

**VOLUME 5**  
**JOURNAL**  
**OF THE**  
**HOUSE**  
**OF REPRESENTATIVES**  
**SEVENTY-FOURTH SESSION**  
**OF THE**  
**LEGISLATURE**  
**STATE OF MINNESOTA**  
**1986**

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## STATE OF MINNESOTA

## SEVENTY-FOURTH SESSION - 1986

## EIGHTY-FIRST DAY

SAINT PAUL, MINNESOTA, FRIDAY, MARCH 7, 1986

The House of Representatives convened at 11:00 a.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	Osthoff	Sherman
Backlund	Erickson	Kvam	Otis	Simoneau
Battaglia	Fjoslien	Levi	Ozment	Skoglund
Beard	Forsythe	Lieder	Pauly	Solberg
Becklin	Frederick	Long	Peterson	Sparby
Begich	Frederickson	Marsh	Piepho	Stanius
Bennett	Frerichs	McDonald	Piper	Staten
Bishop	Greenfield	McEachern	Poppenbagen	Svigum
Blatz	Gruenes	McKasy	Price	Thiede
Boerboom	Gutknecht	McLaughlin	Quinn	Thorson
Boo	Hartinger	McPherson	Quist	Tjornhom
Brandl	Hartle	Metzen	Redalen	Tomlinson
Brinkman	Haukoos	Miller	Rees	Tompkins
Brown	Heap	Minne	Rest	Tunheim
Burger	Himle	Munger	Rice	Uphus
Carlson, D.	Jacobs	Murphy	Richter	Valan
Carlson, J.	Jaros	Nelson, D.	Riveness	Valento
Carlson, L.	Jennings, L.	Nelson, K.	Rose	Vanasek
Clark	Johnson	Neuenschwander	Sarna	Vellenga
Clausnitzer	Kahn	Norton	Schafer	Voss
Cohen	Kalis	O'Connor	Scheid	Waltman
Dempsey	Kelly	Ogren	Schoenfeld	Welle
DenOuden	Kiffmeyer	Olsen, S.	Schreiber	Wenzel
Dimler	Knickerbocker	Olson, E.	Seaberg	Wynia
Dyke	Knuth	Omann	Segal	Zaffke
Elioff	Kostohryz	Onnen	Shaver	Spk. Jennings, D.

A quorum was present.

Anderson, R. ; Halberg and Rodosovich were excused.

Pappas was excused until 12:00 noon.

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. 1101, 1990, 2050, 2154, 2157, 2169, 2210, 2216, 2243, 2391, 2392, 2141 and 1652 and S. F. Nos. 1526, 1848, 985 and 1014 have been placed in the members' files.

S. F. No. 1848 and H. F. No. 1962, 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. 1848 be substituted for H. F. No. 1962 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 985 and H. F. No. 1101, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Knickerbocker moved that the rules be so far suspended that S. F. No. 985 be substituted for H. F. No. 1101 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1526 and H. F. No. 1652, 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. 1526 be substituted for H. F. No. 1652 and that the House File be indefinitely postponed. The motion prevailed.

#### REPORTS OF STANDING COMMITTEES

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 582, A bill for an act relating to human services; establishing a family subsidy program for families with children with developmental disabilities; amending Minnesota Statutes

1984, section 252.32; repealing Minnesota Statutes 1984, section 252.27, subdivision 4.

Reported the same back with the following amendments:

Page 1, line 23, after "*retarded*" insert "*or who have a related condition*"

Page 2, line 9, after "*program*" insert "*and to assure that an application is made for supplemental security income and other benefits*"

Page 2, line 17, after the period insert "*The commissioner may consider the child's supplemental security income in determining the amount of the subsidy.*"

Page 2, line 18, delete "*special or*"

Page 2, line 19, after "*circumstances*" insert "*in cases where exceptional resources of the family are required to meet the health, welfare-safety needs of the child, for a period not to exceed 90 days per fiscal year. The commissioner may set aside one percent of the appropriation to fund emergency situations*"

Page 2, line 20, delete "*adopt*" and insert "*amend*"

Page 2, line 21, delete "*emergency and*"

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. 1247, A bill for an act relating to elections; adopting the court-ordered apportionment plan, but changing Ottawa township in LeSueur county from the second to the first congressional district; repealing Minnesota Statutes 1984, sections 2.741 to 2.811.

Reported the same back with the following amendments:

Page 1, line 9, delete "APPORTIONMENT" and insert "REDISTRICTING PLAN"

Page 1, line 10, delete "*apportionment of*" and insert "*redistricting plan for*"

Page 1, line 15, delete "*order*" and insert "*plan*"

Page 1, after line 20, insert:

**"Sec. 3. [INSTRUCTION TO REVISOR.]**

*The revisor of statutes shall code metes and bounds descriptions of the congressional districts adopted in section 1 into Minnesota Statutes.*

**Sec. 4. [SEVERABILITY.]**

*If the adjustments in congressional districts in section 1, subdivision 2, are adjudicated to require a change in any other congressional district boundary, section 1, subdivision 2, is void."*

Page 1, line 21, delete "3" and insert "5"

Amend the title as follows:

Page 1, line 3, delete "apportionment" and insert "congressional redistricting"

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. 1774, A bill for an act relating to human services; requiring adoption of the 1985 life safety code standards for intermediate care facilities for persons with mental retardation.

Reported the same back with the following amendments:

Page 1, line 14, delete "*without rulemaking*" and insert "*pursuant to sections 14.22 to 14.28*"

Page 1, line 17, delete "*January 1*" and insert "*June 30*"

Page 1, line 17, before the period insert "*or when rules on the 1985 life safety code have been adopted, whichever occurs first*"

Page 1, after line 17, insert:

**"Sec. 3. [OTHER RULES.]**

*The commissioners of health and human services shall amend existing rules governing life safety to be consistent with the 1985 life safety code."*

Page 1, line 18, delete "3" and insert "4"

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

Kvam from the Committee on Financial Institutions and Insurance to which was referred:

H. F. No. 1953, A bill for an act relating to insurance; accident and health; regulating long-term care policies; requiring coverage for home health care and care in skilled or intermediate nursing facilities; amending Minnesota Statutes 1984, section 62A.31, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 62A.

Reported the same back with the following amendments:

Page 2, line 36, delete "2 to 7" and insert "2, 3, and 5 to 7"

Page 3, line 1, delete "*any group specified in*" and insert "*(a) an employer or employers or to the trustee of a fund established by an employer where only employees or retirees, and dependents of employees or retirees, are eligible for coverage or (b) to a labor union or similar employee organization. The associations exempted from the requirements of sections 62A.31 to 62A.44 under 62A.31, subdivision 1, clause (c) shall not be subject to the provisions of sections 2 to 7 until July 1, 1988.*"

Page 3, delete line 2

Page 4, line 33, delete "*\$100,000 for services*" and insert "*1,095 paid days up to \$43,800 for nursing facility benefits and 365 paid visits up to \$9,125 for home care services*"

Page 4, line 33, delete everything after the period

Page 4, delete line 34

Page 4, line 35, delete "*maximums.*"

Page 5, line 1, delete "*only*"

Page 5, line 2, after "*facility*" insert "*or home care services*"

Page 5, line 11, delete "*\$60*" and insert "*\$40*"

Page 5, line 13, after "*charges*" insert "*for nurse and therapy services and \$20 for home health aide and nonmedical services*"

Page 5, line 19, after the period insert "*The home care services benefit shall be limited to seven paid visits per week.*"

Page 5, line 25, delete "65" and insert "55"

Page 5, line 26, delete "60" and insert "50"

Page 5, after line 27, insert:

*"Subd. 5. [SOLICITATIONS BY MAIL OR MEDIA ADVERTISEMENT.] For purposes of this section, long-term care policies issued as a result of solicitations of individuals through mail or mass media advertising, including both print and broadcast advertising, shall be treated as individual policies.*

*Subd. 6. [COORDINATION OF BENEFITS.] A long-term care policy shall be secondary coverage for services provided under sections 2 to 7. Nothing in sections 2 to 7 shall require the secondary payor to pay the obligations of the primary payor nor shall it prevent the secondary payor from recovering from the primary payor the amount of any obligation of the primary payor that the secondary payor elects to pay."*

Page 6, line 19, after "policy" insert "*and the differences between this policy, a supplemental medicare policy and the benefits to which an individual is entitled under parts A and B of medicare*"

Amend the title as follows:

Page 1, line 5, after the semicolon insert "providing for coordination of benefits;"

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. 1971, A resolution memorializing the President and Congress of the United States to enact the Mississippi River National Heritage Corridor Act of 1986.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Carlson, D., from the Committee on Transportation to which was referred:

H. F. No. 2002, A bill for an act relating to transportation; railroads; providing that railroads must first offer property to leaseholders before selling it; proposing coding for new law in Minnesota Statutes, chapter 222.

Reported the same back with the following amendments:

Page 1, line 25, delete "COMMISSIONER" and insert "BOARD"

Page 2, line 2, delete "*commissioner of*" and after "*transportation*" insert "*regulation board*"

Page 2, line 5, delete "*commissioner*" and insert "*board*"

Page 2, line 7, delete "*commissioner*" and insert "*board*"

Page 2, line 10, delete "*commissioner's*" and insert "*board's*"

Page 2, line 14, delete "*commissioner*" and insert "*board*"

Page 2, line 20, delete "*commissioner*" and insert "*board*"

Page 2, line 22, delete "*commissioner's*" and insert "*board's*"

Page 2, line 27, delete "*commissioner's*" and insert "*board's*"

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. 2015, A bill for an act relating to metropolitan government; changing the treatment of current value credits and modifying the cost allocation system of the metropolitan waste control commission; providing for a reserve fund for the commission; authorizing appointment of advisory committees by the commission; authorizing an implementation period for transition to a new cost allocation system; amending Minnesota Statutes 1984, sections 473.511, subdivision 4; and 473.517, subdivisions 1, 2, 3, and 9; repealing Minnesota Statutes 1984, section 473.517, subdivisions 4, 5, and 7.

Reported the same back with the following amendments:

Page 1, after line 15, insert:

**"Section 1. [171.322] [TAXICAB DRIVER'S QUALIFICATION.]**

*Subdivision 1. [REQUIREMENT.] Commencing 90 days after the effective date of rules adopted under this section, no person may operate a taxicab within the metropolitan area defined in section 473.121 without a valid Minnesota class C driver's license with a taxi driver's endorsement issued by the commissioner.*

*Subd. 2. [COMMISSIONER TO ISSUE ENDORSEMENT.] A person 18 years or older may apply for a taxicab driver's endorsement. The commissioner shall issue an endorsement if the applicant meets the following requirements:*

*(a) The applicant has a valid Minnesota class C driver's license.*

*(b) The applicant has satisfactorily completed the written test required by subdivision 3.*

*(c) The applicant demonstrates a minimum proficiency in the English language.*

*(d) The commissioner has determined that the applicant's driving record is satisfactory.*

*(e) The applicant has not been convicted of a crime that discredits the applicant's fitness to drive a taxicab.*

*(f) The applicant has paid the fee required in subdivision 6.*

*Subd. 3. [TAXICAB DRIVER'S TEST.] The commissioner shall administer a written taxicab driver's test to any applicant who has been issued a Minnesota class C driver's license. The test must measure at least the following:*

*(1) geographic knowledge of the metropolitan region;*

*(2) driving and safety standards;*

*(3) basic first aid; and*

*(4) common public courtesy.*

*The commissioner may charge a fee to be paid by each applicant who takes the taxicab driver's test to defray the cost of preparing and administering the test.*

*Subd. 4. [RENEWAL.] The taxicab driver's endorsement required by this section must be renewed every four years. Before renewing, the commissioner shall determine if the licensee is entitled to retain the endorsement previously issued. The commissioner shall determine that the person has a valid Minnesota class C driver's license and a satisfactory driving record and has not been convicted of a crime that discredits the applicant's fitness to drive a taxicab.*

*Subd. 5. [REVOCATION; SUSPENSION.] The commissioner may not revoke or suspend a taxicab driver's endorsement without a hearing.*

*Subd. 6. [FEE.] The commissioner shall charge a fee for initial endorsement and renewal sufficient to defray the cost of administering the taxicab driver endorsement program.*

*Subd. 7. [RULES.] The commissioner shall adopt a rule relating to the application, issuance, suspension, and revocation of taxicab driver endorsements and criteria for determining proficiency in the English language, a disqualifying criminal record, and a satisfactory driving record.*

**Sec. 2. [174.311] [METROPOLITAN TAXICAB REGULATION; STANDARDS.]**

*Subdivision 1. [DEFINITIONS.] (a) The terms used in this section have the meanings given them.*

*(b) "Limousine" means a plainly painted, unmarked motor vehicle which carries passengers for hire, is subject to call only from its garage or central place of business, and charges its customers a flat rate by the trip or by the hour, day, or longer period of time which is greater than the taxicab rate for a comparable trip.*

*(c) "Metropolitan area" has the meaning given in section 473.121.*

*(d) "Person" means an individual, partnership, firm, association, or corporation.*

*(e) "Taxicab" means a passenger automobile that transports persons and their luggage for hire, having a seating capacity of fewer than ten persons and not operated on a fixed route or schedule. Taxicab does not include a limousine or hotel van, a private carrier defined in section 221.011, subdivision 26, or a commuter van as defined in section 221.011, subdivision 27.*

*Subd. 2. [MINIMUM SAFETY STANDARDS.] (a) The commissioner shall adopt a rule that establishes minimum safety*



*standards for taxicab licensing and regulation by statutory and home rule charter cities in the metropolitan area. The rule must include:*

*(1) vehicle and equipment standards to ensure the safe operation of a taxicab;*

*(2) minimum amounts of insurance coverage for taxicab owners and taxicab drivers and requirements and procedures for certification of insurance; and*

*(3) requirements and procedures for annual inspection of taxicabs by or under contract to the city or town.*

*(b) No statutory or home rule charter city or town in the metropolitan area may issue or renew taxicab licenses or regulate taxicabs unless the minimum safety standards established by rule under this subdivision are adopted by ordinance of the city or town. Cities and towns have 90 days following the effective date of the rule to adopt the minimum standards by ordinance. Cities and towns may adopt additional requirements and standards except as otherwise provided in this section.*

*(c) The commissioner shall impose a surcharge on all annual taxicab licenses issued by statutory and home rule charter cities and towns in the metropolitan area sufficient to defray the cost of administering this subdivision. Surcharges must be collected by each city or town and remitted to the commissioner for deposit in the general fund.*

*Subd. 3. [RECIPROCITY REQUIRED.] No statutory or home rule charter city or town in the metropolitan area may prevent or restrict a taxicab that is licensed in another jurisdiction and that has let off passengers from a trip originating outside the city or town from accepting passengers for a trip to a destination outside of the city or town.*

*Subd. 4. [RATE REGULATION; LIMITATION.] No statutory or home rule charter city or town in the metropolitan area may establish or require, by ordinance or otherwise, minimum or uniform rates for taxicab service.*

*Subd. 5. [LICENSES REGULATION; LIMITATION.] Each statutory and home rule charter city in the metropolitan area that licenses taxicabs shall annually increase by at least ten percent the number of taxicab licenses available for issuance until the number of taxicab licenses available exceeds the number of licenses issued by at least ten percent.*

**Sec. 3. Minnesota Statutes 1984, section 368.01, subdivision 12, is amended to read:**

Subd. 12. [TAXICABS; BAGGAGE WAGONS.] The town board of supervisors shall have power by ordinance to license and regulate baggage wagons, draymen, taxicabs, and automobile rental agencies and liveries. *In the metropolitan area defined in section 473.121, ordinances governing the licensing and regulating of taxicabs must be in conformance with the requirements of section 2.*

Sec. 4. Minnesota Statutes 1984, section 412.221, subdivision 20, is amended to read:

Subd. 20. [TAXICABS; BAGGAGE WAGONS.] The council shall have power by ordinance to license and regulate baggage wagons, draymen, taxicabs, and automobile rental agencies and liveries. *In the metropolitan area defined in section 473.121, ordinances governing the licensing and regulating of taxicabs must be in conformance with the requirements of section 2."*

Page 6, line 9, delete "8" and insert "12"

Renumber the sections in order

Delete the title and insert:

"A bill for an act relating to metropolitan government; regulating taxicabs and taxicab drivers; changing the treatment of current value credits and modifying the cost allocation system of the metropolitan waste control commission; providing for a reserve fund for the commission; authorizing appointment of advisory committees by the commission; authorizing an implementation period for transition to a new cost allocation system; amending Minnesota Statutes 1984, sections 368.01, subdivision 12; 412.221, subdivision 20; 473.511, subdivision 4; and 473.517, subdivisions 1, 2, 3, and 9; proposing coding for new law in Minnesota Statutes, chapters 171; and 174; repealing Minnesota Statutes 1984, section 473.517, subdivisions 4, 5, and 7."

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. 2160, A bill for an act relating to environment; providing for rewards for information leading to recovery of civil penalties and criminal fines for hazardous waste violations; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 115.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

**“Section 1. [115.074] [REWARDS; HAZARDOUS WASTE CONVICTIONS.]**

*Subdivision 1. [PAYMENT.] The director of the agency may pay a reward to an individual, other than a peace officer or employee of the agency or county engaged in enforcement of hazardous waste regulations, for information leading to the arrest and conviction of any person for a criminal offense arising out of the management of hazardous waste, including hazardous waste transportation, storage, and disposal. A reward must not exceed \$1,000. The director shall pay the rewards out of money appropriated under subdivision 2 or from other funds donated to the agency for that purpose.*

*Subd. 2. [PERCENTAGE OF FINES REMITTED TO SUPERFUND; APPROPRIATION.] An amount equal to ten percent of each fine imposed upon any person convicted of a criminal offense arising out of the management of hazardous waste shall be forwarded by the court to the state treasurer for deposit in the environmental response, compensation and compliance fund created under section 115B.20. The amounts necessary to pay rewards under subdivision 1 are appropriated from the environmental response, compensation and compliance fund to the agency for payment by the director.”*

Amend the title as follows:

Page 1, line 3, delete “recovery of civil penalties and”

Page 1, line 4, delete “criminal fines for” and insert “arrest and conviction of”

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. 2182, A bill for an act relating to human services; excluding certain programs from licensing requirements; amending Minnesota Statutes 1984, section 245.791.

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. 2200, A bill for an act relating to state lands; authorizing sale of Pearl Lake lakeshore parcel in Stearns county.

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. 2236, A bill for an act relating to the city of Grand Rapids; permitting the creation of the Central School commission.

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. 2255, 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 to travel on certain interstate highways; prescribing fees; 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:

Delete everything after the enacting clause and insert:

“Section 1. 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 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 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 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, *except as provided in section 3*, 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. The annual fee for a permit issued under this paragraph is \$36.

Sec. 2. Minnesota Statutes 1984, section 169.86, subdivision 5, is amended to read:

Subd. 5. [FEES.] The commissioner, with respect to highways under his jurisdiction, may charge a fee for each permit issued. All such fees for permits issued by the commissioner of transportation shall be deposited in the state treasury and credited to the trunk highway fund, *except as provided in section 4*.

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

(a) \$15 for each single trip permit.

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

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

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

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

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

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

(1) truck cranes;

(2) construction equipment, machinery, and supplies;

(3) manufactured homes;

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

(5) double-deck buses;

(6) commercial boat hauling.

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

## Overweight Axle Group Cost Factors

Weight (pounds) exceeding weight limitations on axles	Cost Per Mile For Each Group Of:		
	Two consec- utive axles spaced within 8 feet or less	Three con- secutive axles spaced within 9 feet or less	Four con- secutive axles spaced within 14 feet or less
0- 2,000	.100	.040	.036
2,001- 4,000	.124	.050	.044
4,001- 6,000	.150	.062	.050
6,001- 8,000	Not permitted	.078	.056
8,001-10,000	Not permitted	.094	.070
10,001-12,000	Not permitted	.116	.078
12,001-14,000	Not permitted	.140	.094
14,001-16,000	Not permitted	.168	.106
16,001-18,000	Not permitted	.200	.128
18,001-20,000	Not permitted	Not permitted	.140
20,001-22,000	Not permitted	Not permitted	.168

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

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

Gross Weight (pounds) of vehicle	Annual Permit Fee
90,000 or less	\$200.00
90,001-100,000	\$300.00
100,001-110,000	\$400.00
110,001-120,000	\$500.00
120,001-130,000	\$600.00
130,001-140,000	\$700.00

If the gross weight of the vehicle is more than 140,000 pounds the permit fee is determined under paragraph (e).

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

(h) for vehicles granted a special permit under section 3, \$1,400.

*The proceeds from this fee must be deposited in the state treasury and credited to the highway user tax distribution fund.*

*In addition to this fee the commissioner shall charge for each permit an access fee of \$600, subject to the provisions of section 4, subdivision 4. The proceeds from this fee must be deposited as provided in section 4, subdivision 2. This fee may not be collected after June 30, 1991.*

Sec. 3. Minnesota Statutes 1984, section 169.86, is amended by adding a subdivision to read:

*Subd. 7. [THREE-VEHICLE COMBINATION PERMIT.]*  
(a) *The commissioner may issue a special permit for a three-vehicle combination consisting of a truck-tractor and two semitrailers to travel on interstate highways and other highways as provided in clause (d), except that such a permitted combination may not travel within that portion of the seven-county metropolitan area which is bounded by the connecting rights-of-way of marked interstate highways 494 and 694 and that portion of marked interstate highway 94 which connects interstate highways 494 and 694 in Hennepin county.*

*The permit is valid for a period of one year.*

(b) *The three-vehicle combination may not exceed an overall length, unladen or with load, of 110 feet; a maximum total gross weight of 105,500 pounds; or maximum axle weight restrictions under this chapter.*

(c) *Before granting a special permit under this subdivision, the commissioner shall consider the motor carrier's record of safety including its: (1) safety program, (2) maintenance program, (3) safety history, with emphasis on experience with and safe operation of three-vehicle combinations, and (4) record of satisfactory compliance with other traffic and operational laws and rules, such as driver qualification requirements.*

(d) *A combination operating under a permit under this subdivision may enter onto and exit from an interstate highway only at an interchange which has been designated by the commissioner under this clause. Such a combination may travel*



*only on interstate highways, and for a distance of up to one mile on other streets and highways which have an interstate highway interchange designated under this subdivision.*

*A permittee under this subdivision may request the commissioner to designate an interstate highway interchange for use by permitted vehicles under this subdivision. On receiving the request the commissioner shall determine the total expenditures required to provide for the safe use by such combinations of the interchange, the intersecting street or highway and the entry point onto the intersecting highway used by such combinations. The commissioner shall not designate the interchange until all necessary modifications to accommodate such combinations safely have been made to the interchange, the intersecting street or highway and the entry point for combinations onto the intersecting street or highway.*

*If the intersecting highway is under the jurisdiction of a local authority the designation of the interchange must be approved by a resolution of the governing body of the local authority before becoming effective. In such an instance the local authority must, along with the resolution of approval, provide the commissioner with the cost of modifications to the intersecting highway and entry points to allow their safe use by permitted combinations. The local authority may, as a condition of approval, require that the commissioner pay the costs of the modifications as provided in section 4.*

*The commissioner may not designate more than four intersections under this subdivision before July 1, 1987.*

*(e) The commissioner shall monitor the use of three-vehicle combinations authorized by this subdivision to evaluate the safety and operational performance of the vehicles and the adequacy of the funding provisions.*

*(f) The commissioner shall take no action under this subdivision which would result in a loss of federal highway funds to the state.*

*(g) No combination of vehicles operating under a permit under this subdivision may transport:*

*(1) class A and B explosives as defined in the Code of Federal Regulations, title 49, sections 173.53 and 173.88;*

*(2) radioactive materials as defined in the Code of Federal Regulations, title 49, section 173.403; or*

*(3) bulk quantities of hazardous materials as defined in the Code of Federal Regulations, title 49, section 171.8, including but not limited to gasoline, special fuel, fuel oil, or heating oil.*

(h) *In addition to conditions authorized under subdivision 3, the commissioner may impose restrictions or prohibitions on the operation of such combinations during times the commissioner determines their operation is unsafe because of weather or road conditions.*

(i) *For purposes of this subdivision and section 4 an "entry point" includes only that part of an entry point which is under the jurisdiction of a road authority.*

**Sec. 4. [169.863] [MODIFICATION OF INTERCHANGES.]**

*Subdivision 1. [ACCOUNT CREATED.] There is created in the state treasury an account to be known as the highway access modification account. All money in the account is automatically appropriated to the commissioner of transportation for expenditure only as authorized by this section.*

*Subd. 2. [DEPOSIT OF FUNDS.] All money collected by the commissioner from the access fee must be paid to the state treasurer for deposit in the highway access modification account. The state treasurer may also accept gifts for deposit in the account.*

*Subd. 3. [USE OF FUNDS.] The commissioner of transportation may expend money from the highway access modification account only to:*

(1) *pay the cost of modifications to interstate highway interchanges and to intersecting trunk highways and entry points thereon, to allow their use by combinations with permits issued under section 3;*

(2) *make grants to local authorities to pay the cost of modifying streets and highways under their jurisdiction which intersect interstate highways, and entry points thereon, to allow their use by such combinations; and*

(c) *make payments to the trunk highway fund as provided in subdivision 4.*

*The commissioner may not expend any funds to accomplish the modifications described in clause (1) except funds from the highway access modification account, except as provided in subdivision 4.*

*Subd. 4. [USE OF TRUNK HIGHWAY AND LOCAL FUNDS.] (a) The commissioner may expend money from the trunk highway fund to modify interstate highway interchanges and intersecting trunk highways and entry points thereon to allow their use by combinations with permits issued under section 3, if the commissioner determines there are insufficient*

*funds in the highway access modification fund to pay for modifications requested under section 3. The commissioner may not make expenditures from the trunk highway fund for these purposes after June 30, 1987.*

*(b) A road authority, other than the commissioner, may expend any funds under its control to modify roads and streets under its jurisdiction, and entry points thereon, to allow their use by combinations with permits issued under section 3. The commissioner may make a grant to such a road authority under subdivision 3 to reimburse it for the cost of the modification.*

*(c) After June 30, 1987, the commissioner may not expend any funds from the highway access modification account for modifications to interstate highway interchanges and intersecting trunk highways and entry points thereon until the commissioner has first paid to the trunk highway fund an amount equal to the total amount expended from the trunk highway fund for such modifications between the effective date of this act and June 30, 1987.*

#### Sec. 5. [STUDY.]

*The commissioner of transportation shall prepare and furnish to the house and senate transportation committees, by January 1, 1987, a study to establish a road use tax for trucks based on registered weight and distance traveled. The study shall be developed by the commissioner of transportation in cooperation with the department of revenue, the department of public safety, and the department of finance.*

*The proposal shall be revenue neutral to the extent that total road use taxes collected from trucks under the weight distance proposal shall be comparable to total road use taxes collected from trucks under the current system of registration fees and motor fuel taxes.*

#### 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 transportation; authorizing special permits for 110-foot vehicle combinations and prescribing restrictions thereon; setting fees for such permits and providing for their disposition; providing for the modification of certain interchanges, streets, and highways; making a standing appropriation; providing for a study and report; amending Minnesota Statutes 1984, sections 169.81, subdivision 2; 169.86, subdivision*

5, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 169.”

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. 2297, A bill for an act relating to health; requiring transportation services involving the use of a stretcher to meet life support transportation licensing standards; amending Minnesota Statutes 1984, sections 144.801, subdivision 4; and 174.29, subdivision 1.

Reported the same back with the following amendments:

Page 1, lines 15 and 16, delete the new language and insert “*The term includes all transportation involving the use of a stretcher, unless the person to be transported is not likely to require life support transportation service and medical treatment during the course of transport*”

Page 1, line 25, delete “or” and insert “*service, as defined in section 144.801, subdivision 4*”

Page 1, line 26, delete the new language

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. 2311, A bill for an act relating to state departments and agencies; providing for inspections of certain facilities and imposition of fines; amending Minnesota Statutes 1984, sections 144.55, subdivision 4; and 245.805.

Reported the same back with the following amendments:

Page 2, lines 1 to 4, reinstate the stricken language

Pages 2 to 4, delete section 2 and insert:

“Sec. 2. Minnesota Statutes 1984, section 245.805, is amended to read:

## 245.805 [FINES; ENFORCEMENT.]

*Subdivision 1. [CORRECTION ORDER.] All facilities licensed under sections 245.781 to 245.812 and 252.28, subdivision 2, shall be periodically inspected by the commissioner as necessary to produce the greatest benefit to the persons who use the facility and to minimize the possibility of abuse or neglect of those persons.*

Whenever the commissioner finds, upon inspection of a facility, that the operator is not in compliance with an applicable law or rule or regulation, a correction order shall be issued to the operator. The correction order shall state the deficiency or deficiencies, cite the specific law or regulations violated, and specify the time allowed for correction.

(IF, UPON REINSPECTION, IT IS FOUND THAT THE OPERATOR HAS NOT CORRECTED THE DEFICIENCY OR DEFICIENCIES SPECIFIED IN THE CORRECTION ORDER, THE OPERATOR MAY BE REQUIRED TO FORFEIT TO THE STATE WITHIN 15 DAYS A SUM OF UP TO \$250 FOR EACH DEFICIENCY NOT CORRECTED. A FORFEITURE ORDER MAY BE APPEALED IN ACCORDANCE WITH THE PROCEDURES SET FORTH IN SECTION 245.801. ALL FORFEITURES SHALL BE PAID INTO THE GENERAL FUND. ANY UNPAID FORFEITURES MAY BE RECOVERED BY THE ATTORNEY GENERAL.)

*Subd. 2. [REINSPECTIONS; FINES.] Reinspection shall take place within a reasonable time after the time allowed for correction has expired. If upon reinspection it is found that the operator has not corrected deficiencies specified in the correction order, the commissioner shall notify the operator of the commissioner's proposed fines for failure to comply with the correction order. Unless a hearing is requested under subdivision 4, the operator shall forfeit to the state, within 15 days after receipt of the commissioner's notification of proposed fines, up to \$1,000 for each deficiency not corrected. For each subsequent reinspection, the operator may be fined an additional amount for each deficiency which has not been corrected. The notice of noncompliance shall inform the operator of the amount of the fine, the right to a hearing, and the procedure for requesting a hearing.*

*Subd. 3. [FINES; RECOVERY.] In each rule adopted or amended after the effective date of this section, the commissioner shall adopt a schedule of fines that apply to each uncorrected deficiency. Until the commissioner has adopted a schedule of fines in a rule, the schedule of fines in this subdivision applies.*

*(a) For deficiencies that the commissioner determines are administrative in nature and do not directly have adverse effects*

*on the health, safety, or welfare of individuals, the commissioner shall assess a fine of \$250 for each uncorrected deficiency and may assess the fine for each day the deficiency remains uncorrected.*

*(b) For deficiencies that the commissioner determines have an undesirable effect on the quality or quantity of services provided to individuals but do not adversely affect the health or safety of individuals, the commissioner shall assess a fine of \$500 for each uncorrected deficiency and may assess the fine for each day the deficiency remains uncorrected.*

*(c) For deficiencies that the commissioner determines adversely affect the health or safety of individuals or are violations of section 626.556, subdivisions 9 and 12, or section 626.557, subdivisions 14 and 15, the commissioner shall assess a fine of \$1,000 for each uncorrected deficiency and may assess the fine for each day the deficiency remains uncorrected. All forfeitures shall be paid into the general fund. Any unpaid forfeitures may be recovered by the attorney general.*

*Subd. 4. [HEARINGS.] An operator is entitled to a hearing on any notice of noncompliance with a correction order issued as a result of a reinspection, if the operator makes a written request for a hearing within 15 days of receipt of the notice of noncompliance. Failure to request a hearing shall result in the forfeiture of a penalty as determined by the commissioner in accordance with subdivision 2. A request for a hearing shall operate as a stay, during the hearing process, of any forfeiture provided for in this section. Upon receipt of the request for a hearing, the commissioner shall promptly initiate a contested case proceeding with the office of administrative hearings. The office shall promptly schedule a hearing on the matter before an administrative law judge. The hearing and proceedings shall be in accordance with the contested case proceedings of chapter 14. Notwithstanding the provisions of sections 14.50 and 14.57, the administrative law judge shall make findings of fact and conclusions of law and issue a decision. If the administrative law judge decides that the operator of a facility has not corrected the deficiency specified in the correction order, the administrative law judge shall impose a penalty in accordance with subdivisions 2 and 3 and shall order the operator to pay all costs associated with the contested case proceeding, including reasonable attorney's fees.*

*Subd. 5. [NONLIMITING.] This section does not limit the powers granted to the commissioner in sections 245.781 to 245.812 and 252.28, subdivision 2."*

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. 2328, A bill for an act relating to the city of Cologne; exempting certain general obligation bonds and tax levies from debt and levy limitations.

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. 2350, A bill for an act relating to health; providing exemptions for certain air ambulance services; allowing certified first responders to drive certain basic life support transportation service vehicles; amending Minnesota Statutes 1984, sections 144.802, subdivision 5, and by adding a subdivision; and 144.804, 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 144.802, subdivision 5, is amended to read:

Subd. 5. The commissioner's decision made under *section 2* or subdivision 4 shall be the final administrative decision. Any person aggrieved by the commissioner's decision shall be entitled to judicial review in the manner provided in sections 14.63 to 14.70.

Sec. 2. Minnesota Statutes 1984, section 144.802, is amended by adding a subdivision to read:

*Subd. 3a. [LICENSURE OF SCHEDULED FIXED-WING AIR AMBULANCE.] Except for submission of a written application to the commissioner on a form provided by the commissioner, an application to provide scheduled air ambulance service by fixed-wing aircraft only, shall be exempt from the provisions of subdivisions 3 and 4.*

*A license issued pursuant to this subdivision need not designate a primary service area.*

*No license shall be issued under this subdivision unless the commissioner of health determines that the applicant*

*complies with the requirements of section 144.804, and the rules promulgated under that section.*

Sec. 3. Minnesota Statutes 1984, section 144.804, subdivision 3, is amended to read:

Subd. 3. (BEFORE APRIL 1, 1980,) The commissioner, in consultation with the appropriate standing committees of the legislature, shall promulgate as rules standards for the operation of the following types of life support transportation service:

(a) basic life support service, which shall have appropriate personnel, vehicles and equipment, and be maintained in a sanitary condition so as to ensure that life-threatening situations and potentially serious injuries can be recognized, patients will be protected from additional hazards, basic treatment to reduce the seriousness of emergency situations will be administered and patients will be transported to an appropriate medical facility for treatment;

(b) advanced life support service which shall have appropriate personnel, vehicles and equipment, and be maintained in a sanitary condition so as to provide medical care beyond the basic life support level, including, but not limited to, intubation, defibrillation and administration of intravenous fluids and certain pharmaceuticals;

(c) scheduled life support transportation service;

(d) life support transportation service provided by an employer for the benefit of its employees;

(e) life support transportation service operated by a nonprofit entity and limited exclusively to providing service by contract for specific events and meetings;

(f) *air ambulance scheduled—fixed-wing;*

(g) *air ambulance scheduled—helicopter.*

An advanced life support ambulance may be used as a basic life support ambulance provided that its operation fulfills the standards promulgated pursuant to clause (a).

(THE STANDARDS PROMULGATED UNDER THIS SUBDIVISION SHALL TAKE EFFECT ON JUNE 1, 1980) *Until standards have been developed under clauses (f) and (g), the current provisions of Minnesota Rules shall govern these services.*



Sec. 4. Minnesota Statutes 1984, section 144.804, is amended by adding a subdivision to read:

*Subd. 7. [DRIVERS OF LIFE SUPPORT TRANSPORTATION SERVICE VEHICLES.] A life support transportation service vehicle may be staffed by a driver possessing a current first responder certificate issued under United States department of transportation standards if the life support transportation service vehicle is also staffed by two or more attendants meeting the following qualifications: (1) attendants staffing a basic life support transportation service vehicle shall meet the qualifications contained in subdivision 1; and (2) attendants staffing an advanced life support transportation service vehicle shall possess a current certification as an emergency medical technician or an emergency medical technician-paramedic, provided that at least one attendant is an emergency medical technician-paramedic."*

Delete the title and insert:

"A bill for an act relating to health; providing exemptions for certain air ambulance services; allowing first responders to drive life support transportation service vehicles under certain conditions; amending Minnesota Statutes 1984, sections 144.802, subdivision 5, and by adding a subdivision; and 144.804, subdivision 3, and by adding a subdivision."

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. 2393, A bill for an act relating to motor vehicles; designating category of collector military vehicle for registration purposes; exempting certain collector military vehicles and trailers from requirement to display license plates under certain conditions; amending Minnesota Statutes 1984, sections 168.10, subdivisions 1, 1e, 1f, and by adding a subdivision; and 169.73, subdivision 1.

Reported the same back with the following amendments:

Pages 3 to 5, delete section 4 and insert:

"Sec. 4. Minnesota Statutes 1984, section 168.10, is amended by adding a subdivision to read:

*Subd. 1h. [COLLECTOR MILITARY VEHICLES.] (a) A motor vehicle, including a truck, shall be listed and registered under this section if it meets the following conditions:*

(1) *it is at least 20 years old;*

(2) *its first owner following its manufacture was a branch of the armed forces of the United States and it presently conforms to the vehicle specifications required during the time of military ownership, or it has been restored and presently conforms to the specifications required by a branch of the armed forces for the model year that the restored vehicle could have been owned by that branch of the armed forces; and*

(3) *it is owned by a nonprofit organization and operated solely as a collector's vehicle. For purposes of this subdivision, "nonprofit organization" means a corporation, society, association, foundation, or institution organized and operated exclusively for historical or educational purposes, no part of the net earnings of which inures to the benefit of a private individual.*

(b) *The owner of the vehicle shall execute an affidavit stating the name and address of the person from whom purchased and of the new owner; the make, year, and model number of the motor vehicle; the manufacturer's identification number; and the collector military vehicle identification number, if any, located on the exterior of the vehicle. The affidavit must affirm that the vehicle is owned by a nonprofit organization and is operated solely as a collector's item and not for general transportation purposes. If the registrar is satisfied that the affidavit is true and correct and the owner pays a \$25 tax, the registrar shall list the vehicle for taxation and registration and shall issue number plates. The number plates shall bear the inscriptions "Collector," "Minnesota" and the registration number, but no date. The number plates are valid without renewal as long as the vehicle is in existence and may not be transferred to another vehicle. The registrar may revoke the plates for failure to comply with this subdivision.*

(c) *Notwithstanding section 168.09, 168.12, or other law to the contrary, the owner of a registered collector military vehicle is not required to display registration plates on the exterior of the vehicle if the vehicle has an exterior number identification that conforms to the identifying system for military vehicles in effect when the vehicle was last owned by the branch of the armed forces of the United States or in effect in the year to which the collector military vehicle has been restored. However, the state registration plates must be carried in or on the collector military vehicle at all times.*

(d) *The owner of a registered collector military vehicle that is not required to display registration plates under paragraph (c), may tow a registered trailer behind it. The trailer is not required to display registration plates if the trailer:*

(1) *does not exceed a gross weight of 15,000 pounds;*

(2) *otherwise conforms to registration, licensing, and safety laws and specifications;*

(3) *conforms to military specifications for appearance and identification;*

(4) *is intended to represent and does represent a military trailer; and*

(5) *carries registration plates on or in the trailer or the collector military vehicle towing the trailer."*

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. 2396, A bill for an act relating to the city of Sartell; authorizing the establishment of a redevelopment district.

Reported the same back with the recommendation that 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. 2405, A bill for an act relating to the city of Minneapolis; establishing an election day for the park and recreation board.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [EFFECT ON CHARTER, OTHER LAW.]

*Sections 2, 3, and 4 supersede conflicting provisions of the charter of the city of Minneapolis and other law.*

Sec. 2. [BOARD OF ESTIMATE AND TAXATION.]

*The term of the elected member of the board of estimate and taxation of the city of Minneapolis whose term would have been filled at a 1987 municipal election is extended to the first busi-*

*ness day in January 1990. At the general municipal election in 1989, and every four years thereafter, the voters of the city of Minneapolis shall elect two members of the board, each for a term of four years.*

**Sec. 3. [PARK AND RECREATION BOARD.]**

*The terms of the commissioners of the park and recreation board of the city of Minneapolis, whose terms would have been filled at a 1987 municipal election are extended to the first business day in January 1990. At the general municipal election in 1989, and every four years thereafter the voters of the city shall elect nine commissioners, three at large and six from the park and recreation districts as provided for in the Minneapolis city charter.*

**Sec. 4. [LIBRARY BOARD.]**

*The terms of the elected members of the library board of the city of Minneapolis whose terms would have been filled at a 1987 municipal election are extended to the first business day in January 1990. Those whose terms were filled during the 1985 municipal election are extended to the first business day in 1994. At the general municipal election in 1993 and every four years thereafter, the electors of the city of Minneapolis shall elect six members of the board, each for a term of four years.*

**Sec. 5. [EFFECTIVE DATE.]**

*This act is effective after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the board of estimate and taxation of the city of Minneapolis, the park and recreation board of the city of Minneapolis, and the library board of the city of Minneapolis."*

Delete the title and insert:

"A bill for an act relating to elections in the city of Minneapolis; changing the time of election of certain board members; extending certain terms."

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. 2406, A bill for an act relating to unclaimed property; requiring that the sum payable on an abandoned warrant

issued by a county be conveyed to the issuing county for deposit in the county treasury; amending Minnesota Statutes 1984, section 345.48, subdivision 1.

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. 2411, A bill for an act relating to commerce; consumer protection; requiring the repair, refund, or replacement of new motor vehicles under certain circumstances; prescribing certain settlement procedures; amending Minnesota Statutes 1984, section 325F.665, as amended.

Reported the same back with the following amendments:

Page 1, after line 8, insert:

“Article 1”

Page 2, line 9, delete “*primarily*” and insert “*used*”

Page 2, line 10, after “*purposes*” insert “*at least 40 percent of the time*”

Page 2, line 20, delete the first “*a*” and insert “*an arbitration*”

Page 2, lines 20 and 21, delete “*incorporated into the terms of a manufacturer’s written warranty*”

Page 2, after line 24, insert:

“(g) “*motor vehicle lessor*” means a person who holds title to a motor vehicle leased to a lessee under a written lease agreement or who holds the lessor’s rights under such agreement.

(h) “*early termination costs*” means expenses and obligations incurred by a motor vehicle lessor as a result of an early termination of a written lease agreement and surrender of a motor vehicle to a manufacturer under subdivision 4, including penalties for prepayment of finance arrangements and investment tax credits not allowed for the year in which such termination occurs and for prior years.

(i) “*early termination savings*” means expenses and obligations avoided by a motor vehicle lessor as a result of an early

*termination of a written lease agreement and surrender of a motor vehicle to a manufacturer under subdivision 4, including the interest charges the motor vehicle lessor would have otherwise paid to finance the motor vehicle."*

Page 5, line 32, after the period insert:

*"Nothing contained in this section shall prohibit a motor vehicle lessor from recovering early termination costs incurred or early termination savings received pursuant to this section."*

Page 6, line 26, strike "substantially"

Page 7, line 34, delete everything after "section"

Page 7, delete lines 35 and 36

Page 8, line 1, delete everything before the period

Page 8, line 3, delete everything after "consider"

Page 8, delete lines 4 and 5

Page 8, line 6, delete everything before "any"

Page 8, after line 31, insert:

## "Article 2

### FARM EQUIPMENT WARRANTY COMPLIANCE

#### Section 1. [325F.6651] [DEFINITIONS.]

*Subdivision 1. [APPLICATION.] For the purpose of sections 1 to 8, the following terms have the meanings given them.*

*Subd. 2. [FARM TRACTOR.] "Farm tractor" means any self-propelled vehicle which is designed primarily for pulling or propelling agricultural machinery and implements and is used principally in the occupation or business of farming, including an implement of husbandry, as defined in section 169.01, subdivision 55, that is self-propelled.*

*Subd. 3. [CONSUMER.] "Consumer" means a purchaser, other than for purposes of resale, of a new farm tractor, a person to whom the new farm tractor is transferred for the same purposes during the duration of an express warranty applicable to the farm tractor and any other person entitled by the terms of the warranty to enforce the terms of the warranty.*

*In the case of an agricultural vehicle within the warranty period, the sale must be made through an authorized farm equipment dealer.*

*Subd. 4. [MANUFACTURER.] "Manufacturer" means a person engaged in the business of manufacturing, assembling, or distributing farm tractors, who under normal business conditions during the year, manufactures, assembles, or distributes to dealers at least ten new farm tractors.*

*Subd. 5. [MANUFACTURER'S EXPRESS WARRANTY; WARRANTY.] "Manufacturer's express warranty" and "warranty" mean the written warranty of the manufacturer of a new farm tractor of its condition and fitness for use, including any terms or conditions precedent to the enforcement of obligations under that warranty.*

*Subd. 6. [FAIR RENTAL VALUE.] "Fair rental value" means the rental value calculated in accordance with the "Tractor and Farm Equipment Trade-In Guide" published by the national farm and power equipment dealers association.*

*Subd. 7. [NONCONFORMITY.] "Nonconformity" means any condition of the farm tractor that makes it impossible to use for the purpose for which it was intended.*

*Subd. 8. [REASONABLE ALLOWANCE FOR PRIOR USE.] "Reasonable allowance for prior use" shall mean no less than the fair rental value of the farm tractor and shall be the sum of:*

*(1) that amount attributable to use by the consumer prior to the consumer's first report of the nonconformity to the manufacturer or its authorized dealers;*

*(2) that amount attributable to use by the consumer during any period subsequent to such report of the reported nonconformity; and*

*(3) that amount attributable to use by the consumer of the farm tractor provided by the manufacturer or its authorized dealers while the farm tractor is out of service by reason of repair of the reported nonconformity.*

**Sec. 2. [325F.6652] [NOTICE TO CONSUMER.]**

*At the time of purchase the manufacturer must provide directly to the consumer a written statement on a separate piece of paper, in 10-point all capital type, in substantially the following form: "IMPORTANT: IF THIS VEHICLE IS DEFECTIVE, YOU MAY BE ENTITLED UNDER STATE LAW TO REPLACEMENT OF IT OR A REFUND OF ITS PURCHASE PRICE. HOWEVER, TO BE ENTITLED TO REFUND OR REPLACE-*

**MENT, YOU MUST FIRST NOTIFY THE MANUFACTURER, ITS AGENT, OR ITS AUTHORIZED DEALER OF THE PROBLEM IN WRITING AND GIVE THEM AN OPPORTUNITY TO REPAIR THE VEHICLE."**

**Sec. 3. [325F.6653] [MANUFACTURER'S DUTY TO REPAIR.]**

*If a farm tractor does not conform to applicable express written warranties and the consumer reports the nonconformity to the manufacturer and its authorized dealer during the term of the express written warranties or during the period of one year following the date of the original delivery of the farm tractor to the consumer, whichever is earlier, the manufacturer or its authorized dealers shall make the repairs necessary to make the farm tractor conform to the express written warranties, notwithstanding that the repairs are made after the expiration of the warranty term or the one-year period. For a self-propelled vehicle this section is limited to warranties on the engine and power train.*

**Sec. 4. [325F.6654] [MANUFACTURER'S DUTY TO REFUND OR REPLACE.]**

*Subdivision 1. [DUTY.] (a) If the manufacturer or its authorized dealers are unable to make the farm tractor conform to any applicable express written warranty by repairing or correcting any condition which substantially impairs the use or market value of the farm tractor to the consumer within the time periods and after the number of attempts specified in subdivision 2, the manufacturer, through its authorized dealer who sold the farm tractor, shall, at the option of the consumer, replace the farm tractor with a comparable one, charging the consumer only a reasonable allowance for the consumer's use of the farm tractor, or accept the return of the farm tractor from the consumer and refund to the consumer the cash purchase price, including sales tax, license fees, registration fees, and any similar governmental charges, less a reasonable allowance for prior use. Refunds shall be made to the consumer and lienholder, if any, as their interests may appear in the county recorder's office. If no replacement or refund is made, the consumer may bring a civil action to enforce the obligation. No action may be brought unless the manufacturer has received prior direct written notification from or on behalf of the consumer and has been offered an opportunity to cure the condition alleged within a reasonable time that is not to exceed 60 business days.*

*(b) For a self-propelled vehicle, this section is limited to warranties on the engine and power train.*

*Subd. 2. [WHEN DUTY ARISES.] The replacement or refund obligation specified in subdivision 1 shall arise if the manufacturer or its authorized dealers are unable to make the farm*



tractor conform to applicable express written warranties within the express written warranty term or during the period of one year following the date of the original physical delivery of the farm tractor to the consumer, whichever is the earlier date, and (1) the same nonconformity has been subject to repair four or more times by the manufacturer or its authorized dealers, but such nonconformity continues to exist; or (2) the farm tractor is out of service by reason of repair of the same nonconformity for a cumulative total of 60 or more business days when the service department of the authorized dealer in possession of the farm tractor is open for purposes of repair, provided that days when the consumer has been provided by the manufacturer or its authorized dealers with the use of another farm tractor which performs the same function shall not be counted.

