No. 1131 be substituted for H. F. No. 380 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1202 and H. F. No. 718, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Nelson, D., moved that the rules be so far suspended that S. F. No. 1202 be substituted for H. F. No. 718 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1485 and H. F. No. 970, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Metzen moved that the rules be so far suspended that S. F. No. 1485 be substituted for H. F. No. 970 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1362 and H. F. No. 1370, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Bishop moved that the rules be so far suspended that S. F. No. 1362 be substituted for H. F. No. 1370 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES

McDonald from the Committee on Agriculture to which was referred:

H. F. No. 1613, A resolution memorializing the President and Congress of the United States to eliminate the adverse effect on agriculture of the cargo preference law.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Schreiber from the Committee on Taxes to which was referred:

H. F. No. 1457, A bill for an act relating to traffic regulations; removing certain restrictions on special permits to move manufactured homes; amending Minnesota Statutes 1984, section 169.86, subdivision 1.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 1638, 1639, 1640, 1641 and 1457 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 1279, 1363, 35, 87, 243, 547, 643, 800, 862, 887, 952, 979, 1131, 1202, 1485 and 1362 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

McDonald, for the Committee on Agriculture, introduced:

H. F. No. 1642, A resolution memorializing the Congress of the United States to take broad-based action to resolve the American agricultural crisis.

The bill was read for the first time and laid over one day.

Cohen, by request, introduced:

H. F. No. 1643, A bill for an act relating to retirement; disability and survivor benefits for a certain corrections department employee.

The bill was read for the first time and referred to the Committee on Governmental Operations.

Knickerbocker and Johnson introduced:

H. F. No. 1644, A bill for an act relating to education; establishing the foundation aid formula allowance for 1986-1987; amending Minnesota Statutes 1984, section 124A.02, subdivision 9.

The bill was read for the first time and referred to the Committee on Education.

Beard, Boo and Price introduced:

H. F. No. 1645, A bill for an act relating to economic development; creating a special enterprise zone for a large manufacturing facility; providing for the taxation of the facility; authorizing the issuance of bonds; providing assistance to locate a large manufacturing facility in the state; appropriating money;

amending Minnesota Statutes 1984, sections 273.1312, subdivisions 3 and 4; and 273.1314, subdivisions 3, 4, 6, 7, 8, 9, and by adding a subdivision.

The bill was read for the first time and referred to the Committee on Taxes.

HOUSE ADVISORIES

The following House Advisories were introduced:

Heap, Gutknecht, Sviggum and Miller introduced:

H. A. No. 28, A proposal to study the collection and use of data used for unemployment figures.

The advisory was referred to the Committee on Labor-Management Relations.

Rose; Shaver; Ogren; Jennings, L., and Thorson introduced:

H. A. No. 29, A proposal to study issues of concern regarding wild rice farming on state-owned peatlands.

The advisory was referred to the Committee on Environment and Natural Resources.

Price; Nelson, D.; Solberg; Nelson, K., and McEachern introduced:

H. A. No. 30, A proposal to study state funding for K-12 education.

The advisory was referred to the Committee on Education.

McKasy, Brinkman, Elioff, Scheid and Simoneau introduced:

H. A. No. 31, A proposal to study ways to expedite legislative debate.

The advisory was referred to the Committee on Rules and Legislative Administration.

Price; Nelson, D.; Solberg; Nelson, K., and Metzen introduced:

H. A. No. 32, A proposal for an interim study to examine school district boundaries and possible realignments of administrative and attendance boundaries.

The advisory was referred to the Committee on Education.

Tomlinson, Neuenschwander, Rose, Levi and Vanasek introduced:

H. A. No. 33, A proposal to study ways to expedite legislative debate.

The advisory was referred to the Committee on Rules and Legislative Administration.

Kelly, Pappas, Tomlinson, Long and Quinn introduced:

H. A. No. 34, A proposal to study ways to expedite legislative debate.

The advisory was referred to the Committee on Rules and Legislative Administration.

Kelly; Jennings, D.; Levi; Forsythe and Schreiber introduced:

H. A. No. 35, A proposal to study ways to expedite legislative debate.

The advisory was referred to the Committee on Rules and Legislative Administration.

Bishop, DenOuden, Forsythe, Vanasek and Voss introduced:

H. A. No. 36, A proposal to study the human rights act.

The advisory was referred to the Committee on Judiciary.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in

which amendment the concurrence of the House is respectfully requested:

H. F. No. 362, A bill for an act relating to Beltrami county; providing for disposition of the proceeds from the sale or rental of tax-forfeited lands or from the sale of their products; increasing the amount that may be spent for promotion of tourist, agricultural, and industrial developments; amending Laws 1967, chapter 558, section 1, subdivision 5, as amended.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Thorson moved that the House concur in the Senate amendments to H. F. No. 362 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 362, A bill for an act relating to Beltrami county; providing for disposition of the proceeds from the sale or rental of tax-forfeited lands or from the sale of their products; increasing the amount that may be spent for promotion of tourist, agricultural, and industrial developments; amending Laws 1967, chapter 558, section 1, subdivisions 1 and 5, as amended.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 123 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dimler	Kalis	Norton	Riveness
Backlund	Dyke	Kelly	O'Connor	Rodosovich
Battaglia	Elioff	Kiffmeyer	Ogren	Rose
Beard	Ellingson	Knickerbocker	Olsen, S.	Sarna
Becklin	Erickson	Knuth	Olson, E.	Schafer
Begich	Fjoslien	Kostohryz	Onnen	Scheid
Bennett	Forsythe	Krueger	Osthoff	Schreiber
Bishop	Frederick	Kvam	Otis	Seaberg
Blatz	Frederickson	Levi	Ozment	Segal
Boerboom	Frerichs	Lieder	Pauly	Shaver
Boo	Greenfield	Long	Peterson	Sherman
Brandl	Gruenes	McDonald	Piepho	Simoneau
Brinkman	Gutknecht	McEachern	Piper	Skoglund
Brown	Halberg	McLaughlin	Poppenhagen	Solberg
Carlson, D.	Hartle	McPherson	Price	Sparby
Carlson, J.	Haukoos	Metzen	Quinn	Stanius
Carlson, L.	Heap	Miller	Quist	Staten
Clark	Himle	Minne	Redalen	Sviggum
Clausnitzer	Jacobs	Munger	Rees	Thiede
Cohen	Jaros	Murphy	Rest	Thorson
Dempsey	Jennings, L.	Nelson, D.	Rice	Tjornhom
DenOuden	Johnson	Nelson, K.	Richter	Tomlinson

Tompkins	Valan	Vellenga	Welle	Zaffke
Tunheim	Valento	Voss	Wenzel	Spk. Jennings, D.
Uphus	Vanasek	Waltman		

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 516, A bill for an act relating to counties; authorizing reimbursement to county commissioners and county officers for certain expenses; renaming the county executive secretary; fixing expenditure authority for certain county activities; removing provisions for county purchasing agents, demonstration and experiment farms, and seed and feed loans; revising the language of the text of chapters concerning county powers and county boards; amending Minnesota Statutes 1984, sections 375.055, by adding a subdivision; 375.48, subdivisions 1 and 2; 375.49, subdivisions 1 and 2; 375.50; 375A.07, subdivision 1; 475.52, subdivision 3; chapters 370; 371; 372; 374; 376; 377; 392; and 395; proposing new law coded in Minnesota Statutes, chapter 382; repealing Minnesota Statutes 1984, sections 374.05; 377.02; 377.04; 392.01; 392.02; 392.03; 395.01; 395.02; 395.03; 395.14; 395.15; 395.16; 395.17; 395.18; 395.19; 395.20; 395.21; 395.22; 395.23; and 395.24.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Johnson moved that the House concur in the Senate amendments to H. F. No. 516 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 516, A bill for an act relating to counties; authorizing reimbursement to county commissioners and county officers for certain expenses; renaming the county executive secretary; fixing expenditure authority for certain county activities; removing provisions for county purchasing agents and demonstration and experiment farms; revising the language of the text of chapters concerning county powers and county boards; amending Minnesota Statutes 1984, sections 375.055, by adding a subdivision; 375.48, subdivisions 1 and 2; 375.49, subdivisions 1 and 2; 375.50; 375A.07, subdivision 1; 475.52, subdivision 3; chapters 370; 371; 372; 374; 376; 377; 392; and 395; proposing new law coded in Minnesota Statutes, chapter 382; repealing Minnesota Statutes

1984, sections 374.05; 377.02; 377.04; 392.01; 392.02; 392.03; 395.01; 395.02; and 395.03.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Kvam	Pauly	Solberg
Backlund	Fjoslien	Levi	Peterson	Sparby
Battaglia	Frederick	Lieder	Piepho	Stanius
Beard	Frederickson	Long	Piper	Staten
Begich	Frerichs	Marsh	Poppenhagen	Sviggum
Bennett	Greenfield	McDonald	Price	Thiede
Bishop	Gruenes	McEachern	Quinn	Thorson
Blatz	Gutknecht	McKasy	Quist	Tjornhom
Boerboom	Halberg	McLaughlin	Redalen	Tomlinson
Boo	Hartinger	McPherson	Rees	Tompkins
Brandl	Hartle	Metzen	Rest	Tunheim
Brinkman	Haukoos	Miller	Rice	Uphus
Brown	Heap	Minne	Richter	Valan
Carlson, D.	Himle	Munger	Riveness	Valento
Carlson, J.	Jacobs	Murphy	Rodosovich	Vanasek
Carlson, L.	Jaros	Nelson, D.	Rose	Vellenga
Clark	Jennings, L.	Nelson, K.	Sarna	Voss
Clausnitzer	Johnson	Norton	Schafer	Waltman
Cohen	Kalis	O'Connor	Schreiber	Welle
Dempsey	Kelly	Ogren	Seaberg	Wenzel
DenOuden	Kiffmeyer	Olsen, S.	Segal	Zaffke
Dimler	Knickerbocker	Olson, E.	Shaver	Spk. Jennings, D.
Dyke	Knuth	Onnen	Sherman	
Elioff	Kostohryz	Otis	Simoneau	
Ellingson	Krueger	Ozment	Skoglund	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 657, A bill for an act relating to dissemination of data; prohibiting public access to data identifying certain youthful victims of criminal sexual behavior; amending Minnesota Statutes 1984, section 609.3471.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Levi moved that the House concur in the Senate amendments to H. F. No. 657 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 657, A bill for an act relating to dissemination of data; prohibiting public access to data identifying certain youthful victims of criminal sexual behavior; amending Minnesota Statutes 1984, section 609.3471.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Kostohryz	Otis	Sherman
Anderson, R.	Erickson	Krueger	Ozment	Simoneau
Backlund	Fjoslien	Kvam	Pauly	Skoglund
Battaglia	Forsythe	Levi	Peterson	Solberg
Beard	Frederick	Lieder	Piepho	Sparby
Becklin	Frederickson	Long	Piper	Stanius
Begich	Frerichs	Marsh	Poppenhagen	Staten
Bennett	Greenfield	McDonald	Price	Sviggum
Blatz	Gruenes	McEachern	Quinn	Thiede
Boerboom	Gutknecht	McLaughlin	Quist	Thorson
Boo	Halberg	McPherson	Redalen	Tjornhom
Brandl	Hartinger	Metzen	Rees	Tomlinson
Brinkman	Hartle	Miller	Rest	Tompkins
Brown	Haukoos	Minne	Rice	Tunheim
Carlson, D.	Heap	Munger	Richter	Uphus
Carlson, J.	Himle	Murphy	Riveness	Valan
Carlson, L.	Jacobs	Nelson, D.	Rodosovich	Valento
Clark	Jaros	Nelson, K.	Rose	Vanasek
Clausnitzer	Jennings, L.	Norton	Sarna	Vellenga
Cohen	Johnson	O'Connor	Schafer	Voss
Dempsey	Kalis	Ogren	Scheid	Waltman
DenOuden	Kelly	Olsen, S.	Schreiber	Welle
Dimler	Kiffmeyer	Olson, E.	Seaberg	Wenzel
Dyke	Knickerbocker	Onnen	Segal	Zaffke
Elioff	Knuth	Osthoff	Shaver	Spk. Jennings, D.

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 683, A bill for an act relating to probate; allowing a minor to be a donor for purposes of the Uniform Anatomical Gift

Act; amending Minnesota Statutes 1984, sections 525.922, subdivision 1; and 525.924, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Johnson moved that the House concur in the Senate amendments to H. F. No. 683 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 683, A bill for an act relating to probate; allowing a minor to be a donor for purposes of the Uniform Anatomical Gift Act; amending Minnesota Statutes 1984, sections 525.922, subdivision 1; and 525.924, by adding a subdivision.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Elioff	Knuth	Onnen	Sherman
Anderson, R.	Ellingson	Kostohryz	Osthoff	Simoneau
Backlund	Erickson	Krueger	Otis	Skoglund
Battaglia	Fjoslien	Kvam	Ozment	Solberg
Beard	Forsythe	Levi	Pauly	Sparby
Becklin	Frederick	Lieder	Peterson	Stanius
Begich	Frederickson	Long	Piepho	Staten
Bennett	Frerichs	Marsh	Piper	Sviggum
Bishop	Greenfield	McDonald	Poppenhagen	Thiede
Blatz	Gruenes	McEachern	Price	Thorson
Boerboom	Gutknecht	McKasy	Quinn	Tjornhom
Boo	Halberg	McLaughlin	Quist	Tomlinson
Brandl	Hartinger	McPherson	Redalen	Tompkins
Brinkman	Hartle	Metzen	Rees	Tunheim
Brown	Haukoos	Miller	Rest	Uphus
Carlson, D.	Heap	Minne	Rice	Valan
Carlson, J.	Himle	Munger	Richter	Valento
Carlson, L.	Jacobs	Murphy	Riveness	Vanasek
Clark	Jaros	Nelson, D.	Rodosovich	Vellenga
Clausnitzer	Jennings, L.	Nelson, K.	Sarna	Voss
Cohen	Johnson	Norton	Schafer	Waltman
Dempsey	Kalis	O'Connor	Schreiber	Welle
DenOuden	Kelly	Ogren	Seaberg	Wenzel
Dimler	Kiffmeyer	Olsen, S.	Segal	Zaffke
Dyke	Knickerbocker	Olson, E.	Shaver	Spk. Jennings, D.

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in

which amendment the concurrence of the House is respectfully requested:

H. F. No. 882, A bill for an act relating to natural resources; authorizing the commissioner to enter into agreements with other states for forest fire prevention and suppression purposes; proposing coding for new law in Minnesota Statutes, chapter 88.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Thorson moved that the House concur in the Senate amendments to H. F. No. 882 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 882, A bill for an act relating to natural resources; authorizing the commissioner to enter into agreements with other states for forest fire prevention and suppression purposes; amending Minnesota Statutes 1984, section 574.26; proposing coding for new law in Minnesota Statutes, chapters 88 and 574.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 124 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Krueger	Ozment	Simoneau
Anderson, R.	Fjoslien	Kvam	Pauly	Skoglund
Backlund	Forsythe	Levi	Peterson	Solberg
Battaglia	Frederick	Lieder	Piepho	Sparby
Beard	Frederickson	Long	Piper	Stanius
Becklin	Frerichs	Marsh	Poppenhagen	Staten
Begich	Greenfield	McDonald	Price	Sviggum
Bennett	Gruenes	McEachern	Quinn	Thiede
Blatz	Gutknecht	McLaughlin	Quist	Thorson
Boerboom	Halberg	McPherson	Redalen	Tjornhom
Boo	Hartinger	Metzen	Rees	Tomlinson
Brandl	Hartle	Miller	Rest	Tompkins
Brinkman	Haukoos	Minne	Rice	Tunheim
Brown	Heap	Munger	Richter	Uphus
Carlson, D.	Himle	Murphy	Riveness	Valan
Carlson, J.	Jacobs	Nelson, D.	Rodosovich	Valento
Carlson, L.	Jaros	Nelson, K.	Rose	Vanasek
Clark	Jennings, L.	Norton	Sarna	Vellenga
Clausnitzer	Johnson	O'Connor	Schafer	Voss
Cohen	Kalis	Ogren	Scheid	Waltman
Dempsey	Kelly	Olsen, S.	Schreiber	Welle
DenOuden	Kiffmeyer	Olson, E.	Seaberg	Wenzel
Dyke	Knickerbocker	Onnen	Segal	Zaffke
Elioff	Knuth	Osthoff	Shaver	Spk. Jennings, D.
Ellingson	Kostohryz	Otis	Sherman	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1150, A bill for an act relating to state lands; providing for the sale of certain tax-forfeited land in Chisago county.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Jennings, L., moved that the House concur in the Senate amendments to H. F. No. 1150 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1150, A bill for an act relating to state lands; providing for the sale of certain tax-forfeited land in Chisago county.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 121 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Levi	Pauly	Sparby
Anderson, R.	Erickson	Lieder	Peterson	Stanius
Backlund	Fjoslien	Long	Piepho	Staten
Battaglia	Forsythe	Marsh	Piper	Sviggum
Beard	Frederick	McDonald	Poppenhagen	Thiede
Becklin	Frederickson	McEachern	Price	Thorson
Begich	Greenfield	McKasy	Quinn	Tjornhom
Bennett	Gruenes	McLaughlin	Quist	Tomlinson
Blatz	Gutknecht	McPherson	Redalen	Tompkins
Boerboom	Hartinger	Metzen	Rees	Tunheim
Boo	Hartle	Miller	Rice	Uphus
Brandl	Haukoos	Minne	Richter	Valan
Brinkman	Heap	Munger	Riveness	Valento
Brown	Jacobs	Murphy	Rodosovich	Vanasek
Carlson, D.	Jaros	Nelson, D.	Sarna	Vellenga
Carlson, J.	Jennings, L.	Nelson, K.	Schafer	Voss
Carlson, L.	Johnson	Norton	Scheid	Waltman
Clark	Kalis	O'Connor	Schreiber	Welle
Clausnitzer	Kelly	Ogren	Seaberg	Wenzel
Cohen	Kiffmeyer	Olsen, S.	Segal	Zaffke
Dempsey	Knickerbocker	Olson, E.	Shaver	Spk. Jennings, D.
DenOuden	Knuth	Onnen	Sherman	
Dimler	Kostohryz	Osthoff	Simoneau	
Dyke	Krueger	Otis	Skoglund	
Elioff	Kvam	Ozment	Solberg	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 78, A bill for an act relating to crimes; defining the crime of owning or operating a disorderly house; requiring a mandatory fine for a person owning or operating a disorderly house; amending Minnesota Statutes 1984, section 609.33.