**Sec. 5. [325F.6655] [EXTENSION OF WARRANTY.]**

*The terms of any express written warranty, the one-year period, and the 60-day repair period shall be extended by any period of time during which repair services or replacement parts are not available to the consumer because of a war, invasion, or strike, or fire, flood, or other natural disaster.*

**Sec. 6. [325F.6656] [ALTERNATIVE DISPUTE SETTLEMENT.]**

*Subdivision 1. [PROCEDURE.] If a manufacturer has established, or participates in, an informal dispute settlement procedure which substantially complies with the provisions of the Code of Federal Regulations, title 16, part 703, as amended, and the requirements of this section, the provisions of section 4 concerning refunds or replacement do not apply to a consumer who has not first used this procedure.*

*Subd. 2. [FINDINGS AS EVIDENCE.] The findings and decisions in an informal dispute settlement procedure shall address and state in writing whether the consumer would be entitled to a refund or replacement under the presumptions and criteria set out in section 4, and are admissible as nonbinding evidence in any legal action and are not subject to further foundation requirements.*

*Subd. 3. [REPLACEMENT OR REFUND.] If, in an informal dispute settlement procedure, it is decided that a consumer is entitled to a replacement vehicle under section 4, then the consumer has the option of selecting and receiving either a replacement vehicle or a full refund as authorized by section 4. Any refund selected by a consumer shall include all amounts authorized by section 4.*

*Subd. 4. [REQUIREMENTS.] (a) In any informal dispute settlement procedure provided for by this section:*

(1) no documents shall be received by any informal dispute settlement mechanism unless those documents have been provided to each of the parties in the dispute prior to the mechanism's meeting, with an opportunity for the parties to comment on the documents in writing, or with oral presentation at the request of the mechanism;

(2) "nonvoting" manufacturer or dealer representatives shall not attend or participate in the internal dispute settlement procedures unless the consumer is also present and given a chance to be heard, or unless the consumer previously consents to the manufacturer or dealer participation without the consumer's presence and participation;

(3) consumers shall be given an adequate opportunity to contest a manufacturer's assertion that a nonconformity falls within intended specifications for the vehicle by having the basis of the manufacturer's claim appraised by a technical expert selected and paid for by the consumer prior to the informal dispute settlement hearing;

(4) no disputes shall be heard where there has been a recent attempt by the manufacturer to repair a consumer's vehicle, but no response has yet been received by the informal dispute mechanism from the consumer as to whether the repairs were successfully completed. This provision shall not prejudice a consumer's rights under this section nor shall it extend the informal dispute mechanism's 40-day time limit for deciding disputes, as established by the Code of Federal Regulations, title 16, part 703; and

(5) the manufacturer shall provide and the informal dispute settlement mechanism shall consider all information relevant to resolving the dispute, such as the prior dispute records and information required by the Code of Federal Regulations, title 16, part 703.6, and any relevant technical service bulletins which may have been issued by the manufacturer or lessor regarding the motor vehicle being disputed.

(b) A settlement reached under this section is binding on all participating parties.

**Subd. 5. [EXHAUSTION OF SETTLEMENT REMEDY.]** No consumer shall be required to first participate in an informal dispute settlement procedure before filing an action in district court if the informal dispute settlement procedure does not comply with the requirements of this section, notwithstanding the procedure's compliance with the Code of Federal Regulations, title 16, part 703.

**Subd. 6. [CIVIL REMEDY.]** Any consumer injured by a violation of this section may bring a civil action to enforce this section and recover costs and disbursements, including reasonable attorney's fees.

Sec. 7. [325F.6657] [AFFIRMATIVE DEFENSES.]

*It shall be an affirmative defense to claim under sections 1 to 8 that (1) an alleged nonconformity does not substantially impair such use and market value, or (2) a nonconformity is the result of abuse or neglect, or of modifications or alterations of the farm tractor not authorized by the manufacturer.*

Sec. 8. [325F.6658] [LIMITATION ON ACTIONS.]

*Any action brought under sections 1 to 8 shall be commenced within six months following (1) expiration of the express written warranty term, or (2) one year following the date of the original delivery of the farm tractor to the customer, whichever is later.*

Sec. 9. [325F.6659] [REMEDY NONEXCLUSIVE.]

*Nothing in sections 1 to 8 limits the rights or remedies which are otherwise available to a consumer under any other law.*

Sec. 10. [EFFECTIVE DATE.]

*Sections 1 to 9 apply to farm tractors sold after the first day of January following the effective date of sections 1 to 9."*

Amend the title as follows :

Page 1, line 4, after "vehicles" insert "and new farm tractors"

Page 1, line 6, before the period insert "; proposing coding for new law in Minnesota Statutes, chapter 325F"

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. 2418, A bill for an act relating to Washington county; permitting the county to finance water systems on behalf of cities and towns in the county by the issuance of county general obligation bonds.

Reported the same back with the following amendments :

Page 2, delete lines 21 to 36

Page 3, delete lines 1 to 7

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. 2464, A bill for an act relating to the city of Bowlus; permitting the city to exceed its debt limit for a firehall.

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. 2469, A bill for an act relating to public safety; restricting local requirements for stairways to be enclosed in certain buildings; requiring local governing bodies to consider certain facts before enacting ordinances affecting housing; defining the term "stories"; amending Minnesota Statutes 1984, section 299F.011, subdivision 4, and by adding a subdivision; and Minnesota Statutes 1985 Supplement, section 16B.61, subdivision 3.

Reported the same back with the following amendments:

Page 2, line 19, before "Any" insert "Notwithstanding" and delete "that provides that" and insert a comma

Page 2, line 20, after "may" insert "not"

Page 2, line 21, delete everything after "buildings"

Page 2, line 22, delete everything before "of"

Page 2, line 23, after "less" insert "to be enclosed" and after the period insert "For the purposes of this paragraph"

Page 3, after line 18, insert:

"Sec. 4. Minnesota Statutes 1984, section 299F.011, is amended by adding a subdivision to read:

*Subd. 4c. Notwithstanding any provision of the uniform fire code, a state agency or local unit of government may not require stairways of existing multiple dwelling buildings of two stories*

*or less to be enclosed. For the purposes of this subdivision the term "stories" has the meaning given it in the state building code."*

Renumber the sections in sequence

Page 3, line 20, delete "3" and insert "4"

Amend the title as follows:

Page 1, line 8, delete "a subdivision" and insert "subdivisions"

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. 2470, A bill for an act relating to occupations and professions; barbers; providing for compensation of board members for the performance of their examination duties; amending Minnesota Statutes 1984, section 154.22.

Reported the same back with the following amendments:

Page 2, line 6, after "and" delete "\$50" and insert "\$35"

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. 2490, A bill for an act relating to human services; providing for exhaustion of benefits from other programs before payment of adoption subsidies; amending Minnesota Statutes 1984, section 259.40, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 259.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 259.40, subdivision 1, is amended to read:

Subdivision 1. [SUBSIDY PAYMENTS.] The commissioner of human services may make subsidy payments as he deems nec-

essary to (FAMILIES) *an adoptive parent or parents who adopt a child who is a Minnesota resident and is under (STATE) guardianship of the commissioner or (A MINNESOTA RESIDENT FROM) of a licensed child placing agency after the (ADOPTIVE PLACEMENT OF THE CHILD) final decree of adoption is issued.* The subsidy payments and any subsequent modifications to the subsidy payments shall be based on the needs of the child which the commissioner has determined cannot be met by using other resources including programs available to the child and the child's adoptive parent or parents.

Sec. 2. Minnesota Statutes 1984, section 259.40, subdivision 2, is amended to read:

Subd. 2. [SUBSIDY AGREEMENT.] The placing agency shall certify a child as eligible for a subsidy according to rules promulgated by the commissioner. When a parent or parents are found and approved for adoptive placement of a child certified as eligible for a subsidy, and before the final decree of adoption is issued, (THERE MUST BE) a written agreement (IN ACCORDANCE WITH THE RULES PROMULGATED BY) shall be entered into by the commissioner, (BETWEEN) the adoptive parent or parents (ENTERING INTO THE SUBSIDIZED ADOPTION), and the placing agency (, CLEARLY SETTING). The written agreement shall be in the form prescribed by the commissioner and shall set forth the responsibilities of all parties (AND), the anticipated duration of the subsidy payments, and the payment terms (OF THE SUBSIDY AGREEMENT). The subsidy agreement shall be subject to the commissioner's approval.

The commissioner shall provide adoption subsidies to the adoptive parent or parents according to the terms of the subsidy agreement. The subsidy may include payment for (MEDICAL, DENTAL, AND SURGICAL EXPENSES, PSYCHIATRIC AND PSYCHOLOGICAL EXPENSES, MAINTENANCE COSTS, AND OTHER COSTS NECESSARY FOR THE CHILD'S CARE AND WELL BEING. THE ANTICIPATED DURATION OF THE SUBSIDY SHALL BE SPECIFIED IN THE AGREEMENT) *basic maintenance expenses of food, clothing, and shelter; ongoing supplemental maintenance expenses related to the child's special needs; non-medical expenses periodically necessary for purchase of services, items, or equipment related to the child's special needs; and medical expenses.* The placing agency or the adoptive parent or parents shall provide written documentation to support requests for subsidy payments. The commissioner may require periodic reevaluation or subsidy payments. The amount of the subsidy payment may in no case exceed that which would be allowable for the child under foster family care.

Sec. 3. [259.406] [TRANSFER OF FUNDS.]

*The commissioner of human services may transfer funds into the subsidized adoption account when a deficit in the subsidized adoption program occurs pursuant to section 256F.05, subdivision 7."*

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. 1793, A bill for an act relating to local government; permitting an agreement to finance library construction in McGregor.

Reported the same back with the following amendments:

Page 1, line 20, after "*purpose.*" insert "*Obligations for the purpose may be issued without an election and shall not be subject to the general limit on net debt. In other respects, the debt shall be incurred and discharged in accordance with Minnesota Statutes, chapter 475.*"

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:

S. F. No. 1794, A bill for an act relating to Washington county; permitting the negotiated sale of certain property; repealing a provision relating to county interests in certain hospital property; repealing Laws 1959, chapter 14, section 1, subdivision 5.

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. 1949, A bill for an act relating to natural resources; requiring public access restrictions to be the same as lake use restrictions; amending Minnesota Statutes 1984, sections 378.32, subdivisions 2, 6, and 7; and 459.20; proposing coding for new law in Minnesota Statutes, chapter 378.

Reported the same back with the following amendments:

Page 3, line 2, after "to" insert "*ordinances adopted pursuant to*" and after "*contracts*" delete "*creating*" and insert "*providing for*"

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:

S. F. No. 2018, A bill for an act relating to historical sites; renaming a state historic site and establishing new boundaries; amending Minnesota Statutes 1984, section 138.58, subdivision 34.

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. 582, 1247, 1774, 1953, 1971, 2015, 2160, 2182, 2200, 2236, 2297, 2311, 2328, 2350, 2393, 2405, 2406, 2411, 2418, 2464, 2469, 2470 and 2490 were read for the second time.

## SECOND READING OF SENATE BILLS

S. F. Nos. 1848, 985, 1526, 1793, 1794, 1949 and 2018 were read for the second time.

## INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Solberg, by request, introduced:

H. F. No. 2526, A bill for an act relating to education; requiring certain school districts to divide the district into separate election districts for the purpose of electing school board members; proposing coding for new law in Minnesota Statutes, chapter 123.

The bill was read for the first time and referred to the Committee on Education.



Wenzel, Peterson, Tunheim, McDonald and Lieder introduced :

H. F. No. 2527, A bill for an act relating to the environment; disapproving a nuclear waste repository in Minnesota; proposing coding for new law in Minnesota Statutes, chapter 116C.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Simoneau introduced :

H. F. No. 2528, A bill for an act relating to taxation; requiring withholding from payments to out-of-state contractors; proposing coding for new law in Minnesota Statutes, chapter 270.

The bill was read for the first time and referred to the Committee on Taxes.

Olsen, S., introduced :

H. F. No. 2529, A bill for an act relating to energy; providing for compensation by utilities of solid waste resource recovery facilities in metropolitan counties for electricity generated; setting term; amending Minnesota Statutes 1984, section 216B.164, subdivision 4.

The bill was read for the first time and referred to the Committee on Regulated Industries and Energy.

Pappas, Greenfield and McLaughlin introduced :

H. F. No. 2530, A bill for an act relating to insurance; authorizing the commissioner of commerce to collect specific information from insurers; amending Minnesota Statutes 1984, section 60A.13, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Financial Institutions and Insurance.

Kelly, Marsh, Seaberg, Blatz and Segal introduced:

H. F. 2531, A bill for an act relating to criminal procedure; altering the order of final argument in criminal cases; amending Minnesota Statutes 1985 Supplement, section 631.07.

The bill was read for the first time and referred to the Committee on Crime and Family Law.

### MESSAGES FROM THE SENATE

The following message was received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 1546.

PATRICK E. FLAHAVER, Secretary of the Senate

### FIRST READING OF SENATE BILLS

S. F. No. 1546, A bill for an act relating to transportation; railroads; providing that railroads must first offer property within right-of-way to leaseholders before selling it; proposing coding for new law in Minnesota Statutes, chapter 222.

The bill was read for the first time and referred to the Committee on Appropriations.

### CONSENT CALENDAR

S. F. No. 1880 was reported to the House.

Upon objection of ten members S. F. No. 1880 was stricken from the Consent Calendar and returned to General Orders.

S. F. No. 1851, A bill for an act relating to state government; changing certain procedures related to the state archaeologist and archaeological sites; amending Minnesota Statutes 1984, sections 138.35, subdivision 1; and 138.40, 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 117 yeas and 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

DenOuden

The bill was passed and its title agreed to.

S. F. No. 496, A bill for an act relating to state departments and agencies; requiring the commissioner of administration to make surplus documents available to libraries; proposing coding for new law in Minnesota Statutes, chapter 16B.

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.	Boo	Dyke	Gruenes	Johnson
Backlund	Brandl	Elioff	Gutknecht	Kahn
Battaglia	Brinkman	Ellingson	Hartinger	Kalis
Beard	Brown	Erickson	Hartle	Kelly
Becklin	Burger	Fjoslien	Haukoos	Kiffmeyer
Begich	Carlson, D.	Forsythe	Heap	Knickerbocker
Bennett	Carlson, L.	Frederick	Himle	Knuth
Bishop	Dempsey	Frederickson	Jacobs	Kostohryz
Blatz	DenOuden	Frerichs	Jaros	Krueger
Boerboom	Dimler	Greenfield	Jennings, L.	Levi

Lieder	Olsen, S.	Quist	Segal	Tompkins
Long	Olson, E.	Redalen	Shaver	Tunheim
Marsh	Omann	Rees	Sherman	Uphus
McDonald	Onnen	Rest	Simoneau	Valan
McEachern	Osthoff	Rice	Skoglund	Valento
McLaughlin	Otis	Richter	Solberg	Vanasek
McPherson	Ozment	Riveness	Sparby	Vellenga
Minne	Pauly	Rose	Stanius	Voss
Munger	Peterson	Sarna	Staten	Waltman
Murphy	Piepho	Schafer	Sviggum	Welle
Nelson, D.	Piper	Scheid	Thiede	Wenzel
Nelson, K.	Poppenhagen	Schoenfeld	Thorson	Wynia
Neuenschwander	Price	Schreiber	Tjornhom	Zaffke
Norton	Quinn	Seaberg	Tomlinson	Spk. Jennings, D.

The bill was passed and its title agreed to.

H. F. No. 2427, A bill for an act relating to state lands; authorizing exchange of state property with Minnesota transportation museum property.

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 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Rice

The bill was passed and its title agreed to.

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 to be acted upon immediately preceding Special Orders pending for Friday, March 7, 1986:

H. F. Nos. 2267, 2351, 2466, 2080 and 651.

SPECIAL ORDERS

H. F. No. 2267 was reported to the House.

Sviggum and McDonald moved to amend H. F. No. 2267, the first engrossment, as follows:

Page 8, after line 27, insert:

"Sec. 6. [14.386] [EFFECTIVE PERIOD.]

*Notwithstanding any law to the contrary, all rules adopted by agencies are effective only until the end of the first regular annual legislative session following final adoption of the rules, unless a law is enacted extending the effective period of the rules. However, if final adoption of a rule occurs within 30 days of the adjournment of a regular annual legislative session, the rules may remain in effect until the end of the next regular annual legislative session. This section does not extend the effective period of rules that would otherwise expire before the periods specified in this section. This section applies only to rules adopted after the effective date of this section."*

Renumber subsequent sections

Page 11, line 22, after "to" insert "5, and"; after "7" insert "and 8"

Page 11, line 23, after the period insert "Section 6 is effective the day after final enactment, and applies to all rules adopted after that date."

A roll call was requested and properly seconded.

The question was taken on the Sviggum and McDonald amendment and the roll was called. There were 43 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Becklin	Carlson, D.	DenOuden	Gutknecht	Himle
Boo	Carlson, J.	Frederick	Hartinger	Jaros
Burger	Clausnitzer	Frerichs	Haukoos	Kalis

Kiffmeyer	Onnen	Richter	Stanius	Vanasek
Marsh	Ozment	Schafer	Sviggum	Waltman
McDonald	Piepho	Schoenfeld	Thiede	Zaffke
McPherson	Quist	Seaberg	Uphus	Spk. Jennings, D.
Miller	Redalen	Sherman	Valan	
Ogren	Rees	Simoneau	Valento	

Those who voted in the negative were :

Anderson, G.	Elioff	Knuth	Olsen, S.	Shaver
Backlund	Ellingson	Kostohryz	Olson, E.	Skoglund
Battaglia	Erickson	Krueger	Omann	Solberg
Beard	Fjoslien	Levi	Osthoff	Sparby
Begich	Forsythe	Lieder	Otis	Staten
Bennett	Frederickson	Long	Pauly	Thorson
Blatz	Greenfield	McEachern	Peterson	Tjornhom
Boerboom	Gruenes	McLaughlin	Piper	Tomlinson
Brandl	Hartle	Metzen	Price	Tompkins
Brinkman	Heap	Minne	Quinn	Tunheim
Brown	Jacobs	Munger	Rest	Vellenga
Carlson, L.	Jennings, L.	Murphy	Rice	Voss
Clark	Johnson	Nelson, D.	Riveness	Welle
Cohen	Kahn	Nelson, K.	Rose	Wenzel
Dempsey	Kelly	Neuenschwander	Scheid	Wynia
Dimler	Knickerbocker	Norton	Segal	

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

H. F. No. 2267, A bill for an act relating to administrative procedures; providing increased legislative oversight of administrative rulemaking; defining a rule; providing for exceptions to the rulemaking provisions of the administrative procedure act; amending Minnesota Statutes 1984, section 14.39; Minnesota Statutes 1985 Supplement, sections 14.02, subdivision 4; 14.40; proposing coding for new law in Minnesota Statutes, chapter 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 124 yeas and 1 nay as follows:

Those who voted in the affirmative were :

Anderson, G.	Brown	Elioff	Hartle	Knickerbocker
Backlund	Burger	Ellingson	Haukoos	Knuth
Battaglia	Carlson, D.	Erickson	Heap	Kostohryz
Beard	Carlson, J.	Fjoslien	Himle	Krueger
Becklin	Carlson, L.	Forsythe	Jacobs	Kvam
Begich	Clark	Frederick	Jaros	Levi
Bennett	Clausnitzer	Frederickson	Jennings, L.	Lieder
Blatz	Cohen	Frerichs	Johnson	Long
Boerboom	Dempsey	Greenfield	Kahn	Marsh
Boo	DenOuden	Gruenes	Kalis	McDonald
Brandl	Dimler	Gutknecht	Kelly	McEachern
Brinkman	Dyke	Hartinger	Kiffmeyer	McLaughlin

McPherson	Onnen	Rees	Sherman	Tunheim
Metzen	Osthoff	Rest	Simoneau	Uphus
Miller	Otis	Rice	Skoglund	Valan
Minne	Ozment	Richter	Solberg	Valento
Murphy	Pauly	Riveness	Sparby	Vanasek
Nelson, D.	Peterson	Rose	Stanius	Vellenga
Nelson, K.	Piepho	Sarna	Staten	Voss
Neuenschwander	Piper	Schafer	Svigum	Waltman
Norton	Poppenhagen	Scheid	Thiede	Wenzel
Ogren	Price	Schoenfeld	Thorson	Wynia
Olsen, S.	Quinn	Seaberg	Tjornhom	Zaffke
Olson, E.	Quist	Segal	Tomlinson	Spk. Jennings, D.
Omann	Redalen	Shaver	Tompkins	

Those who voted in the negative were:

Welle

The bill was passed and its title agreed to.

Staten was excused for the remainder of today's session.

H. F. No. 2351, A bill for an act relating to state real estate; permitting the sale of the old Shakopee correctional facility to the local government units.

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 115 yeas and 7 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

DenOuden	Kostohryz	Peterson	Rice	Welle
Knuth	Krueger			

The bill was passed and its title agreed to.

H. F. No. 2466 was reported to the House.

Dyke moved to amend H. F. No. 2466, the first engrossment, as follows:

Page 1, after line 6, insert:

"Section 1. [85.50] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The following definitions apply for the purposes of sections 1 to 4.*

*Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of natural resources.*

*Subd. 3. [METAL DETECTOR.] "Metal detector" means an electronic device used to locate buried metal objects.*

*Subd. 4. [PERSON.] "Person" means an individual.*

Sec. 2. [85.51] [PERMIT REQUIRED; PERMIT TERM.]

*Subdivision 1. [PERMIT REQUIRED.] Except as provided in this section, no person may use a metal detector to search for buried metal objects beneath the surface of any state park, recreation area, or wayside unless the person possesses a permit issued by the commissioner and validated by any on-site manager of the park, area, or wayside. The commissioner shall issue a permit to any person completing an application provided by the commissioner and paying a fee of \$15. No permit is required for the use of a metal detector in a state park, recreation area, or wayside at the request of the commissioner. Permit fees collected by the commissioner shall be deposited in the state park maintenance fund.*

*Subd. 2. [PERMIT TERM; CONDITIONS.] A permit issued by the commissioner and validated by any on-site manager authorizes the person to whom it is issued to use a metal detector only in the place and in the manner provided on the permit and in this section, from the day after Labor Day to the Friday before the last Monday in May of the next calendar year. The permit holder may probe for buried objects only with a knife blade or screw driver. The permit may also contain such reasonable limitations or conditions concerning the manner or location of the area to*



*be searched, consistent with this section, as the commissioner or on-site manager of the park, recreation area, or wayside may prescribe.*

Sec. 3. [85.52] [LOCATION AND RETENTION OF ARTICLES.]

*Coins located by the use of a metal detector used pursuant to a permit issued under section 2 may be kept by the permittee. Jewelry and other personal articles located by a permittee shall be displayed to any on-site manager and, if the owner is not identified within a reasonable time, may be kept by the permittee. Artifacts of significant historical value located by a permittee shall be turned over to any on-site manager or to the commissioner if there is no on-site manager.*

Sec. 4. [85.53] [PENALTY.]

*A person who uses a metal detector in violation of section 2 or 3 or in violation of the terms and conditions of a permit issued under section 2 is guilty of a misdemeanor."*

Renumber the sections in order

Page 5, line 13, delete "This act is" and insert "Sections 5 to 7 are"

Amend the title accordingly

A roll call was requested and properly seconded.

DenOuden moved to lay the Dyke amendment to H. F. No. 2466 on the table. The motion did not prevail.

POINT OF ORDER

Skoglund raised a point of order pursuant to rule 3.9 that the amendment was not in order. The Speaker ruled the point of order not well taken and the amendment in order.

Metzen was excused for the remainder of today's session.

Norton moved to amend the Dyke amendment to H. F. No. 2466, the first engrossment, as follows:

In line 21 of the amendment, delete "\$15" and insert "\$35"

The motion did not prevail and the amendment to the amendment was not adopted.

The question recurred on the Dyke amendment and the roll was called. There were 85 yeas and 31 nays as follows:

Those who voted in the affirmative were:

Backlund	Erickson	Knuth	Onnen	Seaberg
Battaglia	Fjoslien	Kvam	Ozment	Segal
Becklin	Forsythe	Levi	Pauly	Shaver
Begich	Frederick	Lieder	Piepho	Stanius
Bennett	Frederickson	Long	Poppenhagen	Sviggum
Bishop	Frerichs	Marsh	Price	Thorson
Blatz	Gruenes	McDonald	Quinn	Tjornhom
Boo	Gutknecht	McEachern	Quist	Tomlinson
Brown	Hartle	McKasy	Redalen	Tompkins
Burger	Haukoos	McPherson	Rees	Uphus
Carlson, J.	Heap	Miller	Rest	Valan
Carlson, L.	Himle	Minne	Richter	Valento
Clausnitzer	Jacobs	Murphy	Riveness	Vanasek
Dempsey	Johnson	Ogren	Rose	Waltman
Dimler	Kelly	Olsen, S.	Sarna	Wenzel
Dyke	Kiffmeyer	Olson, E.	Schafer	Zaffke
Elioff	Knickerbocker	Omann	Scheid	Spk. Jennings, D.

Those who voted in the negative were:

Anderson, G.	Greenfield	Krueger	Peterson	Thiede
Boerboom	Hartinger	McLaughlin	Piper	Tunheim
Brandl	Jennings, L.	Munger	Rice	Vellenga
Brinkman	Kahn	Nelson, K.	Schoenfeld	Voss
Clark	Kalis	Neuenschwander	Skoglund	Welle
Cohen	Kostohryz	Norton	Solberg	Wynia
DenOuden				

The motion prevailed and the amendment was adopted.

Pursuant to rule 2.5, Gruenes requested that he be excused from voting on H. F. No. 2466. The request was granted and the House excused Gruenes from voting.

Norton moved that the House recess. The motion did not prevail.

Norton moved that H. F. No. 2466 be given its third reading. The motion did not prevail.

McPherson offered an amendment to H. F. No. 2466.

#### POINT OF ORDER

Kahn 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.

H. F. No. 2466, A bill for an act relating to natural resources; permitting use of metal detectors on certain state lands under certain conditions; authorizing additions to and deletions from certain state parks and recreation areas; imposing a penalty; proposing coding for new law in Minnesota Statutes, chapter 85.

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 118 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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.

### GENERAL ORDERS

Levi moved that the bills on General Orders for today be continued one day. The motion prevailed.

### MOTIONS AND RESOLUTIONS

Frerichs moved that the names of Waltman and Hartinger be added as authors on H. F. No. 1971. The motion prevailed.

Valan moved that the names of Redalen and Rees be stricken as authors and the names of Anderson, G., and Sparby be added as authors on H. F. No. 2372. The motion prevailed.

Frederick moved that the name of O'Connor be added as an author on H. F. No. 2397. The motion prevailed.

Miller moved that the name of Kalis be stricken as an author on H. F. No. 2415. The motion prevailed.

Brandl moved that the name of Clark be added as an author on H. F. No. 2518. The motion prevailed.

Segal moved that the name of Clark be added as an author on H. F. No. 2521. The motion prevailed.

Bishop moved that H. F. No. 2519 be recalled from the Committee on Health and Human Services and be re-referred to the Committee on Judiciary.

A roll call was requested and properly seconded.

The question was taken on the Bishop motion and the roll was called. There were 68 yeas and 53 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	McLaughlin	Pappas	Skoglund
Backlund	Greenfield	Miller	Pauly	Sparby
Bishop	Hartle	Minne	Peterson	Stanius
Blatz	Haukoos	Munger	Piper	Thorson
Boerboom	Heap	Murphy	Price	Tomlinson
Boo	Himle	Nelson, D.	Redalen	Tunheim
Brandl	Jaros	Nelson, K.	Rest	Valan
Carlson, J.	Jennings, L.	Neuenschwander	Riveness	Vellenga
Carlson, L.	Kahn	Norton	Rose	Voss
Clark	Kelly	Ogren	Scheid	Welle
Ellingson	Knuth	Olsen, S.	Schreiber	Wynia
Forsythe	Kostohryz	Olson, E.	Seaberg	Spk. Jennings, D.
Frederick	Levi	Osthoff	Segal	
Frederickson	Long	Otis	Shaver	

Those who voted in the negative were:

Battaglia	DenOuden	Kalis	Ozment	Thiede
Beard	Dimler	Kiffmeyer	Piepho	Tjornhom
Becklin	Dyke	Krueger	Quist	Tompkins
Begich	Elioff	Lieder	Rees	Uphus
Bennett	Erickson	Marsh	Rice	Valento
Brinkman	Fjoslien	McDonald	Richter	Vanasek
Brown	Gruenes	McEachern	Sarna	Waltman
Burger	Gutknecht	McKasy	Schafer	Wenzel
Carlson, D.	Hartinger	McPherson	Schoenfeld	Zaffke
Clausnitzer	Jacobs	Omann	Sherman	
Dempsey	Johnson	Onnen	Sviggum	

The motion prevailed and H. F. No. 2519 was re-referred to the Committee on Judiciary.

#### ADJOURNMENT

Levi moved that when the House adjourns today it adjourn until 12:00 noon, Monday, March 10, 1986. The motion prevailed.

Levi moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Monday, March 10, 1986.

EDWARD A. BURDICK, Chief Clerk, House of Representatives



## STATE OF MINNESOTA

## SEVENTY-FOURTH SESSION - 1986

## EIGHTY-SECOND DAY

SAINT PAUL, MINNESOTA, MONDAY, MARCH 10, 1986

The House of Representatives convened at 12:00 noon and was called to order by David M. Jennings, Speaker of the House.

Prayer was offered by Father Leonard Leander, St. Paul, Minnesota.

The roll was called and the following members were present:

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

A quorum was present.

Brinkman, Kostohryz and McDonald were excused.

McKasy was excused until 12:25 p.m. Knuth was excused until 12:45 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Osthoff 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. 1971, 2182, 2200, 2236, 2328, 2406, 2464, 1247, 1953, 2160, 2297, 2311, 2411, 2470, 1774, 2015, 2393, 2405, 2418, 582, 2350, 2466, 2469 and 2490 and S. F. Nos. 1546, 1793 and 1949 have been placed in the members' files.

#### PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA  
OFFICE OF THE GOVERNOR  
SAINT PAUL 55155

March 5, 1986

The Honorable David M. Jennings  
Speaker of the House  
463 State Office Building  
St. Paul, Minnesota 55155

Dear Sir:

I have the honor of informing you that I have received, signed and deposited in the Office of the Secretary of State the following House File:

H. F. No. 1794, relating to human services; extending the deadline for permanent rules for nursing home reimbursement under the medical assistance program; amending Minnesota Statutes 1984, sections 144.072, subdivision 2; and 256B.431, subdivision 6.

Sincerely,

RUDY PERPICH  
Governor

STATE OF MINNESOTA  
OFFICE OF THE SECRETARY OF STATE  
ST. PAUL 55155

March 5, 1986

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 1986 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:

<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Date Approved 1986</i>	<i>Date Filed 1986</i>
1574		312	March 3	March 3
1612		313	March 5	March 5
1587		314	March 5	March 5
1575		315	March 5	March 5
	1794	316	March 5	March 5

Sincerely,

JOAN ANDERSON GROWE  
Secretary of State

#### REPORTS OF STANDING COMMITTEES

Forsythe from the Committee on Appropriations to which was referred:

H. F. No. 943, A bill for an act relating to human services; providing state hospital revolving fund for chemical dependency; creating a consolidated fund for payment of chemical dependency treatment; appropriating money to counties for treatment; providing for client eligibility, vendor eligibility, and state collections; providing for American Indian special funding; removing chemical dependency treatment from medical assistance, general assistance medical care, and general assistance funding; amending Minnesota Statutes 1984, sections 246.04; 246.18; 246.51, subdivision 1; 256B.70; and 256E.08, subdivision 7; amending Min-



nesota Statutes 1985 Supplement, sections 246.23; 246.50, by adding a subdivision; 246.54; 256B.02, subdivision 8; and 256D.03, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 246; and proposing coding for new law as Minnesota Statutes, chapter 254B.

Reported the same back with the following amendments:

Page 2, line 25, after "provide" insert "*technical assistance and*"

Page 3, line 30, after "based" insert "*, state administered*"

Page 7, line 2, delete "*health and*"

Page 10, line 33, delete "*care*" and insert "*and appropriate treatment*"

Page 12, line 19, delete "*may*" and insert "*shall*"

Page 12, lines 26 and 27, delete "*this legislation*" and insert "*section 12*"

Page 12, line 32, after the period insert "*The commissioner shall submit a detailed plan of the proposed pilot projects for review to the chair of the health and human services division of the senate finance committee and the chair of the human services division of the house appropriations committee prior to the implementation of the pilot projects.*"

Page 14, line 11, delete "*determined*" and insert "*approved*"

Page 16, line 9, delete "*subdivision 3*" and insert "*subdivisions 3, 4, and 5*"

Page 26, line 27, delete "*in fiscal year 1988*" and insert "*for each biennium*"

Page 27, delete lines 11 and 12 and insert "*funding is made available to meet the cash flow and capital needs of the state hospital chemical dependency units as determined by the commissioner in consultation with the chief executive officers of those units.*"

Page 27, line 15, delete everything after the period and insert "*Sections 1 to 9; 10, subdivisions 1 to 5, 7 and 8; 11 to 14; and 16 to 23 are effective*"

Page 27, delete line 16

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. 948, A bill for an act relating to marriage dissolution; allowing for a presumption of joint custody; requiring mediation services in contested custody matters; establishing a trust account in certain child support matters; amending Minnesota Statutes 1984, sections 518.17, subdivision 2; 518.551, subdivision 5; 518.57; 518.61; and 518.64, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 518; repealing Minnesota Statutes 1984, section 518.641.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 518.17, subdivision 2, is amended to read:

Subd. 2. [FACTORS WHEN JOINT CUSTODY IS SOUGHT.] In addition to the factors listed in subdivision 1, where either joint legal or joint physical custody is contemplated or sought, the court shall consider the following relevant factors:

(a) The ability of parents to cooperate in the rearing of their children;

(b) Methods for resolving disputes regarding any major decision concerning the life of the child, and the parents' willingness to use those methods; and

(c) Whether it would be detrimental to the child if one parent were to have sole authority over the child's upbringing.

*The court shall use a rebuttable presumption that upon request of either or both parties, joint legal custody is in the best interests of the child.*

Sec. 2. Minnesota Statutes 1984, section 518.17, subdivision 5, is amended to read:

Subd. 5. [DEVIATION FROM GUIDELINES.] The court may order the noncustodial parent to pay support in an amount (BELOW) *deviating from* the appropriate amount determined from the guidelines in section 518.551, subdivision 5 (FOR USE IN PUBLIC ASSISTANCE CASES, ONLY) after considering the factors in subdivision 4 of this section and making express findings of fact as to the reason for the (LOWER) order. (AN ORDER FOR SUPPORT IN AN AMOUNT BELOW THE GUIDELINES MUST INCLUDE FINDINGS OF FACT REGARDING THE FINANCIAL RESOURCES AND NEEDS OF THE CHILD.)

Sec. 3. Minnesota Statutes 1984, section 518.17, is amended by adding a subdivision to read:

*Subd. 6. [DEPARTURE FROM GUIDELINES BASED ON JOINT CUSTODY.] An award of joint legal custody is not a reason for departure from the guidelines in section 518.551, subdivision 5.*

Sec. 4. Minnesota Statutes 1984, section 518.175, is amended by adding a subdivision to read:

*Subd. 6. [COMPENSATORY VISITATION.] If the court finds that the noncustodial parent has been wrongfully deprived of the duly established right to visitation, the court shall order the custodial parent to permit additional visits to compensate for the visitation of which the noncustodial parent was deprived. Additional visits must be:*

*(1) of the same type and duration as the wrongfully denied visit;*

*(2) taken within one year after the wrongfully denied visit; and*

*(3) at a time acceptable to the noncustodial parent.*

Sec. 5. Minnesota Statutes 1984, section 518.551, subdivision 5, is amended to read:

*Subd. 5. [NOTICE TO PUBLIC AUTHORITY; GUIDELINES.] (a) 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) as provided in this subdivision. The court shall approve a child support agreement of the parties if each party is represented by independent counsel, unless the agreement is not in the interest of justice. In other cases the court shall order child support in accordance with the guidelines and the other factors set forth in paragraph (b) and section 518.17, subdivision 4, and any departure therefrom.*

*(1) The court shall multiply the (OBLIGOR'S) total net income of the parents by the percentage indicated by the following guidelines:*

Total Net Income Per Month of (OBLIGOR) Parents	Number of Children						
	1	2	3	4	5	6	7 or more
\$400 and Below	Order based on the ability of the (OBLIGOR) parents to provide support at these income levels, or at higher levels, if the (OBLIGOR HAS) parents have 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) 4000	25%	30%	35%	39%	43%	47%	50%

Guidelines for support for (AN OBLIGOR) parents with a monthly income of (\$6001) \$4001 or more shall be the same dollar amounts as provided for in the guidelines for (AN OBLIGOR) parents with a monthly income of (\$6000) \$4000.

Net Income defined as:

Total monthly  
income less

- \*((1)) (i) Federal Income Tax
- \*((2)) (ii) State Income Tax
- ((3)) (iii) Social Security Deductions
- ((4)) (iv) (MANDATORY) Reasonable Pension Deductions

\*Standard  
Deductions apply—  
use of tax tables  
recommended

- ((5)) (v) Union Dues
- ((6)) (vi) Cost of Dependent Insurance Coverage
- ((7)) (vii) Cost of Individual Health/Hospitalization Coverage or an (EQUIVALENT) Amount for Actual Medical Expenses
- (viii) *In the Case of the Custodial Parent, Amount of Aid to Families with Dependent Children Received by the Parent or the Amount that the Parent would be Eligible for if the Parent were not Employed*
- (ix) *A Child Support or Maintenance Order that is Currently Being Paid.*

*“Total net income” includes the net income of both parents. “Total net income” does not include the income of either parent’s spouse. The court may consider a noncustodial parent’s earning capacity in calculating the parent’s net income if the parent’s actual net income does not accurately reflect the parent’s current earning capacity or if the parent has voluntarily reduced income.*

(2) *The court shall add to the amount calculated under clause (1) the reasonable cost of child care incurred by the custodial parent for the generation of income.*

(3) *The court shall set the noncustodial parent’s support obligation by multiplying the amount under clause (2) by an amount equal to the proportion that the noncustodial parent’s net income bears to the total net income of the parents.*

((A)) (b) *In addition to the child support (PAYMENT) guidelines, the court shall take into consideration the following (CRITERIA) factors in setting or modifying child support:*

(1) all earnings, income, and resources of the (OBLIGOR) parents, including real and personal property;

((2)) THE BASIC LIVING NEEDS OF THE OBLIGOR;)

((3)) (2) the financial needs of the child or children to be supported; and

**((4) THE AMOUNT OF THE AID TO FAMILIES WITH DEPENDENT CHILDREN GRANT FOR THE CHILD OR CHILDREN)**

*(3) the parents' debts as provided in paragraph (c).*

**((B)) (c)** In establishing *or modifying* 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 court determines that the debt was reasonably incurred for necessary support of the child or (OBLIGEE) parent 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; and*

(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)) (c)**, 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 *considers the factors in section 518.17, subdivision 4, and makes express findings of fact as to the reason for departure below or above 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. 6. Minnesota Statutes 1984, section 518.57, is amended to read:

518.57 [MINOR CHILDREN, SUPPORT.]

*Subdivision 1. [ORDER.] Upon a decree of dissolution, legal separation or annulment, the court may make a further order which is just and proper concerning the maintenance of the minor children as (IS) provided by section 518.17, and for the maintenance of any child of the parties as defined in section 518.54, as support money, and may make the same a lien or charge upon the property of the parties to the proceeding, or either of them, either at the time of the entry of the judgment or by subsequent order upon proper application (THEREFOR).*

*Subd. 2. [SEASONAL INCOME.] The court shall establish the annual support of an obligor with a seasonal income so that the obligor makes either the same monthly payments throughout the year or monthly payments that reflect variations in income.*

Sec. 7. Minnesota Statutes 1984, section 518.611, is amended by adding a subdivision to read:

*Subd. 10. [ORDER TERMINATING INCOME WITHHOLDING.] Whenever an obligation for support of a child or maintenance of a spouse, or both, terminates under the terms of the order or decree establishing the obligation, and where the obligation is enforced by an order for income withholding from the obligor, the court shall enter an order, directed to the obligor's employer or other payer of funds, which terminates the income withholding. The order terminating income withholding must specify the effective date of the order, referencing the initial order or decree establishing the support obligation.*

Sec. 8. [518.619] [CONTESTED CUSTODY; MEDIATION SERVICES.]

*Subdivision 1. [MEDIATION PROCEEDING.] Except as provided in subdivision 2, if it appears on the face of the petition or other application for an order or modification of an order for the custody of a child that custody is contested, the matter may be set for mediation of the contested issue prior to or concurrent with setting the matter for hearing. The purpose of the mediation proceeding is to reduce acrimony which may exist between the parties and to develop an agreement assuring the child's close and continuing contact with both parents after the marriage is dissolved. The mediator shall use best efforts to effect a settlement of the custody dispute.*

*Subd. 2. [EXCEPTION.] If the court determines that there is probable cause that one of the parties, or a child of a party, has been physically or sexually abused by the other party, the court shall not require mediation.*

*Subd. 3. [MEDIATOR APPOINTMENT.] In order to participate in a custody mediation, a mediator must be appointed by the family court. A mediator must be a member of the professional staff of a family court, probation department, mental health services agency, or a private mediation service. The mediator must be on a list of mediators approved by the court having jurisdiction of the matter, unless the parties stipulate to a mediator not on the list.*

*Subd. 4. [MEDIATOR QUALIFICATIONS.] A mediator who performs mediation in contested child custody matters shall meet the following minimum qualifications:*

*(a) knowledge of the court system and the procedures used in contested child custody matters;*

*(b) knowledge of other resources in the community to which the parties to contested child custody matters can be referred for assistance;*

*(c) knowledge of child development, clinical issues relating to children, the effects of marriage dissolution on children, and child custody research; and*

*(d) a minimum of 40 hours of certified mediation training.*

*Subd. 5. [RECORDS; PRIVATE DATA.] Mediation proceedings shall be conducted in private. All records of a mediation proceeding shall be private, except that they shall be available as evidence in an action for marriage dissolution and related proceedings on any issue in controversy in the dissolution. Oral and written communications from the parties to the mediator made in a mediation proceeding shall be deemed an official record within the meaning of section 600.22.*



*Subd. 6. [MEDIATOR RECOMMENDATIONS.] When the parties have not reached agreement as a result of the mediation proceeding, the mediator may recommend to the court that an investigation be conducted under section 518.167, or that other action be taken to assist the parties to resolve the controversy before hearing on the issues. The mediator shall not conduct the investigation. The mediator may recommend that mutual restraining orders be issued in appropriate cases, pending determination of the controversy, to protect the well-being of the children involved in the controversy.*

*Subd. 7. [MEDIATION AGREEMENT.] An agreement reached by the parties as a result of mediation shall be discussed with the attorneys, if any, for the parties by the parties, and the approved agreement may then be included in the marital dissolution decree or other stipulation submitted to the court.*

*Subd. 8. [RULES.] Each court shall adopt rules to implement this section, and shall compile and maintain a list of mediators.*

Sec. 9. Minnesota Statutes 1985 Supplement, section 518.64, subdivision 2, is amended to read:

**Subd. 2. [MODIFICATION.]** The terms of a decree respecting maintenance or support may be modified upon a showing of one or more of the following: (1) substantially increased or decreased earnings of a party; (2) substantially increased or decreased need of a party; (3) receipt of assistance under sections 256.72 to 256.87; or (4) a change in the cost-of-living for either party as measured by the federal bureau of statistics, any of which makes the terms unreasonable and unfair. On a motion for modification of maintenance, the court shall apply, in addition to all other relevant factors, the factors for an award of maintenance under section 518.552 that exist at the time of the motion. On a motion for modification of support, the court shall take into consideration the needs of the children and *shall not consider* the financial circumstances of each party's spouse, if any. A modification which decreases support or maintenance may be made retroactive only upon a showing that any failure to pay in accord with the terms of the original order was not willful. A modification which increases support or maintenance shall not be made retroactive if the obligor has substantially complied with the previous order. Except for an award of the right of occupancy of the homestead, provided in section 518.63, all divisions of real and personal property provided by section 518.58 shall be final, and may be revoked or modified only where the court finds the existence of conditions that justify reopening a judgment under the laws of this state. The court may impose a lien or charge on the divided property at any time while the property, or subsequently acquired property, is owned by the parties or either of them, for the payment of maintenance or support money, or may sequester the property as is provided by section 518.24.

## Sec. 10. [EFFECTIVE DATE.]

*Section 8 is effective January 1, 1987.*

Delete the title and insert:

“A bill for an act relating to marriage dissolution; providing a presumption for joint legal custody; providing for custody mediation; regulating support determinations; amending Minnesota Statutes 1984, sections 518.17, subdivisions 2 and 5, and by adding a subdivision; 518.175, by adding a subdivision; 518.-551, subdivision 5; 518.57; 518.611, by adding a subdivision; Minnesota Statutes 1985 Supplement, section 518.64, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 518.”

With the recommendation that when so amended the bill pass.

The report was adopted.

McKasy from the Committee on Judiciary to which was referred:

H. F. No. 1796, A bill for an act relating to agriculture; declaring crop ownership; prescribing a procedure for planting crop owners to recover crop values; providing liens on crops and property; prescribing satisfaction and enforcement of liens; proposing coding for new law in Minnesota Statutes, chapter 557; repealing Minnesota Statutes 1984, sections 561.11; 561.12; 561.-13; 561.14; 561.15; and 561.16.

Reported the same back with the following amendments:

Page 1, after line 11, insert:

“Section 1. Minnesota Statutes 1984, section 542.06, is amended to read:

## 542.06 [REPLEVIN.]

Actions to recover the possession of personal property wrongfully taken shall be tried in the county in which the taking occurred (.) or (, AT CLAIMANT'S ELECTION, IN THE COUNTY IN WHICH HE RESIDES; IN OTHER CASES) in the county in which the property is situated.”

Renumber the sections in sequence

Correct internal references

Amend the title as follows :

Page 1, line 6, after the semicolon insert "modifying venue to recover possession of personal property; amending Minnesota Statutes 1984, section 542.06;"

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. 1810, A bill for an act relating to local government; directing the department of energy and economic development to refund certain bond deposits; appropriating money.

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. 1932, A bill for an act relating to human services; modifying the preadmission screening program; establishing requirements for medical assistance rate appeals procedures for intermediate care facilities; amending Minnesota Statutes 1985 Supplement, sections 256B.091, subdivisions 2, 4, 5, and 8; and 256B.501, subdivision 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 144.562, subdivision 3, is amended to read:

Subd. 3. [APPROVAL OF LICENSE CONDITION.] The commissioner 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 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 eligibility, unless the commissioner of health approves a greater length of stay in an emergency situation. To determine whether an emergency situation exists, the commissioner shall require the hospital to provide documentation that continued services in the swing bed are required by the patient; that no skilled nursing facility beds are available within 25 miles from the patient's home, or in some more remote facility of the resident's choice, that 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 commissioner approves a greater length of stay, the hospital shall develop a plan providing for the discharge of the patient upon the availability of a nursing home bed or other services that 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 the end of the maximum length of stay.

(d) The hospital must agree, in writing, to limit admission to a swing bed only to (1) patients who have been hospitalized and not yet discharged from the facility, or (2) patients who are transferred directly from an acute care hospital to a swing bed in any other hospital.

Sec. 2. Minnesota Statutes 1985 Supplement, 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 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;

(d) to license a new nursing home bed in a facility that meets one of the exceptions contained in clauses (a) to (c);

(e) to license nursing home beds in a facility that has submitted either a completed licensure application or a written request for licensure to the commissioner before March 1, 1985, and has either commenced any required construction as defined in clause (b) before May 1, 1985, or has, before May 1, 1985, received from the commissioner approval of plans for phased-in construction and written authorization to begin construction on a phased-in basis. For the purpose of this clause, "construction" means any erection, building, alteration, reconstruction, modernization, or improvement necessary to comply with the nursing home licensure rules; (OR)

(f) to certify or license new beds in a new facility that is to be operated by the commissioner of veterans' affairs or when the costs of constructing and operating the new beds are to be reimbursed by the commissioner of veterans' affairs or the United States Veterans Administration; or

*(g) to accomplish the reconfiguration or replacement of nursing home beds provided that the number of licensed beds does not increase and that the facility's current and subsequent property-related payment rates do not increase as a result of the change.*

Sec. 3. Minnesota Statutes 1985 Supplement, section 256.969, subdivision 2, is amended to read:

Subd. 2. [RATES FOR INPATIENT HOSPITALS.] Rates paid to inpatient hospitals shall be based on a rate per admission until the commissioner can begin to reimburse hospitals for

services under the medical assistance and general assistance medical care programs based upon a diagnostic classification system appropriate to the service populations. On July 1, 1984, the commissioner shall begin to utilize to the extent possible existing classification systems, including medicare. The commissioner may incorporate the grouping of hospitals with similar characteristics for uniform rates upon the development and implementation of the diagnostic classification system. Prior to implementation of the diagnostic classification system, the commissioner shall report the proposed grouping of hospitals to the senate health and human services committee and the house health and welfare committee. *Effective August 1, 1985, the computation of the base year cost per admission and the computation of the relative values of the diagnostic categories must include identified outlier cases and their weighted costs up to the point that they become outlier cases, but must exclude costs and days beyond that point. Claims paid for care provided on or after August 1, 1985, shall be adjusted to reflect a recomputation of rates. The commissioner may reconstitute the diagnostic categories to reflect actual hospital practices, the specific character of specialty hospitals, or to reduce variances within the diagnostic categories after notice in the state register and a 30 day comment period.* Medical assistance and general assistance medical care reimbursement for treatment of mental illness shall be reimbursed based upon diagnosis classifications. The commissioner may selectively contract with hospitals for services within the diagnostic classifications relating to mental illness and chemical dependency under competitive bidding when reasonable geographic access by recipients can be assured. No physician shall be denied the privilege of treating a recipient required to utilize a hospital under contract with the commissioner, as long as the physician meets credentialing standards of the individual hospital.