PATRICK E. FLAHAVEN, Secretary of the Senate

Staten moved that the House refuse to concur in the Senate amendments to H. F. No. 78, that the Speaker appoint a Conference Committee of 3 members of the House, and the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 786, A bill for an act relating to state departments and agencies; transferring authority to make certain appointments to various commissioners; reducing the size of alcohol and drug abuse advisory council; abolishing the cable communications board and the telecommunications council; amending Minnesota Statutes 1984, sections 1.22; 4.31, subdivision 5; 14.02, subdivision 4; 16B.20, subdivision 2; 16B.33, subdivision 2; 35.02, subdivision 1; 40.03, subdivision 1; 84B.11, subdivision 1; 115.74, subdivision 1; 116C.41, subdivision 2; 116L.03; 121.82, subdivision 1; 121.83; 129B.01, subdivision 1; 144A.19, subdivision 1; 147.01, subdivisions 1 and 2; 148.03; 148.181; 148.52; 148.90, subdivision 2; 150A.02, subdivision 1; 151.03; 153.02; 154.22; 156.01, subdivisions 1 and 2; 161.1419, subdivision 2; 250.05, subdivision 2; 254A.04; 270.41; 326.04; 326.17; 326.241, subdivision 1; 343.01, subdivision 3; 386.63, subdivision 1; 611.215, subdivision 1; and 626.841; amending Laws 1984, chapter 654, article 2, section 151, subdivision 2; repealing Minnesota Statutes 1984, sections 3.29, subdivisions 1 to 11; 16C.01; 238.01; 238.02, subdivision 4; 238.04 to 238.06; 238.08, subdivision 2; 238.09; 238.10; 238.11, subdivision 1; 238.12, subdivision 3; and 238.13 to 238.17.

PATRICK E. FLAHAVEN, Secretary of the Senate

Gutknecht moved that the House refuse to concur in the Senate amendments to H. F. No. 786, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 674, A bill for an act relating to human services; adoption; regulating adoptions by relatives; providing for procedural changes; amending Minnesota Statutes 1984, sections 259.21, by adding a subdivision; and 259.23, subdivisions 1 and 2; 259.27, subdivision 1; repealing Minnesota Statutes 1984, section 259.27, subdivision 2.

PATRICK E. FLAHAVEN, Secretary of the Senate

Clausnitzer moved that the House refuse to concur in the Senate amendments to H. F. No. 674, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

The following conference committee report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1216

A bill for an act relating to agriculture; clarifying the meaning of lender in the Minnesota emergency farm operating loans act; amending Laws 1985, chapter 4, section 3, subdivision 8.

April 30, 1985

The Honorable David M. Jennings
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 1216, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 1216 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Laws 1985, chapter 4, section 3, subdivision 8, is amended to read:

Subd. 8. [LENDER.] "Lender" means a bank, *savings and loan association, or credit union* chartered by the state or federal government and a farm credit system lender. *"Lender" also means the Federal Deposit Insurance Corporation.*

Sec. 2. Laws 1985, chapter 4, section 6, is amended to read:

Sec. 6. [INTEREST PAYMENT PROGRAM ON NEW FARM OPERATING LOANS.]

Subdivision 1. [APPLICATION; FARMER CRITERIA.] A farmer may apply to a lender for a farm operating loan on which the state will pay part of the interest. To be eligible for the state payment, the farmer must have a debt to asset ratio greater than 50 percent (AND MUST NOT HAVE A POSITIVE CASH FLOW AT THE COMMISSIONER'S INTEREST INDEX RATE).

Subd. 2. [LOAN CRITERIA.] (a) To be eligible for the state interest payment, the farm operating loan must:

(1) be made to a farmer at an interest rate between seven and ten percent per year;

(2) be due and payable by March 1, 1986, after it is made;

(3) be for operating expenses of the farm business; and

(4) be made to a farmer that shows (A POSITIVE CASH FLOW AT THE REDUCED INTEREST RATE, DEMONSTRATES A REASONABLE CHANCE OF OBTAINING DEBT RESTRUCTURING NECESSARY TO ACHIEVE A POSITIVE CASH FLOW, OR SHOWS) the ability to repay the operating loan.

(b) The lender may use additional criteria in determining whether to make a farm operating loan to a farmer.

(c) The lender must encourage the farmer to participate in the vocational adult farm business management program. The lender must agree to offer to pay enrollment fees, less the amount of a locally available reduction in or subsidy to fees ordinarily paid by the enrollee, for loan recipients who wish to enroll and participate in a vocational adult farm business man-

agement program or equivalent. A lender is not required to pay farm management program enrollment fees for more than one farmer per loan.

Subd. 3. [LOAN SUBMISSION.] The lender must submit to the commissioner all farm operating loans made by the lender for which the lender requests the state to pay part of the interest. (THE LENDER MUST CERTIFY THAT THE APPROVED FARM OPERATING LOAN HAS BEEN SUBMITTED TO THE FARMERS HOME ADMINISTRATION FOR ANY LOAN GUARANTEE PROGRAMS THAT ARE AVAILABLE.) The commissioner must review the loan within five days after receipt. The commissioner may not pay interest on loans submitted after December 31, 1985.

Subd. 4. [PAYMENT AMOUNT.] The amount of interest paid by the state must be two-thirds of the amount of interest foregone by the lender as a result of the lender making the loan at an interest rate less than the commissioner's interest index. The interest is payable on the unpaid principal of the first $75,000 of the loan, except as provided in section 7. The maximum interest payment per farmer may not exceed $3,750. (THE COMMISSIONER SHALL MAKE PAYMENTS BEGINNING JANUARY 1, 1986, AND PAY ALL INTEREST DUE BY MARCH 1, 1986) *At the request of the lender, the commissioner shall pay 50 percent of the total amount due to the lender within ten days after the request is submitted to the commissioner. The commissioner shall pay all interest due by March 1, 1986.*

Sec. 3. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to agriculture; clarifying the meaning of lender in the Minnesota emergency farm operating loans act; changing certain eligibility criteria; providing for earlier payments; amending Laws 1985, chapter 4, sections 3, subdivision 8; and 6."

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

House Conferees: ELTON R. REDALEN, GLEN H. ANDERSON and K. J. MCDONALD.

Senate Conferees: LEROY A. STUMPF, CHARLES R. DAVIS and CHARLES A. BERG.

Redalen moved that the report of the Conference Committee on H. F. No. 1216 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1216, A bill for an act relating to agriculture; clarifying the meaning of lender in the Minnesota emergency farm operating loans act; amending Laws 1985, chapter 4, section 3, subdivision 8.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 118 yeas and 5 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Forsythe	Krueger	Pappas	Simoneau
Anderson, R.	Frederick	Kvam	Pauly	Skoglund
Backlund	Frederickson	Lieder	Peterson	Sparby
Beard	Frerichs	Long	Piepho	Stanius
Becklin	Greenfield	Marsh	Piper	Staten
Begich	Gruenes	McDonald	Poppenhagen	Sviggum
Bennett	Gutknecht	McEachern	Price	Thorson
Blatz	Halberg	McKasy	Quinn	Tjornhom
Boo	Hartinger	McLaughlin	Quist	Tomlinson
Brandl	Hartle	Metzen	Redalen	Tompkins
Brinkman	Haukoos	Miller	Rees	Tunheim
Brown	Heap	Minne	Rest	Uphus
Burger	Himle	Munger	Richter	Valan
Carlson, D.	Jacobs	Murphy	Riveness	Valento
Carlson, L.	Jaros	Nelson, D.	Rodosovich	Vanasek
Clark	Jennings, L.	Nelson, K.	Rose	Vellenga
Clausnitzer	Johnson	Norton	Sarna	Voss
Cohen	Kahn	Ogren	Schafer	Waltman
DenOuden	Kalis	Olsen, S.	Scheid	Welle
Dimler	Kelly	Olson, E.	Schreiber	Wenzel
Dyke	Kiffmeyer	Onnen	Seaberg	Wynia
Ellingson	Knickerbocker	Osthoff	Segal	Spk. Jennings, D.
Erickson	Knuth	Otis	Shaver	
Fjoslien	Kostohryz	Ozment	Sherman	

Those who voted in the negative were:

Boerboom	Carlson, J.	McPherson	Thiede	Zaffke

The bill was repassed, as amended by Conference, and its title agreed to.

SPECIAL ORDERS

S. F. No. 459 was reported to the House.

Halberg moved to amend S. F. No. 459, as follows:

Page 1, line 17, to page 14, line 19, delete sections 1 to 25

Page 16, delete lines 1 to 7

Renumber the section

Amend the title as follows:

Page 1, line 2, delete everything after "probate;"

Page 1, delete lines 3 and 4

Page 1, line 5, delete everything before "clarifying"

Page 1, delete line 10 and insert "section"

Page 1, line 11, delete everything after "525.703"

Page 1, delete lines 12 and 13

Page 1, line 14, delete everything before the period

The motion prevailed and the amendment was adopted.

Bishop moved to amend S. F. No. 459, as amended, as follows:

Page 15, line 21, delete "*(1) is not a relative of the ward or*"

Page 15, line 22, delete "*conservatee, and (2)*"

The motion prevailed and the amendment was adopted.

S. F. No. 459, A bill for an act relating to probate; adopting provisions of the uniform probate code and clarifying laws relating to intestate succession, spouse's elective share, and omitted spouses and children; clarifying provisions relating to the award of costs in guardianship and conservatorship proceedings; providing for the payment of reasonable fees and expenses for certain guardians and conservators; amending Minnesota Statutes 1984, sections 257.34, subdivision 1; 525.13; 525.145; and 525.703; proposing coding for new law in Minnesota Statutes, chapter 524; repealing Minnesota Statutes 1984, sections 525.16; 525.17; 525.171; 525.172; 525.173; 525.20; 525.201; 525.202; 525.212 to 525.216.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 121 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, R.	Begich	Boo	Carlson, D.	Dempsey
Backlund	Bennett	Brandl	Carlson, L.	DenOuden
Battaglia	Bishop	Brinkman	Clark	Dimler
Beard	Blatz	Brown	Clausnitzer	Dyke
Becklin	Boerboom	Burger	Cohen	Elioff

Ellingson	Kalis	Nelson, K.	Rice	Tjornhom
Erickson	Kelly	Norton	Richter	Tomlinson
Fjoslien	Kiffmeyer	Ogren	Riveness	Tompkins
Forsythe	Knickerbocker	Olsen, S.	Rose	Tunheim
Frederick	Knuth	Olson, E.	Sarna	Uphus
Frederickson	Kostohryz	Onnen	Schafer	Valan
Frerichs	Krueger	Osthoff	Scheid	Valento
Greenfield	Kvam	Otis	Seaberg	Vanasek
Gutknecht	Lieder	Ozment	Segal	Vellenga
Halberg	Long	Pappas	Shaver	Voss
Hartinger	Marsh	Pauly	Sherman	Waltman
Hartle	McEachern	Peterson	Simoneau	Welle
Haukoos	McKasy	Piepho	Skoglund	Wenzel
Heap	McLaughlin	Piper	Solberg	Wynia
Himle	Metzen	Poppenhagen	Sparby	Zaffke
Jacobs	Miller	Price	Stanius	Spk. Jennings, D.
Jaros	Minne	Quinn	Staten	
Jennings, L.	Munger	Quist	Sviggum	
Johnson	Murphy	Rees	Thiede	
Kahn	Nelson, D.	Rest	Thorson	

Those who voted in the negative were:

McPherson

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

The Speaker called Halberg to the Chair.

S. F. No. 921, A bill for an act relating to consumer protection; regulating prepayments of certain funeral and burial goods and services; amending Minnesota Statutes 1984, section 149.11.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 123 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	DenOuden	Himle	McEachern	Pauly
Anderson, R.	Dimler	Jacobs	McKasy	Peterson
Backlund	Dyke	Jaros	McLaughlin	Piepho
Battaglia	Elioff	Jennings, L.	McPherson	Piper
Beard	Ellingson	Johnson	Metzen	Poppenhagen
Becklin	Erickson	Kahn	Miller	Price
Begich	Fjoslien	Kalis	Minne	Quinn
Bennett	Forsythe	Kelly	Munger	Quist
Blatz	Frederick	Kiffmeyer	Murphy	Redalen
Boerboom	Frederickson	Knickerbocker	Nelson, D.	Rees
Boo	Frerichs	Knuth	Nelson, K.	Rest
Brinkman	Greenfield	Kostohryz	Norton	Rice
Brown	Gruenes	Krueger	Ogren	Richter
Carlson, D.	Gutknecht	Kvam	Olsen, S.	Riveness
Carlson, J.	Halberg	Levi	Onnen	Rose
Carlson, L.	Hartinger	Lieder	Osthoff	Sarna
Clark	Hartle	Long	Otis	Schafer
Clausnitzer	Haukoos	Marsh	Ozment	Scheid
Dempsey	Heap	McDonald	Pappas	Schreiber

Seaberg	Solberg	Thorson	Valan	Welle
Segal	Sparby	Tjornhom	Valento	Wenzel
Shaver	Stanius	Tomlinson	Vanasek	Wynia
Sherman	Staten	Tompkins	Vellenga	Zaffke
Simoneau	Sviggum	Tunheim	Voss	
Skoglund	Thiede	Uphus	Waltman	

The bill was passed and its title agreed to.

S. F. No. 1087, A bill for an act relating to drainage; authorizing the construction of roads rather than bridges or culverts in certain instances; amending Minnesota Statutes 1984, section 106.471, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 106.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 124 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, R.	Erickson	Kostohryz	Ozment	Simoneau
Backlund	Fjoslien	Krueger	Pappas	Skoglund
Battaglia	Forsythe	Kvam	Pauly	Solberg
Beard	Frederick	Levi	Peterson	Sparby
Becklin	Frederickson	Lieder	Piepho	Stanius
Begich	Frerichs	Long	Piper	Staten
Bennett	Greenfield	Marsh	Poppenhagen	Sviggum
Blatz	Gruenes	McDonald	Price	Thiede
Boerboom	Gutknecht	McEachern	Quinn	Thorson
Boo	Halberg	McKasy	Quist	Tjornhom
Brandl	Hartinger	McLaughlin	Redalen	Tomlinson
Brown	Hartle	McPherson	Rees	Tompkins
Burger	Haukoos	Metzen	Rest	Tunheim
Carlson, D.	Heap	Miller	Rice	Uphus
Carlson, J.	Himle	Minne	Richter	Valan
Carlson, L.	Jacobs	Munger	Riveness	Valento
Clark	Jaros	Murphy	Rose	Vanasek
Clausnitzer	Jennings, L.	Nelson, K.	Sarna	Vellenga
Cohen	Johnson	Norton	Schafer	Voss
Dempsey	Kahn	Ogren	Scheid	Waltman
DenOuden	Kalis	Olsen, S.	Schreiber	Welle
Dimler	Kelly	Olson, E.	Seaberg	Wenzel
Dyke	Kiffmeyer	Onnen	Segal	Wynia
Elioff	Knickerbocker	Osthoff	Shaver	Zaffke
Ellingson	Knuth	Otis	Sherman	

Those who voted in the negative were:

Brinkman

The bill was passed and its title agreed to.

H. F. No. 1280 was reported to the House.

Burger moved to amend H. F. No. 1280, the first engrossment, as follows:

Page 7, line 29, after "*treasurer*" insert "*if the administrative law judge finds that the employer had no meritorious defense against the claim. The penalty provided under this subdivision for failure to pay back wages and gratuities does not apply to compliance orders issued to an employer pursuant to this section prior to the effective date of this act*"

The motion prevailed and the amendment was adopted.

Sarna was excused for the remainder of today's session.

Rice moved to amend H. F. No. 1280, the first engrossment, as amended, as follows:

Page 12, lines 15 to 19, delete section 14 from the bill

A roll call was requested and properly seconded.

The question was taken on the Rice amendment and the roll was called. There were 58 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jacobs	Metzen	Pappas	Solberg
Battaglia	Jaros	Minne	Peterson	Sparby
Beard	Jennings, L.	Munger	Piper	Staten
Begich	Kahn	Murphy	Price	Tomlinson
Brandl	Kelly	Nelson, D.	Quinn	Tunheim
Brown	Knuth	Nelson, K.	Rest	Vanasek
Carlson, L.	Kostohryz	Norton	Rice	Voss
Clark	Krueger	O'Connor	Riveness	Welle
Cohen	Lieder	Ogren	Scheid	Wenzel
Elioff	Long	Olson, E.	Segal	Wynia
Ellingson	McEachern	Osthoff	Simoneau	
Greenfield	McLaughlin	Otis	Skoglund	

Those who voted in the negative were:

Backlund	Dyke	Himle	Pauly	Sviggum
Becklin	Erickson	Johnson	Piepho	Thiede
Bennett	Fjoslien	Kiffmeyer	Poppenhagen	Thorson
Bishop	Forsythe	Knickerbocker	Quist	Tjornhom
Blatz	Frederick	Kvam	Redalen	Tompkins
Boerboom	Frederickson	Levi	Rees	Uphus
Boo	Frerichs	Marsh	Richter	Valan
Brinkman	Gruenes	McDonald	Rose	Valento
Burger	Gutknecht	McKasy	Schafer	Waltman
Carlson, J.	Halberg	McPherson	Schreiber	Zaffke
Clausnitzer	Hartinger	Miller	Seaberg	Spk. Jennings, D.
Dempsey	Hartle	Olsen, S.	Shaver	
DenOuden	Haukoos	Onnen	Sherman	
Dimler	Heap	Ozment	Stanius	

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

H. F. No. 1280, A bill for an act relating to labor; providing for fair labor standard practice; providing penalties; amending Minnesota Statutes 1984, sections 177.23, subdivisions 4 and 7; 177.24, subdivisions 3, 4, and 5; 177.27; 177.28, subdivision 4; 177.32, subdivision 1; 181.79, subdivision 1; 181A.04, subdivision 3; and 181A.12, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 181; repealing Minnesota Statutes 1984, chapter 184A.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 75 yeas and 36 nays as follows:

Those who voted in the affirmative were:

Backlund	Erickson	Johnson	Onnen	Stanius
Becklin	Fjoslien	Kiffmeyer	Ozment	Sviggum
Bennett	Forsythe	Knickerbocker	Pauly	Thiede
Blatz	Frederick	Knuth	Piepho	Thorson
Boerboom	Frederickson	Krueger	Poppenhagen	Tjornhom
Boo	Frerichs	Kvam	Quist	Tompkins
Burger	Gruenes	Levi	Redalen	Uphus
Carlson, D.	Gutknecht	Marsh	Rees	Valan
Carlson, J.	Halberg	McDonald	Richter	Valento
Clausnitzer	Hartinger	McKasy	Rodosovich	Vanasek
Cohen	Hartle	McPherson	Schafer	Vellenga
Dempsey	Haukoos	Miller	Schreiber	Waltman
DenOuden	Heap	Murphy	Seaberg	Wenzel
Dimler	Himle	Olsen, S.	Shaver	Zaffke
Dyke	Jacobs	Olson, E.	Sherman	Spk. Jennings, D.