Sec. 4. Minnesota Statutes 1985 Supplement, 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 (APPLICANTS SEEKING) *medical assistance recipients and any individual who would become eligible for medical assistance within 180 days of 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. 5. Minnesota Statutes 1985 Supplement, 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 sections 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 any 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 a person who has been screened must be reassessed for purposes of assigning a case mix classification because admission to a nursing home occurs later than the time allowed by rule following the initial screening and assessment, the reassessment may be completed by the public health nurse member of the screening team. 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. *Nothing in this subdivision shall prohibit a county agency from sending only a public health nurse to perform the screening.*

Sec. 6. Minnesota Statutes 1985 Supplement, 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 (APPLICANTS) *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*, except (1) patients transferred from other nursing homes; (2) patients who, having entered acute care facilities from nursing homes, are returning to nursing home care; (3) persons entering a facility described in section 256B.431, subdivision 4, paragraph (b); (4) *individuals whose length of stay is expected to be 30 days or less based on a physician's certification, if the facility notifies the screening team upon admission and provides an update to the screening team on the 30th day after admission*; (5) *individuals who have a contractual right to have their nursing home care paid for indefinitely by the veteran's administration*; or ((4)) (6) persons entering a facility conducted by and for the adherents of a recognized church or religious denomination for the purpose of providing care and services for those who depend upon spiritual means, through prayer alone, for healing. The cost for screening persons who are receiving medical assistance or who would be eligible for medical assistance within 180 days of nursing home or boarding care home admission, must be paid by state, federal, and county money. Other persons shall be assessed by a screening team upon payment of a fee approved by the commissioner.

Sec. 7. Minnesota Statutes 1985 Supplement, section 256B.-091, subdivision 5, is amended to read:

Subd. 5. [APPEALS.] Appeals from the screening team's 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. 8. Minnesota Statutes 1985 Supplement, 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 *and nursing home residents who request a screening. Prior to July of each year, the commissioner shall allocate state funds available for alternative care grants to each local agency. This allocation must be made as follows: half of the state funds available for alternative care grants must be allocated to each county according to the total number of adults in that county who are recipients age 65 or older who are reported to the department by March 1 of each state fiscal year*



*and half of the state funds available for alternative care grants must be allocated to a county according to that county's number of medicare enrollments age 65 or older for the most recent statistical report. Payment is available under this subdivision only for individuals (1) for whom the screening team would recommend nursing home admission or continued stay 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; (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.*

*The commissioner shall establish, by rule, in accordance with chapter 14 procedures for determining grant reallocations, limits on the rates for payment of approved services, and submittal and approval of a biennial county plan for the administration of the preadmission screening and alternative care grants program. Grants may be used for payment of costs of providing care-related supplies, equipment, and 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), and that a client's service needs and eligibility is reassessed at least every six months. 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 and to the commissioner that the most cost effective alternatives available have been offered to the individual and that the individual was free to choose among available qualified providers, both public and private. The county agency shall document to the commissioner that the agency made reasonable efforts to inform potential providers of the anticipated need for services under the alternative care grants program and that the agency allowed potential providers an opportunity to be selected to contract with the county board. 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. 9. Minnesota Statutes 1985 Supplement, section 256B.48, subdivision 1b, is amended to read:

Subd. 1b. [EXCEPTION.] Notwithstanding any agreement between a nursing home and the department of human services or the provisions of this section or section 256B.411, other than subdivision 1a of this section, the commissioner may authorize continued medical assistance payments to a nursing home which ceased intake of medical assistance recipients prior to July 1, 1983, and which charges private paying residents rates that exceed those permitted by subdivision 1, paragraph (a), for (i) residents who resided in the nursing home before July 1, 1983, or (ii) residents for whom the commissioner or any predecessors of the commissioner granted a permanent individual waiver prior to October 1, 1983. *Nursing homes seeking continued medical assistance payments under this subdivision shall make the reports required under subdivision 2, except that on or after December 31, 1985, the financial statements required need not be audited by or contain the opinion of a certified public accountant or licensed public accountant, but need only be reviewed by a certified public accountant or licensed public accountant.* In the event that the state is determined by the federal government to be no longer eligible for the federal share of medical assistance payments made to a nursing home under this

subdivision, the commissioner may cease medical assistance payments, under this subdivision, to that nursing home.

Sec. 10. Minnesota Statutes 1985 Supplement, section 256B.-501, subdivision 3, is amended to read:

Subd. 3. [RATES FOR INTERMEDIATE CARE FACILITIES FOR PERSONS WITH MENTAL RETARDATION OR RELATED CONDITIONS.] The commissioner shall establish, by rule, procedures for determining rates for care of residents of intermediate care facilities for persons with mental retardation or related conditions. The procedures shall be based on methods and standards that the commissioner finds are adequate to provide for the costs that must be incurred for the care of residents in efficiently and economically operated facilities. In developing the procedures, the commissioner shall include:

(a) cost containment measures that assure efficient and prudent management of capital assets and operating cost increases which do not exceed increases in other sections of the economy;

(b) limits on the amounts of reimbursement for property, general and administration, and new facilities;

(c) requirements to ensure that the accounting practices of the facilities conform to generally accepted accounting principles; (AND)

(d) incentives to reward accumulation of equity; and

(e) *appeals procedures that satisfy the requirements of section 256B.50 for appeals of decisions arising from the application of standards or methods pursuant to Minnesota Rules, parts 9510.0500 to 9510.0890, 9553.0010 to 9553.0080, and 12 MCAR 2.05301 to 2.05315 (temporary).*

In establishing rules and procedures for setting rates for care of residents in intermediate care facilities for persons with mental retardation or related conditions, the commissioner shall consider the recommendations contained in the February 11, 1983, Report of the Legislative Auditor on Community Residential Programs for the Mentally Retarded and the recommendations contained in the 1982 Report of the Department of Public Welfare Rule 52 Task Force. Rates paid to supervised living facilities for rate years beginning during the fiscal biennium ending June 30, 1985, shall not exceed the final rate allowed the facility for the previous rate year by more than five percent.

Sec. 11. [GEOGRAPHIC GROUPINGS STUDY.]

*By February 1, 1987, the director of the state planning agency, in consultation with the commissioner of human services, shall*

*report to the legislature on the appropriateness of current geographic groupings for reimbursement of nursing home operating costs. The report shall contain recommendations for legislative action which address the following: nursing home input prices and regional variation in costs; and alternative methods for recognizing regional variations in the cost of doing business including approaches used by other states with comparable nursing home reimbursement systems.*

**Sec. 12. [TASK FORCE ON LONG-TERM CARE HEALTH PLANNING.]**

*Subdivision 1. [DUTIES.] The long-term care commission shall conduct a study and report to the legislature by January 15, 1987. In making its study the commission shall solicit input from the Minnesota nursing home trade association, members from the long-term care commission groups, and a representative of the commission of health and human services. In the study and report, the commission shall:*

*(1) propose a statewide plan for orderly and rational development of additional long-term care facilities;*

*(2) examine the need to amend the moratorium law to permit replacement or reconfiguration of beds, provided no new beds are added to the system unless necessary;*

*(3) examine current classification of the intermediate care facilities class two (ICF II) as to the possibility of reclassification or upgrading; and*

*(4) address the need to modernize and renovate long-term care facilities built prior to 1970 to improve energy efficiency and the quality of life in those older facilities.*

*Subd. 2. [TASK FORCE EXPIRATION DATE.] The task force on long-term care health planning expires January 15, 1987.*

**Sec. 13. [REFUND REQUIRED.]**

*Any current or previous nursing home provider obligated pursuant to a written agreement or otherwise to refund to a private paying resident, the resident's legal representative, or the resident's successor in interest, excess charges made in violation of section 256B.48, subdivision 1, clause (a), since July 1, 1976, shall refund the excess charges plus interest to the private paying resident, the resident's legal representative, or the resident's successor in interest before July 1, 1986. Unless otherwise specified in a written agreement with the commissioner of human services, the amount of excess charges to be refunded shall*

*be equal to the difference between the prospective desk audit rate, before appeal resolutions, established by the commissioner and the actual amount charged to each private paying resident. The interest refunded shall be equal to the greater of the actual interest earned by the provider or six percent per annum. However, where a current or previous nursing home provider has notified a resident, the resident's legal representative, or the resident's successor in interest, that the resident is due a refund and the refund is unclaimed, or if the resident, the resident's legal representative, or the resident's successor in interest cannot be located, the provider is exempt from any cause of action for civil damages. A private paying resident, the resident's legal representative, or the resident's successor in interest, has a cause of action for civil damages against the current or previous nursing home provider for the provider's failure to refund the excess charges and interest owing in violation of this section. The damages shall be three times the excess charges and interest payment that results from the violation, together with costs and disbursements, including reasonable attorney's fees or their equivalent. For prospective desk audit rates established prior to July 1, 1983, which are under appeal as of March 1, 1986, the provider must refund the amount not in dispute with notice that an additional refund may be forthcoming upon resolution of an appeal. Any amounts still owing the resident, the resident's legal representative, or the resident's successor in interest, after the appeal is settled must be refunded within 30 days of the resolution of the appeal. Interest shall continue on the amount not immediately refunded.*

Sec. 14. [EFFECTIVE DATE.]

*Sections 1, 2, 4 to 8, and 10 to 13 are effective July 1, 1986. Sections 3 and 9 are effective the day following enactment."*

Delete the title and insert:

*"A bill for an act relating to human services; allowing for certain exceptions for swing beds and to the moratorium: limiting the preadmission screening requirement; allowing for adjustments in inpatient hospital rates for specialty hospitals; exempting certain nursing homes from financial statement audits; establishing requirements for medical assistance rate appeals procedures for intermediate care facilities; requiring a study; requiring refunds; establishing a task force; amending Minnesota Statutes 1985 Supplement, sections 144.562, subdivision 3; 144A.071, subdivision 3; 256.969, subdivision 2a; 256B.091, subdivisions 1, 2, 4, 5, and 8; 256B.48, subdivision 1b; and 256B.501, subdivision 3."*

With the recommendation that when so amended the bill pass.

The report was adopted.

McKasy from the Committee on Judiciary to which was referred:

H. F. No. 1949, A bill for an act relating to courts; allowing a person 20 days to remove a cause from conciliation court; allowing service by mail when a cause is removed to county court; amending Minnesota Statutes 1984, section 487.30, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, after line 8, insert:

“Section 1. Minnesota Statutes 1984, section 487.191, is amended to read:

487.191 [MERGER WITH DISTRICT COURTS.]

Except in the third, *fourth*, and seventh judicial districts, one year following certification to the secretary of state of intention to reorganize the trial courts by a majority of the district judges and a majority of the county or county municipal judges of a judicial district, there shall be one general trial court of the judicial district to be known as the district court, which shall also be a probate court. In the third, *fourth*, and seventh judicial districts, the judicial district reorganization shall become effective three months after certification to the secretary of state of intention to reorganize the trial courts by a majority of the district judges and a majority of the county judges of the third, *fourth*, and seventh judicial districts.

Upon the effective date of a judicial district reorganization, the district court, except in the second and fourth districts, shall also exercise the powers, duties, and jurisdiction conferred upon courts by chapters 260, 484, 487, 491, 492, 493, and 525.

Upon the effective date of a judicial district reorganization of the second or fourth districts, the district court shall also exercise the powers conferred upon courts by chapters 488A, 492, and 493.

Notwithstanding any other law, the county or county municipal judges of the district in office on the effective date of a reorganization shall be district judges and shall continue in office for the balance of the term for which they were elected or appointed and shall be entitled to run for reelection district-wide as incumbent judges of the district court. *If a reorganization plan from the fourth judicial district is certified to the secretary of state, to be effective before the next judicial election, all candidates for judgeships in the fourth judicial district shall file and run for the office of district judge as if a reorganization plan, filed pursuant to this section, were in effect.”*

Renumber the remaining sections

Page 1, after line 18, insert "*Section 1 is effective the day after final enactment.*"

Page 1, line 19, after "*Section*" delete "1" and insert "2"

Amend the title as follows:

Page 1, line 5, delete "section" and insert "sections 487.191; and"

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. 1968, A bill for an act relating to environment; providing for the selection of locations for and developers of hazardous waste stabilization and containment facilities; amending Minnesota Statutes 1984, sections 115A.03, subdivision 1, and by adding subdivisions; 115A.05, subdivision 2, and by adding a subdivision; 115A.13; 115A.14, subdivision 6; 400.11; Minnesota Statutes 1985 Supplement, sections 275.50, subdivision 5; 477A.012; proposing coding for new law in Minnesota Statutes, chapters 115A and 400; repealing Minnesota Statutes 1984, sections 115A.17; and 400.10; Minnesota Statutes 1985 Supplement, section 473.811, subdivision 11.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 115A.03, subdivision 1, is amended to read:

Subdivision 1. For the purposes of (SECTIONS 115A.01 TO 115A.72) *chapter 115A*, the terms defined in this section have the meanings given them, unless the context requires otherwise.

Sec. 2. Minnesota Statutes 1984, section 115A.03, is amended by adding a subdivision to read:

*Subd. 7a. [CONTAINMENT.] "Containment" means isolating, controlling, and monitoring waste in a waste facility in order to prevent a release of waste from the facility that would have an adverse impact upon human health and the environment.*

Sec. 3. Minnesota Statutes 1984, section 115A.03, is amended by adding a subdivision to read:

*Subd. 13a. [INDUSTRIAL WASTE.] "Industrial waste" means solid waste resulting from an industrial, manufacturing, service, or commercial activity that is managed as a separate waste stream.*

Sec. 4. Minnesota Statutes 1984, section 115A.03, is amended by adding a subdivision to read:

*Subd. 32a. [STABILIZATION.] "Stabilization" means a chemical or thermal process in which materials or energy are added to waste in order to reduce the possibility of migration of any hazardous constituents of the resulting stabilized waste in preparation for placement of the waste in a containment facility.*

Sec. 5. Minnesota Statutes 1984, section 115A.03, is amended by adding a subdivision to read:

*Subd. 32b. [STABILIZATION AND CONTAINMENT FACILITY.] "Stabilization and containment facility" means a waste facility that is designed for stabilization and containment of waste, together with other appurtenant facilities needed to process waste for stabilization, containment, or transfer to another facility.*

Sec. 6. Minnesota Statutes 1984, section 115A.03, is amended by adding a subdivision to read:

*Subd. 37. [WASTE RENDERED NONHAZARDOUS.] "Waste rendered nonhazardous" means (1) waste excluded from regulation as a hazardous waste under the delisting requirements of United States Code, title 42, section 6921 and any federal and state delisting rules, and (2) other nonhazardous residual waste from the processing of hazardous waste.*

Sec. 7. Minnesota Statutes 1984, section 115A.05, subdivision 2, is amended to read:

**Subd. 2. [PERMANENT MEMBERS.]** Eight of the permanent members of the board shall be appointed by the governor, with the advice and consent of the senate, to represent diverse areas and interests within the state. One member shall be appointed from each congressional district (IN ACCORDANCE WITH BOUNDARIES EXISTING ON JANUARY 1, 1980). The term of office and compensation of the eight members thus appointed, and the manner of removal and filling of vacancies, shall be as provided in section 15.0575, except that (THE INITIAL TERM OF ALL MEMBERS SHALL EXTEND UNTIL 90 DAYS AFTER THE BOARD MAKES THE DECISIONS REQUIRED BY SECTION 115A.28 AND) *the terms*



*of members serving on the effective date of this section expire on that date. The rate of compensation shall be \$50 per day spent on board activities. The ninth permanent member of the board shall be the chairperson who shall be appointed by the governor with the advice and consent of the senate. Senate confirmation of the permanent members of the board shall be as provided by section 15.066. The chairperson shall serve at the pleasure of the governor for a term coterminous with that of the governor (, EXCEPT THAT THE INITIAL TERM OF THE CHAIRPERSON SHALL EXTEND UNTIL 90 DAYS AFTER THE BOARD MAKES THE DECISIONS REQUIRED BY SECTION 115A.28). The chairperson shall be the executive and operating officer of the board and shall determine the time and place of meetings, preside at meetings, appoint all board officers and hire and supervise all employees subject to the approval of the board, carry out the policy decisions of the board, and perform all other duties and functions assigned to him by the board or by law. No permanent member of the board shall hold other elected or appointed public office.*

Sec. 8. Minnesota Statutes 1984, section 115A.06, is amended by adding a subdivision to read:

*Subd. 14. [INDUSTRIAL AND RESIDUAL WASTE.] The board may plan for the management of waste rendered non-hazardous and industrial waste that should be managed separately from mixed municipal solid waste.*

Sec. 9. Minnesota Statutes 1984, section 115A.13, is amended to read:

**115A.13 [BOARD; EXPIRATION.]**

The board (SHALL CEASE) *ceases to exist on June 30, (1987) 1992.*

Sec. 10. Minnesota Statutes 1984, section 115A.14, subdivision 6, is amended to read:

**Subd. 6. [EXPIRATION.]** The provisions of this section (SHALL) *expire on June 30, (1987) 1992.*

**Sec. 11. [115A.175] [SITING AND FACILITY DEVELOPMENT AUTHORITY; LIMITATIONS.]**

*Subdivision 1. [SITING ACTIVITY.] The board shall terminate all activity under sections 115A.18 to 115A.30 relating to the selection and evaluation of sites for hazardous waste facilities, except as provided in this section.*

*Subd. 2. [DISMISSAL OF CANDIDATE SITES. ] On the effective date of this section, the board shall dismiss from fur-*

*ther consideration all candidate sites remaining under section 115A.21, subdivision 1.*

*Subd. 3. [ALTERNATIVE SITING PROCEDURE.] The board shall proceed with site evaluation and selection in accordance with sections 12 to 15. In evaluating and selecting sites under sections 12 to 15, the board shall act in accordance with sections 115A.18 to 115A.20, except as otherwise provided in sections 12 to 15.*

*Subd. 4. [STABILIZATION AND CONTAINMENT FACILITY; RESTRICTIONS; CONTAINMENT STANDARDS TO PROTECT HUMAN HEALTH AND ENVIRONMENT.] No facility may be sited under the provisions of sections 115A.18 to 115A.30 except a stabilization and containment facility. The facility must be above grade unless the board determines, after environmental review under section 15, subdivision 2, that an alternative design would provide greater protection for human health and the environment. No waste may be accepted for containment at the facility except the following:*

- (a) waste rendered nonhazardous;*
- (b) industrial waste; and*
- (c) waste that is not eligible for acceptance under clause (a) or (b), if the agency determines that all of the following requirements are met:*

*(1) there is no feasible and prudent alternative to containment of the waste that would minimize adverse impact upon human health and the environment;*

*(2) the waste has been treated using feasible and prudent technology that minimizes the possibility of migration of any hazardous constituents of the waste; and*

*(3) the waste meets the standards adopted to protect human health and the environment under the authority of 42 U.S.C. section 6924(m), and any additional protective standards adopted by the agency under section 116.07, subdivision 4.*

*If no federal or state standards have been adopted for a waste as provided in clause (3), the waste may not be accepted for containment.*

*A person proposing a waste for containment at the facility has the burden of demonstrating that the waste may be accepted under the requirements of this subdivision. The demonstration under clause (c) must document in a form satisfactory to the agency the manner in which the person has attempted to meet the standard for acceptance of the waste under clause (a) and*

*the characteristics of the waste that prevent compliance with that standard.*

*Subd. 5. [AGENCY ADOPTION OF RULES.] The agency shall adopt rules under chapter 14 establishing procedures by which a person must demonstrate that a hazardous waste can be accepted by the facility as provided in subdivision 4. The agency shall adopt all rules necessary to implement the provisions of subdivision 4 and this subdivision before granting any permit for operation of the facility.*

**Sec. 12. [115A.191] [VOLUNTARY CONTRACTS WITH COUNTIES.]**

*Subdivision 1. [BOARD TO SEEK CONTRACTS.] The waste management board and any eligible county board may enter a contract as provided in this section expressing their voluntary and mutually satisfactory agreement concerning the location and development of a stabilization and containment facility. The chair shall negotiate contracts with eligible counties and shall present drafts of the negotiated contracts to the board for its approval. The chair shall actively solicit, encourage, and assist counties, together with developers, landowners, the local business community, and other interested parties, in developing resolutions of interest.*

*Subd. 2. [RESOLUTION OF INTEREST IN NEGOTIATING; ELIGIBILITY.] A county is eligible to negotiate a contract under this section if the county board files with the waste management board and the board accepts a resolution adopted by the county board that expresses the county board's interest in negotiations and its willingness to accept the preliminary evaluation of one or more study areas in the county for consideration as a location of a stabilization and containment facility. The county board resolution expressing interest in negotiations must provide for county cooperation with the board, as necessary to facilitate the evaluation of study areas in the county, and for the appointment of a member of the county board or an officer or employee of the county as official liaison with the board with respect to the matters provided in the resolution and future negotiations with the board. The county shall provide affected political subdivisions and other interested persons with an opportunity to suggest contract terms. A county board by resolution may withdraw a resolution of interest, and the waste management board may withdraw its acceptance of such a resolution, at any time before the parties execute a contract under this section. A county that is eligible to negotiate a contract shall receive the benefits as provided in section 22.*

*Subd. 3. [EVALUATION OF STUDY AREAS.] The chair, in cooperation with the county board, may engage in activities necessary for the evaluation of study areas in any county that*

is eligible to negotiate a contract under this section. The determination of whether any study area may be considered or excluded from consideration under sections 115A.18 to 115A.20 and sections 12 to 15 is exclusively the authority of the board. Before entering a contract under this section, the board shall determine whether the study area identified in the contract is appropriate for preparation of an environmental impact statement.

**Subd. 4. [REQUIREMENTS OF CONTRACT.]** A contract between the board and a county must include provisions by which:

(a) the state, acting through the board, agrees to implement the terms of the contract and provide the benefits and implement the procedures and practices agreed upon pursuant to subdivision 5;

(b) the state, acting through the board, agrees to provide benefits to the county under section 22; and

(c) the county agrees that the study area or areas in the county that have been determined by the board to be appropriate for preparation of an environmental impact statement are subject to evaluation and selection by the board as provided in section 15.

After executing the contract, the study areas identified in the contract remain subject to the provisions of section 15 until the study areas are dismissed from further consideration by the board.

**Subd. 5. [NEGOTIATED TERMS.]** A contract executed under subdivision 4 may contain any terms agreed upon by the state and the county, including:

(a) procedures relating to the evaluation and selection of a site and the construction, operation, and maintenance of a proposed facility, including procedures for cooperation, consultation, and coordination between the board and the county or political subdivisions in the county on those matters;

(b) practices and procedures necessary to assure and demonstrate safe operation of a proposed facility;

(c) services, compensation, or benefits to be provided by the state to the county or political subdivisions in the county, including (i) payments in lieu of taxes on a publicly owned site; (ii) compensation for property owners adjoining or in close proximity to the facility through property tax relief or assurance of property value; (iii) compensation for local public expenditures necessitated by the facility; (iv) compensation for demonstrable pri-

*vate and community impacts from the facility; (v) monetary compensation to the county and other parties affected by the facility, in addition to compensation for necessary expenditures and demonstrable impacts; (vi) provision of services or benefits to assure the health, safety, comfort, and economic development and well-being of the county and its citizens;*

- (d) provision for amendment of the contract; and*
- (e) provisions for resolutions of disputes under the contract.*

*Terms of the contract requiring enactment of additional state law, including an appropriation law, are contingent on that enactment. The contract may provide for implementation of its terms during evaluation of a study area in the county under section 15 and in the event that a study area in the county is selected as the site for a facility under that section.*

**Sec. 13. [115A.192] [SELECTION OF DEVELOPER OF STABILIZATION AND CONTAINMENT FACILITY; REQUEST FOR PROPOSALS.]**

*Subdivision 1. [REQUEST FOR PROPOSALS.] The chair shall issue requests for proposals for the development and operation of a stabilization and containment facility. The request must be designed to obtain detailed information about the qualifications of a respondent to develop and operate the facility; the capital and operating costs of the facility and the sources and methods by which the respondent plans to finance the facility; the technical specifications of the proposed facility and the technologies to be employed for processing, stabilization, containment, and monitoring; the requirements of the site for the proposed facility; the schedule for developing and commencing operation of the facility; and other matters which the chair deems necessary for the board to evaluate and select a developer and operator for the facility. Before issuing the requests, the chair shall prepare a draft of clauses (a) to (e) of the report required by section 14. The draft must accompany the requests for proposals.*

*Subd. 2. [SELECTION OF DEVELOPER; PROCEDURE.] After evaluating responses to the request for proposals and before selecting a site as provided in section 15, the board shall decide whether to select a developer for a stabilization and containment facility. If the board selects a developer it shall proceed as provided in section 15 to select a site for the development of a facility. If the board decides not to select a developer, the board shall proceed as provided in section 15 to select and acquire a site for potential future development of a facility.*

**Sec. 14. [115A.193] [REPORT ON FACILITY DEVELOPMENT.]**

*The chair shall prepare a report concerning the development of a stabilization and containment facility. The report must include:*

*(a) a conceptual plan that describes and evaluates the proposed design and operation of the facility, including an evaluation of technical feasibility, a description and evaluation of the types and quantities of hazardous waste and nonhazardous residual waste from hazardous waste processing that the facility would be designed to accept, and a description and evaluation of technologies needed or desired at the facility for processing, stabilization, and containment, including above grade containment;*

*(b) procedures and standards for the operation of the facility that require the use of reduction, recycling, and recovery of any hazardous waste before the waste is accepted for stabilization when the alternative or additional management method is feasible and prudent and would materially reduce adverse impact on human health and the environment;*

*(c) evaluation of the design and use of the facility for processing, stabilization, or containment of industrial waste, including technical and regulatory issues and alternative management methods;*

*(d) evaluation of feasible and prudent technologies that may substantially reduce the possibility of migration of any hazardous constituents of wastes that the facility would be designed to accept;*

*(e) a general analysis of the necessary and desirable physical, locational, and other characteristics of a site for the facility;*

*(f) an evaluation of the prospects of and conditions required for the regulatory delisting of residual waste from hazardous waste processing;*

*(g) an evaluation of the feasibility of an interstate, regional approach to the management of hazardous waste; and*

*(h) an economic feasibility analysis of the development and operation of the facility, including the anticipated use of the facility by Minnesota generators and sources of private and public financing that may be available or necessary for development or operation.*

*The chair shall submit a draft of the report to the board and the legislative commission on waste management before executing contracts under section 12.*

Sec. 15. [115A.194] [EVALUATION AND SELECTION OF SITES; PERMITS.]

*Subdivision 1. [BOARD; DETERMINATION OF SITING PROCEDURE.] The board shall proceed to take the actions provided in subdivisions 2 and 4 pursuant to any contracts executed under section 12.*

*Subd. 2. [BOARD; REQUIREMENTS BEFORE DECISIONS.] Before the board makes decisions under subdivision 4:*

*(a) the board shall complete environmental impact statements on the environmental effects of the decisions, in the manner provided in chapter 116D and the rules issued under that chapter; and*

*(b) the chair shall present to the board the report on facility development prepared as provided in section 14.*

*Subd. 3. [AGENCIES; REPORT ON PERMIT CONDITIONS AND APPLICATION REQUIREMENTS.] Within 30 days following the determination of the adequacy of the environmental impact statements and the presentation of the report on facility development, after consulting with the board, facility developers, and affected local government units, the chief executive officer of each permitting state agency shall issue to the board reports on permit conditions and permit application requirements at each location. The reports must indicate, to the extent possible based on existing information, the probable terms, conditions, and requirements of permits, and the probable supplementary documentation that will be required for the environmental impact statement and permit applications under subdivision 5. If the board has selected a developer, the report of the agency must include a description of the rules necessary to implement the provisions of section 11, subdivision 4.*

*Subd. 4. [BOARD DECISIONS.] Within 90 days after the board has determined the adequacy of the environmental impact statement, the board shall: (1) specify the type, capacity, and function of the stabilization and containment facility, including operating and design standards for the facility; and (2) select one of the study areas evaluated under this section as the site for the facility, unless the board determines, based upon potential significant adverse effects on the environment, that none of the study areas should be selected as the site consistent with the reasonable requirements of the public health, safety, and welfare and the state's paramount concern for the protection of its air, water, land, and other natural resources from pollution, impairment, or destruction. The provisions of sections 115A.28, subdivisions 2 and 3 and 115A.30 apply to any board decision to select a study area as a site under this subdivision.*

*If the board selects a study area as a site under this subdivision, the board shall dismiss all other study areas from further*

*consideration. If the board does not select a study area as a site under this subdivision, the board shall dismiss all study areas from further consideration.*

*Subd. 5. [AGENCY; PERMITS; ENVIRONMENTAL REVIEW.] Before the agency issues permits for the facility, the agency shall complete an environmental impact statement specifically on the environmental effects of permitting decisions required to be made by permitting agencies. The statement must be completed in the manner provided in chapter 116D and the rules issued under that chapter.*

Sec. 16. Minnesota Statutes 1985 Supplement, section 275.50, subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in 1983 payable in 1984 and subsequent years, "special levies" means those portions of ad valorem taxes levied by governmental subdivisions to:

(a) satisfy judgments rendered against the governmental subdivision by a court of competent jurisdiction in any tort action, or to pay the costs of settlements out of court against the governmental subdivision in a tort action when substantiated by a stipulation for the dismissal of the action filed with the court of competent jurisdiction and signed by both the plaintiff and the legal representative of the governmental subdivision, but only to the extent of the increase in levy for such judgments and out of court settlements over levy year 1970, taxes payable in 1971;

(b) pay the costs of complying with any written lawful order initially issued prior to January 1, 1977 by the state of Minnesota, or the United States, or any agency or subdivision thereof, which is authorized by law, statute, special act or ordinance and is enforceable in a court of competent jurisdiction, or any stipulation agreement or permit for treatment works or disposal system for pollution abatement in lieu of a lawful order signed by the governmental subdivision and the state of Minnesota, or the United States, or any agency or subdivision thereof which is enforceable in a court of competent jurisdiction. The commissioner of revenue shall in consultation with other state departments and agencies, develop a suggested form for use by the state of Minnesota, its agencies and subdivisions in issuing orders pursuant to this subdivision;

(c) pay the costs to a governmental subdivision for their minimum required share of any program otherwise authorized by law for which matching funds have been appropriated by the state of Minnesota or the United States, excluding the administrative costs of public assistance programs, to the extent of the increase in levy over the amount levied for the local share of the program for the taxes payable year 1971. This clause shall apply only to those programs or projects for which matching funds



have been designated by the state of Minnesota or the United States on or before September 1, of the previous year and only when the receipt of these matching funds is contingent upon the initiation or implementation of the project or program during the year in which the taxes are payable or those programs or projects approved by the commissioner;

(d) pay the costs not reimbursed by the state or federal government, of payments made to or on behalf of recipients of aid under any public assistance program authorized by law, and the costs of purchase or delivery of social services. Except for the costs of general assistance as defined in section 256D.02, subdivision 4, general assistance medical care under section 256D.03 and the costs of hospital care pursuant to section 261.21, the aggregate amounts levied pursuant to this clause are subject to a maximum increase of 18 percent over the amount levied for these purposes in the previous year;

(e) pay the costs of principal and interest on bonded indebtedness or to reimburse for the amount of liquor store revenues used to pay the principal and interest due in the year preceding the year for which the levy limit is calculated on municipal liquor store bonds;

(f) pay the costs of principal and interest on certificates of indebtedness, except tax anticipation or aid anticipation certificates of indebtedness, issued for any corporate purpose except current expenses or funding an insufficiency in receipts from taxes or other sources or funding extraordinary expenditures resulting from a public emergency; and to pay the cost for certificates of indebtedness issued pursuant to sections 298.28 and 298.282;

(g) fund the payments made to the Minnesota state armory building commission pursuant to section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(h) provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(i) pay the amounts required to compensate for a decrease in manufactured homes property tax receipts to the extent that the governmental subdivision's portion of the total levy in the current levy year, pursuant to section 274.19, subdivision 8, as amended, is less than the distribution of the manufactured homes tax to the governmental subdivision pursuant to Minnesota Statutes 1969, section 273.13, subdivision 3, in calendar year 1971;

(j) pay the amounts required, in accordance with section 275.075, to correct for a county auditor's error of omission but only to the extent that when added to the preceding year's levy

it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

(k) pay amounts required to correct for an error of omission in the levy certified to the appropriate county auditor or auditors by the governing body of a city or town with statutory city powers in a levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

(l) pay the increased cost of municipal services as the result of an annexation or consolidation ordered by the Minnesota municipal board but only to the extent and for the levy years as provided by the board in its order pursuant to section 414.01, subdivision 15. Special levies authorized by the board shall not exceed 50 percent of the levy limit base of the governmental subdivision and may not be in effect for more than three years after the board's order;

(m) pay the increased costs of municipal services provided to new private industrial and nonresidential commercial development, to the extent that the extension of such services are not paid for through bonded indebtedness or special assessments, and not to exceed the amount determined as follows. The governmental subdivision may calculate the aggregate of:

(1) the increased expenditures necessary in preparation for the delivering of municipal services to new private industrial and nonresidential commercial development, but limited to one year's expenditures one time for each such development;

(2) the amount determined by dividing the overall levy limitation established pursuant to sections 275.50 to 275.56, and exclusive of special levies and special assessments, by the total taxable value of the governmental subdivision, and then multiplying this quotient times the total increase in assessed value of private industrial and nonresidential commercial development within the governmental subdivision. For the purpose of this clause, the increase in the assessed value of private industrial and nonresidential commercial development is calculated as the increase in assessed value over the assessed value of the real estate parcels subject to such private development as most recently determined before the building permit was issued. In the fourth levy year subsequent to the levy year in which the building permit was issued, the increase in assessed value of the real estate parcels subject to such private development shall no longer be included in determining the special levy.

The aggregate of the foregoing amounts, less any costs of extending municipal services to new private industrial and non-

residential commercial development which are paid by bonded indebtedness or special assessments, equals the maximum amount that may be levied as a "special levy" for the increased costs of municipal services provided to new private industrial and non-residential commercial development. In the levy year following the levy year in which the special levy made pursuant to this clause is discontinued, one-half of the amount of that special levy made in the preceding year shall be added to the permanent levy base of the governmental subdivision;

(n) recover a loss or refunds in tax receipts incurred in non-special levy funds resulting from abatements or court action in the previous year pursuant to section 275.48;

(o) pay amounts required by law to be paid to pay the interest on and to reduce the unfunded accrued liability of public pension funds in accordance with the actuarial standards and guidelines specified in sections 356.215 and 356.216 reduced by 106 percent of the amount levied for that purpose in 1976, payable in 1977. For the purpose of this special levy, the estimated receipts expected from the state of Minnesota pursuant to sections 69.011 to 69.031 or any other state aid expressly intended for the support of public pension funds shall be considered as a deduction in determining the required levy for the normal costs of the public pension funds. No amount of these aids shall be considered as a deduction in determining the governmental subdivision's required levy for the reduction of the unfunded accrued liability of public pension funds;

(p) the amounts allowed under section 174.27 to establish and administer a commuter van program;

(q) pay the costs of financial assistance to local governmental units and certain administrative, engineering, and legal expenses pursuant to Laws 1979, chapter 253, section 3;

(r) compensate for revenue lost as a result of abatements or court action pursuant to section 270.07, 270.17 or 278.01 due to a reassessment ordered by the commissioner of revenue pursuant to section 270.16;

(s) pay the total operating cost of a county jail as authorized in section 641.01. If the county government utilizes this special levy, then any amount levied by the county government in the previous year for operating its county jail and included in its previous year's levy limitation computed pursuant to section 275.51 shall be deducted from the current levy limitation;

(t) pay the costs of implementing section 18.023, including sanitation and reforestation; (AND)

(u) pay the estimated cost for the following calendar year of the county's share of funding the Minnesota cooperative soil survey; *and*

*(v) pay the costs of meeting the planning requirements of section 115A.46; the requirements of section 115A.917; the planning requirements of the metropolitan plan adopted under section 473.149 and county master plans adopted under section 473.803; waste reduction and source separation programs and facilities; response actions that are financed in part by service charges under section 400.08 or section 21; closure and post-closure care of a solid waste facility closed by order of the pollution control agency or by expiration of an agency permit before January 1, 1989; and current operating and maintenance costs of a publicly-owned solid waste processing facility financed with general obligation bonds issued after a referendum before the effective date of this section.*

Sec. 17. Minnesota Statutes 1984, section 400.08, is amended to read:

#### 400.08 [SERVICE AREAS AND CHARGES.]

*Subdivision 1. [DEFINITION.] For the purposes of this section, "solid waste management services" includes collection, processing, and disposal of solid waste, closure and post-closure care of a solid waste facility, and response, as defined in section 115B.02, to releases from a solid waste facility or closed solid waste facility.*

*Subd. 2. [SERVICE AREAS.] In addition to the power that the county may exercise under other law, and in order to provide solid waste management services to those areas needing services, the county board by resolution may establish and determine the boundaries of solid waste management service areas in the county. Before the adoption of the resolution the county board shall hold a public hearing on the question. If a service area is established, the county board may impose service charges for solid waste management services for the area and may levy a tax on all the property in the area, or any combination of charges and taxes. The county board on its own motion may enlarge any existing service area following the procedures specified in this section. Upon the petition of a landowner, land may be added to the service area without a public hearing on the enlargement.*

*Subd. 3. [SERVICE CHARGES.] The county may establish by ordinance, revise when deemed advisable, and collect just and reasonable rates and charges for solid waste management services provided by the county or by others under contract with the county. The ordinance may obligate the owners, lessees, or occupants of property, or any or all of them, to pay charges for solid waste management services to their properties and may obligate the user of any facility to pay a reasonable charge for the use of the facility. Rates and charges may take into account the character, kind, and quality of the service and of the solid waste, the method of disposition, the number of people served at each place of collection, and all other factors that enter into the*

cost of the service, including but not limited to depreciation and payment of principal and interest on money borrowed by the county for the acquisition or betterment of facilities. *A notice of intention to enact an ordinance, published pursuant to section 375.51, subdivision 2, shall provide for a public hearing thereon to be held prior to the meeting at which the ordinance is to be considered.*

*Subd. 4. [COLLECTION.] The rates and charges may be billed and collected in a manner the board shall determine. On or before October 15 in each year, the county board (SHALL) may certify to the county auditor all unpaid outstanding charges (FOR SERVICES HEREUNDER), and a (STATEMENT OF THE) description of the lands (WHICH WERE SERVICED AND) against which the charges arose. It shall be the duty of the county auditor, upon order of the county board, to extend the assessments, with interest not to exceed (SIX PERCENT AS) the interest rate provided for in (THE COUNTY ORDINANCE) section 279.03, subdivision 1, upon the tax rolls of the county for the taxes of the year in which the assessment is filed. For each year ending October 15 the assessment with interest shall be carried into the tax becoming due and payable in January of the following year, and shall be enforced and collected in the manner provided for the enforcement and collection of real property taxes in accordance with the provisions of the laws of the state. The charges, if not paid, shall become delinquent and be subject to the same penalties and the same rate of interest as the taxes under the general laws of the state. (ALL RATES AND CHARGES SHALL BE UNIFORM IN THEIR APPLICATION TO USE AND SERVICE OF THE SAME CHARACTER AND QUANTITY. A NOTICE OF INTENTION TO ENACT SUCH AN ORDINANCE, PUBLISHED PURSUANT TO SECTION 375.51, SUBDIVISION 2, SHALL PROVIDE FOR A PUBLIC HEARING THEREON TO BE HELD PRIOR TO THE MEETING AT WHICH THE ORDINANCE IS TO BE CONSIDERED.)*

Sec. 18. [400.101] [BONDS.]

*The county, by resolution, may authorize the issuance of bonds to provide funds for the acquisition or betterment of solid waste facilities, related transmission facilities, or property or property rights for the facilities, for improvements of a capital nature to respond, as defined in section 115B.02, to releases from closed solid waste facilities, or for refunding any outstanding bonds issued for any such purpose, and may pledge to the payment of the bonds and the interest thereon, its full faith, credit, and taxing powers, or the proceeds of any designated tax levies, or the gross or net revenues or charges to be derived from any facility operated by or for the county, or any combination thereof. Except as otherwise provided in this section, the bonds must be issued and sold in accordance with the provisions of chapter 475. The proceeds of the bonds may be used in part to establish a*

*reserve as further security for the payment of the principal and interest of the bonds when due. Revenue bonds issued under this section may be sold at public or private sale upon conditions that the county board determines, but any bonds to which the full faith and credit and taxing powers of the county are pledged must be sold in accordance with the provisions of chapter 475. No election is required to authorize the issuance of bonds under this section.*

Sec. 19. Minnesota Statutes 1984, section 400.11, is amended to read:

#### 400.11 [TAX LEVIES; ADVANCE FUNDING.]

The county may levy taxes for solid waste management purposes upon all taxable property within the county (, WHICH SHALL NOT AFFECT THE AMOUNT OR RATE OF TAXES WHICH MAY BE LEVIED FOR OTHER COUNTY PURPOSES). The county may levy a tax in anticipation of need for solid waste management purposes as specified in the resolution levying the tax, appropriating the proceeds of the tax to a special fund to be used only for those purposes and, until used, to be invested in securities authorized in section 475.66.

Sec. 20. Minnesota Statutes 1984, section 473.811, subdivision 2, is amended to read:

Subd. 2. [COUNTY FINANCING OF FACILITIES.] Each metropolitan county may by resolution authorize the issuance of bonds to provide funds for the acquisition or betterment of solid waste facilities, related transmission facilities, or property or property rights for the facilities, *for improvements of a capital nature to respond, as defined in section 115B.02, to releases from closed solid waste facilities*, or for refunding any outstanding bonds issued for any such purpose (, AND). *The county may pledge to the payment of the bonds and the interest thereon, its full faith, credit and taxing powers, or the proceeds of any designated tax levies, or the gross or net revenues or charges to be derived from any facility operated by or for the county, or any combination thereof. Taxes levied for the payment of the bonds and interest shall not reduce the amounts of other taxes which the county is authorized by law to levy. The proceeds of the bonds may be used in part to establish a reserve as further security for the payment of the principal and interest of the bonds when due. Revenue bonds issued pursuant to this section may be sold at public or private sale upon such conditions as the county board shall determine, but any bonds to which the full faith and credit and taxing powers of the county are pledged shall be sold in accordance with the provisions of chapter 475. No election shall be required to authorize the issuance of the bonds. Except as otherwise provided, the bonds shall be issued and sold in accordance with the provisions of chapter 475.*

Sec. 21. Minnesota Statutes 1984, section 473.811, is amended by adding a subdivision to read:

*Subd. 3a. [SERVICE AREAS.] Metropolitan counties have the authority provided in section 400.08.*

Sec. 22. Minnesota Statutes 1985 Supplement, section 477A.012, is amended to read:

**477A.012 [COUNTY GOVERNMENT DISTRIBUTIONS.]**

*Subdivision 1. [AID AMOUNT.] In calendar year 1986, each county government shall receive a distribution equal to 60 percent of the aid amount certified for 1983 pursuant to sections 477A.011 to 477A.03.*

**Subd. 2. [ADDITIONAL AID FOR CERTAIN COUNTIES.]**

*(a) Each county that becomes eligible to negotiate a contract with the waste management board pursuant to section 12 shall be entitled to receive \$8,000 per month in additional local government aids, for each full calendar month that it is eligible. If the state's liability under this clause exceeds \$80,000 in any month, the commissioner shall proportionately reduce the entitlements of each eligible county.*

*(b) Any county government that has executed a contract with the board pursuant to section 12 shall receive an amount as provided under a schedule set forth in the contract not to exceed \$200,000 per year in additional local government aids, for a period of not more than two years following the execution of the contract. The sum of the state's obligations under this clause may not exceed \$800,000 in any fiscal year.*

*(c) Aid distributions under this subdivision are in addition to any distributions to which a county is entitled pursuant to subdivision 1, and must not be deducted in the computation of levy limits. When an aid payment is made pursuant to section 477A.015, the commissioner shall distribute to each eligible county the full entitlement due under paragraph (a) for the county's period of eligibility that was not paid in a previous distribution. When an aid payment is made pursuant to section 477A.015, the commissioner shall distribute to each county that has executed a contract the full amount due under paragraph (b) in accordance with the terms of the contract. In no case may any additional aid amounts due under this subdivision be paid prior to July 1, 1987.*

**Sec. 23. [REPEALER.]**

*Minnesota Statutes 1984, sections 115A.17; 400.05; 400.10; and Minnesota Statutes 1985 Supplement, section 473.811, subdivision 11, are repealed.*

## Sec. 24. [INSTRUCTION TO REVISOR.]

*The revisor of statutes is directed to change the word "disposal," wherever it appears in sections 115A.18 to 115A.301, except in section 115A.24, subdivision 1, clauses (2) and (3), and section 115A.301, subdivision 1, paragraph (b), clauses (1) and (2), to "stabilization and containment," in Minnesota Statutes 1986 and subsequent editions of the statutes.*

## Sec. 25. [EFFECTIVE DATE.]

*Sections 1 to 24 are effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to environment; providing for the selection of locations for and developers of hazardous waste stabilization and containment facilities; amending Minnesota Statutes 1984, sections 115A.03, subdivision 1, and by adding subdivisions; 115A.05, subdivision 2; 115A.06, by adding a subdivision; 115A.13; 115A.14, subdivision 6; 400.08; 400.11; 473.811, subdivision 2, and by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 275.50, subdivision 5; 477A.012; proposing coding for new law in Minnesota Statutes, chapters 115A and 400; repealing Minnesota Statutes 1984, sections 115A.17; 400.05; and 400.10; Minnesota Statutes 1985 Supplement, section 473.811, subdivision 11."

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. 2094, 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 1985 Supplement, sections 271.01, subdivision 5; and 278.01, subdivision 1.

Reported the same back with the following amendments:

Page 4, after line 4, insert:

"Sec. 3. Minnesota Statutes 1984, section 278.05, subdivision 1, is amended to read:

278.05 [TRIAL OF ISSUES.]



Subdivision 1. The petition, without any answer, return, or other pleading thereto, shall be tried at the next term of court. The *tax court or district court* shall without delay summarily hear and determine the claims, objections or defenses made by the petition and shall direct judgment (ACCORDINGLY) to *sustain, reduce or increase the amount of taxes due*, and the trial shall disregard technicalities and matters of form not affecting the merits.

Sec. 4. Minnesota Statutes 1984, section 278.05, subdivision 4, is amended to read:

Subd. 4. [SALES RATIO STUDIES AS EVIDENCE.] The sales ratio studies published by the department of revenue, or any part of the studies, or any copy of the studies or records accumulated to prepare the studies which is prepared by the commissioner of revenue for the equalization aid review committee for use in determining school aids shall be admissible in evidence as a public record without the laying of a foundation if the sales prices used in the study are adjusted for the terms of the sale to reflect market value and are adjusted to reflect the difference in the date of sale compared to the assessment date. Additional evidence relevant to the sales ratio study is also admissible. No sales ratio study received into evidence shall be conclusive or binding on the court and evidence of its reliability or unreliability may be introduced by any party including, but not limited to, evidence of inadequate adjustment of sale prices for terms of financing, inadequate adjustment of sales prices to reflect the difference in the date of sale compared to the assessment date, and inadequate sample size.

No reduction in value on the grounds of discrimination shall be granted on the basis of a sales ratio study published by the department of revenue unless

(a) the sales prices are adjusted for the terms of the sale to reflect market value,

(b) the sales prices are adjusted to reflect the difference in the date of sale compared to the assessment date, *and*

(c) there is an adequate sample size (, AND)

((D) THE MEDIAN RATIO OF THE CLASS OF PROPERTY OF THE SUBJECT PROPERTY IN THE SAME COUNTY, CITY, OR TOWN OF THE SUBJECT PROPERTY IS LOWER THAN THE ASSESSMENT RATIO OF THE SUBJECT PROPERTY BY AT LEAST TEN PERCENT.)

(IF THE ABOVE CRITERIA ARE MET AND A REDUCTION IN VALUE ON THE GROUNDS OF DISCRIMINATION IS GRANTED BASED UPON THE SALES RATIO STUDY, THE REDUCTION SHALL REFLECT ONLY THE DIFFER-

ENCE BETWEEN THE ASSESSMENT/SALES RATIO OF THE SUBJECT PROPERTY AND 110 PERCENT OF THE MEDIAN RATIO OF THE CLASS OF PROPERTY OF THE SUBJECT PROPERTY).

Sec. 5. Minnesota Statutes 1984, section 278.07, is amended to read:

278.07 [JUDGMENT; AMOUNT; COSTS.]

Judgment shall be for the amount of the taxes for the year as the court shall determine the same, less the amount paid thereon, if any. If the tax is sustained in the full amount levied *or increased*, costs and disbursements (SHALL) *may, in the discretion of the court*, be taxed and allowed as in delinquent tax proceedings and shall be included in the judgment. If the tax so determined shall be less than the amount thereof as levied, the court may, in its discretion, award disbursements to the petitioner, which shall be taxed and allowed and be deducted from the amount of the taxes as determined. If there be no judgment for taxes, a judgment may be entered determining the right of the parties and for the costs and disbursements as taxed and allowed.

Sec. 6. Minnesota Statutes 1984, section 278.08, subdivision 1, is amended to read:

Subdivision 1. [TAXES DUE.] Whether or not the tax is sustained in full as levied *or increased* and section 278.03 notwithstanding, the judgment shall include any interest which has accrued on the taxes for failure to pay the taxes or any part of the taxes as provided in sections 279.01 and 279.03. If the tax is reduced, no penalty shall be included in the judgment because of the failure to pay the reduced tax prior to entry of judgment. After the judgment is entered, it shall be subject to interest and penalty at the rates provided in chapter 279 for delinquent payment of property taxes."

Renumber the remaining section

Page 4, line 6, delete "2" and insert "6"

Amend the title as follows:

Page 1, line 4, after the semicolon insert "providing for the admissibility of sales ratio studies as evidence;"

Page 1, line 4, after "amending" insert "Minnesota Statutes 1984, sections 278.05, subdivisions 1 and 4; 278.07; and 278.08, subdivision 1;"

With the recommendation that when so amended the bill pass.

The report was adopted.

McKasy from the Committee on Judiciary to which was referred:

H. F. No. 2239, A bill for an act relating to county courts; specifying the prosecuting attorney for certain offenses; amending Minnesota Statutes 1984, section 487.25, subdivision 10.