Those who voted in the negative were:

Anderson, G.	Greenfield	McLaughlin	Osthoff	Skoglund
Battaglia	Jaros	Metzen	Pappas	Solberg
Beard	Kelly	Minne	Peterson	Staten
Begich	Kostohryz	Nelson, K.	Rice	Tomlinson
Brandl	Lieder	Norton	Riveness	Voss
Carlson, L.	Long	O'Connor	Scheid	Welle
Clark	McEachern	Ogren	Simoneau	Wynia
Elioff				

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

Lieder was excused for the remainder of today's session.

S. F. No. 86, A bill for an act relating to agriculture; changing requirements for certain adulterated milk or cream; providing a penalty; amending Minnesota Statutes 1984, section 32.21.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 123 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Elioff	Knuth	Osthoff	Simoneau
Anderson, R.	Ellingson	Kostohryz	Otis	Skoglund
Backlund	Erickson	Krueger	Ozment	Solberg
Battaglia	Fjoslien	Kvam	Pappas	Sparby
Beard	Forsythe	Levi	Pauly	Stanius
Becklin	Frederick	Long	Peterson	Staten
Begich	Frederickson	Marsh	Piepho	Sviggum
Bennett	Frerichs	McDonald	Piper	Thiede
Blatz	Greenfield	McEachern	Poppenhagen	Thorson
Boerboom	Gruenes	McKasy	Price	Tjornhom
Boo	Gutknecht	McLaughlin	Quinn	Tomlinson
Brandl	Halberg	McPherson	Quist	Tunheim
Brinkman	Hartinger	Metzen	Redalen	Uphus
Brown	Hartle	Miller	Rees	Valan
Burger	Haukoos	Minne	Rest	Valento
Carlson, D.	Heap	Munger	Rice	Vanasek
Carlson, J.	Himle	Murphy	Richter	Vellenga
Carlson, L.	Jacobs	Nelson, D.	Riveness	Voss
Clark	Jaros	Nelson, K.	Rodosovich	Waltman
Clausnitzer	Johnson	Norton	Schafer	Welle
Cohen	Kahn	O'Connor	Scheid	Wenzel
Dempsey	Kalis	Ogren	Seaberg	Zaffke
DenOuden	Kelly	Olsen, S.	Segal	Spk. Jennings, D.
Dimler	Kiffmeyer	Olson, E.	Shaver	
Dyke	Knickerbocker	Onnen	Sherman	

The bill was passed and its title agreed to.

H. F. No. 1116 was reported to the House.

Schreiber moved that H. F. No. 1116 be continued on Special Orders for one day. The motion prevailed.

S. F. No. 1308, A bill for an act relating to Olmsted county; providing for sales, leases, and conveyances; providing certain exceptions to public bidding requirements.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 121 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Boo	Clausnitzer	Fjoslien	Hartinger
Anderson, R.	Brandl	Cohen	Forsythe	Hartle
Backlund	Brinkman	Dempsey	Frederick	Haukoos
Battaglia	Brown	DenOuden	Frederickson	Heap
Beard	Burger	Dimler	Frerichs	Himle
Becklin	Carlson, D.	Dyke	Greenfield	Jacobs
Begich	Carlson, J.	Elioff	Gruenes	Jaros
Bennett	Carlson, L.	Ellingson	Gutknecht	Johnson
Boerboom	Clark	Erickson	Halberg	Kahn

Kalis
Kelly
Kiffmeyer
Knickerbocker
Knuth
Kostohryz
Krueger
Kvam
Levi
Long
Marsh
McDonald
McKasy
McPherson
Metzen
Miller
Minne
Munger
Murphy
Nelson, D.
Nelson, K.
Norton
O'Connor
Ogren
Olsen, S.
Olson, E.
Onnen
Osthoff
Otis
Ozment
Pappas
Pauly
Peterson
Piepho
Piper
Poppenhagen
Price
Quist
Redalen
Rees
Rest
Rice
Richter
Riveness
Rodosovich
Rose
Schafer
Scheid
Seaberg
Segal
Shaver
Sherman
Simoneau
Skoglund
Solberg
Sparby
Stanius
Sviggum
Thiede
Thorson
Tjornhom
Tomlinson
Tompkins
Tunheim
Uphus
Valan
Valento
Vanasek
Vellenga
Voss
Waltman
Welle
Wenzel
Wynia
Zaffke
Spk. Jennings, D.

The bill was passed and its title agreed to.

S. F. No. 1208, A bill for an act relating to the city of Gaylord; authorizing the issuance of general obligation bonds to finance the acquisition and betterment of municipal buildings.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.
Anderson, R.
Backlund
Battaglia
Beard
Becklin
Begich
Bennett
Boerboom
Boo
Brandl
Brinkman
Brown
Burger
Carlson, D.
Carlson, J.
Carlson, L.
Clark
Clausnitzer
Cohen
Dempsey
DenOuden
Dimler
Dyke
Elioff
Ellingson
Erickson
Fjoslien
Forsythe
Frederick
Frederickson
Frerichs
Greenfield
Gruenes
Gutknecht
Halberg
Hartinger
Hartle
Haukoos
Heap
Himle
Jacobs
Jaros
Johnson
Kahn
Kalis
Kelly
Kiffmeyer
Knickerbocker
Knuth
Kostohryz
Krueger
Kvam
Levi
Long
Marsh
McDonald
McEachern
McKasy
McPherson
Metzen
Miller
Minne
Munger
Murphy
Nelson, D.
Nelson, K.
Norton
O'Connor
Ogren
Olsen, S.
Olson, E.
Onnen
Osthoff
Otis
Ozment
Pappas
Pauly
Peterson
Piepho
Piper
Poppenhagen
Price
Quist
Redalen
Rees
Rest
Rice
Richter
Riveness
Rodosovich
Rose
Schafer
Scheid
Segal
Shaver
Sherman
Simoneau
Skoglund
Solberg
Sparby
Stanius
Staten
Sviggum
Thiede
Thorson
Tjornhom
Tomlinson
Tompkins
Tunheim
Uphus
Valan
Valento
Vanasek
Vellenga
Voss
Waltman
Welle
Wenzel
Wynia
Zaffke
Spk. Jennings, D.

The bill was passed and its title agreed to.

S. F. No. 1398 was reported to the House.

Schreiber moved to amend S. F. No. 1398, as follows:

Page 3, line 4, after the comma insert "*except for early withdrawal penalties on time deposits,*"

Page 6, after line 17, insert:

"Sec. 4. Minnesota Statutes 1984, section 475.66, subdivision 3, is amended to read:

Subd. 3. Subject to the provisions of any resolutions or other instruments securing obligations payable from a debt service fund, any balance in the fund may be invested

(a) in (ANY SECURITY WHICH IS A DIRECT OBLIGATION OF OR IS GUARANTEED AS TO PAYMENT OF PRINCIPAL AND INTEREST BY THE UNITED STATES OR ANY AGENCY OR INSTRUMENTALITY OF THE UNITED STATES) *governmental bonds, notes, bills, mortgages and other fixed obligations, which are direct obligations of the United States or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created and regulated by an act of Congress,*

(b) in shares of an investment company registered under the federal investment company act of 1940, whose shares are registered under the federal securities act of 1933, and whose only investments are in securities described in the preceding clause,

(c) in any security which is a general obligation of the state of Minnesota or any of its municipalities,

(d) in bankers acceptances of United States banks eligible for purchase by the Federal Reserve System, or

(e) in commercial paper issued by United States corporations or their Canadian subsidiaries that is of the highest quality and matures in 270 days or less.

The fund may also be used to purchase any obligation, whether general or special, of an issue which is payable from the fund, at such price, which may include a premium, as shall be agreed to by the holder, or may be used to redeem any obligation of such an issue prior to maturity in accordance with its terms. The securities representing any such investment may be sold or hypothecated by the municipality at any time, but the money so received remains a part of the fund until used for the purpose for which the fund was created."

Renumber the sections

Further amend the title:

Page 1, line 5, delete "subdivision 1" and insert "subdivisions 1 and 3"

The motion prevailed and the amendment was adopted.

S. F. No. 1398, A bill for an act relating to deposit and investment of public funds; modifying the collateral requirements for public deposits; amending Minnesota Statutes 1984, sections 118.005, subdivision 1; 118.01; 475.66, subdivision 1; and 475.76, subdivision 1.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 117 yeas and 4 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Knickerbocker	Osthoff	Skoglund
Anderson, R.	Erickson	Knuth	Otis	Solberg
Backlund	Fjoslien	Kostohryz	Ozment	Sparby
Battaglia	Forsythe	Krueger	Pauly	Stanius
Beard	Frederick	Kvam	Peterson	Staten
Becklin	Frederickson	Long	Piepho	Sviggum
Begich	Frerichs	Marsh	Piper	Thiede
Bennett	Greenfield	McDonald	Poppenhagen	Thorson
Blatz	Gruenes	McEachern	Price	Tjornhom
Boerboom	Gutknecht	McLaughlin	Quinn	Tomlinson
Boo	Halberg	McPherson	Quist	Tompkins
Brinkman	Hartinger	Metzen	Redalen	Tunheim
Burger	Hartle	Miller	Rees	Uphus
Carlson, D.	Haukoos	Minne	Rest	Valento
Carlson, J.	Heap	Munger	Richter	Vellenga
Carlson, L.	Himle	Murphy	Riveness	Voss
Clark	Jacobs	Nelson, D.	Rodosovich	Waltman
Clausnitzer	Jaros	Nelson, K.	Rose	Wenzel
Cohen	Jennings, L.	Norton	Schafer	Wynia
Dempsey	Johnson	O'Connor	Scheid	Zaffke
DenOuden	Kahn	Ogren	Schreiber	Spk. Jennings, D.
Dimler	Kalis	Olsen, S.	Seaberg	
Dyke	Kelly	Olson, E.	Segal	
Elioff	Kiffmeyer	Onnen	Shaver	

Those who voted in the negative were:

Pappas	Simoneau	Vanasek	Welle

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

S. F. No. 1291, A bill for an act relating to the town of Harmony; allocating money from state transfer funds to replace bridge.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 114 yeas and 5 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Elioff	Knuth	Ozment	Solberg
Anderson, R.	Ellingson	Kostohryz	Pappas	Sparby
Backlund	Erickson	Krueger	Pauly	Stanius
Battaglia	Fjoslien	Kvam	Piepho	Staten
Beard	Forsythe	Levi	Piper	Sviggum
Becklin	Frederick	Marsh	Poppenhagen	Thiede
Begich	Frederickson	McDonald	Price	Thorson
Bennett	Frerichs	McEachern	Quinn	Tjornhom
Bishop	Greenfield	McKasy	Quist	Tomlinson
Blatz	Gruenes	McLaughlin	Redalen	Tompkins
Boerboom	Gutknecht	McPherson	Rees	Tunheim
Boo	Halberg	Metzen	Rest	Uphus
Brinkman	Hartinger	Miller	Richter	Valan
Carlson, D.	Hartle	Minne	Riveness	Valento
Carlson, J.	Haukoos	Murphy	Rodosovich	Vanasek
Carlson, L.	Heap	Nelson, D.	Rose	Voss
Clark	Himle	Nelson, K.	Schafer	Waltman
Clausnitzer	Jacobs	O'Connor	Schreiber	Welle
Cohen	Jaros	Ogren	Seaberg	Wenzel
Dempsey	Johnson	Olsen, S.	Segal	Wynia
DenOuden	Kelly	Olson, E.	Shaver	Zaffke
Dimler	Kiffmeyer	Onnen	Simoneau	Spk. Jennings, D.
Dyke	Knickerbocker	Otis	Skoglund	

Those who voted in the negative were:

Kahn	Kalis	Norton	Osthoff	Scheid

The bill was passed and its title agreed to.

H. F. No. 782 was reported to the House.

Sviggum moved to amend H. F. No. 782, the first engrossment, as follows:

Page 4, line 16, before "AGENCY" insert "SOCIAL SERVICE AGENCY AND PRIVATE LICENSED CHILD PLACING"

Page 4, line 17, before "*The*" insert "*Subdivision 1.* [DETERMINATION OF INDIAN CHILD'S TRIBE.]"

Page 4, line 20, after the period, insert:

"*Subd. 2.* [AGENCY NOTICE OF POTENTIAL OUT-OF-HOME PLACEMENT.]"

Page 4, line 21, delete "*either*" and insert "*a local social service agency or private child placing*"

Page 4, line 31, delete "*The agency shall*" and insert "*If the files contain confidential or private data, the agency may*"

Page 4, line 33, delete "*will*" and insert "*shall*"

Page 4, line 33, delete "*confidential or private*" and insert "*the*"

Page 4, line 34, delete everything after the period

Page 4, after line 34, insert:

"*Subd. 3.* [PRIVATE CHILD PLACING AGENCY NOTICE OF POTENTIAL PREADOPTIVE OR ADOPTIVE PLACEMENT.] *When a private child placing agency determines that an Indian child is in a dependent or other condition that could lead to a preadoptive or adoptive placement, the agency shall send notice of the condition to the Indian child's tribal social service agency within seven days of the determination. The agency shall include in the notice the identity of the birthparents and child absent written objection by the birthparents. The private child placing agency shall inform the birthparents of the Indian child of any services available to the Indian child through the child's tribal social service agency, including child placement services, and shall additionally provide the birthparents of the Indian child with all information sent from the tribal social service agency in response to the notice.*

Subd. 4. [IDENTIFICATION OF EXTENDED FAMILY MEMBERS.] *Any agency considering*"

Page 5, after line 1, insert:

"*Subdivision 1.* [DETERMINATION OF INDIAN CHILD'S TRIBE.] *The local social service agency or private licensed child placing agency shall determine whether a child brought to its attention for the purposes described in this section is an Indian child and the identity of the Indian child's tribe.*"

Page 5, line 2, delete "*Subdivision 1*" and insert "*Subd. 2*"

Page 5, line 14, after the period, insert:

"*At this and any subsequent stage of its involvement with an Indian child, the agency shall, upon request, give the tribal social service agency full cooperation including access to all files concerning the child. If the files contain confidential or private data, the agency may require execution of an agreement with the tribal*

social service agency that the tribal social service agency shall maintain the data according to statutory provisions applicable to the data."

Page 5, line 15, delete "*2*" and insert "*3*"

Page 5, line 20, delete "*3*" and insert "*4*"

Page 5, after line 29, insert:

"*Subd. 5.* [IDENTIFICATION OF EXTENDED FAMILY MEMBERS.] *Any agency considering placement of an Indian child shall make reasonable efforts to identify and locate extended family members."*

The motion prevailed and the amendment was adopted.

Bishop moved to amend H. F. No. 782, the first engrossment, as amended, as follows:

Page 6, line 10, after "*court*" insert "*, in the absence of good cause to the contrary,*"

A roll call was requested and properly seconded.

The question was taken on the Bishop amendment and the roll was called. There were 60 yeas and 54 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Knickerbocker	Osthoff	Segal
Bishop	Fjoslien	Kostohryz	Pauly	Shaver
Blatz	Forsythe	Krueger	Peterson	Skoglund
Boerboom	Frederick	Kvam	Piepho	Solberg
Boo	Frederickson	Marsh	Piper	Thorson
Brandl	Frerichs	McDonald	Price	Tjornhom
Burger	Gutknecht	McKasy	Quinn	Tomlinson
Carlson, J.	Halberg	McPherson	Rice	Tompkins
Clausnitzer	Hartinger	Miller	Schafer	Valan
Cohen	Haukoos	Norton	Scheid	Vanasek
DenOuden	Himle	Olsen, S.	Schreiber	Vellenga
Dimler	Kelly	Onnen	Seaberg	Spk. Jennings, D.

Those who voted in the negative were:

Backlund	Elioff	McLaughlin	Quist	Sviggum
Battaglia	Ellingson	Metzen	Redalen	Thiede
Beard	Greenfield	Minne	Rees	Tunheim
Becklin	Gruenes	Munger	Rest	Uphus
Begich	Hartle	Murphy	Richter	Valento
Bennett	Jaros	Nelson, D.	Riveness	Voss
Brown	Kahn	Olson, E.	Rodosovich	Waltman
Carlson, L.	Kiffmeyer	Otis	Simoneau	Welle
Clark	Knuth	Ozment	Sparby	Wenzel
Dempsey	Long	Pappas	Stanius	Zaffke
Dyke	McEachern	Poppenhagen	Staten	

The motion prevailed and the amendment was adopted.

Bishop and Kelly moved to amend H. F. No. 782, the first engrossment, as amended, as follows:

Page 6, line 14, after the period insert "*The Minnesota court of appeals has jurisdiction of appeals from all final decisions of the tribal courts in proceedings transferred under this subdivision. If the Indian tribe has a tribal appellate court, the Minnesota court of appeals has jurisdiction of appeals from all final decisions of the tribal appellate court in proceedings transferred under this subdivision.*"

A roll call was requested and properly seconded.