Reported the same back with the following amendments:

Page 1, line 24, after "*regulation*" insert "*or by the county attorney with whom it has contracted to prosecute these matters*"

Page 2, line 17, after "*regulation*" insert "*or by the county attorney with whom it has contracted to prosecute these matters*"

With the recommendation that when so amended the bill pass.

The report was adopted.

McKasy from the Committee on Judiciary to which was referred:

H. F. No. 2275, A bill for an act relating to commerce; revising the Uniform Trade Secret Act; clarifying remedies; amending Minnesota Statutes 1984, sections 325C.02; 325C.03; and 325C.07; Minnesota Statutes 1985 Supplement, section 325C.01, subdivision 5.

Reported the same back with the following amendments:

Page 1, delete section 1

Renumber the remaining sections

Amend the title as follows:

Page 1, line 4, after "325C.07" delete the semicolon and insert a period

Page 1, delete lines 5 and 6

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. 2331, A bill for an act relating to taxation; providing for the taxation of lawful gambling; making unlicensed

wholesaling of gambling equipment a felony; exempting certain lawful gambling from licensing and taxation; providing a penalty; amending Minnesota Statutes 1984, sections 349.12, by adding a subdivision; 349.212, by adding a subdivision; 349.214, subdivision 2, and by adding a subdivision; 349.22; 349.31, subdivision 1; and 609.761; Minnesota Statutes 1985 Supplement, section 349.212, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 349.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 240.25, subdivision 2, is amended to read:

Subd. 2. [OFF-TRACK BETS.] No person (MAY, AS PART OF AN ORGANIZED COMMERCIAL ACTIVITY, PLACE OR ACCEPT A BET OFF THE PREMISES OF A LICENSED RACETRACK FOR DELIVERY TO A LICENSED RACETRACK) shall:

(1) *for a fee, directly or indirectly, accept anything of value from another to be transmitted or delivered for wager in any licensed pari-mutuel system of wagering on horse races, or for a fee deliver anything of value which has been received outside of the enclosure of a licensed racetrack holding a race meet licensed under this chapter, to be placed as wagers in the pari-mutuel system of wagering on horse racing within the enclosure; or*

(2) *give anything of value to be transmitted or delivered for wager in any licensed pari-mutuel system of wagering on horse races to another who charges a fee, directly or indirectly, for the transmission or delivery.*

Sec. 2. Minnesota Statutes 1984, section 240.26, subdivision 1, is amended to read:

Subdivision 1. [FELONIES.] A violation of the prohibition against accepting a bet in section 240.25, (SUBDIVISIONS) subdivision 1 (AND 2), a violation of section 240.25, subdivision 2, clause (1), and a violation of section 240.25, subdivisions 3, 4, and 7 is a felony.

Sec. 3. Minnesota Statutes 1984, section 240.26, subdivision 2, is amended to read:

Subd. 2. [GROSS MISDEMEANORS.] A violation of the prohibition against placing a bet in section 240.25, (SUBDIVISIONS) subdivision 1 (AND 2), a violation of section 240.25,

*subdivision 2, clause (2), and a violation of section 240.25, subdivisions 5 and 6, is a gross misdemeanor.*

Sec. 4. Minnesota Statutes 1984, section 349.12, is amended by adding a subdivision to read:

*Subd. 18. [DEAL.] "Deal" means each separate package, or series of packages, consisting of one game of pull-tabs with the same serial number purchased from a distributor.*

Sec. 5. Minnesota Statutes 1984, section 349.161, is amended by adding a subdivision to read:

*Subd. 8. [EMPLOYEES.] The board by rule shall provide for the issuance of picture identification cards to all employees of a distributor and by rule shall require that such employees carry the cards at all times while performing their duties.*

Sec. 6. Minnesota Statutes 1984, section 349.161, is amended by adding a subdivision to read:

*Subd. 9. [CREDIT.] A distributor may not sell pull-tabs, tipboards, or paddletickets to an organization on credit. The board shall by rule provide for the enforcement of this subdivision.*

Sec. 7. [349.163] [REGISTRATION OF MANUFACTURERS.]

*Subdivision 1. [REGISTRATION.] No manufacturer of gambling equipment may sell any gambling equipment to any person unless the manufacturer has registered with the board and has been issued a certificate of registration.*

*Subd. 2. [CERTIFICATE; FEE.] A certificate under this section is valid for one year. The annual fee for registration is \$100.*

*Subd. 3. [PROHIBITED SALES.] A manufacturer may not sell gambling equipment to any person not licensed as a distributor unless the manufacturer is also a licensed distributor.*

*Subd. 4. [REVOCATION OR SUSPENSION.] The board may suspend a registration for a violation of law or of board rule and may revoke a registration for what the board determines to be a pattern of willful violation of law or board rule. A revocation or suspension is a contested case under sections 14.57 to 14.69 of the administrative procedure act.*

Sec. 8. Minnesota Statutes 1984, section 349.19, subdivision 5, is amended to read:

Subd. 5. [REPORTS.] A licensed organization must report to the board and to its membership monthly, *or quarterly in the case of a licensed organization which does not report more than \$1,000 in gross receipts from lawful gambling in any calendar quarter*, on its gross receipts, expenses, profits, and expenditure of profits from lawful gambling. If the organization conducts both bingo and other forms of lawful gambling, the figures for both must be reported separately. In addition, a licensed organization must report to the board monthly on its purchases of gambling equipment and must include the type, quantity, and dollar amount from each supplier separately. The reports must be on a form the board prescribes.

Sec. 9. Minnesota Statutes 1984, section 349.211, is amended by adding a subdivision to read:

*Subd. 2a. [PULL-TAB PRIZES.] The maximum prize which may be awarded for any single pull-tab is \$250. An organization may not sell any pull-tab for more than \$2.*

Sec. 10. Minnesota Statutes 1985 Supplement, section 349.212, subdivision 1, is amended to read:

Subdivision 1. [RATE.] There is hereby imposed a tax on all lawful gambling, *other than pull-tabs*, conducted by organizations licensed by the board at the rate specified in this subdivision. The tax imposed by this (SECTION) subdivision is in lieu of the tax imposed by section 297A.02 and of all local taxes and license fees *except a fee authorized under section 349.213, subdivision 3.*

On all lawful gambling, *other than pull-tabs*, the tax is ten percent of the gross receipts of a licensed organization from lawful gambling less prizes actually paid out, payable by the organization.

Sec. 11. Minnesota Statutes 1984, section 349.212, is amended by adding a subdivision to read:

*Subd. 4. [PULL-TAB TAX.] There is imposed a tax on the sale of each deal of pull-tabs sold by a licensed distributor to a licensed organization, or to an organization holding an exemption identification number. The rate of the tax is nine percent of the face resale value of all the pull-tabs in each deal less the total prizes which may be paid out on all the pull-tabs in that deal. The tax is payable to the commissioner of revenue in the manner prescribed in section 4 and the rules of the commissioner. The commissioner shall pay the proceeds of the tax to the state treasurer for deposit in the general fund. The sales tax imposed by chapter 297A on the sale of the pull-tabs by the licensed distributor to an organization is imposed on the retail sales price less the tax imposed by this subdivision. The retail sale of pull-tabs by the organization is exempt from taxes im-*

posed by chapter 297A if the tax imposed by this subdivision has been paid and is exempt from all local taxes and license fees except a fee authorized under section 349.213, subdivision 3.

Sec. 12. [349.2121] [PULL-TAB TAX; COLLECTION.]

*Subdivision 1. [APPLICATION AND ISSUANCE.] Every distributor licensed by the board who sells pull-tabs to organizations authorized to sell pull-tabs under this chapter must file with the commissioner of revenue an application, on a form the commissioner prescribes, for a gambling tax identification number and gambling tax permit. The commissioner, when satisfied that the applicant has a valid license from the board and has filed any financial security required under subdivision 2, shall issue the applicant a permit and number. A permit is not assignable and is valid only for the distributor in whose name it is issued.*

*Subd. 2. [SECURITY.] The commissioner may, when deemed necessary to ensure compliance with this chapter, require a distributor to deposit security in an amount the commissioner determines necessary, not to exceed twice the estimated average liability for the next period for which tax returns are required to be filed under this chapter, or \$25,000, whichever is less. The commissioner may increase or decrease the required security within the limits of this subdivision. The commissioner may sell property deposited as security at public auction if necessary in order to recover any tax or any amount required to be collected, including interest and penalties, if any. Notice of the sale must be served upon the distributor that deposited the security by mail. After any sale, any surplus above the amount due not required as security under this section must be returned to the distributor that deposited the security. For security, the commissioner may require a distributor to file a bond, issued by a surety company authorized to transact business in this state and approved by the commissioner of commerce as to solvency and responsibility.*

*Subd. 3. [RECORDS.] The commissioner may by rule require a licensed distributor holding a permit under this section to keep such books, papers, documents, and records as the commissioner deems necessary to the enforcement of this chapter. The commissioner may examine, or cause to be examined, any books, papers, records, or other documents relevant to making a determination, whether they are in the possession of a distributor or another person or corporation. The commissioner may require the attendance of any persons having knowledge or information in the premises, to compel the production of books, papers, records, or memoranda by persons so required to attend, to take testimony on matters material to a determination, and to administer oaths or affirmations.*

*Subd. 4. [SUSPENSION, REVOCATION.] The commissioner, after notice and hearing, may for reasonable cause revoke*

or suspend a permit held by a distributor. A notice must be sent to the distributor at least 30 days before the hearing and give notice of the time and place of the hearing, must give the reason for the proposed suspension or revocation, and must require the distributor show cause why the proposed action should not be taken. The notice may be served personally or by mail in the manner prescribed for service of notice of a deficiency. The commissioner may not issue a new permit after revocation except upon application accompanied by reasonable evidence of the intention of the applicant to comply with all applicable laws and rules. The commissioner may condition the issuance of a new permit to the applicant on the supplying of security in addition to that authorized by subdivision 2 as is reasonably necessary to ensure compliance with all applicable laws and rules.

Subd. 5. [VIOLATIONS.] (a) A distributor who sells pull-tabs to an organization without a permit from the commissioner of revenue is guilty of a gross misdemeanor.

(b) A distributor who sells pull-tabs after revocation of a permit or during a period of suspension of a permit, when the commissioner has not issued a new permit or terminated the suspension, is guilty of a felony.

(c) A distributor subject to the tax imposed in section 349.-212, subdivision 4, who willfully:

- (1) fails to make a return,
- (2) fails to pay over the required tax, or
- (3) attempts in any manner to evade or defeat the required tax

is guilty of a gross misdemeanor if the amount of the tax is \$300 or less and of a felony if the amount of the tax exceeds \$300.

(d) A person who willfully aids, procures, counsels, or advises the preparation or presentation in connection with any matter arising under this section of a return, affidavit, claim, or other document, which is fraudulent or false as to any material matter, where the falsity or fraud is with or without the knowledge or consent of the person authorized or required to present the return, affidavit, claim, or document, is guilty of a gross misdemeanor if the amount of the tax is \$300 or less and of a felony if the amount of the tax exceeds \$300.

(e) Notwithstanding section 628.26 or any other law, an indictment for an offense under clauses (c) and (d) may be found and filed in the proper court within six years of the commission of the offense.



*Subd. 6. [COLLECTION.] The tax imposed by section 349.212, subdivision 4, for each taxable sale is due and payable to the commissioner monthly on or before the 25th day of the month succeeding the month in which the taxable sale was made.*

*Subd. 7. [INFORMATION CONFIDENTIAL.] Neither the commissioner nor any other public official or employee may divulge or otherwise make known in any manner any particulars disclosed in any report or return required by this section, or any information concerning the affairs of the distributor making the return acquired from its records, officers, or employees while examining or auditing under the authority of this chapter, except in connection with a proceeding involving taxes due under this chapter. Nothing herein prohibits the commissioner from publishing statistics so classified as not to disclose the identity of particular returns or reports and their contents. Any person violating the provisions of this section is guilty of a gross misdemeanor.*

*Notwithstanding the provisions of this section, the commissioner may furnish information on a reciprocal basis to the taxing officials of another state or the board in order to implement the purposes of this chapter.*

*In order to facilitate processing of returns and payments of taxes required by this chapter, the commissioner may contract with outside vendors and may disclose private and nonpublic data to the vendor. The data disclosed must be administered by the vendor consistent with this section.*

*Subd. 8. [COLLECTIONS; CIVIL PENALTIES.] The provisions of chapter 297A relating to the commissioner's authority to audit, assess, and collect the tax imposed by that chapter apply to the tax, penalties and interest imposed by section 349.212, subdivision 4. The commissioner shall impose civil penalties for violation of this section as provided in chapter 297A, and the additional tax and penalties are subject to interest at the rate provided in section 270.75.*

*Subd. 9. [RULES.] The commissioner shall adopt rules, including emergency rules, for the administration and enforcement of this section and section 349.212, subdivision 4.*

**Sec. 13.** Minnesota Statutes 1984, section 349.213, subdivision 2, is amended to read:

*Subd. 2. [LOCAL APPROVAL.] Before issuing or renewing an organization license, the board must notify the city council of the statutory or home rule city in which the organization's premises are located or, if the premises are located outside a city, by the county board of the county where the premises are located. If the premises are located within a town, the board must also notify the town board. If the city council or county board adopts*

a resolution disapproving the license and so informs the board within 30 days of receiving notice of the license, the license may not be issued or renewed.

Sec. 14. Minnesota Statutes 1984, section 349.213, is amended by adding a subdivision to read:

*Subd. 3. [LOCAL INVESTIGATION FEE.] The county or statutory or home rule city notified under subdivision 2 may assess an investigation fee not to exceed \$500 to an organization applying for a license or renewing a license to conduct lawful gambling.*

Sec. 15. Minnesota Statutes 1984, section 349.214, subdivision 2, is amended to read:

*Subd. 2. [(RAFFLES) LAWFUL GAMBLING.] (a) Raffles may be conducted by an organization as defined in section 349.12, subdivision (13) 12, without complying with sections 349.11 to 349.14 and 349.151 to 349.213 if the value of all raffle prizes awarded by the organization in a calendar year does not exceed \$750.*

*(b) Lawful gambling may be conducted by an organization as defined in section 349.12, subdivision 12, without complying with sections 349.11 to 349.14 and 349.151 to 349.213 if:*

*(1) the organization conducts lawful gambling on four or fewer days in a calendar year;*

*(2) the organization does not award more than \$50,000 in prizes for lawful gambling in a calendar year;*

*(3) the organization notifies the board in writing not less than 30 days before each lawful gambling occasion of the date and location of the occasion, the types of lawful gambling to be conducted, the prizes to be awarded, and receives an exemption identification number;*

*(4) the organization notifies the local government unit 30 days before the lawful gambling occasion;*

*(5) the organization purchases all gambling equipment and supplies from a licensed distributor; and*

*(6) the organization reports to the board, on a single page form prescribed by the board, within 30 days of each gambling occasion, the gross receipts, prizes, expenses, expenditures of net profits from the occasion, and the identification of the licensed distributor from whom all gambling equipment was purchased.*

(c) *If the organization fails to file a timely report as required by clause (3) or (6), a \$250 penalty is imposed on the organization. Failure to file a timely report does not disqualify the organization as exempt under this paragraph if a report is subsequently filed and the penalty paid.*

(d) Merchandise prizes must be valued at their fair market value.

Sec. 16. Minnesota Statutes 1984, section 349.214, is amended by adding a subdivision to read:

*Subd. 4. [TAXATION.] An organization's receipts from lawful gambling that is exempt from licensing under this section is not subject to the tax imposed by section 297A.02 or 349.212.*

Sec. 17. Minnesota Statutes 1984, section 349.22, is amended to read:

349.22 [PENALTY.]

*Subdivision 1. [FELONY.] A sale of gambling equipment to an organization by any person not licensed as a distributor under section 349.161 is a felony.*

*Subd. 2. [GROSS MISDEMEANOR.] Any other violation of sections 349.11 to 349.214 is a gross misdemeanor.*

*Subd. (2) 3. [OTHER ACTION.] This section does not preclude civil or criminal actions under other applicable law or preclude any agency of government from investigating or prosecuting violations of the provisions of sections 349.11 to 349.214. County attorneys have primary responsibility for prosecuting violations of sections 349.11 to 349.214, but the attorney general may prosecute any violation of those sections.*

Sec. 18. Minnesota Statutes 1984, section 349.31, subdivision 1, is amended to read:

*Subdivision 1. [INTENTIONAL POSSESSION; WILLFUL KEEPING.] The intentional possession or willful keeping of a gambling device on a licensed premises is cause for the revocation of any license under which the licensed business is carried on upon the premises where the gambling device is found, provided that possession of gambling equipment as defined in section 349.12, subdivision 17, which is used for lawful gambling (LICENSED BY THE CHARITABLE GAMBLING CONTROL BOARD) authorized by this chapter, and the manufacture of gambling devices for use in jurisdictions where use of the gambling device is legal as provided for by section 349.40 shall not be cause for revocation of a license.*

Sec. 19. Minnesota Statutes 1984, section 609.761, is amended to read:

609.761 [OPERATIONS PERMITTED.]

Notwithstanding sections 609.755 and 609.76, an organization may conduct lawful gambling as defined in section 349.12, if (LICENSED BY THE CHARITABLE GAMBLING CONTROL BOARD AND CONDUCTED UNDER SECTIONS 349.11 TO 349.22) *authorized under chapter 349*, and a person may manufacture, sell, or offer for sale a gambling device to (THE) *an organization authorized under chapter 349 to conduct lawful gambling*, and pari-mutuel betting on horse racing may be conducted under chapter 240."

Delete the title and insert:

"A bill for an act relating to taxation; providing for the taxation of lawful gambling; providing for identification cards for employees of distributors of gambling equipment; providing for the registration of manufacturers of gambling equipment; providing for maximum prizes for pull-tabs; allowing local investigation fees; making unlicensed wholesaling of gambling equipment a felony; regulating off-track betting; exempting certain lawful gambling from licensing and taxation; providing for notification to town boards of license applications; providing a penalty; amending Minnesota Statutes 1984, sections 240.25, subdivision 2; 240.26, subdivisions 1 and 2; 349.12, by adding a subdivision; 349.161, by adding subdivisions; 349.19, subdivision 5; 349.211, by adding a subdivision; 349.212, by adding a subdivision; 349.213, subdivision 2, and by adding a subdivision; 349.214, subdivision 2, and by adding a subdivision; 349.22; 349.31, subdivision 1; and 609.761; Minnesota Statutes 1985 Supplement, section 349.212, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 349."

With the recommendation that when so amended the bill pass.

The report was adopted.

McKasy from the Committee on Judiciary to which was referred:

H. F. No. 2388, A bill for an act relating to nonprofit corporations; providing for succession of fiduciary capacity in mergers and consolidations; clarifying authority for separate entities to hold church employee benefit plans; amending Minnesota Statutes 1984, sections 317.38; and 317.66, subdivision 1, and by adding a subdivision.

Reported the same back with the following amendments:

Page 4, line 9, after "provide" insert "*directly or through a church benefits board*"

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. 2476, A bill for an act relating to public safety; motor vehicles; eliminating redundant and surplus language; correcting inconsistent provisions in statutes; requiring certain information on petition for judicial review of license revocation determination; changing fee for motorized bicycle permit renewal for persons 18 years of age; permitting donor designation on minor donor's driver's license or identification card; abolishing automatic reinstatement of revoked or suspended driving privilege of nonresident in certain circumstances; extending effective period for provisional drivers' licenses by one year; amending Minnesota Statutes 1984, sections 168.28; 169.123, subdivision 5c; 171.02, subdivision 3; and 171.07, subdivision 5; and Minnesota Statutes 1985 Supplement, sections 168.013, subdivisions 1c and 1e; and 171.27; repealing Minnesota Statutes 1984, section 171.15, subdivision 2.

Reported the same back with the following amendments:

Page 1, after line 20, insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 168.012, subdivision 1c, is amended to read:

Subd. 1c. (a) The annual *administrative* 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.) *The license plate fee for a tax-exempt vehicle, except a trailer, is \$10 for two plates per vehicle, payable only on the first tax-exempt registration of the vehicle.*

*An owner of a tax-exempt vehicle who before the effective date of this act paid more than \$20 in payment of total administrative handling fee, plate fee, and filing fee under section 169.33 for that vehicle for the two-year period beginning March 1, 1986, may apply all or part of the amount paid in excess of \$20 against the owner's future administrative handling fees for*

*tax-exempt vehicles until the entire excess amount has been so applied. The registrar shall send to each such owner a credit memo or other such notice in the amount of the excess payment, with a notice that the credit may be applied against future administrative fees.*

(c) (ON OR 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) *The administrative fee is 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. 2. Minnesota Statutes 1984, section 168.012, is amended by adding a subdivision to read:

*Subd. 11. The owner of a tax-exempt vehicle must pay the administrative and plate fees, and filing fee under section 168.33, subdivision 7, only to a deputy registrar in the county in which the vehicle is domiciled."*

Page 7, delete section 5 and insert:

"Sec. 7. Minnesota Statutes 1984, section 171.02, subdivision 3, is amended to read:

Subd. 3. [MOTORIZED BICYCLES.] No motorized bicycle shall be operated on any public roadway by any person who does not possess a valid drivers license, unless the person has obtained a motorized bicycle operator's permit or motorized bicycle instruction permit from the commissioner of public safety. The operator's permit may be issued to any person who has attained the age of 15 years and who has passed the examination prescribed by the commissioner. *The instruction permit may be issued to any person who has attained the age of 15 years and who has passed the written portion of the examination prescribed by the commissioner.* The commissioner may promulgate rules and regulations prescribing the content of the examination and the information to be contained on the (PERMIT) permits.

The fees for motorized bicycle operator's (PERMIT) permits are as follows:

- (a) Examination and operator's permit,  
valid for one year .....\$ 4
- (b) Duplicate .....\$ 2

(c) Renewal permit before age (18) 19 and valid until age (18) 19 .....	\$ 6
(d) Renewal permit after age 18 and valid for four years .....	\$10
(e) Duplicate of any renewal permit .....	\$ 3
(f) Written examination and instruction permit, valid for 30 days .....	\$4

Sec. 8. Minnesota Statutes 1984, section 171.05, is amended by adding a subdivision to read:

*Subd. 3. Notwithstanding any provision in subdivision 1 to the contrary, the department, upon application and payment of the fee prescribed in section 1, may issue a motorized bicycle instruction permit to an applicant who is 15 years of age and who has successfully completed the written portion of the examination prescribed by the commissioner. The holder of this instruction permit who has the permit in possession may operate a motorized bicycle within one mile of the holder's residence for the purpose of practicing to take the operator portion of the examination prescribed by the commissioner."*

Page 9, after line 20, insert:

"Sec. 12. [EFFECTIVE DATE.]

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

Reorder the sections in sequence

Amend the title as follows:

Page 1, line 2, after the second semicolon insert "providing for fees for tax-exempt license plates;"

Page 1, line 6, after the semicolon insert "providing for motorized bicycle instruction permits and setting a fee;"

Page 1, line 14, after "sections" insert "168.012, by adding a subdivision;"

Page 1, line 15, after the first semicolon insert "171.05, by adding a subdivision;"

Page 1, line 16, after "sections" insert "168.012, subdivision 1c;"

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.

Carlson, D., from the Committee on Transportation to which was referred:

S. F. No. 1910, A bill for an act relating to transportation; adding new route to trunk highway system in substitution of existing route; allowing old highway to be turned back to city of Willmar; directing revisor of statutes to make route substitution; amending Laws 1974, chapter 151, section 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [160.81] [HIGHWAYS IN RECREATION AREAS.]

*Subdivision 1. [JOINT STANDARDS.] The commissioner of transportation, in consultation with the commissioner of natural resources, shall establish standards for trunk highway segments located in areas of unusual scenic interest. The rules shall:*

*(1) define "areas of unusual scenic interest," which must include major recreational areas, historic areas and major publicly and privately owned tourist attractions;*

*(2) prescribe standards for right-of-way, shoulders and parking areas for trunk highway segments in such areas; and*

*(3) prescribe standards for scenic overlooks, parking piers and other parking areas, tourist information facilities, public water access points and other facilities intended to expand the recreational use of trunk highway segments in such areas.*

*Subd. 2. [PLAN.] The commissioner of transportation, in consultation with the commissioner of natural resources, shall prepare a plan for the recreational uses of trunk highway right-of-way and adjacent public land in areas of unusual scenic interest. The plan must provide for the enhancement of such recreational uses by the construction of new recreational facilities or the improvement or rehabilitation of existing recreational facilities, as enumerated in subdivision 1, clause (3). The plan must provide for joint development of these facilities by the departments of transportation and natural resources, where feasible, and must contain provisions per-*



*mitting local units of government and regional development commissions to participate in the planning and development of recreational facilities.*

*Subd. 3. [RECREATIONAL FACILITIES.] The commissioner of transportation may, in areas of unusual scenic interest:*

*(1) construct, improve, and maintain recreational facilities, including parking areas, scenic overlooks, and tourist information facilities, on truck highway right-of-way and adjacent areas; and*

*(2) construct, improve, and maintain access ramps and turnoffs to connect truck highways with recreational land owned by the department of natural resources.*

*Subd. 4. [APPLICABILITY OF ADMINISTRATIVE PROCEDURE ACT.] Promulgation of the recreational use plan under subdivision 2 is subject to chapter 14, the administrative procedure act. The standards established under subdivision 1 are not subject to the administrative procedure act.*

**Sec. 2. [TRUNK HIGHWAY SYSTEM; NEW ROUTE SUBSTITUTED FOR EXISTING ROUTE.]**

*Subdivision 1. [ADDITIONAL ROUTE.] There is added to the trunk highway system a new route in Minnesota Statutes, section 161.115, described as follows:*

*Route No. 294. Beginning at the intersection of business route no. 71 (old trunk highway no. 71) and Civic Center Road (formerly 15th Avenue N.E.) in Willmar, at or near the South Line of Government Lot 1, Section 2, Township 119 North, Range 35 West; thence extending in a general easterly, northerly, and northwesterly direction into and through the grounds of the Willmar state hospital to the intersection with old trunk highway no. 71 about 400 feet northerly of the South Line of Government Lot 1, Section 1, Township 119 North, Range 35 West.*

*Subd. 2. [SUBSTITUTION.] The route established in subdivision 1 is substituted for route no. 294 as contained and described in Minnesota Statutes 1984, section 161.115. Route no. 294 as contained and described in that section is discontinued and removed from the trunk highway system.*

*Subd. 3. [DIRECTIONS TO REVISOR.] The revisor of statutes, in compiling the next and subsequent editions of Minnesota Statutes, shall substitute the route established in subdivision 1 for the route discontinued and removed from the trunk highway system in subdivision 2.*

Sec. 3. Minnesota Statutes 1985 Supplement, section 161.20, subdivision 2, is amended to read:

Subd. 2. [ACQUISITION, REPLACEMENT OF PROPERTY; BUILDINGS; RELOCATION OF CORNERS; AGREEMENTS WITH RAILROADS; CONTRACTS.] (a) 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 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 reestablishment, by the county, of section, quarter section, or meander corners originally established by the United States, when such relocation or reestablishment 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 duties, to let all necessary contracts in the manner prescribed by law.

(b) *In addition to capital building improvements specified by the legislature for construction, the commissioner may contract to dispose of and replace existing land, buildings, and associated property with land, buildings, and associated property at a new location if replacement would result in a clear public benefit. A clear public benefit results if the following conditions are satisfied:*

(1) *the present use of the property to be replaced is not the highest and best use of the property compared to other property located in the immediate, surrounding area;*

(2) *replacement will promote commercial and economic development and employment in the area;*

(3) replacement will not result in diminished service provided by the department or result in significantly increased future costs for the department due solely to the relocation of its facilities;

(4) the replacement will result in a significant economic benefit or interest to the state; and

(5) the procedures to effectuate replacement include an open, competitive contracting process.

The commissioner may enter into a contract for purposes of this paragraph only after presenting a report detailing the terms of the contract to the chairs of the house appropriations committee and the senate finance committee. The commissioner shall not execute the contract until the chairs have made their recommendations. Recommendations are advisory only.

(c) The commissioner may make agreements with and cooperate with any governmental authority for the purpose of effectuating the provisions of this chapter.

Sec. 4. Minnesota Statutes 1984, section 169.07, is amended to read:

#### 169.07 [UNAUTHORIZED SIGNS.]

No person shall place, maintain, or display upon or in view of any highway any unauthorized sign, signal, marking, or device which purports to be or is an imitation of or resembles an official traffic-control device or railroad sign or signal, or which attempts to direct the movement of traffic, or which hides from view or interferes with the effectiveness of any official traffic-control device or any railroad sign or signal, and no person shall place or maintain, nor shall any public authority permit, upon any highway any traffic sign or signal bearing thereon any commercial advertising. This shall not be deemed to prohibit (1) the erection upon private property adjacent to highways of signs giving useful directional information and of a type that cannot be mistaken for official signs, or (2) the temporary placement by auctioneers licensed or exempt from licensing under section 330.01, for a period of not more than eight consecutive hours, on or adjacent to the right-of-way of a highway not more than four signs directing motorists to the location of an auction. The signs must conform to standards for size, content, placement, and location for such signs promulgated by the commissioner of transportation. The rules may require a permit for each such sign but no fee may be charged for the permit.

Every such prohibited sign, signal, or marking is hereby declared to be a public nuisance, and the authority having jurisdic-

tion over the highways is hereby empowered to remove the same, or cause it to be removed, without notice.

Sec. 5. Minnesota Statutes 1984, section 169.44, is amended by adding a subdivision to read:

*Subd. 1d. [OPTIONAL SYSTEM.] In addition to equipment required under subdivision 1a and notwithstanding the provisions of section 169.64, a school bus may be equipped with a driver-activated, student control warning system which includes a high-intensity red flashing signal, an audible warning signal and a green all-clear signal, and may activate such a system whenever the use of the stop signal arm and flashing red signals is required under subdivision 2.*

Sec. 6. Minnesota Statutes 1984, section 173.08, subdivision 1, is amended to read:

Subdivision 1. [ADVERTISING DEVICES RESTRICTED.] No advertising device, excepting the advertising devices described and permitted under sections 173.01 to 173.27, shall be erected or maintained in an adjacent area, after June 8, 1971, except the following:

(a) Directional and other official signs, including, but not limited to, signs pertaining to natural wonders, scenic and historical attractions, which are required or authorized by law, and which comply with regulations which shall be promulgated by the commissioner relative to their lighting, size, spacing and other requirements as may be appropriate to implement sections 173.01 to 173.27;

(b) Advertising devices advertising the sale or lease of property upon which they are located, provided that there shall not be more than one such sign, advertising the sale or lease of the same property, visible to traffic proceeding in any one direction on any one interstate or primary highway;

(c) Advertising devices advertising activities conducted on the property on which they are located, including, without limiting the generality of the foregoing, goods sold, stored, manufactured, processed or mined thereon, services rendered thereon, and entertainment provided thereon;

(d) Advertising devices stating the name and address of the owner, lessee or occupant of such property or information otherwise required or authorized by law to be posted or displayed thereon;

(e) Public utility signs;

(f) Service club and religious notices;

(g) Advertising devices of which the advertising copy or the name of the owner thereof is in no part visible from the traveled way of the aforesaid highways;

(h) Advertising devices which are located, or which are to be located, in business areas and which comply, or will comply when erected, with the provisions of sections 173.01 to 173.27;

(i) *Signs placed temporarily by auctioneers under section 169.07.*

Sec. 7. Minnesota Statutes 1985 Supplement, section 221.033, subdivision 3, is amended to read:

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) *for tank motor vehicles with a capacity of 3,000 gallons or less that are used to transport gasoline and which were designed and manufactured between 1950 and 1975 (ACCORDING TO AMERICAN SOCIETY OF MECHANICAL ENGINEERS SPECIFICATIONS IN EFFECT AT THE TIME OF MANUFACTURE) to transport petroleum products.* 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. 8. Laws 1974, chapter 151, section 3, is amended to read:

This act shall take effect upon the construction of the (TRUNK HIGHWAY 12) *Route 4 and Route 49* bypass of Willmar.

Sec. 9. [HIGH OCCUPANCY VEHICLES.]

*Subdivision 1. [HIGH OCCUPANCY LANES.] The commissioner of transportation shall, in the design of any controlled access highway within the metropolitan area as defined in Minnesota Statutes, section 473.02, subdivision 5, consider the inclusion in the design of one or more lanes of traffic reserved exclusively for vehicles carrying two or more persons.*

*Subd. 2. [EXCLUSIVE BUS LANES.] The commissioner of transportation shall, in the management of controlled access highways within the metropolitan area as defined in Minnesota Statutes, section 473.02, subdivision 5, which have entrance ramps reserved exclusively for buses, consider the use of such ramps by any vehicle carrying two or more persons.*

Sec. 10. [SETTLEMENT FUNDS.]

*To the extent allowable under the terms of settlements prescribed by the federal government or federal court order, the state agency designated by the governor to receive funds resulting from litigation or settlements of alleged violations of federal petroleum pricing regulations shall deposit . . . . percent of such funds received as follows:*

*(1) 75 percent of such percentage in the highway user tax distribution fund; and*

*(2) 25 percent of such percentage in the transit assistance fund.*

Sec. 11. [EFFECTIVE DATE.]

*Sections 2, 3, 7, 8, and 9 are effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to transportation; providing for standards for highways in areas of unusual scenic interest; adding new route to trunk highway system in substitution of existing route; allowing old highway to be turned back to city of Willmar; permitting commissioner of transportation to exchange transportation facilities under conditions of clear public benefit; providing for temporary directional signs to auctions; providing for driver-activated student control warning system on school buses; providing for variance from rules for certain tank motor vehicles; providing that the use of certain high occupancy lanes and exclusive bus lanes by vehicles carrying more than one person be considered by the commissioner of transportation; providing for distribution of certain settlement funds; directing the revisor of statutes to make route substitutions; amending Minnesota Statutes 1984, sections 169.07; 169.44, by adding a subdivision; and 173.08, subdivision 1; amending Minnesota Statutes 1985 Supplement, sections 161.20, subdivision 2; and 221.033, subdivision 3; and Laws 1974, chapter 151, section 3; proposing coding for new law in Minnesota Statutes, chapter 160."

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:

Senate Concurrent Resolution No. 19, a senate 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 following amendments:

Page 1, line 12, delete "Senate" and insert "Legislature"

Page 1, lines 12 and 13, delete ", the House concurring,"

Page 1, line 20, delete "is" and insert "and the Chief Clerk of the House are"

Page 1, line 22, delete "his signature" and insert "their signatures"

Page 1, line 23, delete the first comma and insert "and"

Page 1, lines 23 and 24, delete ", and the Chief Clerk of the House,"

With the recommendation that when so amended the resolution be adopted.

The report was adopted.

#### SECOND READING OF HOUSE BILLS

H. F. Nos. 943, 948, 1796, 1932, 1949, 1968, 2094, 2239, 2275, 2331 and 2388 were read for the second time.

#### SECOND READING OF SENATE BILLS

S. F. No. 1910 was read for the second time.

#### INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Redalen introduced:

H. F. No. 2532, A bill for an act relating to natural resources; authorizing spending for acquiring and bettering public land and buildings for a fish hatchery; authorizing issuance of state bonds; appropriating money.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Rees introduced:

H. F. No. 2533, A bill for an act relating to transportation; authorizing transportation to nonpublic schools outside school

district boundary within certain limits; amending Minnesota Statutes 1984, section 123.78, subdivision 1a.

The bill was read for the first time and referred to the Committee on Education.

Segal, Greenfield, Long, Kelly and Tomlinson introduced:

H. F. No. 2534, A resolution memorializing the President and Congress to declare that the United States will refrain from testing nuclear weapons and to negotiate a test ban treaty with the Soviet Union.

The bill was read for the first time and referred to the Committee on Rules and Legislative Administration.

Anderson, G.; Schoenfeld; Brown; Tunheim and Lieder introduced:

H. F. No. 2535, A resolution memorializing the President and Congress of the United States to investigate and take action to effect changes in the wheat grading and marketing process.

The bill was read for the first time and referred to the Committee on Agriculture.

Schreiber, Valento, Voss and Brandl introduced:

H. F. No. 2536, A bill for an act relating to taxation; property; modifying the metropolitan revenue distribution system; phasing out certain exemptions; providing a variable contribution percentage; equalizing commercial-industrial assessed valuations; changing certain definitions; eliminating the administrative auditor's functions; amending Minnesota Statutes 1984, sections 473F.01; 473F.02, subdivision 12; 473F.06; 473F.07; 473F.08, subdivisions 2, 5, 6, 7a, and by adding a subdivision; 473F.09; 473F.13; Minnesota Statutes 1985 Supplement, section 473F.02, subdivision 3; repealing Minnesota Statutes 1984, sections 473F.02, subdivisions 6, 9, 11, 16, 18, 19, and 20; 473F.03; and 473F.12; and Minnesota Statutes 1985 Supplement, section 473F.02, subdivision 17.

The bill was read for the first time and referred to the Committee on Taxes.



## HOUSE ADVISORIES

The following House Advisory was introduced:

Nelson, K., introduced:

H. A. No. 79, A proposal to study the roles and responsibilities of Minnesota Public School Boards.

The advisory was referred to the Committee on Education.

## 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. 2265, A bill for an act relating to juvenile justice; providing for membership terms, removal, and filling of vacancies on the juvenile justice advisory committee; amending Minnesota Statutes 1984, section 116J.404.

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. 1886 and 2035.

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. 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

## FIRST READING OF SENATE BILLS

S. F. No. 1886, A bill for an act relating to the city of Moorhead; authorizing the establishment of a detached banking facility in the city of Moorhead by a state bank located within 30 miles of the city of Moorhead.

The bill was read for the first time.

Valan moved that S. F. No. 1886 and H. F. No. 2032, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2035, A bill for an act relating to motor vehicles; designating category of collector military vehicle for registration purposes; exempting certain collector military vehicles and trailers from requirement to display license plates under certain conditions; amending Minnesota Statutes 1984, sections 168.10, subdivisions 1, 1e, 1f, and by adding a subdivision; and 169.73, subdivision 1.

The bill was read for the first time.

Norton moved that S. F. No. 2035 and H. F. No. 2393, now on the Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1, A bill for an act proposing an amendment to the Minnesota Constitution, article XIII, section 5; permitting the legislature to authorize the state to operate a lottery.

The bill was read for the first time and referred to the Committee on General Legislation and Veterans Affairs.

## CONSENT CALENDAR

S. F. No. 923 was reported to the House.

Marsh moved that S. F. No. 923 be continued on the Consent Calendar for one day. The motion prevailed.

S. F. No. 1349, A bill for an act relating to insurance; providing that insurers or health maintenance organizations must not require a public employer to contribute toward the payment of insurance premiums or charges for insurance for retired officers or employees; amending Minnesota Statutes 1984, section 471.61, subdivision 2a.

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

The bill was passed and its title agreed to.

H. F. No. 1774 was reported to the House.

Levi moved that H. F. No. 1774 be continued on the Consent Calendar for one day. The motion prevailed.

H. F. No. 2236, A bill for an act relating to the city of Grand Rapids; permitting the creation of the Central School 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 123 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Becklin	Boo	Clark	Dyke
Anderson, R.	Begich	Brandl	Clausnitzer	Elioff
Backlund	Bennett	Burger	Cohen	Erickson
Battaglia	Bishop	Carlson, D.	Dempsey	Fjoslien
Beard	Boerboom	Carlson, L.	DenOuden	Forsythe

Frederick	Knickerbocker	Ogren	Richter	Thiede
Frederickson	Krueger	Olsen, S.	Riveness	Thorson
Frerichs	Kvam	Olson, E.	Rodosovich	Tjornhom
Greenfield	Levi	Omann	Rose	Tomlinson
Gruenes	Lieder	Onnen	Sarna	Tompkins
Gutknecht	Long	Osthoff	Schafer	Tunheim
Halberg	Marsh	Otis	Scheid	Uphus
Hartinger	McEachern	Ozment	Schoenfeld	Valan
Hartle	McLaughlin	Pappas	Schreiber	Valento
Haukoos	McPherson	Pauly	Seaberg	Vanasek
Heap	Metzen	Peterson	Segal	Vellenga
Himle	Miller	Piepho	Shaver	Voss
Jacobs	Minne	Piper	Sherman	Waltman
Jaros	Munger	Poppenhagen	Simoneau	Welle
Jennings, L.	Murphy	Price	Skoglund	Wenzel
Johnson	Nelson, D.	Quinn	Solberg	Wynia
Kahn	Nelson, K.	Quist	Sparby	Zaffke
Kalis	Neuenschwander	Redalen	Stanius	Spk. Jennings, D.
Kelly	Norton	Rees	Staten	
Kiffmeyer	O'Connor	Rice	Sviggum	

The bill was passed and its title agreed to.

H. F. No. 2405 was reported to the House.

Sarna moved that H. F. No. 2405 be continued on the Consent Calendar for one day. The motion prevailed.

H. F. No. 2418, A bill for an act relating to Washington county; permitting the county to finance water systems on behalf of cities and towns in the county by the issuance of county general obligation bonds.

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.	Dempsey	Heap	McPherson	Pappas
Anderson, R.	DenOuden	Himle	Metzen	Pauly
Backlund	Dimler	Jacobs	Miller	Peterson
Battaglia	Dyke	Jaros	Minne	Piepho
Beard	Elioff	Jennings, L.	Munger	Piper
Becklin	Ellingson	Johnson	Murphy	Poppenhagen
Begich	Erickson	Kahn	Nelson, D.	Price
Bennett	Fjoslien	Kalis	Nelson, K.	Quinn
Bishop	Forsythe	Kelly	Neuenschwander	Quist
Boerboom	Frederick	Kiffmeyer	Norton	Redalen
Boo	Frederickson	Knickerbocker	O'Connor	Rees
Brandl	Frerichs	Krueger	Ogren	Rice
Brown	Greenfield	Kvam	Olsen, S.	Richter
Burger	Gruenes	Levi	Olson, E.	Riveness
Carlson, D.	Gutknecht	Lieder	Omann	Rodosovich
Carlson, L.	Halberg	Long	Onnen	Rose
Clark	Hartinger	Marsh	Osthoff	Sarna
Clausnitzer	Hartle	McEachern	Otis	Schafer
Cohen	Haukoos	McLaughlin	Ozment	Scheid

Schoenfeld	Skoglund	Thiede	Uphus	Waltman
Schreiber	Solberg	Thorson	Valan	Welle
Seaberg	Sparby	Tjornhom	Valento	Wenzel
Segal	Stanius	Tomlinson	Vanasek	Wynia
Shaver	Staten	Tompkins	Vellenga	Zaffke
Sherman	Sviggum	Tunheim	Voss	Spk. Jennings, D.
Simoneau				

The bill was passed and its title agreed to.

H. F. No. 2464, A bill for an act relating to the city of Bowlus; permitting the city to exceed its debt limit for a firehall.

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, 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	McEachern	Piper	Staten
Bennett	Greenfield	McLaughlin	Poppenhagen	Sviggum
Bishop	Gruenes	McPherson	Price	Thiede
Blatz	Gutknecht	Metzen	Quinn	Thorson
Boerboom	Halberg	Miller	Quist	Tjornhom
Boo	Hartinger	Minne	Rees	Tomlinson
Brandl	Hartle	Munger	Rest	Tompkins
Brown	Haukoos	Murphy	Rice	Tunheim
Burger	Heap	Nelson, D.	Richter	Uphus
Carlson, D.	Himle	Nelson, K.	Riveness	Valan
Carlson, L.	Jacobs	Neuenschwander	Rodosovich	Valento
Clark	Jaros	Norton	Rose	Vanasek
Clausnitzer	Jennings, L.	O'Connor	Sarna	Vellenga
Cohen	Johnson	Ogren	Schafer	Voss
Dempsey	Kahn	Olsen, S.	Scheid	Waltman
DenOuden	Kalis	Olson, E.	Schoenfeld	Welle
Dimler	Kelly	Omann	Schreiber	Wenzel
Dyke	Kiffmeyer	Onnen	Seaberg	Wynia
Elioff	Knickerbocker	Osthoff	Shaver	Spk. Jennings, D.

The bill was passed and its title agreed to.

S. F. No. 1794, A bill for an act relating to Washington county; permitting the negotiated sale of certain property; repealing a provision relating to county interests in certain hospital property; repealing Laws 1959, chapter 14, section 1, 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 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	Frederick	Marsh	Piper	Sviggum
Beard	Frederickson	McEachern	Poppenhagen	Thiede
Becklin	Frerichs	McLaughlin	Price	Thorson
Begich	Greenfield	McPherson	Quinn	Tjornhom
Bennett	Gruenes	Metzen	Quist	Tomlinson
Bishop	Gutknecht	Miller	Rees	Tompkins
Blatz	Halberg	Minne	Rest	Tunheim
Boerboom	Hartinger	Munger	Rice	Uphus
Boo	Hartle	Murphy	Richter	Valan
Brandl	Haukoos	Nelson, D.	Riveness	Valento
Brown	Heap	Nelson, K.	Rodosovich	Vanasek
Burger	Himle	Neuenschwander	Rose	Vellenga
Carlson, D.	Jacobs	Norton	Sarna	Voss
Carlson, L.	Jaros	O'Connor	Schafer	Waltman
Clark	Jennings, L.	Ogren	Scheid	Welle
Clausnitzer	Johnson	Olsen, S.	Schoenfeld	Wenzel
Cohen	Kahn	Olson, E.	Schreiber	Wynia
Dempsey	Kalis	Omam	Seaberg	Zaffke
DenOuden	Kelly	Onnen	Shaver	Spk. Jennings, D.
Dimler	Kiffmeyer	Osthoff	Sherman	
Dyke	Knickerbocker	Otis	Simoneau	
Elioff	Krueger	Ozment	Skoglund	
Ellingson	Kvam	Pappas	Solberg	

The bill was passed and its title agreed to.

S. F. No. 2018, A bill for an act relating to historical sites; renaming a state historic site and establishing new boundaries; amending Minnesota Statutes 1984, section 138.58, subdivision 34.

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.	Brown	Erickson	Heap	Levi
Anderson, R.	Burger	Fjoslien	Himle	Lieder
Backlund	Carlson, D.	Forsythe	Jacobs	Long
Battaglia	Carlson, L.	Frederick	Jaros	Marsh
Beard	Clark	Frederickson	Jennings, L.	McEachern
Becklin	Clausnitzer	Frerichs	Johnson	McLaughlin
Begich	Cohen	Greenfield	Kahn	McPherson
Bennett	Dempsey	Gruenes	Kalis	Metzen
Bishop	DenOuden	Gutknecht	Kelly	Miller
Blatz	Dimler	Halberg	Kiffmeyer	Minne
Boerboom	Dyke	Hartinger	Knickerbocker	Munger
Boo	Elioff	Hartle	Krueger	Murphy
Brandl	Ellingson	Haukoos	Kvam	Nelson, D.

Nelson, K.	Pauly	Riveness	Skoglund	Valento
Neuenschwander	Peterson	Rodosovich	Solberg	Vanasek
Norton	Piepho	Rose	Sparby	Vellenga
O'Connor	Piper	Sarna	Stanius	Voss
Ogren	Poppenhagen	Schafer	Staten	Waltman
Olsen, S.	Price	Scheid	Thiede	Welle
Olson, E.	Quinn	Schoenfeld	Thorson	Wenzel
Omann	Quist	Schreiber	Tjornhom	Wynia
Onnen	Redalen	Seaberg	Tomlinson	Zaffke
Osthoff	Rees	Segal	Tompkins	Spk. Jennings, D.
Otis	Rest	Shaver	Tunheim	
Ozment	Rice	Sherman	Uphus	
Pappas	Richter	Simoneau	Valan	

The bill was passed and its title agreed to.

### SPECIAL ORDERS

H. F. No. 2080 was reported to the House.

Thorson moved that H. F. No. 2080 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 651 was reported to the House.

Segal moved to amend H. F. No. 651, the first engrossment, as follows:

Page 2, line 17, after "*unifying*" insert "*mental health*"

The motion prevailed and the amendment was adopted.

H. F. No. 651, A bill for an act relating to health; authorizing inclusion of physical fitness therapies in grant programs for the mentally ill; providing for study of the administration of mental health services; amending Minnesota Statutes 1984, sections 245.73, by adding a subdivision; and 256E.12, 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 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Boerboom	Dempsey	Frederick	Haukoos
Backlund	Boo	DenOuden	Frederickson	Heap
Battaglia	Brandl	Dimler	Frerichs	Himle
Beard	Brown	Dyke	Greenfield	Jacobs
Becklin	Burger	Elioff	Gruenes	Jaros
Begich	Carlson, L.	Ellingson	Gutknecht	Jennings, L.
Bennett	Clark	Erickson	Halberg	Johnson
Bishop	Clausnitzer	Fjoslien	Hartering	Kalis
Blatz	Cohen	Forsythe	Hartle	Kelly

Kiffmeyer	Nelson, D.	Piepho	Scheid	Tjornhom
Knickerbocker	Nelson, K.	Piper	Schoenfeld	Tomlinson
Krueger	Neuenschwander	Poppenhagen	Schreiber	Tompkins
Kvam	Norton	Price	Seaberg	Tunheim
Levi	O'Connor	Quinn	Segal	Uphus
Lieder	Ogren	Quist	Shaver	Valan
Long	Olsen, S.	Redalen	Sherman	Vaiento
Marsh	Olson, E.	Rees	Simoneau	Vanasek
McEachern	Omamm	Rest	Skoglund	Vellenga
McLaughlin	Onnen	Rice	Solberg	Voss
McPherson	Osthoff	Richter	Sparby	Waltman
Metzen	Otis	Riveness	Stanius	Welle
Miller	Ozment	Rodosovich	Staten	Wenzel
Minne	Pappas	Rose	Svigum	Wynia
Munger	Pauly	Sarna	Thiede	Zaffke
Murphy	Peterson	Schafer	Thorson	Spk. Jennings, D.

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

S. F. No. 1919 was reported to the House.

Seaberg moved to amend S. F. No. 1919, as follows:

Page 1, line 18, after the period insert “*“Patient” also means a minor who is admitted to a residential program as defined in section 7.*”

Page 2, line 8, after the period insert “*In the case of patients admitted to residential programs as defined in section 7, the written statement shall also describe the right of a person 16 years old or older to request release as provided in section 253B.04, subdivision 2, and shall list the names and telephone numbers of individuals and organizations that provide advocacy and legal services for patients in residential programs.*”

Page 2, line 33, after the comma insert “*every residential program as defined in section 7,*”

Page 3, line 6, after “*hospitals*” insert “*, residential programs as defined in section 7 which are hospital-based primary treatment programs,*”

Page 3, after line 21, insert:

“Sec. 5. Minnesota Statutes 1984, section 144.651, is amended by adding a subdivision to read:

*Subd. 31. [ISOLATION AND RESTRAINTS.] A minor patient who has been admitted to a residential program as defined in section 7 has the right to be free from physical restraint and isolation except in emergency situations involving a likelihood that the patient will physically harm the patient's self or others. These procedures may not be used for disciplinary purposes, to enforce program rules, or for the convenience of staff. Isolation or restraint may be used only upon the prior authoriza-*



*tion of a physician, psychiatrist, or licensed consulting psychologist, only when less restrictive measures are ineffective or not feasible and only for the shortest time necessary.*

Sec. 6. Minnesota Statutes 1984, section 144.651, is amended by adding a subdivision to read:

*Subd. 32. [TREATMENT PLAN.] A minor patient who has been admitted to a residential program as defined in section 7 has the right to a written treatment plan that describes in behavioral terms the case problems, the precise goals of the plan, and the procedures that will be utilized to minimize the length of time that the minor requires inpatient treatment. The plan shall also state goals for release to a less restrictive facility and follow-up treatment measures and services, if appropriate. To the degree possible, the minor patient and his or her parent or guardian shall be involved in the development of the treatment and discharge plan.*

Sec. 7. [253C.01] [REPORTING BY RESIDENTIAL TREATMENT PROGRAMS REQUIRED.]

*Subdivision 1. [DEFINITION.] As used in this section, "residential program" means (1) a freestanding primary treatment program or hospital-based primary treatment program that provides residential treatment to chemically dependent or mentally ill minors, or (2) a facility licensed by the state to provide services for emotionally disturbed minors on a 24-hour basis.*

*Subd. 2. [ANNUAL REPORT REQUIRED.] Beginning June 1, 1986, each residential program shall collect the information listed in this subdivision. Each residential program shall file a report no later than December 31, 1986, containing the information collected as of that date. Thereafter, each residential program shall prepare an annual report for the year ending June 30 of each year and file the report no later than December 31 of each year. Hospital-based primary treatment programs shall file the report with the commissioner of health. All other residential programs shall file the report with the commissioner of human services. The reports are public data and must contain at least the following information for the period covered by the report:*

- (1) number of minors admitted to the program;*
- (2) number of minors discharged from the program;*
- (3) primary diagnoses of each admitted minor;*
- (4) number of minors who remained in residence for less than 30 days;*

(5) *number of minors who remained in residence for between 30 and 60 days;*

(6) *number of minors who remained in residence for more than 60 days;*

(7) *average length of stay of minors in the program;*

(8) *number of minors who have received psychotropic medications;*

(9) *age, race, and sex of each minor;*

(10) *copy of written notices, forms, and other procedures being used to advise minors and their parents of their rights;*

(11) *number of minors admitted or presently in residence who have previously had residential treatment;*

(12) *number of minors who are on private pay or third-party reimbursement payment and number who are receiving government funds for treatment;*

(13) *criteria for admission and continued stay;*

(14) *number of minors whose admission is court-ordered; and*

(15) *number of beds on a locked unit and number of beds on an unlocked unit.*

*The information required by this subdivision must be separately stated for chemically dependent, mentally ill, and emotionally disturbed minors as defined by the residential programs.*

*Subd. 3. [RELEASE AND SUMMARY OF DATA.] The reporting requirement of this section must not release individual names of minors or other identifying information. The commissioner of health and the commissioner of human services shall make the reports available to interested persons upon request."*

Amend the title as follows :

Page 1, line 4, before the semicolon insert "and minors receiving residential chemical dependency or mental health treatment"

Page 1, line 7, after the semicolon insert "requiring the reporting of certain information by residential treatment programs for mentally ill, chemically dependent, and emotionally disturbed minors;"

Page 1, line 9, delete "a subdivision" and insert "subdivisions; proposing coding for new law as Minnesota Statutes, chapter 253C"

The motion prevailed and the amendment was adopted.

S. F. No. 1919, A bill for an act relating to mental health; extending the patients' bill of rights to cover people receiving out-patient mental health treatment; defining a minimum grievance procedure for health care facilities; including in the patients' bill of rights the right of access to protection and advocacy services; amending Minnesota Statutes 1984, section 144-651, subdivisions 2, 4, 20, 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 120 yeas and 5 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Anderson, G.	Haukoos	Kalis	Piepho	Solberg
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The bill was passed, as amended, and its title agreed to.

There being no objection the order of business reverted to Messages from the Senate.

## 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. 1815, A bill for an act relating to taxation; real property; prescribing requirements of the sales ratio study used by the state board of equalization; amending Minnesota Statutes 1984, section 270.12, subdivision 2.

PATRICK E. FLAHAVEN, Secretary of the Senate

Dempsey moved that the House refuse to concur in the Senate amendments to H. F. No. 1815, that the Speaker appoint a Conference Committee of 5 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. 2009, A bill for an act relating to economic development; defining the duties and terms of office of the members of the world trade center board; classifying data held by the board; amending Minnesota Statutes 1984, sections 44A.01, subdivision 1; 44A.02; 44A.07, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 44A.

PATRICK E. FLAHAVEN, Secretary of the Senate

McKasy moved that the House refuse to concur in the Senate amendments to H. F. No. 2009, that the Speaker appoint a Conference Committee of 5 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. 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.

PATRICK E. FLAHAVEN, Secretary of the Senate

Fjoslien moved that the House refuse to concur in the Senate amendments to H. F. No. 1599, that the Speaker appoint a Conference Committee of 5 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.

#### ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1815:

Schreiber, Himle, Dempsey, Kvam and McKasy.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 2009:

Forsythe; Carlson, D.; Olsen, S.; DenOuden and Carlson, J.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1599:

McDonald, Frederickson, Boerboom, Valan and Schoenfeld.

#### SPECIAL ORDERS, Continued

H. F. No. 1781 was reported to the House.

There being no objection H. F. No. 1781 was temporarily laid over on Special Orders.

S. F. No. 1742, A bill for an act relating to military affairs; authorizing the department of military affairs to purchase certain insurance; amending Minnesota Statutes 1984, section 15.38, 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 120 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

The Speaker called Halberg to the Chair.

H. F. No. 2185 was reported to the House.

Sviggum and Knuth moved to amend H. F. No. 2185, as follows:

Page 1, after line 9, insert:

"Section 1. Minnesota Statutes 1984, section 16B.07, subdivision 3, is amended to read:

Subd. 3. [PUBLICATION OF NOTICE; EXPENDITURES OVER (\$5,000) \$15,000.] If the amount of an expenditure or sale is estimated to exceed (\$5,000) \$15,000, sealed bids must be solicited by public notice inserted at least once in a newspaper or trade journal not less than seven days before the final date of submitting bids. The commissioner shall designate the newspaper or trade journal for that publication, and may designate different newspapers or journals according to the nature of the purchase or contract. The commissioner shall also solicit sealed bids by sending notices by mail to all prospective bidders known to the commissioner, and by posting notice on a public bulletin board in the commissioner's office at least five days before the

final date of submitting bids. All bids must be sealed when they are received and must be opened in public at the hour stated in the notice. All original bids and all documents pertaining to the award of a contract must be retained and made a part of a permanent file or record and remain open to public inspection.

Sec. 2. Minnesota Statutes 1984, section 16B.07, subdivision 4, is amended to read:

Subd. 4. [PURCHASES, SALES, OR RENTALS; (\$5,000) *\$15,000* OR LESS.] All purchases or sales the amount of which is estimated to be (\$5,000) *\$15,000* or less may be made either upon competitive bids or in the open market, in the discretion of the commissioner. So far as practicable, however, they must be based on at least three competitive bids which must be permanently recorded.

Sec. 3. Minnesota Statutes 1984, section 16B.08, subdivision 4, is amended to read:

Subd. 4. [NEGOTIATED CONTRACTS.] In lieu of any of the other requirements of this chapter, the commissioner may negotiate a contract for public work to be performed at a state owned institution or installation if the cost does not exceed (\$5,000) *\$15,000* and if the head of the affected state agency requests the commissioner to do so. The commissioner shall have prepared whatever plans and specifications for the public work he deems necessary to protect the public interest. Contractor's bonds or security pursuant to chapter 574 are not required for contracts entered into pursuant to this subdivision.

Sec. 4. Minnesota Statutes 1984, section 16B.09, subdivision 1, is amended to read:

Subdivision 1. [LOWEST RESPONSIBLE BIDDER.] All state contracts and purchases made by or under the supervision of the commissioner or an agency for which competitive bids are required must be awarded to the lowest responsible bidder, taking into consideration conformity with the specifications, terms of delivery, and other conditions imposed in the call for bids.

The commissioner may decide which is the lowest responsible bidder for all purchases. As to contracts other than for purchases, the head of the interested agency shall make the decision, subject to the approval of the commissioner. Any (BID) or all bids may be rejected. In a case where competitive bids are required and where all bids are rejected, new bids, if solicited, must be called for as in the first instance, unless otherwise provided by law."

Re-number the sections in sequence

Amend the title as follows :

Page 1, line 2, after "the" insert "purchase,"

Page 1, line 3, after "fees" insert ", services,"

Page 1, line 5, after "Statutes" insert "1984, sections 16B.07, subdivisions 3 and 4; 16B.08, subdivision 4; 16B.09, subdivision 1; and Minnesota Statutes"

A roll call was requested and properly seconded.

Minne moved to lay the Sviggum and Knuth amendment to H. F. No. 2185, on the table.

A roll call was requested and properly seconded.

The question was taken on the Minne motion and the roll was called. There were 54 yeas and 62 nays as follows :

Those who voted in the affirmative were :

Anderson, G.	Elioff	McLaughlin	Peterson	Solberg
Anderson, R.	Ellingson	Metzen	Piper	Sparby
Battaglia	Frederick	Minne	Price	Staten
Beard	Greenfield	Murphy	Rest	Tomlinson
Begich	Jacobs	Nelson, D.	Rice	Tunheim
Brandl	Jaros	Nelson, K.	Sarna	Vanasek
Carlson, L.	Kahn	Norton	Scheid	Vellenga
Clark	Kelly	O'Connor	Schoenfeld	Voss
Clausnitzer	Krueger	Ogren	Segal	Welle
Cohen	Long	Osthoff	Simoneau	Wenzel
Dyke	McEachern	Pappas	Skoglund	

Those who voted in the negative were :

Backlund	Forsythe	Kiffmeyer	Pauly	Shaver
Becklin	Frederickson	Knickerbocker	Piepho	Sherman
Bennett	Frerichs	Knuth	Poppenhagen	Sviggum
Bishop	Gruenes	Levi	Quist	Thiede
Blatz	Gutknecht	Lieder	Redalen	Thorson
Bocboom	Halberg	Marsh	Rees	Tjornhom
Burger	Hartinger	McKasy	Richter	Tompkins
Carlson, D.	Hartle	McPherson	Riveness	Valan
Dempsey	Haukoos	Miller	Rodovich	Valento
DenOuden	Heap	Olsen, S.	Rose	Waltman
Dimler	Himle	Onnen	Schafer	
Erickson	Jennings, L.	Otis	Schreiber	
Fjoslien	Johnson	Ozment	Seaberg	

The motion did not prevail.

#### POINT OF ORDER

Staten raised a point of order pursuant to rule 3.9 that the Sviggum and Knuth amendment was not in order.



Sviggum withdrew his amendment to H. F. No. 2185.

Knuth moved to amend H. F. No. 2185, as follows:

Page 1, after line 9, insert:

“Section 1. Minnesota Statutes 1984, section 16B.07, subdivision 3, is amended to read:

Subd. 3. [PUBLICATION OF NOTICE; EXPENDITURES OVER (\$5,000) \$15,000.] If the amount of an expenditure or sale is estimated to exceed (\$5,000) \$15,000, sealed bids must be solicited by public notice inserted at least once in a newspaper or trade journal not less than seven days before the final date of submitting bids. The commissioner shall designate the newspaper or trade journal for that publication, and may designate different newspapers or journals according to the nature of the purchase or contract. The commissioner shall also solicit sealed bids by sending notices by mail to all prospective bidders known to the commissioner, and by posting notice on a public bulletin board in the commissioner's office at least five days before the final date of submitting bids. All bids must be sealed when they are received and must be opened in public at the hour stated in the notice. All original bids and all documents pertaining to the award of a contract must be retained and made a part of a permanent file or record and remain open to public inspection.

Sec. 2. Minnesota Statutes 1984, section 16B.07, subdivision 4, is amended to read:

Subd. 4. [PURCHASES, SALES, OR RENTALS; (\$5,000) \$15,000 OR LESS.] All purchases or sales the amount of which is estimated to be (\$5,000) \$15,000 or less may be made either upon competitive bids or in the open market, in the discretion of the commissioner. So far as practicable, however, they must be based on at least three competitive bids which must be permanently recorded.

Sec. 3. Minnesota Statutes 1984, section 16B.08, subdivision 4, is amended to read:

Subd. 4. [NEGOTIATED CONTRACTS.] In lieu of any of the other requirements of this chapter, the commissioner may negotiate a contract for public work to be performed at a state owned institution or installation if the cost does not exceed (\$5,000) \$15,000 and if the head of the affected state agency requests the commissioner to do so. The commissioner shall have prepared whatever plans and specifications for the public work he deems necessary to protect the public interest. Contractor's bonds or security pursuant to chapter 574 are not required for contracts entered into pursuant to this subdivision.

Sec. 4. Minnesota Statutes 1984, section 16B.09, subdivision 1, is amended to read:

Subdivision 1. [LOWEST RESPONSIBLE BIDDER.] All state contracts and purchases made by or under the supervision of the commissioner or an agency for which competitive bids are required must be awarded to the lowest responsible bidder, taking into consideration conformity with the specifications, terms of delivery, and other conditions imposed in the call for bids.

The commissioner may decide which is the lowest responsible bidder for all purchases. As to contracts other than for purchases, the head of the interested agency shall make the decision, subject to the approval of the commissioner. Any (BID) or all bids may be rejected. In a case where competitive bids are required and where all bids are rejected, new bids, if solicited, must be called for as in the first instance, unless otherwise provided by law."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after "the" insert "purchase,"

Page 1, line 3, after "fees" insert ", services,"

Page 1, line 5, after "Statutes" insert "1984, sections 16B.07, subdivisions 3 and 4; 16B.08, subdivision 4; 16B.09, subdivision 1; and Minnesota Statutes"

A roll call was requested and properly seconded.

#### POINT OF ORDER

Staten raised a point of order pursuant to rule 3.9 that the amendment was not in order. The Speaker pro tempore Halberg ruled the point of order not well taken and the amendment in order.

The question recurred on the Knuth amendment and the roll was called. There were 74 yeas and 45 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Carlson, D.	Frederickson	Himle	Lieder
Backlund	Cohen	Frerichs	Jennings, L.	Marsh
Becklin	Dempsey	Gruenes	Johnson	McPherson
Bennett	DenOuden	Gutknecht	Kalis	Miller
Bishop	Dimler	Halberg	Kiffmeyer	Munger
Blatz	Erickson	Hartle	Knickerbocker	Olsen, S.
Boerboom	Fjoslien	Haukoos	Knuth	Olson, E.
Burger	Forsythe	Heap	Levi	Omann

Onnen	Quinn	Rose	Stanius	Valan
Otis	Quist	Schoenfeld	Sviggum	Valento
Ozment	Redalen	Schreiber	Thiede	Waltman
Pauly	Rees	Seaberg	Thorson	Welle
Piepho	Richter	Shaver	Tjornhom	Wenzel
Poppenhagen	Riveness	Sherman	Tompkins	Zaffke
Price	Rodosovich	Sparby	Tunheim	

Those who voted in the negative were :

Battaglia	Elioff	Long	Ogren	Segal
Beard	Ellingson	McEachern	Osthoff	Simoneau
Begich	Greenfield	McLaughlin	Pappas	Solberg
Brandl	Hartinger	Metzen	Peterson	Staten
Brown	Jacobs	Minne	Piper	Tomlinson
Carlson, L.	Jaros	Murphy	Rice	Vanasek
Clark	Kahn	Nelson, K.	Sarna	Vellenga
Clausnitzer	Kelly	Norton	Schafer	Voss
Dyke	Krueger	O'Connor	Scheid	Wynia

The motion prevailed and the amendment was adopted.

H. F. No. 2185, A bill for an act relating to state government; providing for the purchase, use, administration, or disposal of certain fees, services, and property within the jurisdiction of the commissioner of administration; amending Minnesota Statutes 1984, sections 16B.07, subdivisions 3 and 4; 16B.08, subdivision 4; 16B.09, subdivision 1; and Minnesota Statutes 1985 Supplement, sections 16B.29; 16B.42, subdivision 4; and 16B.48, subdivision 2.

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 98 yeas and 26 nays as follows :

Those who voted in the affirmative were :

Anderson, G.	Erickson	Knuth	Peterson	Simoneau
Backlund	Fjoslien	Krueger	Piepho	Sparby
Battaglia	Forsythe	Kvam	Poppenhagen	Stanius
Becklin	Frederick	Levi	Price	Sviggum
Begich	Frederickson	Lieder	Quinn	Thiede
Bennett	Frerichs	Marsh	Quist	Thorson
Bishop	Gruenes	McEachern	Redalen	Tjornhom
Blatz	Gutknecht	McPherson	Rees	Tomlinson
Boo	Halberg	Metzen	Rest	Tompkins
Brown	Hartinger	Miller	Richter	Tunheim
Burger	Hartle	Nelson, D.	Riveness	Valan
Carlson, D.	Haukoos	Neuenschwander	Rodosovich	Valento
Carlson, J.	Heap	Olsen, S.	Rose	Vanasek
Carlson, L.	Himle	Olsen, E.	Schafer	Vellenga
Clausnitzer	Jacobs	Omann	Schoenfeld	Waltman
Cohen	Jennings, L.	Onnen	Schreiber	Welle
Dempsey	Johnson	Otis	Seaberg	Wenzel
DenOuden	Kalis	Ozment	Segal	Zaffke
Dimler	Kiffmeyer	Pappas	Shaver	
Dyke	Knickerbocker	Pauly	Sherman	

Those who voted in the negative were:

Beard	Jaros	Minne	Ogren	Skoglund
Brandl	Kahn	Munger	Osthoff	Solberg
Clark	Kelly	Murphy	Piper	Staten
Elioff	Long	Norton	Rice	Voss
Ellingson	McLaughlin	O'Connor	Sarna	Wynia
Greenfield				

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

S. F. No. 1797, A bill for an act relating to public administration; providing for various town powers; permitting certain sales of public property; providing conditions for contractor's bonds; amending Minnesota Statutes 1984, sections 366.01, subdivision 1; 367.31, subdivision 4; and 471.64, subdivision 1; and Minnesota Statutes 1985 Supplement, sections 365.10; and 574.26.

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 120 yeas and 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Voss

The bill was passed and its title agreed to.

H. F. No. 124 was reported to the House.

Thiede moved to amend H. F. No. 124, the second engrossment, as follows:

Page 2, line 23, after "recalled" insert "*but not fewer than 50 eligible voters in total*"

The motion prevailed and the amendment was adopted.

Thiede offered an amendment to H. F. No. 124, as amended.

#### POINT OF ORDER

Kahn raised a point of order pursuant to rule 3.9 that the amendment was not in order.

The Speaker pro tempore Halberg submitted the following question to the House: "Is it the judgment of the House that the Kahn point of order is well taken?"

A roll call was requested and properly seconded.

Simoneau moved to lay the submission of the point of order to the House on the table. The Speaker pro tempore Halberg ruled the Simoneau motion out of order.

The question was taken on the Kahn point of order and the roll was called. There were 102 yeas and 24 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Kvam	Otis	Sherman
Backlund	Forsythe	Levi	Pappas	Simoneau
Battaglia	Frederick	Lieder	Peterson	Skoglund
Beard	Frederickson	Long	Piepho	Solberg
Becklin	Greenfield	McEachern	Piper	Sparby
Begich	Gutknecht	McKasy	Price	Staten
Bennett	Hartle	McLaughlin	Quinn	Thorson
Bishop	Haukoos	McPherson	Quist	Tjornhom
Boerboom	Heap	Metzen	Redalen	Tomlinson
Boo	Himle	Minne	Rest	Tompkins
Brandl	Jacobs	Munger	Rice	Tunheim
Brown	Jaros	Murphy	Riveness	Valan
Burger	Jennings, L.	Nelson, D.	Rodosovich	Vanasek
Carlson, D.	Johnson	Nelson, K.	Rose	Vellenga
Carlson, J.	Kahn	Neuenschwander	Sarna	Voss
Carlson, L.	Kalis	Norton	Scheid	Welle
Clark	Kelly	O'Connor	Schoenfeld	Wynia
Cohen	Kiffmeyer	Ogren	Schreiber	Zaffke
Dempsey	Knickerbocker	Olson, E.	Seaberg	
Dyke	Knuth	Omann	Segal	
Elioff	Krueger	Osthoff	Shaver	

Those who voted in the negative were :

Blatz	Gruenes	Olsen, S.	Rees	Thiede
Clausnitzer	Halberg	Onnen	Richter	Valento
DenOuden	Hartinger	Ozment	Schafer	Waltman
Fjoslien	Marsh	Pauly	Stanisus	Wenzel
Frerichs	Miller	Poppenhagen	Sviggum	

So it was the judgment of the House that the Kahn point of order relating to rule 3.9 was well taken and the Thiede amendment to H. F. No. 124 was out of order.

The Speaker resumed the Chair.

Brandl moved that H. F. No. 124, as amended, be re-referred to the Committee on General Legislation and Veterans Affairs.

A roll call was requested and properly seconded.

The Speaker called Halberg to the Chair.

The question was taken on the Brandl motion and the roll was called. There were 78 yeas and 44 nays as follows :

Those who voted in the affirmative were :

Anderson, G.	Ellingson	Lieder	Otis	Solberg
Anderson, R.	Forsythe	Long	Pappas	Sparby
Battaglia	Frederickson	McEachern	Peterson	Thorson
Beard	Greenfield	McLaughlin	Piper	Tomlinson
Becklin	Gutknecht	Metzen	Price	Tompkins
Begich	Hartle	Minne	Quinn	Tunheim
Bishop	Jacobs	Munger	Rest	Valan
Boo	Jaros	Murphy	Rice	Vanasek
Brandl	Jennings, L.	Nelson, D.	Riveness	Vellenga
Brown	Johnson	Nelson, K.	Sarna	Voss
Carlson, D.	Kahn	Neuenschwander	Scheid	Waltman
Carlson, L.	Kelly	Norton	Schoenfeld	Welle
Clark	Knickerbocker	O'Connor	Segal	Wynia
Cohen	Knuth	Ogren	Sherman	Zaffke
Dyke	Krueger	Olson, E.	Simoneau	
Elioff	Kvam	Osthoff	Skoglund	

Those who voted in the negative were :

Bennett	Erickson	Kalis	Ozment	Shaver
Blatz	Fjoslien	Kiffmeyer	Pauly	Stanisus
Boerboom	Frederick	Levi	Piepho	Sviggum
Burger	Frerichs	Marsh	Poppenhagen	Thiede
Carlson, J.	Gruenes	McPherson	Quist	Tjornhom
Clausnitzer	Halberg	Miller	Rees	Uphus
Dempey	Hartinger	Olsen, S.	Richter	Valento
DenOuden	Haukoos	Omman	Schafer	Wenzel
Dimler	Heap	Onnen	Seaberg	

The motion prevailed and H. F. No. 124, as amended, was re-referred to the Committee on General Legislation and Veterans Affairs.

H. F. No. 2198, A bill for an act relating to retirement; authorizing the purchase of allowable service credit by a certain member of the public employees retirement association.

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

The bill was passed and its title agreed to.

H. F. No. 2023, A bill for an act relating to elections; changing certain procedures in absentee voting; increasing minimum number of election judges in certain precincts; changing certain official ballots for judicial candidates; requiring vendor bonds for certain voting systems; requiring public notice and demonstration for new voting equipment; authorizing standard ballot format; limiting number of ballots at single counting centers; amending Minnesota Statutes 1984, sections 203B.08, subdivisions 1a and 3a; 204B.22, by adding a subdivision; 204B.36, subdivision 4; 204D.14, subdivision 2; 206.56, by adding a subdivision; 206.57, by adding a subdivision; 206.58, subdivision 1; 206.82, by adding a subdivision; 206.84, subdivision 3; and 206.85, 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 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

H. F. No. 397 was reported to the House.

Carlson, D., moved to amend H. F. No. 397, the first engrossment, as follows:

Page 1, after line 24, insert:

"Sec. 3. [APPROPRIATION.]

*\$12,000 is appropriated from the general fund to the secretary of state for purposes of placing the proposed question on the ballot at the 1986 general election."*

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 397, A bill for an act proposing an amendment to the Minnesota Constitution, article I, adding a section to provide that the right to keep and bear arms shall not be abridged.

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 104 yeas and 20 nays as follows:



Those who voted in the affirmative were:

Anderson, C.	Ellingson	Knickerbocker	Pauly	Sherman
Backlund	Erickson	Knuth	Peterson	Solberg
Battaglia	Fjoslien	Krueger	Piepho	Sparby
Beard	Forsythe	Kvam	Piper	Stanius
Becklin	Frederick	Levi	Poppenhagen	Sviggum
Begich	Frederickson	Lieder	Price	Thiede
Bennett	Frerichs	Marsh	Quinn	Thorson
Bishop	Gruenes	McEachern	Quist	Tjornhom
Blatz	Gutknecht	McPherson	Redalen	Tompkins
Boo	Halberg	Metzen	Rees	Tunheim
Brown	Hartinger	Miller	Rest	Uphus
Burger	Hartle	Minne	Richter	Valan
Carlson, D.	Haukoos	Murphy	Riveness	Valento
Carlson, J.	Heap	Nelson, D.	Rodosovich	Vanasek
Carlson, L.	Himle	Neuenschwander	Rose	Voss
Clausnitzer	Jacobs	Ogren	Schafer	Waltman
Dempsey	Jennings, L.	Olsen, S.	Scheid	Welle
DenOuden	Johnson	Olson, E.	Schoenfeld	Wenzel
Dimler	Kalis	Omann	Schreiber	Zaffke
Dyke	Kelly	Onnen	Seaberg	Spk. Jennings, D.
Elioff	Kiffmeyer	Ozment	Shaver	

Those who voted in the negative were:

Brandl	Jaros	Munger	Osthoff	Skoglund
Clark	Kahn	Nelson, K.	Pappas	Tomlinson
Cohen	Long	Norton	Segal	Vellenga
Greenfield	McLaughlin	O'Connor	Simoneau	Wynia

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

H. F. No. 2324 was reported to the House.

Olsen, S., moved to amend H. F. No. 2324, the first engrossment, as follows:

Amend the title as follows:

Page 1, line 5, delete "a" and insert "modifications in the levy for"

The motion prevailed and the amendment was adopted.

H. F. No. 2324, A bill for an act relating to education; prohibiting the state board from authorizing a school board to transfer money from the debt redemption fund except under conditions; allowing modifications in the levy for debt service for independent district No. 750; amending Minnesota Statutes 1984, section 475.61, subdivision 4; Minnesota Statutes 1985 Supplement, section 121.9121, 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 118 yeas and 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Backlund

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

H. F. No. 2394 was reported to the House.

Fjoslien moved to amend H. F. No. 2394, the first engrossment, as follows:

Delete everything after the enacting clause and insert:

“Section 1. [POW-MIA FLAG.]

*The official flag representing those persons who are prisoners of war or are missing in action, or “POW-MIA” flag, shall be flown at most times on the north portico of the state capitol instead of the United Nations flag. The POW-MIA flag shall be flown in honor of all Minnesotans missing in action until the POW-MIA situation in southeast Asia is resolved. The flag shall be furnished by other than the department of veterans affairs and approved by the commissioner of veterans affairs and the capitol area architectural and planning board. A flag or flags other than the POW-MIA flag, such as the United Nations flag, may be flown on special occasions from the north portico.*

Sec. 2. [EFFECTIVE DATE.]

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

The motion prevailed and the amendment was adopted.

Kahn moved to amend H. F. No. 2394, the first engrossment, as amended by the Fjoslien amendment, as follows:

Page 1, line 8, of the Fjoslien amendment, after "*capitol*" delete "*instead of the United Nations flag*"

The motion prevailed and the amendment was adopted.

H. F. No. 2394, A bill for an act relating to veterans; requiring the POW-MIA flag to be flown on the capitol.

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 108 yeas and 5 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Lieder	Pappas	Shaver
Anderson, R.	Fjoslien	Long	Pauly	Simoneau
Backlund	Forsythe	Marsh	Peterson	Skoglund
Battaglia	Frederick	McEachern	Piepho	Solberg
Beard	Frerichs	McKasy	Piper	Sparby
Becklin	Gruenes	McPherson	Price	Stanius
Begich	Gutknecht	Metzen	Quinn	Sviggunn
Bennett	Halberg	Miller	Quist	Thiede
Bishop	Hartinger	Minne	Redalen	Thorson
Blatz	Hartle	Munger	Rees	Tjornhom
Brown	Haukoos	Murphy	Rest	Tompkins
Carlson, D.	Heap	Nelson, D.	Rice	Tunheim
Carlson, L.	Himle	Nelson, K.	Richter	Valan
Clark	Jacobs	Neuenschwander	Riveness	Valento
Clausnitzer	Jennings, L.	Norton	Rodosovich	Vanasek
Cohen	Johnson	O'Connor	Sarna	Voss
Dempsey	Kalis	Ogren	Schafer	Waltman
DenOuden	Kiffmeyer	Olson, E.	Scheid	Welle
Dimler	Knickerbocker	Omamm	Schoenfeld	Wenzel
Dyke	Krueger	Osthoff	Schreiber	Zaffke
Elioff	Kvam	Otis	Seaberg	
Ellingson	Levi	Ozment	Segal	

Those who voted in the negative were:

Greenfield	Kahn	Staten	Tomlinson	Vellenga
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The bill was passed, as amended, and its title agreed to.

H. F. No. 2428, A bill for an act relating to public employment labor relations; regulating fair share fees; regulating arbitration; defining employer and employee; amending Minnesota Statutes 1984, sections 179A.03, subdivisions 14, 15, and by adding a subdivision; 179A.05, subdivision 6; 179A.07, subdivision 2; 179A.13, by adding a subdivision; 179A.16, subdivisions 4 and 8; and 179A.21, subdivision 2; Minnesota Statutes 1985 Supplement, section 179A.04, 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 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

H. F. No. 1892, A bill for an act relating to energy; changing the administration of the state energy code from the commissioner of energy and economic development to the commissioner of administration; amending certain provisions of the state energy code; amending Minnesota Statutes 1984, sections 16B.64, subdivision 4; and 116J.19, subdivision 8.

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 103 yeas and 20 nays as follows:

Those who voted in the affirmative were :

Anderson, R.	Erickson	Kvam	Ozment	Sherman
Backlund	Fjoslien	Levi	Pauly	Simoneau
Battaglia	Forsythe	Lieder	Peterson	Solberg
Beard	Frederick	Marsh	Piepho	Stanius
Becklin	Frederickson	McEachern	Piper	Sviggum
Begich	Frerichs	McPherson	Poppenhagen	Thiede
Bennett	Gruenes	Metzen	Price	Thorson
Bishop	Gutknecht	Miller	Quinn	Tjornhom
Boerboom	Halberg	Minne	Quist	Tomlinson
Boo	Hartinger	Munger	Redalen	Tompkins
Burger	Hartle	Murphy	Rees	Tunheim
Carlson, D.	Haukoos	Nelson, D.	Rest	Uphus
Carlson, J.	Hirle	Neuenschwander	Richter	Valan
Clausnitzer	Jaros	Norton	Riveness	Valento
Cohen	Jennings, L.	O'Connor	Rodosovich	Vanasek
Dempsey	Johnson	Ogren	Sarna	Waltman
DenOuden	Kalis	Olsen, S.	Schafer	Welle
Dimler	Kelly	Olson, E.	Scheid	Wenzel
Dyke	Knickerbocker	Omann	Schreiber	Zaffke
Elioff	Knuth	Onnen	Seaberg	
Ellingson	Krueger	Otis	Shaver	

Those who voted in the negative were :

Anderson, G.	Clark	McLaughlin	Rice	Staten
Brandl	Greenfield	Nelson, K.	Schoenfeld	Vellenga
Brown	Kahn	Osthoff	Skoglund	Voss
Carlson, L.	Long	Pappas	Sparby	Wynia

The bill was passed and its title agreed to.

H. F. No. 2296 was reported to the House.

Rees moved that H. F. No. 2296 be returned to its author. The motion prevailed.

H. F. No. 2374 was reported to the House.

Valan moved that H. F. No. 2374 be continued on Special Orders for one day. The motion prevailed.

Rees was excused between the hours of 2:50 p.m. and 3:50 p.m.

The Speaker resumed the Chair.

H. F. No. 2371, A bill for an act relating to commerce; providing for the repeal of statutory law regulating entertainment agencies; repealing Minnesota Statutes 1984, sections 184A.01 to 184A.20.

The bill was read for the third time and placed upon its final passage.

Pursuant to rule 2.5, Backlund requested that he be excused from voting on H. F. No. 2371. The request was granted and Backlund was excused from voting.

The question was taken on the passage of the bill and the roll was called. There were 61 yeas and 62 nays as follows:

Those who voted in the affirmative were:

Becklin	Fjoslien	Kiffmeyer	Piepho	Thorson
Bennett	Forsythe	Knickerbocker	Poppenhagen	Tjornhom
Bishop	Frederick	Kvam	Quist	Tompkins
Blatz	Frederickson	Levi	Redalen	Uphus
Boerboom	Gruenes	Marsh	Richter	Valan
Boo	Gutknecht	McKasy	Schafer	Valento
Burger	Halberg	McPherson	Schreiber	Waltman
Carlson, D.	Hartinger	Miller	Seaberg	Zaffke
Clausnitzer	Hartle	Olsen, S.	Shaver	Spk. Jennings, D.
Dempsey	Haukoos	Omann	Sherman	
DenOuden	Heap	Onnen	Stanius	
Dyke	Himle	Ozment	Sviggum	
Erickson	Johnson	Pauly	Thiede	

Those who voted in the negative were:

Anderson, G.	Jaros	Munger	Price	Sparby
Battaglia	Jennings, L.	Murphy	Quinn	Staten
Beard	Kahn	Nelson, D.	Rest	Tomlinson
Begich	Kalis	Nelson, K.	Rice	Tunheim
Brandl	Kelly	Neuenschwander	Riveness	Vanasek
Brown	Knuth	Norton	Rodosovich	Vellenga
Carlson, L.	Krueger	O'Connor	Sarna	Voss
Clark	Lieder	Ogren	Scheid	Welle
Cohen	Long	Olson, E.	Schoenfeld	Wenzel
Elioff	McEachern	Otis	Segal	Wynia
Ellingson	McLaughlin	Pappas	Simoneau	
Greenfield	Metzen	Peterson	Skoglund	
Jacobs	Minne	Piper	Solberg	

The bill was not passed.

H. F. No. 1797 was reported to the House.

Johnson moved to amend H. F. No. 1797, the first engrossment, as follows:

Page 1, line 24, delete "January 30" and insert "April 1"

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

Sparby moved to amend H. F. No. 1797, the first engrossment, as follows:

Page 1, after line 24, insert:

"Sec. 2. [611.291] [TERMINATION OF DISTRICT PUBLIC DEFENDER SYSTEM; APPOINTIVE COUNSEL.]

*A public defender system established in a judicial district as authorized by Laws 1965, chapter 869 may be terminated within the judicial district in the manner provided by this section.*

*By a majority vote of each county board, county boards representing a majority of the population of the judicial district may petition the chief judge of the district to hold a hearing to determine whether the public defender system in the district should be terminated. Upon receipt of the petition, the chief judge shall promptly set a hearing date not sooner than 30 days and not later than 60 days after receipt of the petition. The chief judge shall notify, in writing, the judges of the district, the county boards of the counties in the district, the district public defender, the state board of public defense, and the state court administrator of the hearing request, and the date, time, and place of the hearing.*

*The hearing must be held within the district. The chief judge or designee shall preside. Testimony must be taken on the need for the public defender system in the district, including evidence of the cost of the system and the cost of any proposed methods of providing appointive counsel.*

*Within 30 days after the conclusion of the hearing, all the county commissioners of counties in the district shall vote on the question of whether to terminate the public defender system in the district. The ballots must be distributed by the chief judge by mail and must be returned to the chief judge for tabulation. The chief judge shall then send notice of the vote totals to the county boards in the district, the district public defender, the state board of public defense, and the state court administrator. If a number of county commissioners representing a majority of the population of the district vote to terminate the public defender system, the system is terminated in the district 90 days after the date on which the chief judge provides the required notice of the vote totals. After the termination, each county board of the counties in the district shall provide representation for indigent persons by:*

*(1) entering a contract to participate in another district public defender system in which the county would be deemed a county within that judicial district and would pay its proportionate cost of that system pursuant to section 611.27; or*

*(2) contracting for the services of attorneys to represent indigent persons, consistent with sections 260.155, subdivision 2; 611.07; and 611.071.*

### **Sec. 3. [611.292] [CONTINUED REPRESENTATION.]**

*The termination of the public defender system in a judicial district pursuant to section 2 does not affect the right of a person to continue to be represented by counsel who commenced representation under the system before its termination. Counsel shall*

*continue representation of the person until the duties for which counsel was appointed have been completed or counsel is otherwise lawfully discharged from continued representation."*

Re-number the remaining section

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Voss offered an amendment to H. F. No. 1797, as amended.

#### POINT OF ORDER

Halberg raised a point of order pursuant to rule 3.10 that the amendment was not in order. The Speaker ruled the point of order well taken and the amendment out of order.

#### POINT OF ORDER

Voss raised a point of order pursuant to rule 5.7 that H. F. No. 1797, as amended, be re-referred to the Committee on Appropriations. The Speaker ruled the point of order not well taken.

Riveness was excused for the remainder of today's session.

H. F. No. 1797, A bill for an act relating to courts; amending the law that requires the supreme court to determine whether vacant judicial offices are necessary; providing for termination of certain public defender systems; amending Minnesota Statutes 1985 Supplement, section 2.722, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 611.

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 74 yeas and 48 nays as follows:

Those who voted in the affirmative were:

Anderson, C.	Elioff	Kelly	Pappas	Thiede
Battaglia	Erickson	Knickerbocker	Piepho	Thorson
Begich	Fjoslien	Knuth	Poppenhagen	Tjornhom
Bennett	Frederick	Krueger	Quinn	Tomlinson
Boerboom	Frederickson	Kvam	Quist	Tunheim
Brandl	Gruenes	Levi	Redalen	Uphus
Brown	Gutknecht	Lieder	Richter	Valento
Burger	Hartinger	Marsh	Rodosovich	Vanasek
Carlson, J.	Hartle	McKasy	Rose	Vellenga
Clausnitzer	Haukoos	Miller	Schafer	Waltman
Cohen	Heap	Neuenschwander	Schoenfeld	Welle
Dempsey	Himle	Norton	Sherman	Wenzel
DenOuden	Jacobs	Olson, E.	Sparby	Zaffke
Dimler	Johnson	Olmann	Stanilus	Spk. Jennings, D.
Dyke	Kalis	Ozment	Sviggum	



Those who voted in the negative were:

Backlund	Greenfield	Minne	Pauly	Segal
Beard	Halberg	Murphy	Peterson	Shaver
Becklin	Jennings, L.	Nelson, D.	Piper	Simoneau
Bishop	Kahn	Nelson, K.	Price	Skoglund
Blatz	Kiffmeyer	O'Connor	Rest	Solberg
Boo	Long	Ogren	Rice	Staten
Carlson, D.	McEachern	Olsen, S.	Sarna	Voss
Carlson, L.	McLaughlin	Onnen	Scheid	Wynia
Clark	McPherson	Osthoff	Schreiber	
Forsythe	Metzen	Otis	Seaberg	

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

H. F. No. 1911 was reported to the House.

Hartinger moved to amend H. F. No. 1911, the first engrossment, as follows:

Page 2, after line 18, insert:

“Sec. 2. Minnesota Statutes 1984, section 473.882, subdivision 3, is amended to read:

Subd. 3. [TAX.] After adoption of the ordinance under subdivision 2, a local government unit may annually levy a tax on all taxable property in the district for the purposes for which the tax district is established. *The tax levied may not exceed one mill on property located in rural towns other than urban towns, unless allowed by resolution of the town electors.* The proceeds of the tax shall be paid into a fund reserved for these purposes. Any proceeds remaining in the reserve fund at the time the tax is terminated or the district is dissolved shall be transferred and irrevocably pledged to the debt service fund of the local unit to be used solely to reduce tax levies for bonded indebtedness of taxable property in the district. A tax levied in accordance with this subdivision for paying capital costs is a levy for the payment of principal and interest on bonded indebtedness within the meaning of section 275.50, subdivision 5, clause (e).”

Page 4, line 2, after the period insert *“The tax levied on rural towns other than urban towns may not exceed one mill, unless approved by resolution of the town electors.”*

Renumber the remaining sections

Amend the title as follows:

Page 1, line 6, after the first semicolon insert “473.882, subdivision 3;”

The motion prevailed and the amendment was adopted.

Nelson, K., offered an amendment to H. F. No. 1911, as amended.

POINT OF ORDER

Levi 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.

H. F. No. 1911, A bill for an act relating to natural resources; authorizing watershed management organizations to establish taxing districts within minor watershed units of watersheds; amending Minnesota Statutes 1984, sections 473.878, by adding a subdivision; 473.882, subdivision 3; and 473.883, subdivisions 2, 3, 6, and 7; Minnesota Statutes 1985 Supplement, section 473.882, 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 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Zaffke

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

H. F. No. 1744 was reported to the House.

Price moved to amend H. F. No. 1744, the first engrossment, as follows:

Page 2, line 1, delete everything after the period

Page 2, line 2, delete "by the local superintendent,"

Page 2, line 5, delete "may" and insert "shall"

Page 2, line 6, delete everything after "superintendent" and insert a period

Page 2, delete lines 7 and 8

A roll call was requested and properly seconded.

The question was taken on the Price amendment and the roll was called. There were 65 yeas and 60 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Metzen	Otis	Simoneau
Backlund	Jacobs	Minne	Pappas	Skoglund
Battaglia	Jaros	Munger	Peterson	Solberg
Beard	Jennings, L.	Murphy	Piper	Sparby
Becklin	Kahn	Nelson, D.	Price	Stanius
Bishop	Kalis	Nelson, K.	Quinn	Staten
Brandl	Kelly	Neuenschwander	Rest	Tomlinson
Brown	Knuth	Norton	Rice	Tunheim
Carlson, L.	Krueger	O'Connor	Rodosovich	Vellenga
Clark	Lieder	Ogren	Sarna	Voss
Cohen	Long	Olson, E.	Scheid	Welle
Elioff	McEachern	Omman	Schoenfeld	Wenzel
Ellingson	McLaughlin	Osthoff	Segal	Wynia

Those who voted in the negative were:

Begich	Erickson	Johnson	Piepho	Sviggum
Bennett	Fjoslien	Kiffmeyer	Poppenhagen	Thiede
Blatz	Frederick	Knickerbocker	Quist	Thorson
Boerboom	Frederickson	Kvam	Redalen	Tjornhom
Boo	Frerichs	Levi	Rees	Tompkins
Burger	Gruenes	Marsh	Richter	Uphus
Carlson, J.	Gutknecht	McPherson	Rose	Valan
Clausnitzer	Hartinger	Miller	Schafer	Valento
Dempsey	Hartle	Olsen, S.	Schreiber	Vanasek
DenOuden	Haukoos	Onnen	Seaberg	Waltman
Dimler	Heap	Ozment	Shaver	Zaffke
Dyke	Himle	Pauly	Sherman	Spk. Jennings, D.

The motion prevailed and the amendment was adopted.

Blatz moved to amend H. F. No. 1744, the first engrossment, as amended, as follows:

Page 2, after line 10, insert:

**"Sec. 2. [634.21] [ADMISSION OF ATTENDANCE RECORDS; PRIMA FACIE EVIDENCE.]**

*Subdivision 1. [CONDITIONS.] In a hearing or trial of a minor under sections 260.015, subdivision 19, and 260.111, subdivision 1, a school attendance record of the minor is admissible in evidence if:*

*(a) the record was prepared by the attendance officer designated by the school to compile the record according to section 120.14;*

*(b) the record was prepared in the ordinary course of business by the attendance officer; and*

*(c) the record is signed by each of the minor's teachers, attesting to the accuracy of the record.*

*Subd. 2. [PRIMA FACIE EVIDENCE.] In a hearing or trial in which the school attendance of a minor is relevant to prove a violation of section 260.015, subdivision 19, the minor's attendance or absence as indicated by the school attendance record is prima facie evidence that the minor either attended assigned classes or was absent from the classes without lawful excuse."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "providing for the admission into evidence of certain attendance records;"

Page 1, line 6, before the period, insert " ; proposing coding for new law in Minnesota Statutes, chapter 634"

Carlson, L., moved to amend the Blatz amendment to H. F. No. 1744, the first engrossment, as amended, as follows:

Page 1, line 14, before the semicolon insert

*"and the attendance was taken during each class period"*

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

The Speaker called Halberg to the Chair.

The question recurred on the adoption of the Blatz amendment, as amended by the Carlson, L., amendment, to H. F. No. 1744. The motion prevailed and the amendment, as amended, was adopted.

Begich offered an amendment to H. F. No. 1744.

POINT OF ORDER

Kahn raised a point of order pursuant to rule 3.9 that the amendment was not in order. The Speaker pro tempore Halberg ruled the point of order well taken and the amendment out of order.

Solberg moved to amend H. F. No. 1744, the first engrossment, as amended, as follows:

Page 2, line 13, after "of" delete "ten" and insert "eight"

Page 2, line 20, after "schools," delete "two" and insert "one"

Page 2, line 21, delete "two" and insert "one"

A roll call was requested and properly seconded.

The question was taken on the Solberg amendment and the roll was called. There were 46 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jaros	Minne	Peterson	Sparby
Battaglia	Jennings, L.	Munger	Piper	Tomlinson
Beard	Kahn	Nelson, D.	Price	Tunheim
Begich	Kalis	Nelson, K.	Rice	Voss
Clark	Knuth	Neuenschwander	Sarna	Welle
Cohen	Lieder	Norton	Scheid	Wynia
Elioff	Long	O'Connor	Segal	
Ellingson	McEachern	Ogren	Simoneau	
Greenfield	McLaughlin	Olson, E.	Skoglund	
Jacobs	Metzen	Otis	Solberg	

Those who voted in the negative were:

Backlund	Dyke	Kiffmeyer	Quinn	Thiede
Becklin	Erickson	Knickerbocker	Quist	Thorson
Bennett	Fjoslien	Krueger	Redalen	Tjornhom
Blatz	Frederick	Levi	Rees	Tompkins
Boerboom	Frederickson	Marsh	Rest	Uphus
Boo	Frerichs	McPherson	Richter	Valan
Brandl	Gruenes	Miller	Rodosovich	Valento
Brown	Gutknecht	Murphy	Rose	Vanasek
Burger	Halberg	Olsen, S.	Schafer	Vellenga
Carlson, J.	Hartinger	Omann	Schoenfeld	Waltman
Carlson, L.	Hartle	Onnen	Seaberg	Wenzel
Clausnitzer	Haukoos	Ozment	Shaver	Zaffke
Dempsey	Heap	Pauly	Sherman	
DenOuden	Himle	Piepho	Stanius	
Dimler	Johnson	Poppenhagen	Swiggum	

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

H. F. No. 1744, A bill for an act relating to education; making changes to the definition of a school; providing for the admission

into evidence of certain attendance records; establishing a task force to make recommendations about compulsory attendance laws; amending Minnesota Statutes 1984, section 120.10, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 634.

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 112 yeas and 11 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Cohen	Long	O'Connor	Rice	Staten
Greenfield	Munger	Osthoff	Sarna	Tomlinson
Kahn				

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

H. F. No. 2407, A bill for an act relating to state lands; direct transfer of the Croft Mine Park, and all artifacts, machinery, and other personal property used in its operation, to any one or a combination of the city of Ironton, the city of Crosby, and the Croft historical park board.

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 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

McEachern

The bill was passed and its title agreed to.

The Speaker resumed the Chair.

Levi moved that the remaining bills on Special Orders for today be returned to General Orders. The motion prevailed.

Levi moved that the House recess subject to the call of the Chair. The motion prevailed.

#### RECESS

#### RECONVENED

The House reconvened and was called to order by the Speaker.

#### 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 to be acted upon immediately preceding General Orders for today, March 10, 1986:

H. F. Nos. 1950, 1677, 1863, 1801, 2089, 2130, 1947, 1767, 1990 and 1838; S. F. No. 1848; H. F. Nos. 2064, 2256, 2395, 1875 and 1958.