The question was taken on the Bishop and Kelly amendment and the roll was called. There were 19 yeas and 97 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Forsythe	Kelly	Quinn	Solberg
Bishop	Frerichs	Marsh	Rose	Tomlinson
Burger	Gutknecht	McKasy	Scheid	Tompkins
Cohen	Halberg	Osthoff	Skoglund	

Those who voted in the negative were:

Backlund	Ellingson	Levi	Pappas	Sparby
Battaglia	Erickson	Long	Pauly	Stanius
Beard	Fjoslien	McDonald	Peterson	Staten
Becklin	Frederick	McLaughlin	Piepho	Sviggum
Begich	Frederickson	McPherson	Piper	Thiede
Bennett	Greenfield	Metzen	Poppenhagen	Thorson
Blatz	Gruenes	Miller	Price	Tjornhom
Boo	Hartinger	Minne	Quist	Tunheim
Brandl	Hartle	Munger	Redalen	Uphus
Brinkman	Haukoos	Murphy	Rees	Valan
Brown	Heap	Nelson, D.	Rest	Valento
Carlson, D.	Himle	Nelson, K.	Richter	Vanasek
Carlson, J.	Jacobs	Norton	Riveness	Vellenga
Carlson, L.	Jaros	O'Connor	Rodosovich	Voss
Clark	Jennings, L.	Ogren	Schafer	Welle
Clausnitzer	Kahn	Olsen, S.	Seaberg	Wenzel
Dempsey	Kalis	Olson, E.	Segal	Wynia
Dimler	Kiffmeyer	Onnen	Shaver	
Dyke	Knuth	Otis	Sherman	
Elioff	Kvam	Ozment	Simoneau	

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

H. F. No. 782, A bill for an act relating to human services; providing for participation by Indian tribes in the placement of their children; proposing coding for new law in Minnesota Statutes, chapter 257.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 121 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Elioff	Kostohryz	Pappas	Sparby
Anderson, R.	Ellingson	Krueger	Pauly	Stanius
Backlund	Erickson	Kvam	Peterson	Staten
Battaglia	Fjoslien	Levi	Piepho	Sviggum
Beard	Forsythe	Long	Piper	Thiede
Becklin	Frederick	McDonald	Poppenhagen	Thorson
Begich	Frederickson	McEachern	Price	Tjornhom
Bennett	Frerichs	McKasy	Quinn	Tomlinson
Bishop	Greenfield	McLaughlin	Quist	Tompkins
Blatz	Gruenes	McPherson	Redalen	Tunheim
Boerboom	Gutknecht	Metzen	Rees	Valan
Boo	Hartle	Miller	Rest	Valento
Brandl	Haukoos	Minne	Rice	Vanasek
Brinkman	Heap	Munger	Richter	Vellenga
Brown	Himle	Murphy	Riveness	Voss
Burger	Jacobs	Nelson, D.	Rodosovich	Waltman
Carlson, D.	Jaros	Nelson, K.	Rose	Welle
Carlson, J.	Jennings, L.	Norton	Schafer	Wenzel
Carlson, L.	Johnson	O'Connor	Seaberg	Wynia
Clark	Kahn	Ogren	Segal	Zaffke
Clausnitzer	Kalis	Olsen, S.	Shaver	Spk. Jennings, D.
Cohen	Kelly	Olson, E.	Sherman	
Dempsey	Kiffmeyer	Onnen	Simoneau	
DenOuden	Knickerbocker	Otis	Skoglund	
Dyke	Knuth	Ozment	Solberg	

Those who voted in the negative were:

Marsh

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

The Speaker resumed the Chair.

O'Connor was excused for the remainder of today's session.

H. F. No. 592, A bill for an act relating to local government; permitting the establishment of special service districts in the city of New Ulm; providing taxing and other financial authority for New Ulm.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 118 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Beard	Bishop	Brandl	Carlson, J.
Anderson, R.	Becklin	Blatz	Brinkman	Carlson, L.
Backlund	Begich	Boerboom	Brown	Clark
Battaglia	Bennett	Boo	Carlson, D.	Clausnitzer

Cohen	Himle	McPherson	Poppenhagen	Stanius
Dempsey	Jacobs	Metzen	Price	Sviggum
DenOuden	Jaros	Miller	Quinn	Thorson
Dimler	Jennings, L.	Minne	Quist	Tjornhom
Dyke	Johnson	Munger	Redalen	Tomlinson
Elioff	Kahn	Murphy	Rees	Tompkins
Ellingson	Kalis	Nelson, D.	Rest	Tunheim
Erickson	Kelly	Nelson, K.	Rice	Uphus
Fjoslien	Kiffmeyer	Norton	Richter	Valan
Forsythe	Knickerbocker	Ogren	Riveness	Valento
Frederick	Knuth	Olsen, S.	Rodosovich	Vanasek
Frederickson	Kostohryz	Olson, E.	Rose	Vellenga
Frerichs	Krueger	Onnen	Schafer	Voss
Gruenes	Kvam	Osthoff	Seaberg	Waltman
Gutknecht	Levi	Otis	Segal	Welle
Halberg	Long	Ozment	Shaver	Wenzel
Hartinger	Marsh	Pauly	Sherman	Zaffke
Hartle	McDonald	Peterson	Simoneau	Spk. Jennings, D.
Haukoos	McEachern	Piepho	Solberg	
Heap	McLaughlin	Piper	Sparby	

The bill was passed and its title agreed to.

S. F. No. 1411, A bill for an act relating to the city of Bemidji; permitting the city to contribute to a community seed capital fund.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 119 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Knuth	Ozment	Skoglund
Backlund	Erickson	Kostohryz	Pappas	Solberg
Battaglia	Fjoslien	Krueger	Pauly	Sparby
Beard	Forsythe	Kvam	Peterson	Stanius
Becklin	Frederick	Levi	Piepho	Staten
Begich	Frederickson	Long	Piper	Sviggum
Bennett	Frerichs	Marsh	Poppenhagen	Thiede
Bishop	Gruenes	McDonald	Price	Thorson
Blatz	Gutknecht	McLaughlin	Quinn	Tjornhom
Boerboom	Halberg	McPherson	Quist	Tomlinson
Boo	Hartinger	Metzen	Redalen	Tompkins
Brandl	Hartle	Miller	Rees	Tunheim
Brinkman	Haukoos	Minne	Rest	Uphus
Brown	Heap	Munger	Rice	Valan
Carlson, D.	Himle	Murphy	Richter	Valento
Carlson, L.	Jacobs	Nelson, D.	Riveness	Vanasek
Clark	Jaros	Nelson, K.	Rodosovich	Vellenga
Clausnitzer	Jennings, L.	Norton	Rose	Voss
Cohen	Johnson	Ogren	Schafer	Waltman
Dempsey	Kahn	Olsen, S.	Seaberg	Welle
DenOuden	Kalis	Olson, E.	Segal	Wenzel
Dimler	Kelly	Onnen	Shaver	Zaffke
Dyke	Kiffmeyer	Osthoff	Sherman	Spk. Jennings, D.
Elioff	Knickerbocker	Otis	Simoneau	

The bill was passed and its title agreed to.

GENERAL ORDERS

Levi moved that the bills on General Orders for today be continued one day. The motion prevailed.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 786:

Gutknecht, Redalen and Jacobs.

Nelson, K., and Carlson, D., were excused for the remainder of today's session.

MOTIONS AND RESOLUTIONS

Erickson moved that the names of Fjoslien, Redalen, Uphus and Olson, E., be added as authors on H. F. No. 687. The motion prevailed.

Neuenschwander moved that his name be stricken as an author on H. F. No. 1139. The motion prevailed.

Schreiber moved that the name of Blatz be added as an author on H. F. No. 1402. The motion prevailed.

Blatz moved that the name of Quinn be added as an author on H. F. No. 1457. The motion prevailed.

Johnson moved that S. F. No. 675 be recalled from the Committee on Transportation and together with H. F. No. 723, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

Piper moved that H. F. No. 1633 be recalled from the Committee on Local and Urban Affairs and be re-referred to the Committee on Taxes. The motion prevailed.

Shaver moved that H. F. No. 1490 be recalled from the Committee on Local and Urban Affairs and be re-referred to the Committee on Taxes. The motion prevailed.

Knickerbocker moved that S. F. No. 581 be recalled from the Committee on Financial Institutions and Insurance and together with H. F. No. 605, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

Heap moved that H. F. No. 284, now on General Orders, be re-referred to the Committee on Labor-Management Relations. The motion prevailed.

Brandl moved that his name be stricken as an author on H. F. No. 1116. The motion prevailed.

Waltman moved that H. F. No. 1561 be returned to its author. The motion prevailed.

Shaver moved that H. F. No. 1444 be returned to its author. The motion prevailed.

Norton moved that H. F. No. 756 be recalled from the Senate for further consideration by the House.

A roll call was requested and properly seconded.

POINT OF ORDER

Levi raised a point of order pursuant to section 114, paragraph 4, of "Mason's Manual of Legislative Procedure" relating to asking questions of members. The Speaker ruled the point of order well taken.

POINT OF ORDER

Norton raised a point of order pursuant to rule 5.10, paragraph 4. The Speaker ruled the point of order not well taken.