## SPECIAL ORDERS

H. F. No. 1950, A bill for an act relating to civil liability; limiting the liability of practitioners for the violent acts of patients; providing immunity to municipalities for certain claims that occur as a result of the use of parks and recreation areas; providing for the manner of claiming punitive damages in civil actions; amending Minnesota Statutes 1984, sections 466.03, by adding a subdivision; 549.20, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 148.

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.	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	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	Richter	Valan
Brown	Haukoos	Munger	Rodosovich	Valento
Burger	Himle	Nelson, D.	Sarna	Vanasek
Carlson, D.	Jacobs	Nelson, K.	Schafer	Vellenga
Carlson, J.	Jaros	Norton	Scheid	Voss
Carlson, L.	Jennings, L.	O'Connor	Schoenfeld	Waltman
Clausnitzer	Johnson	Ogren	Schreiber	Welle
Cohen	Kahn	Olsen, S.	Scaberg	Wenzel
Dempsey	Kalis	Olsen, E.	Scgal	Wynia
DenOuden	Kelly	Omann	Shaver	Zaffke
Dimler	Kiffmeyer	Onnen	Sherman	Spk. Jennings, D.
Dyke	Knickerbocker	Osthoff	Simoneau	
Elioff	Knuth	Ozment	Skoglund	

Those who voted in the negative were:

Rice

The bill was passed and its title agreed to.

Levi moved that the remaining 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.

There being no objection the order of business reverted to Messages from the Senate.



## MESSAGES FROM THE SENATE

The following messages were received from 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. 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 Senate has appointed as such Committee Messrs. Davis, Berg, Stumpf, DeCramer and Langseth.

Said House File is herewith returned to the House.

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. 1815, A bill for an act relating to taxation; real property; prescribing requirements of the sales ratio study used by the state board of equalization; amending Minnesota Statutes 1984, section 270.12, subdivision 2.

The Senate has appointed as such Committee Messrs. Johnson, D. J.; Novak; Ms. Berglin; Messrs. Merriam and Peterson, C. C.

Said House File is herewith returned to the House.

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. 2009, A bill for an act relating to economic development; defining the duties and terms of office of the members of the world trade center board; classifying data held by the board;

amending Minnesota Statutes 1984, sections 44A.01, subdivision 1; 44A.02; 44A.07, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 44A.

The Senate has appointed as such Committee Messrs. Willet, Kroening, Luther, Samuelson and Nelson.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

### MOTIONS AND RESOLUTIONS

Bishop moved that the name of Skoglund be added as an author on H. F. No. 2519. The motion prevailed.

Waltman moved that House Resolution No. 44 be recalled from the Committee on Environment and Natural Resources and be re-referred to the Committee on Rules and Legislative Administration. The motion prevailed.

Forsythe introduced:

House Concurrent Resolution No. 14, A house concurrent resolution for Remembrance and Hope 1986.

The Concurrent Resolution was referred to the Committee on Rules and Legislative Administration.

Senate Concurrent Resolution No. 19 was reported to the House.

### SENATE CONCURRENT RESOLUTION NO. 19

A senate 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 2,441 Americans including 48 Minnesotans remain unaccounted for from the Vietnam conflict; *Now, Therefore*,

*Be It Resolved* by the Legislature of the State of Minnesota, 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 dis-

played in all public buildings and other appropriate locations on the national day of recognition, designated by the Congress of the United States, Friday, September 19, 1986 and until the issue is resolved.

*Be It Further Resolved* that the Secretary of the Senate and the Chief Clerk of the House are directed to prepare enrolled copies of this resolution, to be authenticated by their signatures and those of the President of the Senate and the Speaker of the House and present them to representatives of the various Minnesota veterans organizations.

Fjoslien moved that Senate Concurrent Resolution No. 19 be now adopted. The motion prevailed and Senate Concurrent Resolution No. 19 was adopted.

Fjoslien introduced:

House Resolution No. 47, A house resolution congratulating the Minnesota National Guard members for the professional and successful manner of their recent service in Austin.

The resolution was referred to the Committee on General Legislation and Veterans Affairs.

McKasy moved that H. F. No. 706 be returned to its author. The motion prevailed.

Hartle moved that H. F. No. 2378 be returned to its author. The motion prevailed.

Rees moved that H. F. No. 2353 be returned to its author. The motion prevailed.

Knickerbocker moved that H. F. No. 2436 be returned to its author. The motion prevailed.

McKasy moved that H. F. No. 2523 be returned to its author. The motion prevailed.

Bishop moved that H. F. No. 1301 be returned to its author. The motion prevailed.

Bishop moved that H. F. No. 2519 be returned to its author. The motion prevailed.

McEachern moved that H. F. No. 1891 be returned to its author. The motion prevailed.

## ADJOURNMENT

Levi moved that when the House adjourns today it adjourn until 12:00 noon, Tuesday, March 11, 1986. The motion prevailed.

Levi moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Tuesday, March 11, 1986.

EDWARD A. BURDICK, Chief Clerk, House of Representatives



## STATE OF MINNESOTA

## SEVENTY-FOURTH SESSION - 1986

## EIGHTY-THIRD DAY

SAINT PAUL, MINNESOTA, TUESDAY, MARCH 11, 1986

The House of Representatives convened at 12:00 noon and was called to order by David M. Jennings, Speaker of the House.

Prayer was offered by Pastor Paul Peterson, Gloria Dei Lutheran Church, St. Paul, Minnesota.

The roll was called and the following members were present:

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

A quorum was present.

Brinkman was excused.

Blatz was excused until 12:50 p.m. Ellingson was excused until 1:00 p.m. Osthoff and Simoneau were excused until 1:15 p.m. Hartinger was excused until 3:15 p.m. Rees was excused until 4:30 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. DenOuden 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. 943, 948, 1796, 651, 1949, 2094, 2239, 2275, 2388, 397, 1932, 1968, 2185, 2324, 2331, 2394, 124, 1744, 1797 and 1911 and S. F. Nos. 1, 1886, 2035 and 1910 have been placed in the members' files.

S. F. No. 1886 and H. F. No. 2032, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Valan moved that the rules be so far suspended that S. F. No. 1886 be substituted for H. F. No. 2032 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2035 and H. F. No. 2393, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Norton moved that the rules be so far suspended that S. F. No. 2035 be substituted for H. F. No. 2393 and that the House File be indefinitely postponed. The motion prevailed.

#### REPORTS OF STANDING COMMITTEES

Knickerbocker from the Committee on Governmental Operations to which was referred:

H. F. No. 631, A bill for an act relating to school districts; providing for self-insured, statewide fringe benefit coverages for employees; proposing coding for new law in Minnesota Statutes, chapter 121.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [43A.315] [EMPLOYEES OF SCHOOL DISTRICTS.]

*Subdivision 1. [DEFINITIONS.] For the purposes of subdivisions 1 to 6, the terms defined in this subdivision have the meanings given them.*

*(a) [COMMISSIONER.] "Commissioner" means the commissioner of employee relations.*

*(b) [EMPLOYEE.] "Employee" means (1) a person who is a public employee within the definition of section 179A.03, subdivision 14, and is employed by an eligible employer; or (2) a person employed by a labor organization or employee association certified as an exclusive representative of employees of an eligible employer or by another public educational employer approved by the commissioner.*

*(c) [ELIGIBLE EMPLOYER.] "Eligible employer" means one of the following: a school district as defined in section 120.02; an educational cooperative service unit as defined in section 123.58; an intermediate district as defined in section 136C.02, subdivision 7; a cooperative center for vocational education as defined in section 123.351; a regional management information center as defined in section 121.935; a Minnesota education unit organized under the joint powers act, section 471.59.*

*Subd. 2. [SCHOOL EMPLOYEE PARTICIPATION.] An eligible employer with 250 or fewer employees may participate in the appropriate state life insurance, hospital, medical and dental benefit plans, and optional coverages at the time, in the manner, and under the conditions of eligibility the commissioner prescribes and otherwise approves for employees covered by the plan established by section 43A.18, subdivision 2. Participation is subject to the following conditions:*

*(a) Each exclusive representative for an eligible employer determines whether the employees it represents will participate. The exclusive representative must give notice to the employer of its determination to participate prior to the execution of a new collective bargaining agreement or by April 1 of an odd-numbered year, whichever occurs first. The employer and the exclusive representative may by mutual consent make a determination at a later date to participate during the annual enrollment period. The employer makes the determination on whether or not to participate for employees not represented by an exclusive representative.*



(b) *The decision to participate is for a three-year term if coverage begins in an even-numbered year and a four-year term if coverage begins in an odd-numbered year. Participation is automatically renewed for an additional four-year term unless the exclusive representative gives the employer notice of withdrawal.*

(c) *The exclusive representative must give notice of intent to withdraw prior to execution of a new collective bargaining agreement to cover the date on which the term of participation expires, or April 1 of the year in which the term of participation expires, whichever is first. Where there is no exclusive representative the employer will notify the commissioner. A group that withdraws must wait two years before rejoining.*

(d) *Each participating employer must notify the commissioner of employees who will be participating within two weeks of receiving notice of intent to participate. The employer must also submit other information as required by the commissioner for administration of this plan.*

*Subd. 3. [BENEFITS.] The basic benefit plan shall include employee hospital, medical, dental, and life insurance for eligible employees and hospital and medical benefits for dependents. Participation in optional coverages may be provided by collective bargaining agreements in long term disability and dependent dental insurance offered by the commissioner. For employees not represented by an exclusive representative, the employer may offer optional coverages to eligible employees and their dependents. Coverage begins September 1.*

*Subd. 4. [PREMIUMS.] Premiums shall be established by the commissioner. Each eligible employer shall pay monthly the amounts due for employee benefits including the amounts under subdivision 5 to the commissioner on or before the dates established by the commissioner. Failure to pay may result in cancellation of the benefits. The proportion of premium paid by the employer and employee is subject to collective bargaining.*

*Subd. 5. [CONTINUATION OF COVERAGE.] (a) A participating employee who is laid off or on unrequested leave may elect to continue the fringe benefit coverage at the expense of the employee unless otherwise provided by a collective bargaining agreement. Premiums shall be established by the commissioner. Coverage continues until the employee is reemployed and eligible for health care coverage under a group policy or for a period not to exceed one year from the date the benefits would have ceased, whichever is less.*

(b) *A participating employee who retires prior to age 65 and is receiving an annuity under chapter 352, 353, 354, or 354A is eligible to continue to participate at the retiree's expense in the group hospital, medical, dental, and life benefits at premiums established by the commissioner. An employer must notify an employee of this option no later than the effective date of retirement. The retired employee must notify the employer within 30 days of the effective date of retirement of intent to exercise this option.*

*A spouse of a deceased retired employee may purchase the benefits provided at premiums established by the commissioner if the employee received an annuity under chapter 352, 353, 354, or 354A and if the spouse was a dependent under the retired employee's coverage under this section at the time of the death of the retired employee. Coverage under this clause shall be coordinated with relevant insurance benefits provided through the federally sponsored medicare program.*

(c) *The benefits may continue in the event of strike permitted by section 179A.18, if the exclusive representative chooses to have coverage continue and the employee pays the total monthly premiums when due.*

(d) *A person who desires to participate under clauses (a) to (c) must notify the employer or former employer of intent to participate according to timelines established by the commissioner. The employer must notify the commissioner, and coverage must begin as soon as permitted by the commissioner. Persons participating under these clauses must make appropriate premium payments in the time and manner established by the employer or the commissioner.*

*Subd. 6. [EFFECTIVE DATE.] Section 1 is effective July 1, 1987, except that no benefit coverage shall begin until September 1, 1989."*

Amend the title as follows:

Page 1, delete lines 2 to 5 and insert "relating to school districts; permitting school district employees to participate in the state insurance plan; proposing coding for new law in Minnesota Statutes, chapter 43A."

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. 1068, A bill for an act relating to child care; establishing child care resource and referral programs; appropriating money; amending Minnesota Statutes 1984, section 245.83, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 245.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 245.83, is amended by adding a subdivision to read:

*Subd. 6. "Resource and referral program" means a program that provides information to parents, including referrals and coordination of community child care resources for parents and public or private providers of care. Services may include parent education, technical assistance for providers, staff development programs, and referrals to social services.*

Sec. 2. Minnesota Statutes 1984, section 245.84, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The county board is authorized to provide child care services, to make grants from the community social service fund or other sources to any municipality, corporation or combination thereof for the cost of providing technical assistance and child care services, or to contract for services with any licensed day care facility, as the board deems necessary or proper to carry out the purposes of sections 245.83 to 245.87.

The board is further authorized to make grants to or contract with any municipality, incorporated licensed child care facility or resource and referral program, or corporation or combination thereof for any of the following purposes:

(a) For creating new licensed day care facilities and expanding existing facilities including, but not limited to, supplies, equipment, and facility renovation and remodeling;

(b) For improving licensed day care facility programs, including, but not limited to, staff specialists, staff training, supplies, equipment, and facility renovation and remodeling;

(c) For supportive child development services including, but not limited to, inservice training, curriculum development, consulting specialist, resource centers, and program and resource materials;

(d) For carrying out programs including, but not limited to, staff, supplies, equipment, facility renovation, and training; (AND,)

(e) For interim financing; and

(f) For carrying out the resource and referral program services identified in section 3, subdivision 3.

**Sec. 3. [268.911] [GRANTS FOR SCHOOL AGE CHILD CARE PROGRAMS AND CHILD CARE RESOURCE AND REFERRAL PROGRAMS.]**

*Subdivision 1. [AUTHORITY.] The commissioner may make grants to public or private nonprofit agencies for the planning, establishment, expansion, improvement, or operation of child care resource and referral programs and child care services according to the provisions of this section and may make grants to county boards to carry out the purposes of section 245.84.*

*Subd. 2. [FEDERAL DEPENDENT CARE GRANTS PROGRAM.] The commissioner shall submit an application annually to the United States secretary of health and human services for the purpose of obtaining the state's allotment of funds authorized under chapter 8 of Title VI of the Omnibus Budget Reconciliation Act, United States Code, title 42, sections 9871 to 9877. Federal funds received under this allotment for the planning, development, establishment, expansion, or improvement of local resource and referral systems and school age child care services which are awarded as grants under subdivision 1 must be used in conformance with the federal requirements.*

*Subd. 3. [PROGRAM SERVICES.] The commissioner may make grants to public or private nonprofit entities to fund child care resource and referral programs. Child care resource and referral programs must serve a defined geographic area.*

*(a) Each program shall identify all existing child care services through information provided by all relevant public and private agencies in the areas of service, and shall develop a resource file of the services which shall be maintained and updated at least quarterly. These services must include family day care homes; public and private day care programs; full-time and part-time programs; infant, preschool, and extended care programs; and programs for school age children.*

*The resource file must include: the type of program, hours of program service, ages of children served, fees, location of the program, eligibility requirements for enrollment, and transportation available to the program. The file may also include program information and special needs services.*

(b) *Each program shall establish a referral process which responds to parental need for information and which fully recognizes confidentiality rights of parents. The referral process must afford parents maximum access to all referral information. This access must include telephone referral available for no less than 20 hours per week.*

*Each child care resource and referral agency shall publicize its services through popular media sources, agencies, and other appropriate methods.*

(c) *Each program shall maintain ongoing documentation of requests for service. All child care resource and referral agencies must maintain documentation of the number of calls and contacts to the child care information and referral agency or component. A program may collect and maintain the following information:*

- (1) *ages of children served;*
- (2) *time category of child care request for each child;*
- (3) *special time category, such as nights, weekends, and swing shift; and*
- (4) *reason that the child care is needed.*

(d) *Each program shall have available the following information as an educational aid to parents:*

(1) *information on aspects of evaluating the quality and suitability of child care services, including licensing regulation, financial assistance available, child abuse reporting procedures, appropriate child development information;*

(2) *information on available parent, early childhood, and family education programs in the community.*

(e) *A program may provide technical assistance to existing and potential providers of all types of child care services. This assistance shall include:*

(1) *information on all aspects of initiating new child care services including licensing, zoning, program and budget development, and assistance in finding information from other sources;*

(2) *information and resources which help existing child care providers to maximize their ability to serve the children and parents of their community;*

(3) *dissemination of information on current public issues affecting the local and state delivery of child care services;*

(4) *facilitation of communication between existing child care providers and child-related services in the community served; and*

(5) *recruitment of licensed providers.*

*Services prescribed by this section must be designed to maximize parental choice in the selection of child care and to facilitate the maintenance and development of child care services and resources.*

(f) *Child care resource and referral information must be provided to all persons requesting services and to all types of child care providers.*

(g) *Public or private entities may apply to the commissioner for funding. The maximum amount of money which may be awarded to any entity for the provision of service under this subdivision is \$60,000 per year. A local match of up to 25 percent is required.*

*Subd. 4. [APPLICATION; RULES.] Applicants for grants under subdivision 1 shall apply on a form provided by the commissioner. Applications for grants using funds received by the state pursuant to subdivision 2 shall include assurances that federal requirements have been met. The commissioner may adopt emergency rules and shall adopt permanent rules to implement this section."*

Delete the title and insert:

"A bill for an act relating to child care; allowing commissioner of jobs and training to make grants for child care resource and referral programs; sets forth requirements for the programs and for obtaining funding; amending Minnesota Statutes 1984, sections 245.83, by adding a subdivision; 245.84, subdivision 1; and proposing coding for new law in Minnesota Statutes, chapter 268."

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. 1144, A bill for an act relating to health; authorizing the commissioner of health to inspect certain business premises; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 145.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [145.94] [HAZARDOUS SUBSTANCE EXPOSURE.]

*Subdivision 1. [INSPECTION OF PREMISES.] For the purpose of determining hazardous substance exposure to the community, the commissioner of health may enter the premises of any employer as defined in section 182.651, subdivision 7, including the University of Minnesota, to conduct an investigation specifically relating to the actual, suspected, or potential release of a hazardous substance for which there is evidence of exposure or risk of exposure to the community. The commissioner shall present to the employer an oral or written statement of the reason, nature, and scope of the investigation at a particular location, prior to the start of the investigation. As part of the investigation, and upon request to the employer, the commissioner must be allowed access to information required under the employee right-to-know act to determine if there are existing or potential health hazards to the community due to the release of any hazardous substance which originates in the workplace of the employer.*

*Subd. 2. [DISCLOSURE OF HAZARDOUS SUBSTANCES INFORMATION.] The commissioner may disclose to individual private citizens, or to the community if appropriate, pertinent information including data made nonpublic by law, relating to the hazardous properties and health hazards of hazardous substances released from a workplace if the commissioner determines that:*

*(1) there is evidence that a person requesting the information may have suffered or is likely to suffer illness or injury as a result of exposure to one or more of the hazardous substances; or*

*(2) there is evidence of a community health risk and the commissioner seeks, directly or through some other agency, to have the employer cease an activity which results in release of a hazardous substance.*

*Nonpublic data obtained under subdivision 1 is subject to handling, use, and storage in accordance with established standards to prevent unauthorized use or disclosure. In the event nonpublic data so obtained is required for the diagnosis, treatment, or prevention of illness or injury, a personal physician may be provided with this information, which is nonpublic data, if the physician agrees to preserve the confidentiality of the information, except for patient health records subject to section 144.355. Following the disclosure of any hazardous substance*

*information relating to a particular workplace, the commissioner shall advise the employer of the specific information disclosed, the date of the disclosure, and the person or persons who received the information.*

Sec. 2. [EFFECTIVE DATE.]

*Section 1 is effective July 1, 1987."*

Delete the title and insert:

"A bill for an act relating to health; authorizing the commissioner of health to inspect certain business premises; providing for disclosure of hazardous substances information in certain cases; proposing coding for new law in Minnesota Statutes, chapter 145."

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. 2079, A bill for an act relating to judgments; clarifying the general judgment lien law; amending Minnesota Statutes 1984, section 548.09, subdivision 1.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 2093, A bill for an act relating to human services; establishing demonstration projects to centralize application for all food assistance programs and to promote full participation in food assistance programs; establishing a nutrition council; establishing a coordinated nutrition data bank; requiring the full expenditure of federal funds by agencies administering the special supplemental food program for women, infants, and children; establishing a centralized unit to supervise the food stamp program; requiring food stamps to be provided within 24 hours to persons eligible for expedited issuance; requiring that waivers be obtained, if possible, from the United States government to allow certain individuals to obtain food stamps and medical assistance, to permit reimbursement of costs of home-delivered meals to the elderly, and to implement a pilot school breakfast program;



appropriating money; amending Minnesota Statutes 1984, sections 145.892, subdivision 2; 145.894; and 393.07, subdivision 10, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 124; 144; 245; and 256B.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [POLICY.]

*It is the policy of the state of Minnesota that all citizens should have access to adequate nutritious food in a stable and consistent manner. To assure the physical well-being of all citizens, particularly the children and the elderly, and to enable self-sufficiency for Minnesotans, necessary actions must be taken to secure a high level of health and nutrition.*

Sec. 2. [124.647] [WAIVER; PILOT SCHOOL BREAKFAST PROGRAMS.]

*The commissioner of education shall request a waiver from the United States government as necessary to allow pilot school breakfast programs to be implemented in school districts where no program currently exists. The pilot school breakfast program shall provide students with breakfasts designed to be taken with the student and consumed away from the school site.*

Sec. 3. [124.6471] [SCHOOL BREAKFAST INCENTIVE.]

*The commissioner of education shall provide a cash incentive to schools to increase participation in school breakfast programs or to initiate a school breakfast program if none currently exists to the extent cash is available under section 11.*

Sec. 4. Minnesota Statutes 1984, section 145.892, subdivision 2, is amended to read:

Subd. 2. “Local health agency” means the (COUNTY PUBLIC HEALTH NURSING SERVICE) *community health services agency* or any public or private nonprofit organization which enters into a contract with the commissioner of health pursuant to sections 145.891 to 145.897.

Sec. 5. Minnesota Statutes 1984, section 145.894, is amended to read:

145.894 [STATE COMMISSIONER OF HEALTH; DUTIES, RESPONSIBILITIES.]

The commissioner of health shall:

(a) Develop a comprehensive state plan for the delivery of nutritional supplements to pregnant and lactating women, infants, and children;

(b) Contract with existing local public or private nonprofit organizations for the administration of the nutritional supplement program;

(c) Develop and implement a public education program promoting the provisions of sections 145.891 to 145.897, and provide for the delivery of individual and family nutrition education and counseling at project sites;

(d) Develop in cooperation with other agencies and vendors a uniform state voucher system for the delivery of nutritional supplements;

(e) Develop, analyze and evaluate the health aspects of the nutritional supplement program and establish nutritional guidelines for the program;

(f) Apply for (AND), administer (ANY), and annually fully expend all available federal (OR PRIVATE) funds;

(g) (COORDINATE WITH THE STATE AND LOCAL PUBLIC WELFARE AGENCIES IN IDENTIFYING ELIGIBLE INDIVIDUALS;) *Determine, on July 1 of each year, the number of pregnant women participating in each special supplemental food program for women, infants, and children (W.I.C.) and, with the recommendation of the commissioner of health, designate a different food program deliverer if the current deliverer fails to increase the participation of eligible pregnant women in the program;*

(h) Promulgate all rules and regulations necessary to carry out the provisions of sections 145.891 to 145.897; and

(i) Report to the legislature by November 15 of every year on the expenditures and activities under sections 145.891 to 145.897 of the state and local health agencies for the preceding fiscal year.

**Sec. 6. [245.771] [PILOT FOOD ACCESSIBILITY PROJECT.]**

*Subdivision 1. [ESTABLISHMENT.] The commissioner of human services shall establish a food accessibility project in five counties by July 1, 1986, to maximize participation in food programs administered by the county welfare boards pursuant to section 393.07, subdivision 10, and provide a single central access point where persons may apply for food stamps, surplus commodities, the special supplemental food program for women, infants, and children (W.I.C.), and private food assistance pro-*

grams. The commissioner of human services shall report to the legislature by February 1 of each year on the progress and results of the pilot projects.

*Subd. 2. [COUNTIES.] The five counties chosen by the commissioner of human services must include one county each from the northeast, northwest, southeast, and southwest sections of the state and one county from the seven-county metropolitan area.*

*Subd. 3. [EVALUATION CASELOAD PROFILE REPORT.] Each county participating in a pilot project shall report to the commissioner of human services on hunger and malnutrition annually with an evaluation of the project to facilitate the identification of all factors affecting participation.*

*Subd. 4. [DESIGNATED FOOD PROGRAM DELIVERER.] The state agencies that administer the following programs shall allocate all available federal, state, and county food program money for the food stamps, the special supplemental food program for women, infants, and children (W.I.C.), and surplus commodity programs to a single designated food program deliverer for services to eligible low-income persons residing within each of the five pilot project counties. The designated food program deliverer must be the local community action agency, the county government, or an experienced private nonprofit provider of food programs for low-income persons.*

**Sec. 7. [245.772] [SUPERVISION OF FOOD STAMP PROGRAM.]**

*Subdivision 1. [SUPERVISION OF THE PROGRAM.] The commissioner of human services shall supervise the food stamp program to aid administration of the food stamp program by county welfare boards pursuant to section 393.07, subdivision 10, to promote excellence of administration and program operation, and to ensure compliance with all federal laws and regulations so that all eligible persons are able to participate.*

*Subd. 2. [WAIVERS.] The commissioner of human services shall apply to the United States Department of Agriculture for waivers of monthly reporting and retrospective budgeting requirements and other waivers.*

**Sec. 8. Minnesota Statutes 1984, section 256.975, is amended by adding a subdivision to read:**

*Subd. 4. [HOME DELIVERED MEALS.] The board on aging shall take appropriate action to secure reimbursement from public and private medical care programs, health plans, and health insurers for home-delivered meals that are a necessary part of medical treatment for the elderly.*

Sec. 9. Minnesota Statutes 1984, section 393.07, subdivision 10, is amended to read:

Subd. 10. [FEDERAL FOOD STAMP PROGRAM.] (a) The county welfare board shall establish and administer the food stamp program pursuant to rules of the commissioner of human services and all federal laws and regulations. *The commissioner of human services shall monitor food stamp program delivery on an ongoing basis to ensure that each county complies with federal laws and regulations. Program requirements to be monitored include, but are not limited to, number of applications, number of approvals, number of cases pending, length of time required to process each application and deliver benefits, number of applicants eligible for expedited issuance, length of time required to process and deliver expedited issuance, number of terminations and reasons for terminations, client profiles by age, household composition and income level and sources, and the use of phone certification and home visits. The commissioner shall determine the county-by-county and statewide participation rate. The commissioner shall report on the monitoring activities on a county-by-county basis in a report presented to the legislature by July 1 each year. This monitoring activity shall be separate from the management evaluation survey sample required under federal regulations.*

(b) *On July 1 of each year, the commissioner of human services shall determine a statewide and county-by-county food stamp program participation rate. The commissioner may designate a different agency to administer the food stamp program in a county if the agency administering the program fails to increase the food stamp program participation rate among families or eligible individuals, or comply with all federal laws and regulations governing the food stamp program. The commissioner shall review agency performance annually to determine compliance with this paragraph.*

(c) The county welfare board shall participate in a food stamp quality control system subject to the supervision of the commissioner of human services and pursuant to federal regulations.

Any person who commits any of the following acts is guilty of theft and shall be sentenced pursuant to section 609.52, subdivision 3, clauses (1), (2), and (5):

((A)) (1) Obtains or attempts to obtain, or aids or abets any person to obtain by means of a wilfully false statement or representation, or intentional concealment of a material fact, food stamps to which he is not entitled or in an amount greater than that to which he is entitled; or

((B)) (2) Presents or causes to be presented, coupons for payment or redemption knowing them to have been received,

transferred or used in a manner contrary to existing state or federal law; or

((C)) (3) Willfully uses or transfers food stamp coupons or authorization to purchase cards in any manner contrary to existing state or federal law.

The amount of food stamps incorrectly issued shall be the difference between the amount of food stamps actually received and the amount to which the recipient would have been entitled under state and federal law had the welfare agency been informed of all material facts. The amount of any food stamps determined to have been incorrectly issued, used, transferred or presented shall, unless otherwise determined by the county welfare board in order to prevent undue hardship, be recoverable from the recipient, or user, or his estate by the county as a debt due the county.

Sec. 10. Minnesota Statutes 1984, section 393.07, is amended by adding a subdivision to read:

*Subd. 10a. [EXPEDITED ISSUANCE OF FOOD STAMPS.] The commissioner of human services shall continually monitor the expedited issuance of food stamp benefits to ensure that each county complies with federal regulations and that households eligible for expedited issuance of food stamps are identified, processed, and certified within the time frames prescribed in federal regulations. By July 1 each year the commissioner of human services shall present a report to the governor and the legislature regarding its monitoring of expedited issuance and the degree of compliance with federal regulations on a county-by-county basis.*

*County food stamp offices shall screen and issue food stamps to applicants on the day of application. Applicants who meet the federal criteria for expedited issuance and have an immediate need for food assistance shall receive either:*

- (1) a manual Authorization to Participate (ATP) card; or*
- (2) the immediate issuance of food stamp coupons.*

*The local food stamp agency shall conspicuously post in each food stamp office a notice of the availability of and the procedure for applying for expedited issuance and verbally advise each applicant of the availability of the expedited process.*

Sec. 11. [APPROPRIATIONS.]

*\$1 for \$1 matching funds to a maximum of \$ . . . . . is appropriated from the general fund to the commissioner of human services for:*

- (1) *the continued distribution of federal surplus commodities to needy residents;*
- (2) *contracting with sheltered workshops to package donated bulk foodstuffs for distribution by local food program operators;*
- (3) *implementing a pilot food stamp outreach program and a single central access point for food assistance applications pursuant to section 10;*
- (4) *the purpose of the school breakfast incentives under section 3."*

Delete the title and insert:

"A bill for an act relating to human services; streamlining food and nutrition programs in the state; establishing demonstration projects for one-stop food and commodities and to promote full participation in food assistance programs; establishing a food and undernourishment council; establishing a coordinated nutrition data system; requiring the full expenditure of federal funds by agencies administering the special supplemental food program for women, infants, and children; establishing a unit to supervise the food stamp program; requiring food stamps to be provided within 24 hours to persons eligible for expedited issuance; requiring the board on aging to pursue reimbursement of costs of home-delivered meals for the elderly; establishing a pilot school breakfast program; appropriating money; amending Minnesota Statutes 1984, sections 145.892, subdivision 2; 145.894; 256.975, by adding a subdivision; and 393.07, subdivision 10, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 124 and 245."

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. 2123, A bill for an act relating to the city of Bloomington; authorizing the city to impose certain taxes; exempting certain assessed valuation within the city from metropolitan revenue distribution; permitting the city to establish a special taxing district; authorizing the port authority of the city to pledge certain tax revenues to pay certain bonds and permitting it to develop leased land; authorizing development in accordance with the Generic EIS and Generic Indirect Source Permit.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

**"Section 1. [LEGISLATIVE FINDING.]**

*The legislature finds that the development of the former metropolitan stadium site with the construction of a project comprising hotels, commercial, office, and residential structures and educational, cultural, and entertainment facilities is an economic development which will benefit the city, seven county metropolitan area, and the state as a whole, by creating employment, promoting tourism to the state of Minnesota, increasing public revenues, and encouraging the location and expansion of other businesses in the state.*

*The legislature finds that a portion of the funds from the metropolitan area tax base sharing program under Minnesota Statutes, chapter 473F should be distributed to the city of Bloomington for the following reasons: (i) the proceeds distributed from the fiscal disparities pool will be dedicated to debt service on bonds issued for construction of major public improvements within the project area, including improvements to state and regional roadways, that are above and beyond the transportation requirements generated by the subject site; (ii) allocation of fiscal disparity proceeds for construction of such public improvements will result in the release of state highway funds to be utilized for improvements to other state and regional highways within the state; (iii) the funding sources authorized in this act are necessary to ensure that state and regional priorities are maintained for other elements of the regional transportation system; (iv) the use of such funds to construct major public improvements within the project area will promote removal of blight and facilitate redevelopment of the subject property; (v) the project is within a redevelopment district and the legislature has exempted other redevelopment districts from the metropolitan revenue distribution program, but in lieu of an exemption from that program, the legislature is providing these funds as an alternative method of assistance in the related improvements; (vi) due to the significant loss of federal funds experienced by state and local governments, the legislature recognizes that joint public-private participation is necessary to improve the state economy and that the development of the subject site will create employment, increase public revenues, promote tourism, and attract new business to the state. Therefore, the legislature finds that providing areawide and local financial assistance, including the provision of security for debt financing, but not including direct subsidies to private interests, in the development of the former metropolitan stadium site, is a public purpose of state, metropolitan, and local government in Minnesota and that it is a benefit to the metropolitan area within the purpose of the metropolitan revenue distribution program pursuant to chapter 473F.*

**Sec. 2. [DEFINITIONS.]**

*For the purposes of sections 2 to 11, the following terms have the meanings given them in this section.*

(a) "City" means the city of Bloomington, its city council, and any other board, authority, commission, or officer authorized by law, charter, or ordinance to exercise city powers of a nature referred to in this act.

(b) "Generic EIS" means the airport south environmental impact statement approved by the Minnesota environmental quality board on November 20, 1984.

(c) "Generic ISP" means the airport south indirect source permit approved by the Minnesota pollution control agency on January 25, 1985.

(d) "Airport south industrial development district" means an area encompassing approximately 2,365 acres bounded on the north by Interstate 494, on the east and south by the Minnesota river, and on the west by trunk highway 77.

(e) "Port authority" means the port authority of the city of Bloomington.

(f) "Project" means the redevelopment of the blighted former metropolitan stadium site containing a complex of hotels, commercial, office, and residential structures, and educational, cultural, and entertainment facilities which is located within the city of Bloomington, Hennepin county, and containing approximately 85 acres east of Trunk Highway 77, west of 24th Avenue, south of the metropolitan sports center, and north of Killebrew Drive.

(g) "Related improvements" means highway improvements to Trunk Highway 77 from 86th Street to Interstate 494, including ramp and interchange improvements in connection therewith and construction of the 24th Avenue Interstate 494 interchange.

### Sec. 3. [SALES TAX.]

Subdivision 1. [LEGISLATIVE FINDINGS.] The legislature finds that in the construction of the project pursuant to section 1, the city and the state may construct major regional and statewide public improvements and the city will provide special services. Improvements and services, so long as they directly fulfill the requirements of a public purpose as declared in section 1, include, but are not limited to, the following:

(1) the repair, maintenance, operation, and construction of any improvements authorized by Minnesota Statutes, section 429.021, and assistance in the funding of the improvements;

(2) assistance in the funding, including lease payments, of parking services rendered or contracted for by the port authority;



(3) *construction of related improvements; and*

(4) *any other service or public improvement provided by the city that is authorized by law or charter.*

*Further, the legislature finds that the improvements and services provided, while benefiting the people of the state, the metropolitan area, and the city as a whole, will also specially benefit persons who choose to patronize the project and the retailers who choose to locate businesses within the project. Because of the extraordinary nature of the improvements and services to be rendered by the city, and because a particular class of persons choosing to locate businesses within or patronize the project will receive greater benefit from the improvements and services than other classes of taxpayers, the legislature finds that the designation of the project as a special sales tax district and the imposition of a special sales tax within the project under subdivision 2 will more equitably apportion the burden of funding the improvements and services among the various classes of taxpayers benefited within the district.*

*Subd. 2. [TAX.] The city may by ordinance designate the project as a special sales tax district and may impose a sales tax on the gross receipts from sales at retail made by any person in the area included in the project. The tax must be imposed at a rate determined by the city but may not exceed one percent. The tax must be imposed upon sales transactions taxable pursuant to Minnesota Statutes, chapter 297A except that the city may exempt from the tax imposed under this section any transaction for which a tax is imposed under section 4 or 5.*

#### Sec. 4. [LODGING TAXES.]

*Notwithstanding Minnesota Statutes, section 477A.018 or any law, ordinance, or charter to the contrary, the city may impose a sales tax at a rate determined by the city but not greater than five percent on the gross receipts from the furnishing for consideration of lodging for a period of less than 30 days at a hotel, motel, rooming house, tourist court, or resort located within the city. The authority to impose this sales tax shall not be construed as authority which is additional to that provided in section 477A.018, subdivision 2.*

#### Sec. 5. [LIQUOR TAXES.]

*Notwithstanding Minnesota Statutes, section 477A.016 or any law, ordinance, or charter to the contrary, the city may impose a sales tax at a rate determined by the city but not greater than five percent on the gross receipts from retail on-sales of intoxicating liquor and fermented malt beverages when sold at licensed on-sale liquor establishments located within the city.*

**Sec. 6. [COLLECTION OF TAXES.]**

*The city may provide for the reporting and payment of a tax imposed under section 3, 4, or 5 to the commissioner of revenue together with the tax imposed by Minnesota Statutes, chapter 297A and may impose the interest and penalty provisions contained in that chapter. If so provided, the reporting and payment provisions for the sales and use tax contained in Minnesota Statutes, chapter 297A shall apply to a tax imposed by the city under this section, and the commissioner shall administer and enforce the assessment and collection of the tax. The commissioner shall have all the powers provided in Minnesota Statutes to administer and enforce the assessment and collection of the tax. The proceeds of the tax, less refunds and costs of collection, must be remitted to the city at least quarterly. The amount deducted by the commissioner shall be deposited in the general fund.*

**Sec. 7. [USE OF PROCEEDS; POWERS.]**

*The proceeds of the taxes imposed under section 3, 4, or 5 and the proceeds of the distribution under section 12 may only be expended by the city for the public purpose stated in section 1, as follows: (i) the distribution under section 12 shall be expended for the total cost of financing and debt service payments for related improvements, including interest on bonds issued pursuant to Laws 1985, chapter 295; (ii) the proceeds from taxes imposed under section 3 may be expended for the total cost of financing and debt service payments for related improvements or other public improvements within the project area; (iii) the proceeds from the taxes imposed under sections 4 and 5 may be expended for debt service on bonds issued for related improvements or citywide improvements and public services as authorized by law and charter. The city may transfer funds to the port authority to accomplish the public purpose of section 1 only as authorized by this section or to provide for the development of improvements within the airport south industrial development district.*

*The city of Bloomington shall pay, from funding sources enumerated above, all costs of the related improvements, including trunk highways, within the project area. To provide for this funding of trunk highways, the city and the commissioner of transportation may enter into an agreement under which the city agrees to loan, without interest, and to advance money to the commissioner for deposit in the state treasury to the credit of the trunk highway fund an amount sufficient for the design services, the construction and the construction engineering of those trunk highway facilities that the commissioner determines necessary to build as part of the related improvements. The commissioner must repay those loan funds to the city from the trunk highway fund in ten equal annual installments commencing after completion of the trunk highway facilities within the related improvements or 1990, whichever occurs later in time.*

*No interest or inflation index money will be paid to the city for the use of this loan money by the commissioner from the trunk highway fund.*

*In order to expedite the project and to minimize disruption to the statewide highway program, the city shall be the lead agency responsible for all design, contract letting, award, and administration of related improvements in the project area. The city shall acquire and convey to the state, without costs to the state, all rights-of-way needed for trunk highway improvements in the project area.*

**Sec. 8. [DEBT SECURITY.]**

*The proceeds of the taxes permitted by sections 3, 4, and 5 may be pledged by the city or port authority for the payment of tax increment revenue bonds issued pursuant to Minnesota Statutes, chapter 273.*

**Sec. 9. [BONDS; REVENUE SOURCES.]**

*Notwithstanding Minnesota Statutes, section 273.77, paragraph (c), to directly carry out only the public purpose as declared in section 1, the port authority of the city of Bloomington may, by resolution, authorize the issuance and sale of revenue bonds payable in whole or in part from all or part of the revenues derived from:*

*(i) the sales taxes permitted by sections 3, 4, and 5 if they are pledged or imposed in whole or part to pay the principal, premium, if any, and interest on the bonds, and*

*(ii) tax increment revenues and assessments derived from a tax increment financing district located wholly or partially within the municipality to finance any expenditure which the port authority is authorized to make by Minnesota Statutes, section 273.75, subdivision 4.*

**Sec. 10. [PORT AUTHORITY; DEVELOPMENT POWERS.]**

*In addition to the authority provided by Minnesota Statutes, section 458.192, subdivision 10, the port authority may, if proper in the public interest under section 1, build suitable buildings or structures on land leased by it.*

**Sec. 11. [DEVELOPMENT AUTHORITY PURSUANT TO GENERIC EIS AND GENERIC ISP.]**

*Subject to other reviews and permits required by law, the project is authorized to proceed with a level of development as identified in the draft and final generic EIS and generic ISP.*

*The authority to proceed with this level of development is conditioned on the construction of highway improvements with a capacity equal to or greater than those specified in the draft and final generic EIS and generic ISP and in accordance with the specific and general conditions specified therein.*

Sec. 12. Minnesota Statutes 1984, section 473F.08, is amended by adding a subdivision to read:

*Subd. 3a. Beginning in 1987 and each subsequent year through 1998, the city of Bloomington shall determine the interest payments for that year for the bonds which have been sold for the related improvements pursuant to section 2, paragraph (g). Effective for property taxes payable in 1988 through property taxes payable in 1999, after the Hennepin county auditor has computed the areawide portion of the levy for the city of Bloomington pursuant to section 473F.08, subdivision 3, clause (a), the auditor shall annually add a dollar amount to the city of Bloomington's areawide portion of the levy equal to the amount which has been certified to the auditor by the city of Bloomington for the interest payments for that year for the bonds which were sold for the related improvements as defined in section 2, paragraph (g). The total areawide portion of the levy for the city of Bloomington including the additional amount for interest repayment certified pursuant to this subdivision shall be certified by the Hennepin county auditor to the administrative auditor pursuant to section 473F.08, subdivision 5. The Hennepin county auditor shall distribute to the city of Bloomington the additional areawide portion of the levy computed pursuant to this subdivision at the same time that payments are made to the other counties pursuant to section 473F.08, subdivision 7a. This additional areawide portion of the levy which is distributed to the city of Bloomington shall be exempt from the city's levy limit provisions contained in sections 275.50 to 275.56.*

Sec. 13. [APPLICABILITY; EFFECTIVE DATE.]

*Section 12 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington and pursuant to Minnesota Statutes, section 645.023, subdivision 1, clause (c), is effective without local approval the day after final enactment. Pursuant to Minnesota Statutes, section 645.023, subdivision 1, clause (a), sections 1 to 11 are effective without local approval the day after final enactment."*

Delete the title and insert:

"A bill for an act relating to the city of Bloomington; authorizing the city to impose certain taxes; increasing the distribution levy from the metropolitan revenue distribution for the city for a specific time period; permitting the city to establish a special taxing district; authorizing the port authority of the city to pledge certain tax revenues to pay certain bonds and permitting

it to develop leased land ; authorizing development in accordance with the Generic EIS and Generic Indirect Source Permit; amending Minnesota Statutes 1984, section 473F.08, by adding a subdivision."

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. 2126, A bill for an act relating to the city of St. Cloud; authorizing the city to impose certain taxes to construct, operate, and promote a convention center facility.

Reported the same back with the following amendments :

Page 2, line 23, delete everything after "*Notwithstanding*"

Page 2, line 24, delete "*imposed under*"

Page 2, line 24, delete "*477A.018*" and insert "*477A.016 or any other statute or ordinance*"

Page 2, line 25, delete everything after "*impose*"

Page 2, delete line 26 and insert "*a two percent tax, in addition to that authorized by Laws 1979, chapter 197, on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort other than the renting or leasing of it for a continuous period of 30 days or more.*"

Page 2, line 29, delete "*477.018, subdivision 3*" and insert "*477A.016*"

Page 2, line 31, delete everything after "*1*"

Page 2, line 32, delete "*subdivision 1,*"

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. 2487, A bill for an act relating to human services; regulating work activities of handicapped persons in state facil-

ities; amending Minnesota Statutes 1985 Supplement, section 246.56, subdivision 2.

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. 2489, A bill for an act relating to human services; providing for conditions requiring monthly reporting by recipients of aid to families with dependent children; amending Minnesota Statutes 1985 Supplement, section 256.73, subdivision 6.

Reported the same back with the following amendments:

Page 1, line 26, after the period insert "*If assistance payments are terminated because an assistance unit failed to report on income and other circumstances affecting eligibility and assistance amounts in the time specified by the state agency, but does report on or before the last day of the month following the month the report was due, the receipt of the report shall be treated as the filing of a new application, as an assignment under section 256.74, subdivision 5, of all rights to child support and maintenance payments, and as assignment of any rights accruing under private health care coverage. Processing of the new application shall be expedited.*"

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. 2508, A bill for an act relating to human services; affecting eligibility for medical assistance and general medical assistance care; augmenting the state's power to recover payments from third parties; abolishing the requirement of a separate application for general assistance medical care; amending Minnesota Statutes 1984, sections 256B.042, subdivision 2; 256B.15; 256B.37; and 256D.03, subdivision 3; and Minnesota Statutes 1985 Supplement, section 256B.06, subdivision 1; repealing Minnesota Statutes 1985 Supplement, section 256D.051, subdivision 12.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1985 Supplement, section 256B.06, subdivision 1, is amended to read:

Subdivision 1. Medical assistance may be paid for any person:

(1) who is a child eligible for or receiving adoption assistance payments under Title IV-E of the Social Security Act, United States Code, title 42, sections 670 to 676 under Minnesota Statutes, section 259.40 or 259.431; or

(2) who is a child eligible for or receiving foster care maintenance payments under Title IV-E of the Social Security Act, United States Code, title 42, sections 670 to 676; or

(3) who is eligible for or receiving public assistance under the aid to families with dependent children program, the Minnesota supplemental aid program; or

(4) who is a pregnant woman, as certified in writing by a physician or nurse midwife, and who (a) meets the other eligibility criteria of this section, and (b) would be categorically eligible for assistance under the aid to families with dependent children program if the child had been born and was living with the woman; or

(5) who is a pregnant woman, as certified in writing by a physician or nurse midwife, who meets the other eligibility criteria of this section and whose unborn child would be eligible as a needy child under clause (9) if born and living with the woman; or

(6) who meets the categorical eligibility requirements of the supplemental security income program and the other eligibility requirements of this section; or

(7) who, except for the amount of income or resources, would qualify for supplemental security income for the aged, blind and disabled, or aid to families with dependent children, and who meets the other eligibility requirements of this section; or

(8) who is under 21 years of age and in need of medical care that neither he nor his relatives responsible under sections 256B.-01 to 256B.26 are financially able to provide; or

(9) who is an infant less than one year of age born on or after October 1, 1984, whose mother was eligible at the time of birth and who remains in the mother's household. Eligibility under this clause is concurrent with the mother's and does not depend on the father's income except as the income affects the mother's eligibility; or

(10) who is residing in a hospital for treatment of mental disease or tuberculosis and is 65 years of age or older and without means sufficient to pay the per capita hospital charge; and

(11) who resides in Minnesota, or, if absent from the state, is deemed to be a resident of Minnesota in accordance with the regulations of the state agency; and

(12) who alone, or together with his spouse, does not own real property other than the homestead. For the purposes of this section, "homestead" means the house owned and occupied by the applicant or recipient as his primary place of residence, together with the contiguous land upon which it is situated. The homestead shall continue to be excluded for persons residing in a long-term care facility if it is used as a primary residence by the spouse, minor child, or disabled child of any age; or the applicant/recipient is expected to return to the home as a principal residence within six calendar months of entry to the long-term care facility. Certification of expected return to the homestead shall be documented in writing by the attending physician. Real estate not used as a home may not be retained unless it produces net income applicable to the family's needs or the family is making a continuing effort to sell it at a fair and reasonable price or unless the commissioner determines that sale of the real estate would cause undue hardship or unless the equity in the real estate when combined with the equity in the homestead totals \$15,000 or less; and

(13) who individually does not own more than \$3,000 in cash or liquid assets, or if a member of a household with two family members (husband and wife, or parent and child), does not own more than \$6,000 in cash or liquid assets, plus \$200 for each additional legal dependent. *In addition to these maximum amounts, an eligible individual or family may accrue interest on these amounts, but they must be reduced to the maximum at the time of an eligibility redetermination. For residents of long-term care facilities, the accumulation of the clothing and personal needs allowance pursuant to 256B.35 must also be reduced to the maximum at the time of the eligibility redetermination.* Cash and liquid assets may include a prepaid funeral contract and insurance policies with cash surrender value. The value of the following shall not be included:

(a) the homestead, and (b) one motor vehicle licensed pursuant to chapter 168 and defined as: (1) passenger automobile, (2) station wagon, (3) motorcycle, (4) motorized bicycle or (5) truck of the weight found in categories A to E, of section 168.013, subdivision 1e; and

(14) who has or anticipates receiving an annual income not in excess of the income standards by family size used in the aid to families with dependent children program, or who has income in excess of these maxima and in the month of application, or



during the three months prior to the month of application, incurs expenses for medical care that total more than one-half of the annual excess income in accordance with the regulations of the state agency. In computing income to determine eligibility of persons who are not residents of long-term care facilities, the commissioner shall disregard increases in income (DUE SOLELY TO INCREASES IN FEDERAL RETIREE, SURVIVOR'S, AND DISABILITY INSURANCE BENEFITS, VETERANS ADMINISTRATION BENEFITS, AND RAILROAD RETIREMENT BENEFITS IN THE PERCENTAGE AMOUNT ESTABLISHED IN THE BIENNIAL APPROPRIATIONS LAW UNLESS PROHIBITED BY FEDERAL LAW OR REGULATION. IF PROHIBITED, THE COMMISSIONER SHALL FIRST SEEK A WAIVER) *as required by Public Law Number 94-566, section 503.* In excess income cases, eligibility shall be limited to a period of six months beginning with the first of the month in which these medical obligations are first incurred; and

(15) who has continuing monthly expenses for medical care that are more than the amount of his excess income, computed on a monthly basis, in which case eligibility may be established before the total income obligation referred to in the preceding paragraph is incurred, and medical assistance payments may be made to cover the monthly unmet medical need. In licensed nursing home and state hospital cases, income over and above that required for justified needs, determined pursuant to a schedule of contributions established by the commissioner of human services, is to be applied to the cost of institutional care. The commissioner of human services may establish a schedule of contributions to be made by the spouse of a nursing home resident to the cost of care; and

(16) who has applied or agrees to apply all proceeds received or receivable by him or his spouse from automobile accident coverage and private health care coverage to the costs of medical care for himself, his spouse, and children. The state agency (MAY) *shall* require from any applicant or recipient of medical assistance the assignment of any rights accruing under private health care coverage *to a provider or agency seeking reimbursement under that coverage.* Any rights or amounts so assigned shall be applied against the cost of medical care paid for under this chapter. Any assignment shall not be effective as to benefits paid or provided under automobile accident coverage and private health care coverage prior to receipt of the assignment by the person or organization providing the benefits.

Sec. 2. Minnesota Statutes 1984, section 256B.15, is amended to read:

256B.15 [CLAIMS AGAINST ESTATES.]

If a person receives any medical assistance hereunder, on his death, if (HE IS) single, or on the death of the (PERSON AND

HIS SURVIVING SPOUSE, IF HE IS MARRIED) *survivor of a married couple, either or both of whom received medical assistance, and only at a time when he has no surviving child who is under 21 or is blind or totally disabled, the total amount paid for medical assistance rendered for the person and spouse, after age 65, without interest, shall be filed as a claim against the estate of the person or the estate of the surviving spouse in the court having jurisdiction to probate the estate. The claim shall be considered an expense of the last illness of the decedent for the purpose of section 524.3-805. Any statute of limitations that purports to limit any county agency or the state agency, or both, to recover for medical assistance granted hereunder shall not apply to any claim made hereunder for reimbursement for any medical assistance granted hereunder. Any statute which purports to limit any county or state agency from filing an affidavit of successorship shall not apply to any claim made hereunder.* Counties may retain one-half of the nonfederal share of medical assistance collections from estates that are directly attributable to county effort.

Sec. 3. Minnesota Statutes 1984, section 256B.17, subdivision 4, is amended to read:

Subd. 4. [PERIOD OF INELIGIBILITY.] For any uncompensated transfer, the (PERIOD) *number of months of ineligibility shall be calculated by dividing the uncompensated transferred amount by the (STATEWIDE) average monthly (SKILLED NURSING FACILITY PER DIEM) per person payment made by the medical assistance program to skilled nursing facilities for the previous calendar year (TO DETERMINE THE NUMBER OF MONTHS OF INELIGIBILITY).* The individual shall remain ineligible until this fixed ineligibility period has expired. The period of ineligibility may exceed 24 months, and a reapplication for benefits after 24 months from the date of the transfer shall not result in eligibility unless and until the period of ineligibility has expired.

Sec. 4. Minnesota Statutes 1984, section 256D.03, subdivision 3, is amended to read:

Subd. 3. [GENERAL ASSISTANCE MEDICAL CARE; ELIGIBILITY.] (PERSONS ELIGIBLE FOR BENEFITS UNDER SECTIONS 256D.01 TO 256D.21 AND PERSONS NOT ELIGIBLE FOR FEDERAL HEALTH CARE BENEFITS WHOSE NONEXEMPT PROPERTY, AS DETERMINED ACCORDING TO MEDICAL ASSISTANCE STANDARDS, HAS AN EQUITY VALUE NO GREATER THAN \$1,000 AND WHOSE INCOME IS NOT IN EXCESS OF THE MEDICAL ASSISTANCE STANDARDS SHALL BE ELIGIBLE FOR GENERAL ASSISTANCE MEDICAL CARE. PERSONS WITH EXCESS INCOME AND RESOURCES MAY QUALIFY FOR BENEFITS UNDER THIS SUBDIVISION BY SPENDING DOWN. TREATMENT OF INCOME AND RESOURCES IN

CALCULATION OF THE SPENDDOWN SHALL BE THE SAME AS IN THE MEDICAL ASSISTANCE PROGRAM PURSUANT TO CHAPTER 256B.) (a) *General assistance medical care shall be paid for any person:*

(1) *who is eligible for assistance under section 256D.05, subdivision 1, clause (a)(1), (2), (3), (7), or (8), and clauses (b)(1) and (2) because of health or mental health reasons, and is not eligible for medical assistance under chapter 256B;*

(2) *who is eligible for assistance under other portions of chapter 256D, requests assistance with medical care and is not eligible for medical assistance under chapter 256B. Local agencies must obtain a general assistance medical care application and may conduct concurrent intake interviews;*

(3) *who is not eligible for medical assistance under chapter 256B and requests assistance with medical care;*

(4) *who is a resident of Minnesota;*

(5) *whose income as calculated under chapter 256B is not in excess of the medical assistance standards or whose excess income is spent down pursuant to chapter 256B; and*

(6) *whose equity in resources is not in excess of \$1,000 per assistance unit. Exempt real and liquid assets, the reduction of excess assets, and the waiver of excess assets shall conform to the medical assistance program in chapter 256B.*

(b) *Claims shall be filed pursuant to section 256D.16. All general assistance medical care applicants and recipients shall apply or agree to apply all third-party health and accident proceeds or coverage to the costs of medical care pursuant to chapter 256B.*

#### Sec. 5. [REPEALER.]

*Minnesota Statutes 1985 Supplement, section 256D.051, subdivision 12, is repealed."*

Delete the title and insert:

"A bill for an act relating to human services; affecting eligibility for medical assistance and general medical assistance care; abolishing the requirement of a separate application for general assistance medical care; amending Minnesota Statutes 1984, sections 256B.15; 256B.17, subdivision 4; and 256D.03, subdivision 3; Minnesota Statutes 1985 Supplement, section 256B.06, subdivision 1; repealing Minnesota Statutes 1985 Supplement, section 256D.051, subdivision 12."

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:

S. F. No. 1790, A bill for an act relating to economic development; rural development; providing for time of lease payments for lease of department of natural resources lands; establishing a mineral resources program; establishing a community development division in the department of energy and economic development; establishing the greater Minnesota corporation; establishing the rural development revolving fund program; establishing the state supplemental education grant program; adding criteria for allocation of private activity bonds and available issuance authority; appropriating money; amending Minnesota Statutes 1984, sections 89.17; 116J.61; 116J.873, subdivision 1; 462.384, subdivision 7; and 474.19, subdivision 4; Minnesota Statutes 1985 Supplement, sections 92.50; 116M.06, subdivision 3; and 474.19, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 84, 116J, 116L, and 136A; proposing coding for new law as Minnesota Statutes, chapter 116N; repealing Minnesota Statutes 1985 Supplement, sections 116.18, subdivision 3a; 116J.951; 116J.955; and 116J.961, subdivisions 7, 8, 9, and 10.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [84.95] [MINERAL RESOURCES PROGRAM.]

*Subdivision 1. [FINDINGS.] The legislature finds that there has been a disinvestment in mineral and timber resources of the state. To provide a diversified economic base in the state, it is necessary to stimulate investment in the state's natural resources. Mineral exploration by the private sector must be encouraged and assisted. The long-term health of the state will be aided by a diverse state economy that includes productive natural resource industries. A forestry management plan is already mandated. The great benefits from the state's mineral resources will not be realized without state stimulation of investment, which can be achieved through a program coordinated by the department of natural resources to accelerate geologic mapping and mineral deposit evaluation and to provide analytical support to the mineral and timber industries. This participation by the state will lead to active participation by private industry in healthy Minnesota timber and mineral resources industries.*

*Subd. 2. [PROGRAM.] The commissioner of natural resources shall coordinate a program, in cooperation with the Minnesota geological survey, the Minnesota Resources Research Center, the Natural Resources Research Institute, and other available facilities, to:*

- (1) *accelerate geological mapping of the state;*

(2) *accelerate evaluation of the state's mineral potential and other natural resources; and*

(3) *provide analytical support for participants in the mineral industry.*

Sec. 2. Minnesota Statutes 1985 Supplement, section 116.16, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] In this section and sections 116.17 and 116.18:

(1) Agency means the Minnesota pollution control agency created by this chapter;

(2) Municipality means any county, city, and town, the metropolitan waste control commission established in chapter 473 and the metropolitan council when acting under the provisions of that chapter or an Indian tribe or an authorized Indian tribal organization, and any other governmental subdivision of the state responsible by law for the prevention, control, and abatement of water pollution in any area of the state;

(3) Pollution control fund means the Minnesota state water pollution control fund created by subdivision 1;

(4) Bond account means the Minnesota state water pollution control bond account created in the state bond fund by section 116.17, subdivision 4;

(5) Terms defined in section 115.01 have the meanings therein given them;

(6) The eligible cost of any municipal project, except as otherwise provided in clauses (7) and (8), includes (a) preliminary planning to determine the economic, engineering, and environmental feasibility of the project; (b) engineering, architectural, legal, fiscal, economic, sociological, project administrative costs of the agency and the municipality, and other investigations and studies; (c) surveys, designs, plans, working drawings, specifications, procedures, and other actions necessary to the planning, design, and construction of the project; (d) erection, building, acquisition, alteration, remodeling, improvement, and extension of disposal systems; (e) inspection and supervision of construction; and (f) all other expenses of the kinds enumerated in section 475.65.

(7) For state (INDEPENDENT GRANT AND) matching grant purposes hereunder, the eligible cost for grant applicants shall be the eligible cost as determined by the United States environmental protection agency under the Federal Water Pollution Control Act, as amended, United States Code, title 33, section 1314, et seq.

(8) NOTWITHSTANDING CLAUSE (7), FOR STATE GRANTS UNDER THE STATE INDEPENDENT GRANTS PROGRAM, THE ELIGIBLE COST INCLUDES THE ACQUISITION OF LAND FOR STABILIZATION PONDS, THE CONSTRUCTION OF COLLECTOR SEWERS FOR TOTALLY UNSEWERED STATUTORY AND HOME RULE CHARTER CITIES AND TOWNS DESCRIBED UNDER SECTION 368.01, SUBDIVISION 1 OR 1A, THAT ARE IN EXISTENCE ON JANUARY 1, 1985, AND THE PROVISION OF RESERVE CAPACITY SUFFICIENT TO SERVE THE REASONABLE NEEDS OF THE MUNICIPALITY FOR 20 YEARS IN THE CASE OF TREATMENT WORKS AND 40 YEARS IN THE CASE OF SEWER SYSTEMS. NOTWITHSTANDING CLAUSE (7), FOR STATE GRANTS UNDER THE STATE INDEPENDENT GRANTS PROGRAM, THE ELIGIBLE COST DOES NOT INCLUDE THE PROVISION OF SERVICE TO SEASONAL HOMES, OR COST INCREASES FROM CONTINGENCIES THAT EXCEED THREE PERCENT OF AS-BID COSTS OR COST INCREASES FROM UNANTICIPATED SITE CONDITIONS THAT EXCEED AN ADDITIONAL TWO PERCENT OF AS-BID COSTS.)

Sec. 3. Minnesota Statutes 1984, section 116.16, subdivision 5, is amended to read:

Subd. 5. [RULES.] ((A)) The agency shall promulgate permanent rules and may promulgate emergency rules for the administration of grants and loans authorized to be made from the fund or from federal funds under the Federal Water Pollution Control Act, as amended, which rules, however, shall not be applicable to the issuance of bonds by the commissioner of finance as provided in section 116.17. The rules shall contain as a minimum:

- (1) procedures for application by municipalities;
- (2) conditions for the administration of the grant or loan;
- (3) criteria for the ranking of projects in order of priority for grants or loans, based on factors including the extent and nature of pollution, technological feasibility, assurance of proper operation, maintenance and replacement, and participation in multi-municipal systems; and
- (4) such other matters as the agency and the director find necessary to the proper administration of the grant program.

((B) EXCEPT AS OTHERWISE PROVIDED IN SECTIONS 116.16 TO 116.18, THE RULES FOR THE ADMINISTRATION OF STATE INDEPENDENT GRANTS MUST COMPLY, TO THE EXTENT PRACTICABLE, WITH PROVISIONS RELATING DIRECTLY TO PROTECTION OF THE

ENVIRONMENT CONTAINED IN THE FEDERAL WATER POLLUTION CONTROL ACT, AS AMENDED, AND REGULATIONS AND GUIDELINES OF THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY PROMULGATED UNDER THE ACT, EXCEPT PROVISIONS REGARDING ALLOCATION CONTAINED IN SECTION 205 OF THE ACT AND REGULATIONS AND GUIDELINES PROMULGATED UNDER SECTION 205 OF THE ACT. THIS PROVISION DOES NOT REQUIRE APPROVAL FROM FEDERAL AGENCIES FOR THE ISSUANCE OF GRANTS OR FOR THE CONSTRUCTION OF PROJECTS UNDER THE STATE INDEPENDENT GRANTS PROGRAM.)

**Sec. 4. [116K.15] [INDEPENDENT WASTEWATER TREATMENT GRANTS.]**

*Subdivision 1. [AMOUNTS.] The state planning agency may award independent grants to municipalities for projects for 50 percent or, if the pollution control agency requires advanced treatment, 65 percent of the eligible cost of construction of wastewater treatment facilities. The agency may award independent grants for up to an additional 30 percent or, if the pollution control agency requires advanced treatment, up to an additional 25 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 must be based on per connection capital cost, median household income, and per capita adjusted assessed valuation. For grants made under this section, the eligible cost is as determined by the United States Environmental Protection Agency under the Federal Water Pollution Control Act, as amended, United States Code, title 33, section 1314, et seq., except that eligible cost also includes the acquisition of land for stabilization ponds and the provision of reserve capacity sufficient to serve the reasonable needs of the municipality for 20 years in the case of treatment works and 40 years in the case of sewer systems. The eligible cost does not include the provision of collector sewers as defined in pollution control agency rules, the provision of service to seasonal homes, or cost increases from contingencies that exceed three percent of as-bid costs or cost increases from unanticipated site conditions that exceed an additional two percent of as-bid costs. These grants may be awarded in separate steps for planning and design in addition to actual construction. 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.*

*Subd. 2. [RULES.] The agency shall make rules for the administration of grants under this section. The rules must contain:*

- (1) *procedures for application by municipalities;*

(2) *conditions for the administration of the grant; and*

(3) *criteria for the ranking of projects in order of priority for grants, based on factors including the impact on economic development, the extent and nature of pollution, technological feasibility, assurance of proper operation, maintenance and replacement, and participation in multi-municipal systems.*

*Except as otherwise provided, the rules for the administration of state independent grants must comply, to the extent practicable, with provisions relating directly to protection of the environment contained in the federal Water Pollution Control Act, as amended, and regulations and guidelines of the United States Environmental Protection Agency promulgated under the act, except provisions regarding allocation contained in section 205 of the act and regulations and guidelines promulgated under section 205 of the act. This provision does not require approval from federal agencies for the issuance of grants or for the construction of projects under the state independent grants program.*

**Subd. 3. [FURTHERANCE OF ECONOMIC DEVELOPMENT.]** *Up to ten percent of the money to be awarded as grants under this section in any single fiscal year must be set aside for municipalities having substantial economic development projects that cannot come to fruition without municipal wastewater treatment improvements.*

**Subd. 4. [REIMBURSEMENT GRANTS.]** *Grants may also be awarded under this subdivision to reimburse municipalities willing to proceed with projects and be reimbursed in 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 to the state grants programs for that year.*

**Sec. 5. [116N.01] [CITATION.]**

*Sections 6 to 16 may be cited as the "greater Minnesota corporation act."*

**Sec. 6. [116N.02] [LEGISLATIVE FINDINGS AND PURPOSE.]**

*The legislature finds that an economic crisis exists in portions of Minnesota that is threatening the economic health of the entire state. Unemployment caused by the decline of major industries is inflicting great hardship on individuals, destroying communities, and straining the financial resources of the entire state.*

*The legislature further finds that the most appropriate means to confront the economic crisis is to establish a public corporation*



*with a board of directors consisting of statewide leaders representing business, finance, government, education, and labor that has broad authority to promote economic recovery in distressed areas and to provide incentives for manufacturing and industrial enterprises to locate in these areas.*

*The legislature further finds that the establishment of a greater Minnesota fund for use by the corporation to accomplish its objectives is necessary to achieve economic recovery for all of Minnesota.*

**Sec. 7. [116N.03] [DEFINITIONS.]**

*Subdivision 1. [SCOPE.] The definitions in this section apply to chapter 116N.*

*Subd. 2. [BOARD.] "Board" means the board of directors of the greater Minnesota corporation.*

*Subd. 3. [CORPORATION.] "Corporation" means the greater Minnesota corporation established by section 8.*

*Subd. 4. [ECONOMIC ASSISTANCE AREA.] "Economic assistance area" means an area composed of each county or standard metropolitan statistical area which meets one of the following conditions:*

*(1) it has an average unemployment of 8.5 percent for the one-year period ending December 31, 1985, or ending on December 31 of the calendar year immediately preceding the year the designation is made; or*

*(2) 20 percent or more of its economy, as determined by the commissioner of agriculture, is dependent upon agriculture; or*

*(3) it contains an enterprise zone designated pursuant to section 273.1312, subdivision 4, paragraph (c), clause (3).*

*Subd. 5. [FUND.] "Fund" means the greater Minnesota fund established by section 13.*

*Subd. 6. [PROJECT.] "Project" means any undertaking involving real or personal property connected with or a part of an industrial, distribution, manufacturing, or research facility that is to be acquired, constructed, improved, or equipped with assistance furnished under the authority of sections 6 to 16, or any combination of them.*

**Sec. 8. [116N.04] [CORPORATION CREATED; BOARD OF DIRECTORS; PURPOSE AND DUTY.]**

*Subdivision 1. [CREATION; NAME.] The greater Minnesota corporation, a public corporation and political subdivision of the state of Minnesota, is created. The corporation is not a state agency under chapters 14, 15, or for any other purpose. All business of the corporation must be conducted under its name.*

*Subd. 2. [BOARD OF DIRECTORS.] The corporation is governed by a board of 15 directors who shall be appointed by the governor, with recommendations from the speaker of the house of representatives and the senate majority leader. Terms and removal of members of the board are as provided in section 15.059. One director must be appointed from each of the state's congressional districts. Directors shall serve without compensation but shall receive their necessary and actual expenses while engaged in the business of the corporation. Directors shall be considered public officials for the purposes of section 10A.07.*

*Subd. 3. [PURPOSE AND DUTIES.] It is the purpose and duty of the corporation to promote economic development in the economic assistance area to provide incentives for the expansion of existing and location of new manufacturing, research, distribution, and industrial facilities within the economic assistance area by the means provided under sections 6 to 16.*

*Subd. 4. [ARTICLES AND BYLAWS.] The board of directors shall adopt articles of incorporation and bylaws necessary for the conduct of the business of the corporation, consistent with the provisions of this chapter.*

*Subd. 5. [PLACES OF BUSINESS.] The board shall locate and maintain the corporation's places of business within the state.*

*Subd. 6. [MEETINGS AND ACTIONS OF THE BOARD.] The board shall meet at least twice a year and may hold additional meetings upon giving whatever notice the bylaws of the corporation might provide. Board meetings are subject to the provisions of section 471.705.*

*Subd. 7. [APPLICATION AND INVESTIGATIVE DATA.] The following data is classified as private data with regard to data on individuals under section 13.02, subdivision 12, or as non-public data with regard to data not on individuals under section 13.02, subdivision 9, whichever is applicable:*

*(1) financial data, statistics, and information furnished in connection with assistance or proposed assistance under sections 6 to 16, including credit reports, financial statements, statements of net worth, income tax returns, either personal or corporate, and any other business and personal financial records;*

*(2) correspondence between members of the board or employees of the corporation and applicants or other persons or entities regarding assistance or proposed assistance, and any investiga-*

*tive data obtained by the board or employees of the corporation in relation to the assistance under sections 6 to 16;*

*(3) security information, trade secret information, or labor relations information, as defined in section 13.37, subdivision 1 disclosed to members of the board or employees of the corporation pursuant to sections 6 to 16.*

#### Sec. 9. [116N.05] [CORPORATE PERSONNEL.]

*Subdivision 1. [GENERALLY.] The board shall appoint and set the compensation for a president and may appoint subordinate officers. The president's salary may not exceed 95 percent of the governor's salary. The board may designate the president as its general agent. Subject to the control of the board, the president shall employ employees and agents as the president deems necessary. The board shall define the duties and designate the titles of the employees and agents.*

*Subd. 2. [STATUS OF EMPLOYEES.] Employees, officers, and directors of the corporation are not state employees, but, at the option of the board, may participate in the state retirement plan for employees in the unclassified service.*

#### Sec. 10. [116N.06] [CORPORATE POWERS.]

*The corporation shall have all powers necessary to accomplish the purposes of sections 6 to 16 within the economic assistance area, including, but not limited to, the power:*

*(1) to incorporate as and exercise the powers of a nonprofit corporation pursuant to chapter 317 in a manner consistent with the provisions of sections 6 to 16;*

*(2) to make and alter bylaws for its organization and internal management and, subject to agreements with noteholders or bondholders, to make rules and regulations with respect to its projects, operations, properties, and facilities;*

*(3) to make and execute contracts with any private or public entity, including joint power agreements pursuant to section 471.59;*

*(4) to hire employees, prescribe their duties and qualifications, fix their compensation, and engage the services of legal, financial, technical, and other professionals;*

*(5) to acquire or contract to acquire from any person, firm, corporation, municipality, federal or state agency, by grant or purchase, leaseholds, or any interest in real, personal, or mixed property; to own, hold, clear, improve, and rehabilitate, and to*

*sell, assign, exchange, transfer, convey, lease, mortgage, or otherwise dispose of or encumber the property;*

*(6) to acquire, construct, reconstruct, rehabilitate, improve, alter, repair, or provide for the construction, reconstruction, improvement, alteration, or repair of any project;*

*(7) to sell, lease, assign, transfer, convey, exchange, mortgage, or otherwise dispose of or encumber any project, and in the case of the sale of any project, to accept a purchase money mortgage in connection with it; and to lease, repurchase, or otherwise acquire and hold any project which the corporation has before sold, leased, or otherwise conveyed, transferred, or disposed of;*

*(8) to grant options to purchase any project or to renew any leases entered into by it in connection with any of its projects, on the terms and conditions it may deem advisable;*

*(9) to lend money, whether secured or unsecured, make grants, purchase, sell, or pledge shares, bonds, or other obligations, or securities, and provide and commit to provide mortgage insurance on terms and conditions the corporation may deem advisable;*

*(10) to make mortgage loans, including temporary loans or advances, and to undertake commitments for them. Such a commitment or mortgage, or bonds or notes secured by them may contain terms and conditions consistent with sections 6 to 16 as the corporation deems necessary or desirable to secure repayment of its loan, the interest, if any, on it and other charges in connection with it;*

*(11) subject to the provisions of any contract with note-holders or bondholders, to consent to the modification, with respect to rate of interest, time of payment of any installment of principal or interest, security, or any other term of any mortgage, mortgage loan, mortgage loan commitment, contract, or agreement of any kind to which the corporation is a party;*

*(12) in connection with any property on which it has made a mortgage loan, to foreclose on the property or commence any action to protect or enforce any right conferred upon it by any law, mortgage, contract, or other agreement, and to bid for and purchase the property at any foreclosure or other sale, or acquire or take possession of the property; and then complete, administer, pay the principal of and interest on any obligations incurred in connection with the property, dispose of, and otherwise deal with the property, as desirable to protect the interests of the corporation in it;*

*(13) to borrow money, to issue its negotiable bonds and notes, and to provide for the rights of their holders pursuant to section 11;*

(14) to contract for and to accept any gifts or grants or loans of funds or property or financial or other aid in any form from the federal government or any agency or instrumentality of it, or from the state or any agency or instrumentality of it, or from any other source, and to comply, subject to sections 6 to 16, with their terms and conditions;

(15) to provide advisory, consultative, training and educational services, technical assistance, and advice to any person, firm, partnership, or corporation, either public or private, in order to carry out the purposes of sections 6 to 16;

(16) to pay directly to any municipality or to any political subdivision of the state or to the state any taxes, fees, or other charges of any nature that are related to the project and payable by the owner or lessor of the project;

(17) to do any and all things necessary or convenient to carry out its purposes and exercise the powers given and granted in sections 6 to 16.

**Sec. 11. [116N.07] [BONDS OR NOTES OF THE CORPORATION.]**

*In anticipation of the receipt by the corporation of payments, appropriations, rents and profits, and of income from any source and for the purpose of securing funds as needed by the corporation for purposes authorized by sections 6 to 16, the corporation may issue its bonds or notes or bonds or notes on behalf of the state. The bonds or notes shall be in the amount and form and bear interest at the rate the board of directors shall prescribe. They shall be sold by the corporation to the highest bidder after notice of the time and the place for the receiving of the bids has been published once at least two weeks prior to the date of receiving bids, or at private sale. The bonds shall have dates, denominations, maturities, places of payment, forms, and details as determined by the board of directors. Neither the full faith and credit nor taxing power of the state shall be pledged to any bonds or notes issued under sections 6 to 16.*

*As security for the payment of the principal of and interest on any bonds issued and any agreements made in connection with them, the corporation shall have the power to mortgage and pledge any or all of its projects, whether owned then or acquired thereafter, and to pledge the revenues and receipts from them or from any of them, and to assign or pledge the lease or leases on any portion or all of the projects and to assign or pledge the income received by virtue of the lease or leases.*

**Sec. 12. [116N.08] [INTEREST REDUCTION ASSISTANCE.]**

To accomplish the purposes of sections 6 to 16, the corporation may:

(1) pay in periodic payments or in a lump sum payment any or all of the interest on loans made pursuant to section 10, clauses (9) and (10);

(2) pay any or all of the interest on bonds issued pursuant to sections 10, clause (13), and 11, or chapter 474; or

(3) pay in periodic payments or in a lump sum payment any or all of the interest on loans made by private lenders.

Sec. 13. [116N.09] [GREATER MINNESOTA FUND.]

*Subdivision 1. [CREATION OF FUND.] The greater Minnesota fund is created and shall be administered by the corporation. All money in the fund is appropriated to the corporation to accomplish the corporation's purposes. The corporation may use amounts on deposit in the fund or in separate accounts created therein in furtherance of its purpose and duty and in exercise of the powers granted to it pursuant to sections 6 to 16. The corporation may use the powers granted in sections 6 to 16 and up to 25 percent of any funds deposited in the fund to provide economic assistance pursuant to sections 6 to 16 in any county adjacent to a county contained in the economic assistance area, excluding metropolitan counties as defined in section 473.121, subdivision 4. No portion of the fund may be used for any project the objective of which is to increase tourism or construct recreation facilities. A disbursement from the greater Minnesota fund for a project may be made if the corporation finds that:*

(a) the project is economically sound and will increase opportunities for employment and strengthen the economy of the county in which the project is to be located;

(b) the project will not result in encouraging or subsidizing a business already located in Minnesota to move its operations from its current Minnesota location to an economic assistance area;

(c) the proposed borrower or grantee is not likely to undertake the proposed project within the economic assistance area without assistance from the corporation;

(d) the amount to be made available by the corporation will not exceed 50 percent of the total amount of capital investment in the project, which total capital investment shall not be less than \$500,000.

*Fees, charges, rates of interest, times of payment of interest and principal, security, and other terms, conditions, and provisions of the loans made by the corporation shall be as the corporation determines appropriate and in furtherance of the purpose for which the loans are made. The funds used in making loans shall be disbursed upon order of the board of directors. Proceeds of the corporation's bonds, notes, and other obligations; amounts granted or appropriated to the corporation; income from investment; money in the greater Minnesota fund; and all revenues from loans, fees, and charges of the corporation including rentals, royalties, dividends, or other proceeds are annually appropriated to the corporation for the accomplishment of its corporate purposes and shall be expended, administered, and accounted for in accordance with the applicable provisions of all bond and note resolutions, indentures, and other instruments, contracts, and agreements of the corporation. Notwithstanding section 16A.28, these appropriations are available until expended.*

*Subd. 2. [REPEAL OF FUND.] The greater Minnesota fund shall remain in existence until June 1, 1990, at which time all unencumbered assets of the fund shall be deposited in the general fund of the state.*

**Sec. 14. [116N.10] [ACTIVITIES.]**

*Subdivision 1. [GRANTS.] Pursuant to the powers granted to the corporation under section 10, the corporation may make matching grants for applied research and development to any campus of the University of Minnesota, a state university, a community college, a Minnesota private college or university, or an area vocational technical institute.*

*Subd. 2. [LOANS.] Pursuant to the powers granted to the corporation under section 10, the corporation may make loans to corporations, partnerships, sole proprietorships, or other business entities for the purpose of promoting development in the state of new products, or processes with potential commercial value.*

**Sec. 15. [116N.11] [AUDITS.]**

*The board shall contract with a certified public accounting firm to audit the corporation and any subsidiary annually in accordance with generally accepted accounting standards.*

**Sec. 16. [116N.12] [REPORTS.]**

*The corporation shall report to the legislature and the governor on its activities by January 1 of each year. The report must include, at least, a description of projects supported by the fund, an account of all loans and grants made by the fund*

during the calendar year, the source and amount of all money collected and distributed by the fund, the fund's assets and liabilities, and an explanation of administrative expenses. Reports must be made to the legislature as required by section 3.195.

**Sec. 17. [136A.125] [SUPPLEMENTAL GRANTS TO DISPLACED RURAL WORKERS.]**

*Subdivision 1. [PROGRAM; ELIGIBILITY.] The higher education coordinating board with the assistance of the commissioner of jobs and training shall establish and administer the state supplemental education grant program to assist displaced workers in rural Minnesota areas in paying the costs of attending public post-secondary educational institutions. Only Minnesota residents who are enrolled in adult farm management programs or enrolled in a program designed to train people for employment are eligible to apply for grants under this section. Applicants shall demonstrate financial need in accordance with policies and procedures established by the board. In developing eligibility policies, the board shall consider criteria for participation in state and federal programs designed to serve economically dislocated workers. The board shall develop policies and procedures for the administration of grants, including the allocation of funds to eligible institutions in accordance with section 136A.101. The development of policies and procedures in accordance with this subdivision is not covered by chapter 14.*

*Subd. 2. [PART-TIME GRANTS.] Displaced workers in rural Minnesota areas are eligible to be considered for a part-time grant under section 136A.132. In awarding grants during the 1985-1987 biennium, participating post-secondary institutions shall consider the needs of displaced rural workers.*

*Subd. 3. [PUBLIC INFORMATION.] The board shall provide information to displaced workers in rural areas about post-secondary education opportunities and financial assistance to help them pay for their education, including existing state and federal programs and the state supplemental education grant program. The board shall develop and communicate the information in cooperation with the department of jobs and training, financial aid administrators, the agriculture extension service, and representatives of public and private post-secondary education institutions.*

Sec. 18. Minnesota Statutes 1984, section 273.1314, subdivision 1, is amended to read:

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

- (a) "City" means a statutory or home rule charter city.



(b) "Commissioner" means the commissioner of (ENERGY AND ECONOMIC DEVELOPMENT) *revenue*.

(c) "Legislative advisory commission" means the legislative advisory commission established under section 3.30.

(d) "Municipality" means a city or a county for an area located outside the boundaries of a city. If an area lies in two or more cities or in both incorporated and unincorporated areas, municipality shall include an entity formed pursuant to section 471.59 by the governing bodies of the cities with jurisdiction over the incorporated area and the counties with jurisdiction over the unincorporated area.

Sec. 19. Minnesota Statutes 1985 Supplement, section 273.-1314, subdivision 8, is amended to read:

Subd. 8. [FUNDING LIMITATIONS.] (a) *Except as provided in paragraph (b)*, the maximum amount of the tax reductions which may be authorized pursuant to designations of enterprise zones under section 273.1312 and this section is limited to \$36,400,000. 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. Of the \$36,400,000 in tax reductions authorized under this subdivision, an additional \$800,000 in tax reductions may be authorized within an enterprise zone located within five municipalities which was designated by the commissioner in 1984.

(THIS SUBDIVISION, INCLUDING THE FUNDING LIMITATIONS, DOES NOT APPLY TO ENTERPRISE ZONES DESIGNATED PURSUANT TO SECTION 273.1312, SUBDIVISION 4, PARAGRAPH (C), CLAUSE (4).)

(b) *In addition to the amount authorized under paragraph (a), tax reductions not to exceed \$1,500,000 may be authorized by the commissioner. The tax reductions authorized under this paragraph shall be made available to projects that (1) have job creation as their principal objective and (2) are located in enterprise zones that have committed their initial allocation of tax credits under paragraph (a). The maximum amount that may be authorized under this paragraph for enterprise zones in any city is \$750,000. Except as otherwise provided in this paragraph, the allocation of tax credits provided in this paragraph shall be according to the provisions of paragraph (a). The amount of tax reductions authorized under this paragraph shall reduce the amount available for expenditure under section 116M.07, subdivision 11, paragraph (d).*

**Sec. 20. [SUPPLEMENTAL EDUCATIONAL GRANT PROGRAM FUNDING.]**

*Up to \$250,000 is available for the state supplemental education grant program established in section 17 from the appropriation in Laws 1985, First Special Session chapter 11, section 3, subdivision 3, for the fiscal year ending June 30, 1987.*

**Sec. 21. [MINNESOTA RESOURCES FUND APPROPRIATION.]**

*The legislative commission on Minnesota resources shall recommend \$ . . . . . from the Minnesota resources fund for projects, not studies, in the categories of:*

- (1) land conservation and wildlife habitat improvement;*
- (2) fishing and water management related activities; and*
- (3) hunting and fishing development opportunities.*

*Priority shall be given to projects which incorporate nonstate spending shares.*

*The requirements of this section apply only to the recommendations submitted to the 1987 legislature.*

## Sec. 22. [APPROPRIATION.]

*Subdivision 1. [MINERAL RESOURCES PLAN.] \$ . . . . . is appropriated from the general fund to the commissioner of natural resources for implementation of section 1, to be available until June 30, 1987.*

*Subd. 2. [FORESTRY MANAGEMENT.] \$ . . . . . is appropriated from the general fund to the commissioner of natural resources for grant agreements with counties or groups of counties for county forestry assistance programs, to be available until June 30, 1987.*

## Sec. 23. [APPROPRIATION.]

*\$ . . . . . is appropriated from the annual investment income of the rural rehabilitation revolving fund to the higher education coordinating board for the state supplemental education grant program established in section 17, to be available until expended. None of the principal of the rural rehabilitation revolving fund may be used for this purpose.*

## Sec. 24. [APPROPRIATION.]

*\$ . . . . . is appropriated from the annual investment income of the rural rehabilitation revolving fund to the greater Minnesota corporation created under section 8. An amount not to exceed \$ . . . . . may be used in any fiscal year for operating and other expenses of the corporation that are not directly chargeable to any project. None of the principal of the rural rehabilitation revolving fund may be used for this purpose.*

## Sec. 25. [REPEALER.]

*Minnesota Statutes 1985 Supplement, section 116.18, subdivision 3a, is repealed.*

## Sec. 26. [EFFECTIVE DATE.]

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

Delete the title and insert:

"A bill for an act relating to economic development; rural development; establishing a mineral resources program; creating a public corporation to promote economic development; providing bonding and other powers to the corporation; establishing the greater Minnesota fund program; establishing the state supplemental education grant program; transferring the independent wastewater treatment grants program to the state planning agency; transferring certain duties relating to enter-

prise zones to commissioner of revenue; appropriating money; amending Minnesota Statutes 1984, sections 116.16, subdivision 5; and 273.1314, subdivision 1; Minnesota Statutes 1985 Supplement, sections 116.16, subdivision 2; and 273.1314, subdivision 8; proposing coding for new law in Minnesota Statutes chapters 84; 116K; and 136A; proposing coding for new law as Minnesota Statutes, chapter 116N; repealing Minnesota Statutes 1985 Supplement, section 116.18, subdivision 3a."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

## SECOND READING OF HOUSE BILLS

H. F. Nos. 1068, 1144, 2079, 2093, 2123, 2126, 2487, 2489 and 2508 were read for the second time.

## SECOND READING OF SENATE BILLS

S. F. Nos. 1886 and 2035 were read for the second time.

## INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Wynia, Vellenga, Jaros, Riveness and Cohen introduced:

H. F. No. 2537, A bill for an act relating to taxation; individual income; eliminating the age restrictions on the pension income exclusion; modifying the income offset; amending Minnesota Statutes 1985 Supplement, section 290.08, subdivision 26.

The bill was read for the first time and referred to the Committee on Taxes.

Nelson, K.; Vanasek; Riveness; Brown and Minne introduced:

H. F. No. 2538, A bill for an act relating to taxation; delaying the effective date of the repeal of the residential energy credit; amending Laws 1985, First Special Session chapter 14, article 1, section 61.

The bill was read for the first time and referred to the Committee on Taxes.

Kalis, Welle, Ogren, McEachern and Jennings, L., introduced:

H. F. No. 2539, A bill for an act relating to individual income taxation; providing a subtraction for interest on seller sponsored family farm security loans; amending Minnesota Statutes 1985 Supplement, section 290.01, subdivision 20b.

The bill was read for the first time and referred to the Committee on Taxes.

Voss, Kalis, Vanasek, Wenzel and Rest introduced:

H. F. No. 2540, A bill for an act relating to sales taxation; compensating retailers for the cost of collection; 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.

Scheid; Nelson, K.; Otis; McEachern and Knuth introduced:

H. F. No. 2541, A bill for an act relating to taxation; individual income; permitting certain unmarried individuals to file joint returns; amending Minnesota Statutes 1985 Supplement, section 290.06, subdivision 2c.

The bill was read for the first time and referred to the Committee on Taxes.

Kalis, McEachern, Scheid, Wenzel and Olson, E., introduced:

H. F. No. 2542, A bill for an act relating to taxation; property; providing a state paid small business property tax credit; amending Minnesota Statutes 1985 Supplement, sections 273.13, subdivision 15a; 273.1392; and 276.04; proposing coding for new law in Minnesota Statutes, chapter 273.

The bill was read for the first time and referred to the Committee on Taxes.

Scheid; O'Connor; Jaros; Nelson, K., and Jacobs introduced:

H. F. No. 2543, A bill for an act relating to taxation; property; providing a state paid small business property tax credit; amending Minnesota Statutes 1985 Supplement, sections 273.13, subdivision 15a; 273.1392; and 276.04; proposing coding for new law in Minnesota Statutes, chapter 273.

The bill was read for the first time and referred to the Committee on Taxes.

Skoglund introduced:

H. F. No. 2544, A bill for an act relating to utilities; prohibiting charges for certain telephone conversation services without prior authorization; proposing coding for new law in Minnesota Statutes, chapter 325E.

The bill was read for the first time and referred to the Committee on Regulated Industries and Energy.

Quinn introduced:

H. F. No. 2545, A bill for an act relating to water; establishing a deadline for the formation of certain watershed management organizations; amending Minnesota Statutes 1984, section 473.878, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Quinn, Osthoff, Voss, Lieder and Welle introduced:

H. F. No. 2546, A bill for an act relating to insurance; establishing the insurance consumers board; giving the board authority to collect and disseminate information; establishing a surcharge on insurance contracts; appropriating money collected by the surcharge to the board; proposing coding for new law in Minnesota Statutes, chapter 60A.

The bill was read for the first time and referred to the Committee on Financial Institutions and Insurance.

Dimler; Carlson, D., and Anderson, G., introduced:

H. F. No. 2547, A bill for an act relating to traffic regulations; requiring certain information on the uniform traffic ticket; providing that certain violations of maximum lawful speed not be kept on driving records; amending Minnesota Statutes 1984, sections 169.99, by adding a subdivision; and 171.12, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Transportation.

Segal and Greenfield introduced:

H. F. No. 2548, A bill for an act relating to human services; establishing a task force to improve cooperative agreements between Anoka regional treatment center and the University of Minnesota, department of psychiatry.

The bill was read for the first time and referred to the Committee on Health and Human Services.

#### HOUSE ADVISORIES

The following House Advisories were introduced:

Frederick introduced:

H. A. No. 80, A proposal to study the feasibility of using ethanol or buthanol as gasoline octane boosters.

The advisory was referred to the Committee on Commerce and Economic Development.

Omann introduced:

H. A. No. 81, A proposal to study the feasibility of an inmate visitation program.

The advisory was referred to the Committee on Crime and Family Law.

McPherson, Heap, Tompkins, Staten and Bishop introduced:

H. A. No. 82, A proposal to study the Minnesota Department of Human Rights.

The advisory was referred to the Committee on Labor-Management Relations.

Backlund, Heap, Gruenes and Munger introduced:

H. A. No. 83, A proposal to study the need to regulate occupied railroad cabooses.

The advisory was referred to the Committee on Labor-Management Relations.

### 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. 2317, A bill for an act relating to corporations; providing for the resignation of registered agents of foreign corporations; amending Minnesota Statutes 1984, section 303.10, 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. 1807, A bill for an act relating to local government; providing for the coordination of various development authorities in the city of Moorhead and Clay county.

PATRICK E. FLAHAVEN, Secretary of the Senate

### CONCURRENCE AND REPASSAGE

Carlson, J., moved that the House concur in the Senate amendments to H. F. No. 1807 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1807, A bill for an act relating to local government; providing for the coordination of various development authorities in the city of Moorhead and Clay county; providing an exception from the Moorhead police civil service system for the chief and deputy chief of police.



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 103 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Fjoslien	Levi	Onnen	Skoglund
Backlund	Forsythe	Lieder	Osthoff	Solberg
Battaglia	Frederick	Long	Otis	Sparby
Beard	Frederickson	Marsh	Peterson	Stanius
Becklin	Frerichs	McDonald	Piepho	Svigum
Begich	Greenfield	McEachern	Piper	Thorson
Bennett	Gruenes	McKasy	Poppenhagen	Tjornhom
Bishop	Gutknecht	McLaughlin	Price	Tompkins
Boerboom	Halberg	McPherson	Quinn	Tunheim
Boo	Hartle	Metzen	Redalen	Uphus
Brown	Haukoos	Miller	Rest	Valan
Burger	Jacobs	Minne	Richter	Valento
Carlson, D.	Jaros	Munger	Riveness	Vellenga
Carlson, J.	Jennings, L.	Murphy	Rodosovich	Voss
Carlson, L.	Johnson	Nelson, D.	Sarna	Waltman
Cohen	Kalis	Norton	Schafer	Welle
Dempsey	Kiffmeyer	O'Connor	Scheid	Wenzel
Dimler	Knuth	Ogren	Schoenfeld	Wynia
Dyke	Kostohryz	Olsen, S.	Seaberg	Spk. Jennings, D.
Elioff	Krueger	Olsen, E.	Segal	
Erickson	Kvam	Omann	Shaver	

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. 1939.

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. 1801, 2086 and 2159.

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. 2090 and 2160.

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. 1909 and 2204.

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. 2016, 2094 and 2161.

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. 1580, 1789, 1808 and 2082.

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. 1730 and 1942.

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. 1962 and 2111.

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. 1774, 1839, 1963 and 2069.

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. 1897, 1980 and 2087.

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. 1701 and 1707.

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. 1196 and 1852.

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. 1698, 2079 and 2233.

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. 1619 and 1704.

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. 1884 and 1940.

PATRICK E. FLAHAVEN, Secretary of the Senate

### FIRST READING OF SENATE BILLS

S. F. No. 1939, A bill for an act relating to judgments ; clarifying the general judgment lien law ; amending Minnesota Statutes 1984, section 548.09, subdivision 1.

The bill was read for the first time.

Backlund moved that S. F. No. 1939 and H. F. No. 2079, now on the Technical Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1801, A bill for an act relating to criminal procedure ; providing for in camera hearings on certain evidentiary issues in criminal sexual conduct cases ; amending Minnesota Statutes 1984, section 609.347, subdivision 4.

The bill was read for the first time.

Greenfield moved that S. F. No. 1801 and H. F. No. 1865, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2086, A bill for an act relating to tax-forfeited lands ; providing a conveyance of tax-forfeited land in St. Louis county.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

S. F. No. 2159, A bill for an act relating to the environment ; disapproving a nuclear waste repository in Minnesota ; approval of new nuclear power plants ; requiring nuclear power plants to be decommissioned by December 31, 1990 ; proposing coding for new law in Minnesota Statutes, chapter 116C.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

S. F. No. 2090, A bill for an act relating to counties; clarifying county commissioner conflict of interest provisions; authorizing counties to develop and market computer software products; providing a method for consolidation of the offices of county auditor and county treasurer; changing certain referendum provisions for adoption of optional forms of county government; exempting other departments or agencies of the same county from having to be billed by county recorder for certain recording transactions; amending Minnesota Statutes 1984, sections 375.09; 375.18, subdivision 7; 375A.11, subdivision 3; 375A.12, subdivisions 3 and 4; and 383C.17; Minnesota Statutes 1985 Supplement, section 386.77; proposing coding for new law in Minnesota Statutes, chapter 375; repealing Minnesota Statutes 1984, sections 394.01 to 394.05.

The bill was read for the first time.

Jennings, L., moved that S. F. No. 2090 and H. F. No. 2292, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2160, A bill for an act relating to unclaimed property; requiring that the sum payable on an abandoned warrant issued by a county be deposited in the issuing county's general fund; amending Minnesota Statutes 1984, section 345.48, subdivision 1.

The bill was read for the first time.

Zaffke moved that S. F. No. 2160 and H. F. No. 2406, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1909, A bill for an act relating to education; clarifying that private proprietary schools may provide certain placement information; modifying the expiration time for solicitor's permits; amending Minnesota Statutes 1984, section 141.26, subdivision 1; Minnesota Statutes 1985 Supplement, section 141.25, subdivision 10.

The bill was read for the first time.

Gruenes moved that S. F. No. 1909 and H. F. No. 2193, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2204, A bill for an act relating to independent school district No. 750, Cold Spring; authorizing the district to make an equal levy for debt service over the next five years.

The bill was read for the first time and referred to the Committee on Education.

S. F. No. 2016, A bill for an act relating to commerce; revising the Uniform Trade Secret Act; clarifying remedies; amending Minnesota Statutes 1984, sections 325C.02; 325C.03; and 325C.07.

The bill was read for the first time.

McKasy moved that S. F. No. 2016 and H. F. No. 2275, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2094, A bill for an act relating to nonprofit corporations; providing for succession of fiduciary capacity in mergers and consolidations; clarifying authority for separate entities to hold church employee benefit plans; amending Minnesota Statutes 1984, sections 317.38; and 317.66, subdivision 1, and by adding a subdivision.

The bill was read for the first time.

McKasy moved that S. F. No. 2094 and H. F. No. 2388, now on the Technical Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2161, A bill for an act relating to employment; providing training opportunities for technically qualified individuals who may be exposed to hazardous substances, harmful physical agents, or infectious agents; amending Minnesota Statutes 1985 Supplement, section 182.653, subdivisions 4b, 4c, and 4f.

The bill was read for the first time.

Sviggum moved that S. F. No. 2161 and H. F. No. 2338, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1580, A bill for an act relating to human services; requiring adoption of the 1985 life safety code standards for intermediate care facilities for persons with mental retardation.

The bill was read for the first time.

Zaffke moved that S. F. No. 1580 and H. F. No. 1774, now on the Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1789, A bill for an act relating to municipal civil service systems; personnel boards; permitting city councils to set the compensation of board members and secretaries; providing that certain positions in the city of Minneapolis be appointed in the unclassified service; amending Minnesota Statutes 1984, section 44.04, subdivision 4; and Laws 1969, chapter 937, section 1, subdivisions 1, as amended, 9, as amended, 11 and 15, and by adding subdivisions.

The bill was read for the first time.

Clark moved that S. F. No. 1789 and H. F. No. 1944, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1808, A bill for an act relating to labor; regulating grants to area labor-management committees; amending Minnesota Statutes 1985 Supplement, sections 179.81, subdivision 2, and by adding a subdivision; 179.84; and 179.85.

The bill was read for the first time.

Boo moved that S. F. No. 1808 and H. F. No. 2005, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2082, A bill for an act relating to human services; excluding certain programs from licensing requirements; amending Minnesota Statutes 1984, section 245.791.

The bill was read for the first time.

Gruenes moved that S. F. No. 2082 and H. F. No. 2182, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1730, A bill for an act relating to theft; modifying circumstances justifying detention of suspects in business establishments; modifying immunity from liability for detention; amending Minnesota Statutes 1985 Supplement, section 629.366, subdivisions 1 and 3.

The bill was read for the first time.

Bennett moved that S. F. No. 1730 and H. F. No. 2050, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1942, A bill for an act relating to guardianships and conservatorships; establishing a standard for best interests of the ward or conservatee; requiring findings regarding best interests; amending Minnesota Statutes 1984, sections 525.539, by adding a subdivision; 525.544; 525.551, subdivision 5; and 525.61.

The bill was read for the first time and referred to the Committee on Judiciary.

S. F. No. 1962, A bill for an act relating to taxation; property; changing the payment date for taxes on certain manufactured homes; amending Minnesota Statutes 1984, section 274.19, subdivision 5; Minnesota Statutes 1985 Supplement, section 274.19, subdivisions 3 and 4.

The bill was read for the first time.

Voss moved that S. F. No. 1962 and H. F. No. 2033, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2111, A bill for an act relating to labor; creating the labor interpretative center; establishing an advisory council governing policies and program purposes.

The bill was read for the first time.

Heap moved that S. F. No. 2111 and H. F. No. 2183, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1774, A bill for an act relating to state departments and agencies; providing for inspections of certain facilities and imposition of fines; amending Minnesota Statutes 1984, sections 144.55, subdivision 4; and 245.805.

The bill was read for the first time.

Greenfield moved that S. F. No. 1774 and H. F. No. 2311, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.



S. F. No. 1839, A bill for an act relating to elections; recodifying and clarifying the laws on election contests; amending Minnesota Statutes 1984, sections 209.01; 209.02; 209.03; 209.-05; 209.06; 209.07; 209.09; 209.10; and 209.12; proposing coding for new law in Minnesota Statutes, chapter 209; repealing Minnesota Statutes 1984, sections 209.02, subdivisions 2, 3, 4, 4a, 5, 6, 7, and 8; 209.04; and 209.11.