CALL OF THE HOUSE

On the motion of Levi and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Anderson, G.	Fjoslien	Krueger	Pauly	Skoglund
Backlund	Forsythe	Kvam	Peterson	Solberg
Battaglia	Frederick	Levi	Piepho	Sparby
Becklin	Frederickson	Long	Piper	Stanius
Begich	Frerichs	Marsh	Poppenhagen	Staten
Bennett	Greenfield	McDonald	Price	Sviggum
Blatz	Gruenes	McEachern	Quinn	Thiede
Boerboom	Gutknecht	McKasy	Quist	Thorson
Boo	Halberg	McLaughlin	Redalen	Tjornhom
Brandl	Hartinger	McPherson	Rees	Tomlinson
Brown	Hartle	Metzen	Rest	Tompkins
Burger	Haukoos	Miller	Rice	Tunheim
Carlson, J.	Heap	Minne	Richter	Valan
Carlson, L.	Himle	Munger	Riveness	Vanasek
Clark	Jaros	Murphy	Rodosovich	Vellenga
Clausnitzer	Jennings, L.	Nelson, D.	Rose	Voss
Cohen	Johnson	Ogren	Schafer	Waltman
Dempsey	Kahn	Olsen, S.	Scheid	Wenzel
DenOuden	Kalis	Olson, E.	Schreiber	Wynia
Dimler	Kelly	Onnen	Seaberg	Zaffke
Dyke	Kiffmeyer	Osthoff	Segal	Spk. Jennings, D.
Elioff	Knickerbocker	Otis	Shaver	
Ellingson	Knuth	Ozment	Sherman	
Erickson	Kostohryz	Pappas	Simoneau	

Levi moved that further proceedings of the roll call be dispensed with and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

POINT OF ORDER

Levi raised a point of order pursuant to section 222 of "Mason's Manual of Legislative Procedure" relating to questions of personal privilege. The Speaker ruled the point of order well taken.

POINT OF ORDER

Levi raised a point of order pursuant to section 222 of "Mason's Manual of Legislative Procedure" relating to questions of personal privilege. The Speaker ruled the point of order not well taken.

POINT OF ORDER

Thiede raised a point of order pursuant to section 224, paragraph 1, of "Mason's Manual of Legislative Procedure" relating to personal explanations. The Speaker ruled the point of order not well taken.

POINT OF ORDER

Halberg raised a point of order pursuant to section 221 of "Mason's Manual of Legislative Procedure" relating to the questions of privilege of the House. The Speaker ruled the point of order well taken.

The question recurred on the Norton motion to recall H. F. No. 756 from the Senate for further consideration and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 54 yeas and 66 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Clark	Kalis	McLaughlin	Ogren
Battaglia	Cohen	Kelly	Metzen	Olson, E.
Beard	Elioff	Knuth	Minne	Osthoff
Begich	Ellingson	Kostohryz	Munger	Otis
Brandl	Greenfield	Krueger	Murphy	Pappas
Brown	Jaros	Long	Nelson, D.	Peterson
Carlson, L.	Kahn	McEachern	Norton	Piper

Price	Riveness	Simoneau	Staten	Vellenga
Quinn	Rodosovich	Skoglund	Tomlinson	Voss
Rest	Scheid	Solberg	Tunheim	Wynia
Rice	Segal	Sparby	Vanasek	

Those who voted in the negative were:

Anderson, R.	Erickson	Johnson	Piepho	Thorson
Backlund	Fjoslien	Kiffmeyer	Poppenhagen	Tjornhom
Becklin	Forsythe	Knickerbocker	Quist	Tompkins
Bennett	Frederick	Kvam	Redalen	Uphus
Blatz	Frederickson	Levi	Rees	Valan
Boerboom	Frerichs	Marsh	Richter	Valento
Boo	Gruenes	McDonald	Rose	Waltman
Burger	Gutknecht	McKasy	Schafer	Wenzel
Carlson, J.	Halberg	McPherson	Schreiber	Zaffke
Clausnitzer	Hartinger	Miller	Seaberg	Spk. Jennings, D.
Dempsey	Hartle	Olsen, S.	Shaver	
DenOuden	Haukoos	Onnen	Sherman	
Dimler	Heap	Ozment	Stanius	
Dyke	Himle	Pauly	Thiede	

The motion did not prevail.

POINT OF ORDER

Olsen, S., raised a point of order pursuant to section 223, paragraph 3, of "Mason's Manual of Legislative Procedure" relating to questions not constituting personal privilege. The Speaker ruled the point of order well taken.

Simoneau and Halberg were excused for the remainder of today's session.

Carlson, L., moved that H. F. No. 88, now on General Orders, be re-referred to the Committee on Taxes.

A roll call was requested and properly seconded.

The question was taken on the Carlson, L., motion and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 54 yeas and 66 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Clark	Kahn	McEachern	Norton
Battaglia	Cohen	Kalis	McLaughlin	Ogren
Beard	Elioff	Kelly	Metzen	Olson, E.
Begich	Ellingson	Knuth	Minne	Osthoff
Brandl	Greenfield	Kostohryz	Munger	Otis
Brown	Jaros	Krueger	Murphy	Pappas
Carlson, L.	Jennings, L.	Long	Nelson, D.	Peterson

Piper	Rice	Segal	Staten	Vellenga
Price	Riveness	Skoglund	Tomlinson	Voss
Quinn	Rodosovich	Solberg	Tunheim	Wynia
Rest	Scheid	Sparby	Vanasek	

Those who voted in the negative were:

Anderson, R.	Erickson	Kiffmeyer	Poppenhagen	Thorson
Backlund	Fjoslien	Knickerbocker	Quist	Tjornhom
Becklin	Forsythe	Kvam	Redalen	Tompkins
Bennett	Frederick	Levi	Rees	Uphus
Bishop	Frederickson	Marsh	Richter	Valan
Blatz	Frerichs	McDonald	Rose	Valento
Boerboom	Gruenes	McKasy	Schafer	Waltman
Burger	Gutknecht	McPherson	Schreiber	Wenzel
Carlson, J.	Hartinger	Miller	Seaberg	Zaffke
Clausnitzer	Hartle	Olsen, S.	Shaver	Spk. Jennings, D.
Dempsey	Haukoos	Onnen	Sherman	
DenOuden	Heap	Ozment	Stanius	
Dimler	Himle	Pauly	Sviggum	
Dyke	Johnson	Piepho	Thiede	

The motion did not prevail.

POINT OF ORDER

Voss raised a point of order pursuant to section 132, paragraph 1, of "Mason's Manual of Legislative Procedure" relating to the preventing of debate by putting the question to a vote prematurely. The Speaker ruled the point of order not well taken.

Voss appealed the decision of the Chair.

A roll call was requested and properly seconded.

POINT OF ORDER

Levi raised a point of order pursuant to section 126, paragraph 3, of "Mason's Manual of Legislative Procedure" relating to complaints against the presiding officer. The Speaker ruled the point of order well taken.

The vote was taken on the question "Shall the decision of the Speaker stand as the judgment of the House?" and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 63 yeas and 39 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Bennett	Boo	Clausnitzer	Dimler
Backlund	Blatz	Burger	Dempsey	Dyke
Becklin	Boerboom	Carlson, J.	DenOuden	Erickson

Fjoslien	Heap	McPherson	Richter	Tjornhom
Forsythe	Himle	Miller	Rose	Tompkins
Frederick	Johnson	Olsen, S.	Schafer	Uphus
Frederickson	Kiffmeyer	Onnen	Schreiber	Valan
Frerichs	Knickerbocker	Ozment	Seaberg	Valento
Gruenes	Kvam	Pauly	Shaver	Waltman
Gutknecht	Levi	Piepho	Sherman	Zaffke
Hartinger	Marsh	Poppenhagen	Sviggum	Spk. Jennings, D.
Hartle	McDonald	Redalen	Thiede	
Haukoos	McKasy	Rees	Thorson	

Those who voted in the negative were:

Anderson, G.	Elioff	Long	Osthoff	Scheid
Battaglia	Ellingson	McEachern	Otis	Segal
Beard	Greenfield	McLaughlin	Pappas	Skoglund
Begich	Jennings, L.	Metzen	Peterson	Sparby
Brown	Kahn	Minne	Piper	Staten
Carlson, L.	Kalis	Murphy	Quinn	Tomlinson
Clark	Knuth	Norton	Rice	Voss
Cohen	Kostohryz	Olson, E.	Riveness	

So it was the judgment of the House that the decision of the Speaker should stand.

ADJOURNMENT

Levi moved that when the House adjourns today it adjourn until 2:00 p.m., Monday, May 6, 1985. The motion prevailed.

Levi moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:00 p.m., Monday, May 6, 1985.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-FOURTH SESSION - 1985

FIFTY-FIRST DAY

SAINT PAUL, MINNESOTA, FRIDAY, MAY 3, 1985

The Senate met on Friday, May 3, 1985, which was the Fifty-first Day of the Seventy-fourth Session of the Minnesota State Legislature. The House of Representatives did not meet on this date.

STATE OF MINNESOTA

SEVENTY-FOURTH SESSION – 1985

FIFTY-SECOND DAY

SAINT PAUL, MINNESOTA, SATURDAY, MAY 4, 1985

The Senate met on Saturday, May 4, 1985, which was the Fifty-second Day of the Seventy-fourth Session of the Minnesota State Legislature. The House of Representatives did not meet on this date.