The bill was read for the first time.

Shaver moved that S. F. No. 1839 and H. F. No. 2075, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1963, A bill for an act relating to metropolitan government; changing the treatment of current value credits and modifying the cost allocation system of the metropolitan waste control commission; providing for a reserve fund for the commission; authorizing appointment of advisory committees by the commission; authorizing an implementation period for transition to a new cost allocation system; amending Minnesota Statutes 1984, sections 473.511, subdivision 4; and 473.517, subdivisions 1, 2, 3, and 9; repealing Minnesota Statutes 1984, section 473.517, subdivisions 4, 5, and 7.

The bill was read for the first time.

Backlund moved that S. F. No. 1963 and H. F. No. 2015, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2069, A bill for an act relating to elections; providing for postponement of precinct caucuses in case of inclement weather; amending Minnesota Statutes 1984, section 202A.14, subdivision 1.

The bill was read for the first time.

Ozment moved that S. F. No. 2069 and H. F. No. 2064, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1897, A bill for an act relating to courts; allowing a person 20 days to remove a cause from conciliation court; allowing service by mail when a cause is removed to county court; amending Minnesota Statutes 1984, section 487.30, by adding a subdivision.

The bill was read for the first time.

Gruenes moved that S. F. No. 1897 and H. F. No. 1949, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1980, A bill for an act relating to human services; providing for exhaustion of benefits from other programs before payment of adoption subsidies; amending Minnesota Statutes 1984, section 259.40, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 259.

The bill was read for the first time.

Stanius moved that S. F. No. 1980 and H. F. No. 2490, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2087, A bill for an act relating to county courts; specifying the prosecuting attorney for certain offenses; amending Minnesota Statutes 1984, section 487.25, subdivision 10.

The bill was read for the first time.

Dempsey moved that S. F. No. 2087 and H. F. No. 2239, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1701, A bill for an act relating to town powers; authorizing the establishment of a perpetual care program for certain cemeteries; amending Minnesota Statutes 1985 Supplement, section 365.10.

The bill was read for the first time.

Ozment moved that S. F. No. 1701 and H. F. No. 1801, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1707, A bill for an act relating to health; providing for an annual resource directory on services to individuals with brain impairment; reconvening the task force on needs for persons with brain impairment; requiring the commissioner of health to monitor and establish standards for organ transplant procedures under the medical assistance program; amending Minnesota Statutes 1984, sections 256B.04, by adding a subdivision; 256E.03, by adding a subdivision; 256E.09, subdivision 3; Minnesota Statutes 1985 Supplement, section 256.01, subdivision 2.

The bill was read for the first time.

Riveness moved that S. F. No. 1707 and H. F. No. 1908, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1196, A bill for an act relating to child care; establishing child care resource and referral programs; amending Minnesota Statutes 1984, sections 245.83, by adding a subdivision; and 245.84, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 268.

The bill was read for the first time.

Clark moved that S. F. No. 1196 and H. F. No. 1068, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1852, A bill for an act relating to cemeteries; changing procedures for dealing with certain burial sites; increasing a penalty; amending Minnesota Statutes 1984, section 307.08.

The bill was read for the first time.

Clark moved that S. F. No. 1852 and H. F. No. 1914, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1698, A bill for an act relating to education; allowing school boards to join any association of school districts; amending Minnesota Statutes 1984, section 123.33, subdivision 10; repealing Minnesota Statutes 1985 Supplement, section 123.33, subdivision 14.

The bill was read for the first time.

Thiede moved that S. F. No. 1698 and H. F. No. 2101, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2079, A bill for an act relating to human services; creating a service for the blind and visually handicapped in the department of jobs and training; providing for appeals; providing a penalty; amending Minnesota Statutes 1985 Supplement, sections 13.46, subdivision 2; 248.07, subdivisions 1, 2, 3, 4, 5, 7, 12, 14, 14a, and 15; proposing coding for new law in Minnesota Statutes, chapters 13 and 248; repealing Minnesota Statutes 1985 Supplement, section 248.08.

The bill was read for the first time.

Boo moved that S. F. No. 2079 and H. F. No. 2134, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2233, A bill for an act relating to education; adding post-secondary vocational technical education representation on the ESV computer and UFARS advisory councils; amending Minnesota Statutes 1984, sections 121.901, subdivision 1; and 121.934, subdivisions 1 and 2.

The bill was read for the first time.

Hartle moved that S. F. No. 2233 and H. F. No. 2106, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1619, A bill for an act relating to civil actions; providing a cause of action for sexual exploitation; proposing coding for new law as Minnesota Statutes, chapter 148A.

The bill was read for the first time.

McKasy moved that S. F. No. 1619 and H. F. No. 1851, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1704, A bill for an act relating to Hennepin county; authorizing Minneapolis and Hennepin county to merge their registration districts; authorizing Hennepin county housing and redevelopment authority; amending Minnesota Statutes 1984, section 144.214, subdivision 1.

The bill was read for the first time.

Nelson, K., moved that S. F. No. 1704 and H. F. No. 1896, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1884, A bill for an act relating to housing; requiring notification of the use of rodenticides; amending Minnesota Statutes 1984, section 504.22.

The bill was read for the first time.

Vellenga moved that S. F. No. 1884 and H. F. No. 2000, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1940, A bill for an act relating to local government; regulating payment of severance pay; amending Minnesota Statutes 1984, section 465.72.

The bill was read for the first time.

Solberg moved that S. F. No. 1940 and H. F. No. 2071, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

Kvam; McKasy; Carlson, D.; Schoenfeld and Olsen, S., were excused while in conference.

### CONSENT CALENDAR

S. F. No. 923 was reported to the House.

Marsh moved that S. F. No. 923 be returned to General Orders. The motion prevailed.

H. F. No. 2405 was reported to the House.

Skoglund moved to amend H. F. No. 2405, the first engrossment, as follows:

Page 2, after line 10, insert:

“Sec. 5. [SCHOOL BOARD.]

*The school board of special school district No. 1, the city of Minneapolis, may, at the 1986 general election place before the voters any question relating to the following, including but not limited to, at-large elections, elections at-large to separately identified positions on the board, elections by districts, the number of board members, or any other question relating to the manner and form of representation or the terms of that school board.*

*This section supersedes any conflicting provision of law.”*

Page 2, delete lines 12 to 16 and insert:

*“Notwithstanding Minnesota Statutes, section 645.021, subdivision 2, sections 1 to 4 are effective only upon approval by a majority of the voters of the city of Minneapolis voting on the question at the 1986 general election on the question of approval of sections 1 to 4.”*

Renumber the remaining section

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 2405, A bill for an act relating to elections in the city of Minneapolis; changing the time of election of certain board members; extending certain terms.

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 0 nays as follows:

Those who voted in the affirmative were:

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

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

S. F. No. 1793, A bill for an act relating to local government; permitting an agreement to finance library construction in McGregor.

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 117 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Bennett	Carlson, D.	Dyke	Frerichs
Anderson, R.	Bishop	Carlson, L.	Elioff	Greenfield
Backlund	Boerboom	Clausnitzer	Erickson	Gruenes
Battaglia	Boo	Cohen	Fjoslien	Gutknecht
Beard	Brandl	Dempsey	Forsythe	Halberg
Becklin	Brown	DenOuden	Frederick	Hartle
Begich	Burger	Dimler	Frederickson	Haukoos

Himle	McEachern	Onnen	Rose	Tomlinson
Jacobs	McLaughlin	Otis	Sarna	Tompkins
Jaros	McPherson	Ozment	Schafer	Tunheim
Jennings, L.	Metzen	Pappas	Schoenfeld	Uphus
Johnson	Miller	Pauly	Schreiber	Valan
Kalis	Minne	Peterson	Seaberg	Valento
Kelly	Munger	Piepho	Segal	Vanasek
Kiffmeyer	Murphy	Piper	Shaver	Vellenga
Knickerbocker	Nelson, D.	Poppenhagen	Skoglund	Voss
Knuth	Nelson, K.	Price	Solberg	Waltman
Kostohryz	Neuenschwander	Quinn	Sparby	Welle
Krueger	Norton	Quist	Stanius	Wenzel
Levi	O'Connor	Redalen	Staten	Zaffke
Lieder	Ogren	Rest	Sviggum	Spk. Jennings, D.
Long	Olsen, S.	Richter	Thiede	
Marsh	Olson, E.	Riveness	Thorson	
McDonald	Omamm	Rodosovich	Tjornhom	

The bill was passed and its title agreed to.

### SPECIAL ORDERS

H. F. No. 1677, A bill for an act relating to libraries; changing the way the department of education provides certain information and other services; allowing mayors to appoint nonresidents to city library board under certain circumstances; updating maintenance of effort exceptions; requiring the commissioner of education to cooperatively develop a plan for automation of state agency libraries; amending Minnesota Statutes 1984, sections 121.496; 134.09, subdivision 1; 134.31, subdivisions 2 and 3; and 134.34, 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 117 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	DenOuden	Johnson	Munger	Poppenhagen
Anderson, R.	Dimler	Kalis	Murphy	Price
Backlund	Dyke	Kelly	Nelson, D.	Quinn
Battaglia	Elioff	Kiffmeyer	Nelson, K.	Quist
Beard	Erickson	Knickerbocker	Neuenschwander	Redalen
Becklin	Fjoslien	Knuth	Norton	Rest
Begich	Frederick	Kostohryz	O'Connor	Rice
Bennett	Frederickson	Krueger	Ogren	Richter
Bishop	Frerichs	Levi	Olsen, S.	Riveness
Boerboom	Greenfield	Lieder	Olson, E.	Rodosovich
Boo	Gruenes	Long	Omamm	Sarna
Brandl	Gutknecht	Marsh	Onnen	Schafer
Brown	Halberg	McDonald	Otis	Scheid
Burger	Hartle	McEachern	Ozment	Schoenfeld
Carlson, D.	Haukoos	McLaughlin	Pappas	Schreiber
Carlson, L.	Himle	McPherson	Pauly	Seaberg
Clark	Jacobs	Metzen	Peterson	Segal
Clausnitzer	Jaros	Miller	Piepho	Shaver
Cohen	Jennings, L.	Minne	Piper	Skoglund

Solberg	Thiede	Tunheim	Vanasek	Welle
Sparby	Thorson	Uphus	Vellenga	Wenzel
Stanius	Tjornhom	Valan	Voss	Zaifke
Staten	Tomlinson	Valento	Waltman	Spk. Jennings, D.
Sviggum	Tompkins			

The bill was passed and its title agreed to.

H. F. No. 1863 was reported to the House.

Kelly moved to amend H. F. No. 1863, the first engrossment, as follows:

Page 6, after line 2, insert:

“Sec. 3. [611A.036] [PROHIBITION AGAINST EMPLOYER RETALIATION.]

*An employer or employer's agent who threatens to discharge or discipline a victim, or who discharges, disciplines, or causes a victim to be discharged from employment or disciplined because the victim is subpoenaed or requested by the prosecutor to attend court for the purpose of giving testimony, is guilty of a misdemeanor and may be punished for contempt of court. In addition, the court shall order the employer to offer job reinstatement to any victim discharged from employment in violation of this section, and to pay the victim back wages as appropriate.”*

Renumber the remaining section

Page 6, line 5, after the period, insert “Section 3 is effective August 1, 1986.”

Amend the title as follows:

Page 1, line 6, after the semicolon, insert “providing protection for crime victims against adverse employer actions;”

Page 1, line 8, before the period, insert “; proposing coding for new law in Minnesota Statutes, chapter 611A”

The motion prevailed and the amendment was adopted.

H. F. No. 1863, A bill for an act relating to crimes; clarifying the crime of failing to file a tax return; creating a presumption that property acquired during the course of certain crimes are “proceeds” of the crime for purposes of forfeiture law; providing protection for crime victims against adverse employer actions; amending Minnesota Statutes 1985 Supplement, sections 290.92, subdivision 15; and 609.531, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 611A.



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 119 yeas and 0 nays as follows :

Those who voted in the affirmative were :

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

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

The Speaker called Halberg to the Chair.

H. F. No. 2089, A bill for an act relating to employment; regulating systems of sharing or pooling gratuities; defining service charges; amending Minnesota Statutes 1984, section 177.23, subdivision 9; Minnesota Statutes 1985 Supplement, section 177.24, 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 115 yeas and 0 nays as follows :

Those who voted in the affirmative were :

Anderson, G.	Boerboom	Clausnitzer	Erickson	Gutknecht
Battaglia	Boo	Cohen	Fjoslien	Halberg
Beard	Brandl	Dempsey	Forsythe	Hartle
Becklin	Brown	DenOuden	Frederick	Haukoos
Begich	Burger	Dimler	Frederickson	Himle
Bennett	Carlson, L.	Dyke	Frerichs	Jacobs
Bishop	Clark	Elioff	Gruenes	Jaros

Jennings, L.	McLaughlin	Onnen	Rodosovich	Thiede
Johnson	McPherson	Otis	Sarna	Tjorahom
Kahn	Metzen	Ozment	Schafer	Tomlinson
Kalis	Miller	Pappas	Scheid	Tompkins
Kelly	Minne	Pauly	Schoenfeld	Tunheim
Kiffmeyer	Munger	Peterson	Schreiber	Uphus
Knickerbocker	Murphy	Piepho	Seaberg	Valan
Knuth	Nelson, D.	Piper	Segal	Valento
Kostohryz	Nelson, K.	Poppenhagen	Shaver	Vanasek
Krueger	Neuenschwander	Price	Sherman	Vellenga
Levi	Norton	Quinn	Skoglund	Voss
Lieder	O'Connor	Quist	Solberg	Waltman
Long	Ogren	Redalen	Sparby	Welle
Marsh	Olsen, S.	Rest	Stanius	Wenzel
McDonald	Olson, E.	Richter	Staten	Wynia
McEachern	Omann	Riveness	Sviggum	Spk. Jennings, D.

The bill was passed and its title agreed to.

H. F. No. 2130 was reported to the House.

There being no objection H. F. No. 2130 was temporarily laid over on Special Orders.

Jaros was excused for the remainder of today's session.

H. F. No. 1947 was reported to the House.

Olsen, S., moved to amend H. F. No. 1947, the first engrossment, as follows:

Page 1, line 12, before "food" insert "nonretail"; delete the second "a"; after "major" insert "nonretail"

Page 1, line 13, after "facility" insert "in excess of 100,000 square feet"

The motion prevailed and the amendment was adopted.

H. F. No. 1947, A bill for an act relating to solid waste; prohibiting the pollution control agency from issuing solid waste processing permits to certain facilities; amending Minnesota Statutes 1984, section 116.07, 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.

Norton moved that those not voting be excused from voting. The motion did not prevail.

There were 68 yeas and 55 nays as follows:

Those who voted in the affirmative were:

Backlund	Dyke	Johnson	Onnen	Stanius
Becklin	Erickson	Kiffmeyer	Ozment	Sviggum
Bennett	Fjoslien	Knickerbocker	Pauly	Thiede
Bishop	Forsythe	Knuth	Piepho	Thorson
Blatz	Frederick	Kvam	Poppenhagen	Tjornhom
Boerboom	Frederickson	Levi	Quist	Tompkins
Boo	Frerichs	Marsh	Redalen	Uphus
Burger	Gruenes	McDonald	Richter	Valan
Carlson, D.	Gutknecht	McKasy	Rose	Valento
Carlson, L.	Halberg	McPherson	Schafer	Waltman
Clausnitzer	Hartle	Metzen	Schreiber	Zaffke
Dempey	Haukoos	Miller	Seaberg	Spk. Jennings, D.
DenOuden	Heap	Olsen, S.	Shaver	
Dimler	Himle	Omann	Sherman	

Those who voted in the negative were:

Anderson, G.	Greenfield	Minne	Pappas	Solberg
Anderson, R.	Jacobs	Munger	Peterson	Sparby
Battaglia	Kahn	Murphy	Piper	Staten
Beard	Kalis	Nelson, D.	Price	Tomlinson
Begich	Kelly	Neuenschwander	Quinn	Tunheim
Brandl	Kostohryz	Norton	Rest	Vanasek
Brown	Krueger	O'Connor	Riveness	Vellenga
Clark	Lieder	Ogren	Rodosovich	Voss
Cohen	Long	Olson, E.	Sarna	Welle
Elioff	McEachern	Osthoff	Scheid	Wenzel
Ellingson	McLaughlin	Otis	Skoglund	Wynia

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

H. F. No. 1767 was reported to the House.

Kahn, Wynia and Skoglund moved to amend H. F. No. 1767, the first engrossment, as follows:

Page 1, line 21, after "marijuana" insert "or tobacco"

Page 1, after line 25, insert:

*"Subd. 5. "Tobacco" means cigarettes; cigars; cheroots; stogies; perique; granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco; snuff; snuff flour; cavendish; plug and twist tobacco; fine cut and other chewing tobaccos; shorts; refuse scraps, clippings, cuttings and sweepings of tobacco; and other kinds and forms of tobacco, prepared in such manner as to be suitable for chewing or smoking in a pipe or other tobacco-related devices."*

Page 2, lines 10, 13, 15, 23, 27, and 30 after "marijuana" insert ", tobacco,"

Page 2, line 32, after "marijuana" insert "or tobacco"

Page 3, after line 1, insert:

*"The tax imposed by this section is in addition to any other tax imposed by law."*

Page 3, lines 8, 20, 26, 30, and 34 after "marijuana" insert "*, tobacco,*"

Amend the title as follows:

Page 1, line 2, after "marijuana" insert "*, tobacco,*"

A roll call was requested and properly seconded.

The question was taken on the Kahn et al., amendment and the roll was called. There were 16 yeas and 90 nays as follows:

Those who voted in the affirmative were:

Clark	Kalis	Norton	Piper	Skoglund
Greenfield	Long	Osthoff	Seaberg	Staten
Gutknecht	Munger	Pappas	Segal	Wynia
Kahn				

Those who voted in the negative were:

Anderson, G.	Elioff	Kvam	Peterson	Stanius
Anderson, R.	Ellingson	Levi	Piepho	Swiggum
Backlund	Frederickson	McEachern	Price	Thorson
Battaglia	Frerichs	McKasy	Quinn	Tjornhom
Beard	Gruenes	McLaughlin	Redalen	Tomlinson
Becklin	Halberg	McPherson	Rest	Tompkins
Begich	Hartle	Metzen	Richter	Tunheim
Bennett	Heap	Miller	Riveness	Uphus
Blatz	Himle	Minne	Rodosovich	Valan
Boerboom	Jacobs	Murphy	Rose	Valento
Brandl	Jennings, L.	Nelson, K.	Sarna	Vanasek
Brown	Johnson	Neuenschwander	Schafer	Vellenga
Burger	Kelly	O'Connor	Scheid	Voss
Carlson, L.	Kiffmeyer	Ogren	Schreiber	Waltman
Clausnitzer	Knickerbocker	Omann	Sherman	Welle
Dempsey	Knuth	Onnen	Simoneau	Wenzel
Dimler	Kostohryz	Ozment	Solberg	Zaffke
Dyke	Krueger	Pauly	Sparby	Spk. Jennings, D.

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

Kahn, Wynia and Long moved to amend H. F. No. 1767, the first engrossment, as follows:

Page 4, line 34, delete everything after "(a)"

Page 4, delete lines 35 and 36 and insert "*No person shall be put twice in jeopardy of punishment for the same offense, nor be compelled in any criminal case to be a witness against self, nor be deprived of life, liberty, or property without due process of law.*"

Page 5, delete lines 1 and 2

A roll call was requested and properly seconded.

The question was taken on the Kahn et al., amendment and the roll was called. There were 30 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Brandl	Kahn	Munger	Pappas	Simoneau
Clark	Knuth	Murphy	Piper	Staten
Cohen	Lieder	Nelson, D.	Price	Tunheim
Ellingson	Long	Norton	Quian	Voss
Greenfield	McLaughlin	Osthoff	Riveness	Welle
Jennings, L.	Minne	Otis	Segal	Wynia

Those who voted in the negative were:

Anderson, R.	Dyke	Knickerbocker	Pauly	Sparby
Backlund	Elioff	Kostohryz	Peterson	Stanius
Battaglia	Erickson	Krueger	Piepho	Sviggum
Beard	Frederickson	Kvam	Poppenhagen	Thiede
Becklin	Frerichs	Levi	Quist	Thorson
Begich	Gruenes	Marsh	Redalen	Tjornhom
Bennett	Gutknecht	McEachern	Rest	Tomlinson
Bishop	Halberg	McKasy	Richter	Tompkins
Blatz	Hartle	McPherson	Rodosovich	Uphus
Boo	Haukoos	Metzen	Rose	Valan
Brown	Himle	Miller	Sarna	Valento
Burger	Jacobs	Neuenschwander	Schafer	Vanasek
Carlson, L.	Johnson	Ogren	Scheid	Waltman
Clausnitzer	Kalis	Omann	Schreiber	Wenzel
Dempsey	Kelly	Onnen	Seaberg	Zaffke
Dimler	Kiffmeyer	Ozment	Sherman	

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

H. F. No. 1767, A bill for an act relating to taxation; imposing a tax on marijuana and controlled substances; imposing penalties; proposing coding for new law as Minnesota Statutes, chapter 297D.

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 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Becklin	Boo	Carlson, L.	DenOuden
Anderson, R.	Begich	Brandl	Clark	Dimler
Backlund	Bennett	Brown	Clausnitzer	Dyke
Battaglia	Blatz	Burger	Cohen	Elioff
Beard	Boerboom	Carlson, D.	Dempsey	Ellingson

Erickson	Knuth	Neuenschwander	Redalen	Sviggum
Fjoslien	Kostohryz	Norton	Rest	Thiede
Frederick	Krueger	O'Connor	Rice	Thorson
Frederickson	Kvam	Ogren	Richter	Tjornhom
Frerichs	Levi	Olsen, S.	Riveness	Tomlinson
Greenfield	Lieder	Olson, E.	Rodosovich	Tompkins
Gruenes	Long	Omann	Rose	Tunheim
Gutknecht	Marsh	Onnen	Sarna	Uphus
Halberg	McDonald	Osthoff	Scheid	Valan
Hartle	McEachern	Otis	Schreiber	Valento
Haukoos	McKasy	Ozment	Seaberg	Vanasek
Heap	McLaughlin	Pappas	Segal	Vellenga
Himle	McPherson	Pauly	Shaver	Voss
Jacobs	Metzen	Peterson	Sherman	Waltman
Jennings, L.	Miller	Piepho	Simoneau	Welle
Johnson	Minne	Piper	Skoglund	Wenzel
Kalis	Munger	Poppenhagen	Solberg	Wynia
Kelly	Murphy	Price	Sparby	Zaffke
Kiffmeyer	Nelson, D.	Quinn	Stanius	Spk. Jennings, D.
Knickerbocker	Nelson, K.	Quist	Staten	

The bill was passed and its title agreed to.

Levi moved that the House recess subject to the call of the Chair. The motion prevailed.

#### RECESS

#### RECONVENED

The House reconvened and was called to order by the Speaker.

#### 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 to be acted upon immediately preceding General Orders pending for today, Tuesday, March 11, 1986:

H. F. Nos. 2166, 2080, 2195, 1919, 2134, and 1803; S. F. No. 1950; H. F. No. 2010; S. F. Nos. 1680 and 1319; H. F. Nos. 2331, 1851, 1007 and 1793; S. F. No. 363; H. F. Nos. 2210 and 1953; S. F. No. 31; H. F. No. 2169; S. F. Nos. 1823 and 1914; H. F. Nos. 2221 and 2200; and S. F. No. 125.

Staten was excused between the hours of 2:05 p.m. and 3:00 p.m.

#### SPECIAL ORDERS, Continued

H. F. No. 1990 was reported to the House.

Valento moved to amend H. F. No. 1990, the second engrossment, as follows:

Page 9, line 13, delete "6" and insert "13"

Page 12, line 35, delete "7" and insert "14"

The motion prevailed and the amendment was adopted.

Piepho moved to amend H. F. No. 1990, the second engrossment, as amended, as follows:

Page 7, after line 32, insert:

"Sec. 11. Minnesota Statutes 1985 Supplement, section 395.08, is amended to read:

**395.08 [ECONOMIC AND AGRICULTURAL DEVELOPMENT.]**

A county board may appropriate not more than (\$25,000) \$500,000 annually out of the general revenue fund of the county to be paid to any incorporated development society or organization of this state which, in the board's opinion, will use the money for the best interests of the county in promoting, advertising, improving, or developing the economic and agricultural resources of the county."

Renumber the remaining sections

Amend the title as follows:

Page 1, line 13, after "2a," insert "395.08;"

A roll call was requested and properly seconded.

Tomlinson moved to amend the Piepho amendment to H. F. No. 1990, the second engrossment, as amended, as follows:

Page 1, line 8, delete "\$500,000" and insert "\$50,000"

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

The question recurred on the Piepho amendment, as amended, and the roll was called. There were 90 yeas and 13 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Beard	Boo	Clausnitzer	Elioff
Anderson, R.	Bennett	Burger	Cohen	Erickson
Backlund	Bishop	Carlson, D.	Dimler	Fjoslien
Battaglia	Boerboom	Carlson, L.	Dyke	Frederick

Frederickson	Levi	Omann	Rodosovich	Tjornhom
Frerichs	Lieder	Osthoff	Sarna	Tomlinson
Gruenes	Marsh	Ozment	Schafer	Tompkins
Gutknecht	McDonald	Pappas	Seaberg	Tunheim
Hartle	McPherson	Pauly	Segal	Uphus
Haukoos	Metzen	Peterson	Shaver	Valan
Jacobs	Miller	Piepho	Sherman	Valento
Johnson	Minne	Piper	Simoneau	Vanasek
Kalis	Murphy	Poppenhagen	Solberg	Voss
Kelly	Neuenschwander	Price	Sparby	Waltman
Kiffmeyer	Norton	Quist	Stanius	Welle
Knickerbocker	O'Connor	Redalen	Svigum	Wenzel
Knuth	Ogren	Rest	Thiede	Zaffke
Krueger	Olson, E.	Richter	Thorson	Spk. Jennings, D.

Those who voted in the negative were:

Becklin	Brown	Jennings, L.	Nelson, D.	Skoglund
Blatz	Clark	Kostohryz	Rice	Wynia
Brandl	Greenfield	McLaughlin		

The motion prevailed and the amendment, as amended, was adopted.

H. F. No. 1990, A bill for an act relating to local government; authorizing home rule charter or statutory cities to establish economic development districts; granting powers to cities and authorities; amending Minnesota Statutes 1984, sections 116D.04, subdivision 1a; 117.521, subdivision 3; 272.01, subdivision 2; 273.72; 273.73, subdivisions 2 and 8; 273.86, subdivision 1; 355.11, subdivision 5; 462C.02, subdivisions 6 and 9; 471.88, subdivisions 1, 9, and 11; 474.02, subdivision 3; and 474.16, subdivision 2; Minnesota Statutes 1985 Supplement, sections 273.75, subdivision 4; 353.01, subdivision 2a; 395.08; 462C.12, subdivision 2; and 472B.04; proposing coding for new law in Minnesota Statutes, chapter 458; and proposing coding for new law as Minnesota Statutes, chapter 458C.

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 103 yeas and 4 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Burger	Fjoslien	Kalis	Miller
Anderson, R.	Carlson, D.	Frederick	Kelly	Minne
Backlund	Carlson, L.	Frederickson	Kiffmeyer	Murphy
Battaglia	Clark	Frerichs	Knuth	Nelson, K.
Beard	Clausnitzer	Gruenes	Kostohryz	Neuenschwander
Becklin	Cohen	Gutknecht	Krueger	Norton
Bennett	Dempsey	Halberg	Levi	Ogren
Bishop	DenOuden	Hartle	Lieder	Olsen, S.
Blatz	Dimler	Haukoos	Marsh	Olson, E.
Boo	Dyke	Jacobs	McEachern	Omann
Brandl	Elioff	Jennings, L.	McLaughlin	Onnen
Brown	Erickson	Johnson	McPherson	Ozment



Pappas	Rest	Sherman	Tjornhom	Voss
Pauly	Richter	Simoneau	Tomlinson	Waltman
Peterson	Rodosovich	Skoglund	Tompkins	Welle
Piepho	Sarna	Solberg	Tunheim	Wenzel
Piper	Schafer	Sparby	Uphus	Wynia
Poppenhagen	Scheid	Stanius	Valan	Zaffke
Price	Seaberg	Sviggum	Valento	Spk. Jennings, D.
Quist	Segal	Thiede	Vanasek	
Redalen	Shaver	Thorson	Vellenga	

Those who voted in the negative were:

Metzen	O'Connor	Osthoff	Rice
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The bill was passed, as amended, and its title agreed to.

H. F. No. 1838, A bill for an act relating to agriculture; defining certain kinds of milk; amending Minnesota Statutes 1984, section 32.391, 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 115 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

S. F. No. 1848 was reported to the House.

Wynia moved to amend S. F. No. 1848, as follows:

Page 3, after line 3, insert:

*"(c) "Party" does not include any person providing services pursuant to licensure or reimbursement by the department of health or the department of human services, when that person is named or admitted or seeking to be admitted as a party in any matter which involves the licensing or reimbursement rates, procedures, or methodology applicable to those services."*

Onnen moved to amend the Wynia amendment to S. F. No. 1848, as follows:

Page 1, line 5, after "reimbursement" insert "on a cost basis"

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

The question recurred on the Wynia amendment, as amended. The motion prevailed and the amendment, as amended, was adopted.

S. F. No. 1848, A bill for an act relating to costs and attorney fees; providing for recovery of costs and attorney fees by prevailing parties in civil actions and contested case proceedings involving the state; amending Minnesota Statutes 1984, section 14.62, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 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 118 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Fjoslien	Krueger	Olson, E.	Sarna
Anderson, R.	Frederick	Levi	Omann	Schafer
Backlund	Frerichs	Lieder	Onnen	Scheid
Battaglia	Greenfield	Long	Osthoff	Schoenfeld
Beard	Gruenes	Marsh	Otis	Schreiber
Becklin	Gutknecht	McDonald	Ozment	Seaberg
Begich	Halberg	McEachern	Pappas	Segal
Bishop	Hartle	McLaughlin	Pauly	Shaver
Blatz	Haukoos	McPherson	Peterson	Sherman
Boerboom	Heap	Metzen	Piepho	Simoneau
Boo	Himle	Miller	Piper	Skoglund
Brandl	Jacobs	Minne	Poppenhagen	Solberg
Brown	Jennings, L.	Munger	Price	Sparby
Carlson, D.	Johnson	Murphy	Quinn	Stanius
Carlson, L.	Kahn	Nelson, D.	Quist	Staten
Clark	Kalis	Nelson, K.	Rest	Sviggum
Cohen	Kelly	Neuenschwander	Rice	Thiede
Dimler	Kiffmeyer	Norton	Richter	Thorson
Dyke	Knickerbocker	O'Connor	Rivness	Tjornhom
Elioff	Knuth	Ogren	Rodosovich	Tomlinson
Erickson	Kostohryz	Olsen, S.	Rose	Tompkins

Tunheim	Valento	Voss	Wenzel	Zaffke
Uphus	Vanasek	Waltman	Wynia	Spk. Jennings, D.
Valan	Vellenga	Welle		

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

H. F. No. 2256, A bill for an act relating to partnerships; revising the Uniform Limited Partnership Act; stating duties and powers of limited partners and partnerships; amending Minnesota Statutes 1984, sections 322A.01; 322A.02; 322A.05; 322A.11; 322A.12; 322A.14; 322A.15; 322A.18; 322A.24; 322A.26; 322A.27; 322A.31; 322A.32; 322A.39; 322A.40; 322A.41; 322A.45; 322A.47; 322A.49; 322A.52; 322A.58; 322A.63; and 322A.70.

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

The bill was passed and its title agreed to.

H. F. No. 2395 was reported to the House.

Rose moved that H. F. No. 2395 be returned to General Orders. The motion prevailed.

H. F. No. 1875 was reported to the House.

Kelly moved to amend H. F. No. 1875, the first engrossment, as follows:

Delete everything after the enacting clause and insert:

**"Section 1. [246A.01] [DEFINITIONS.]**

*Subdivision 1. [TERMS.] For the purposes of sections 1 to 27, the terms defined in this section have the meanings given them unless the context clearly indicates otherwise.*

*Subd. 2. [CORPORATION.] "Corporation" means the public corporation created by section 2.*

*Subd. 3. [HOSPITAL SUBSIDIARY CORPORATION.] "Hospital subsidiary corporation" means the subsidiary corporation created pursuant to section 6, subdivisions 1, clause (9), and 3, and charged with the governance and operation of the St. Paul Ramsey Medical Center.*

**Sec. 2. [246A.02] [CREATION OF CORPORATION.]**

*There is created a corporation which shall be public in nature. The corporation shall be known as . . . . . The purpose of the corporation is to engage in the provision and delivery of health care and related services, including education and research.*

**Sec. 3. [246A.03] [BOARD OF DIRECTORS.]**

*Subdivision 1. [GOVERNANCE.] The corporation shall be governed by a board of directors consisting of 15 members. The initial members of the board shall be selected as specified in subdivision 2. The terms of office of members of the board shall be as provided in the corporation's bylaws. No term of office will exceed three years.*

*Subd. 2. [SELECTION PANEL.] The chairperson of the Ramsey county board of commissioners, the chairperson of the St. Paul Ramsey Medical Center commission, and the chairperson of Ramsey clinic associates shall each appoint three persons to a selection panel. The selection panel shall name the initial 15 members of the board of directors established in subdivision 1. When the initial members of the board of directors have taken office, the selection panel shall dissolve.*

*Subd. 3. [NOMINATING COMMITTEE.] Whenever a vacancy occurs on the board of directors of the corporation, whether through resignation, removal, expiration of a director's term of office, or otherwise, the board shall appoint a nominating committee composed of five members, at least one of whom shall be a member of the board of commissioners of Ramsey*

county. The nominating committee shall meet as soon as practicable for the purpose of nominating individuals to fill the vacancy. The nominating committee shall nominate two candidates in the event there is one vacancy on the board and 1-1/2 candidates for each vacancy should there be more than one vacancy to be filled. In the event an odd number of positions on the board is vacant, the nominating committee is authorized to propose the next highest whole number of candidates when applying the foregoing formula. The board shall elect individuals to fill any vacancy from those individuals nominated by the committee, but no director may vote if that director's position is to be filled by the election.

Subd. 4. [QUORUM.] Unless otherwise specified in the bylaws, eight members of the board of directors constitutes a quorum for the transaction of business.

Subd. 5. [BOARD MEETINGS.] Except when the bylaws prescribe otherwise:

(1) notice of every meeting shall be given;

(2) an act of the majority of the directors present at a meeting at which a quorum is present is the act of the board, except that a vote of a majority of the board shall be required to adopt the annual budget or to hire or discharge the chief executive officer;

(3)(a) A conference among directors, or among members of any committee designated by the board of directors, by any means of communication through which the participants may simultaneously hear each other during the conference, constitutes a meeting of the board, or the committee, if the same notice is given of the conference as would be required for a meeting, and if the number of persons participating in the conference would be sufficient to constitute a quorum at the meeting. Participation in a meeting in this manner constitutes personal presence at the meeting. Except as authorized by section 16, subdivision 2, if a meeting is conducted pursuant to this clause, a location and means by which members of the public may listen to the meeting shall be provided, and where such a meeting includes visual media, means by which members of the public may observe the meeting shall be provided. Notice of the meeting shall be provided and it shall specify that location, as well as the electronic method to be used.

(b) A director may participate in a meeting of the board or any committee designated by the board not described in paragraph (a) by any means of communication through which the director, other persons so participating, and all persons physically present at the meeting may simultaneously hear each other during the meeting. Participation in a meeting in this manner constitutes personal presence at the meeting.

## Sec. 4. [246A.04] [OFFICERS.]

*Subdivision 1. [ELECTION, APPOINTMENT.] (a) Unless the bylaws provide otherwise, the board of directors shall elect persons to exercise the functions of the offices of president, secretary, and treasurer and may elect or appoint any other officers and agents deemed to be necessary.*

*(b) Unless the bylaws prescribe that only directors may be officers, officers need not be directors.*

*(c) Any of the offices or functions of the offices may be held or exercised by the same person.*

*Subd. 2. [QUALIFICATIONS.] The president, secretary, and treasurer shall be adult natural persons. The bylaws may prescribe special qualifications for these offices.*

*Subd. 3. [REMOVAL.] An officer may be removed, with or without cause, by the persons authorized to elect or appoint officers. The removal is without prejudice to the officer's contract rights.*

*Subd. 4. [AUTHORITY, DUTIES.] (a) Officers have the authority and duties in the management of the business of the corporation that the bylaws prescribe or, in the absence of the prescription, as the board of directors determines.*

*(b) An officer shall discharge the duties in good faith and with the diligence and care which an ordinarily prudent person, in a like position and under similar circumstances, would exercise.*

## Sec. 5. [246A.05] [BYLAWS.]

*Subdivision 1. [BOARD ADOPTS OR AMENDS.] The board of directors may adopt or amend bylaws which may contain any provision for the purpose of administering and regulating the affairs of the corporation not inconsistent with law.*

*Subd. 2. [PROCEDURE AND NOTICE.] The procedure for amending the bylaws shall be specified in the bylaws. Notice of the meeting at which the amendment shall be considered and notice of the amendment shall be given as provided in the bylaws.*

## Sec. 6. [246A.06] [CORPORATE POWERS.]

*Subdivision 1. [AUTHORITY AND POWERS OF THE BOARD.] The corporation, through its board of directors, shall have the authority and all necessary power to do the following:*

(1) *prepare an annual budget governing the affairs of the corporation;*

(2) *hire and discharge a chief executive officer and assistants or other employees deemed necessary to carry out the corporation's affairs;*

(3) *establish personnel policies and a system of personnel management governing the employees of the corporation;*

(4) *acquire, encumber, hold, and convey through lease, purchase, gift, or otherwise any property, either real or personal;*

(5) *contract for the purchase of or furnishing of medical care and services, including the furnishing of medical care for the indigent;*

(6) *enter shared service and other cooperative ventures;*

(7) *join or sponsor membership in organizations intended to benefit the hospital or hospitals in general;*

(8) *enter partnerships;*

(9) *incorporate other corporations, both for profit and not for profit;*

(10) *have members of its governing authority or its officers or administrators serve as directors, officers, or employees of the ventures, associations, or corporations;*

(11) *own shares of stock in business corporations;*

(12) *offer, directly or indirectly, products and services of the hospital, organization, association, partnership, or corporation to the general public;*

(13) *sue and be sued;*

(14) *continue as a public corporation perpetually;*

(15) *enter into obligations or contracts and do any act incidental to the transaction of its business or expedient to its purposes, including purchasing insurance;*

(16) *acquire, hold, mortgage, pledge, or dispose of shares, bonds, securities, and other evidence of indebtedness of any domestic or foreign corporation, either profit or nonprofit and either public or private, and, if the owner thereof, to exercise all the rights, powers, and privileges of ownership, including the right to vote;*

- (17) *conduct its affairs within and without this state;*
- (18) *merge and consolidate with other corporations, domestic or foreign, organized for related purposes;*
- (19) *make donations to other corporations, domestic or foreign, organized for related purposes;*
- (20) *be a member of other corporations, whether domestic or foreign;*
- (21) *obtain funds necessary for its operations by borrowing upon terms and conditions which the corporation finds to be in its best interests;*
- (22) *accept from the United States, the state of Minnesota or its agencies or political subdivisions of government, and from private sources land, money, or other assistance;*
- (23) *take any action relative to the delivery of health care services which could be taken by a nonprofit corporation under chapter 317, and shall, when so acting, have, in addition to any authority vested by law, the authority and legal capacity of a nonprofit corporation under chapter 317;*
- (24) *pay a per diem and expenses to the members of the board of directors; and*
- (25) *exercise any power conferred upon a private nonprofit corporation by chapter 317.*

*Subd. 2. [OTHER POWERS.] The corporation shall have all the powers necessary and convenient for the operation, administration, management, and control of the corporation's affairs. The enumeration of specific powers in this chapter is not intended to restrict the power of the corporation to take any action which in the exercise of its discretion is necessary or convenient to further the purposes for which the corporation exists, and that is not otherwise prohibited by law, whether or not the power to take the action is necessarily implied from the powers expressly granted.*

*Subd. 3. [SUBSIDIARY CORPORATIONS.] Pursuant to the authority granted to the corporation in subdivision 1, clause (9), the corporation shall, at a minimum, create two subsidiary corporations. One subsidiary corporation shall be charged with the governance and operation of the St. Paul Ramsey Medical Center. The other subsidiary corporation shall be an association of physicians and dentists. Both subsidiaries shall be governed by boards of directors that are elected by the corporation's board of directors. The bylaws of both subsidiaries must be ratified by the corporation's board of directors prior to taking effect.*



*Subd. 4. [EXCEPTION TO OTHER LAW.] Notwithstanding any law to the contrary, the hospital subsidiary corporation shall not be subject to the provisions of chapter 179A and sections 471.345 to 471.37. Notwithstanding any law to the contrary, any organization, association, partnership, or corporation created by, controlled by, or owned by the corporation shall not be subject to the provisions of chapters 13 and 179A, and sections 471.345 to 471.37 and 471.705.*

**Sec. 7. [246A.07] [CORPORATE SEAL.]**

*The corporation shall not have a corporate seal.*

**Sec. 8. [246A.08] [ANNUAL MEETING.]**

*Each year the corporation shall hold a meeting which must be open to the public. At this meeting the board of directors and the chief executive officers of the corporation shall report on the affairs of the corporation and goals for the future.*

**Sec. 9. [246A.09] [ANNUAL AUDIT.]**

*Each year an audit must be conducted regarding the corporation's finances. The audit must be conducted by an independent accountant selected by the board of directors and be performed in accordance with generally accepted accounting practices and auditing standards. The audit report must be available for public inspection.*

**Sec. 10. [246A.10] [PUBLIC DEPOSITORY.]**

*The corporation shall have jurisdiction over its accounts and payrolls and shall establish and maintain a public depository. The depository must be subject to chapter 118, except that the corporation shall determine the appropriate security. The corporation shall establish and maintain all necessary accounts. The corporation may establish reserve accounts, depreciation accounts, and working capital funds in order to operate on an accrual basis.*

**Sec. 11. [246A.11] [TRANSFER OF ASSETS.]**

*Subdivision 1. [TRANSFER.] Notwithstanding any other law to the contrary, Ramsey county and the city of St. Paul, or either of them, may lease any property, real or personal, acquired by either or both for the establishment, operation, or maintenance of St. Paul Ramsey Medical Center, created by section 383A.41, or that has been turned over to the center for its use; however, the lease must only be to the corporation or one of its subsidiaries.*

*Subd. 2. [NO ADVERTISING OR BIDS.] In the event Ramsey county and the city of St. Paul, or either of them, choose to*

*exercise the authority granted in subdivision 1, they may do so without first advertising for bids and without receipt of any bids.*

*Subd. 3. [CORPORATE STATUS.] The corporation shall be considered a "public corporation" for purposes of section 465.035.*

*Subd. 4. [REQUIREMENTS OF TRANSFER.] In the event Ramsey county and the city of St. Paul, or either of them, choose to exercise the authority granted in subdivision 1, the lease must also address the following:*

*(1) continued primary use of the property for health and hospital services;*

*(2) indigent care; and*

*(3) consideration to be paid for the property.*

*Subd. 5. [PROPERTY TRANSFER TO CORPORATION.] All property, both real and personal, that is held by the St. Paul Ramsey Medical Center commission on the effective date of sections 1 to 27 is transferred to the corporation.*

**Sec. 12. [246A.12] [TRANSITIONAL PROVISIONS; STATUS OF PRESENT EMPLOYEES.]**

*Subdivision 1. [EMPLOYEE TRANSFER.] All employees of the St. Paul Ramsey Medical Center commission, section 383A.41, shall be transferred to the hospital subsidiary corporation.*

*Subd. 2. [CURRENT POSITIONS.] Each person holding a position with the St. Paul Ramsey Medical Center commission who has acquired permanent tenure or who was serving a probationary period on the effective date of this section may retain employment, seniority, and accrued benefits, including participation in deferred compensation programs. These persons shall not be subject to the Ramsey county civil service personnel system law and the rules related to it.*

*Subd. 3. [CHARITABLE HOSPITAL ACT.] Employees of the hospital subsidiary corporation shall be subject to the charitable hospitals act, sections 179.35 to 179.39.*

*Subd. 4. [BARGAINING UNITS.] The hospital subsidiary corporation shall recognize existing bargaining units organized by employees of the St. Paul Ramsey Medical Center commission. The hospital subsidiary corporation shall recognize all current labor agreements and the terms of those agreements shall remain in force until the agreements expire by their terms.*

*Subd. 5. [RETIREMENT EXCLUSION.] Persons initially employed by the hospital subsidiary corporation following the effective date of this section shall be excluded from the definition of "public employee" pursuant to the public employees retirement act, chapter 353.*

*Subd. 6. [RETIREMENT ELECTION.] All employees transferred to the hospital subsidiary corporation pursuant to subdivision 2 shall continue to be included in the definition of "public employee" pursuant to the public employees retirement act, chapter 353. The transferred employees shall have the election to terminate their participation in the public employees retirement association created pursuant to chapter 353. Each transferred employee shall have the right to exercise the election annually on the anniversary date of initial employment by the St. Paul Ramsey Medical Center commission. If an employee exercises the right of election, the employee shall be entitled to any benefits that the employee would be entitled if the employee were terminating public employment. An employee exercising the right of election shall be entitled to participate in any retirement program established or negotiated by the hospital subsidiary corporation.*

*Subd. 7. [POLITICAL SUBDIVISION.] Solely for the purpose of establishing equitable compensation relationships, the hospital subsidiary corporation shall be considered a political subdivision pursuant to Laws 1984, chapter 651. Unless expressly provided otherwise in sections 1 through 29, this subdivision shall not be construed to mean that the hospital subsidiary corporation is a political subdivision for any other purpose.*

### **Sec. 13. [246A.13] [TRANSFER OF RIGHTS.]**

*Subdivision 1. [CORPORATION AS CONTINUATION OF COMMISSION.] The hospital subsidiary corporation created by section 2 shall be considered a continuation of the Saint Paul Ramsey Medical Center Commission and not the creation of a new authority. The subsidiary corporation succeeds to all rights and contractual obligations of the commission with the same force and effect as if those rights and obligations had been continued in the commission itself.*

*Subd. 2. [PENDING MATTERS.] The hospital subsidiary corporation may conduct and complete a legal action, administrative proceeding, or other matter commenced by the Saint Paul Ramsey Medical Commission before the effective date of sections 1 to 27, and still pending on that date, in the same manner, under the same conditions, and with the same effect as though the action, proceeding, or other matter were conducted or completed by the commission.*

*Subd. 3. [TRANSFER OF DOCUMENTS REQUIRED.] The Saint Paul Ramsey Medical Commission shall transfer and*

*deliver to the hospital subsidiary corporation all contracts, books, bonds, plans, papers, records, and other property of every description within the jurisdiction or control of the commission.*

*Subd. 4. [TRANSFER OF FUNDS.] All unspent funds appropriated to the Saint Paul Ramsey Medical Center Commission are transferred and appropriated to the hospital subsidiary corporation.*

**Sec. 14. [246A.14] [LEGAL COUNSEL.]**

*The corporation and its subsidiaries may retain the Ramsey county attorney as its attorney and legal advisor. If legal services are provided by the Ramsey county attorney, the corporation and its subsidiaries shall reimburse Ramsey county for the services and the reimbursement is to be credited to the budget of the Ramsey county attorney.*

**Sec. 15. [246A.15] [BONDING AUTHORITY.]**

*Subdivision 1. [MUNICIPALITY.] The corporation shall be considered a "municipality" pursuant to section 475.51, subdivision 2, for purposes of bond issuance and shall have all the authority conferred on municipalities by chapter 475 unless that authority is modified in this section.*

*Subd. 2. [SALE OF BONDS.] Notwithstanding any enumerated powers, the corporation may issue and sell revenue bonds or other revenue obligations to finance capital improvements or for the acquisition and betterment of additional facilities to be utilized for the delivery of health care and related research or for other proper corporate purposes. The revenue bonds or other revenue obligations must be payable solely from all or a portion of the revenues of the corporation.*

*Subd. 3. [SECURITY FOR BONDS.] The bonds may be secured by a mortgage of the site and facilities, or any part of it. The bonds must be in an amount and shall mature as provided by resolution of the board of directors and may be issued in one or more series and shall bear a date or dates, bear interest at a rate or rates, be in a denomination or denominations, be in the form either coupon or registered, carry the conversion or registration privileges, have rank or priority, be executed in the manner, be payable in medium of payment at the place or places, and be subject to the terms of redemption with or without premium as the resolution may provide. The bonds may be sold at public or private sale at a price or prices determined by the resolution. Notwithstanding any law to the contrary, the bonds must be fully negotiable. The corporation may enter into the covenants the board by resolution shall deem necessary and proper to secure payment of the bonds. The revenue bonds must state on their face that they are not payable from nor may be a charge upon any funds other than the revenues and property*

*pledged or mortgaged for their payment, nor shall the corporation be subject to any liability on them or have the power to obligate itself to pay or pay the revenue bonds from funds other than the revenues and property pledged and mortgaged. No holder or holders of the bonds shall ever have the right to compel any exercise of any taxing power of Ramsey county or any other public body to pay the principal of or interest on any of them, nor to enforce payment of them against any property of Ramsey county, the corporation, or any other public body other than that expressly pledged or mortgaged for their payment.*

**Sec. 16. [246A.16] [OPEN MEETINGS.]**

*Subdivision 1. [CORPORATION AND HOSPITAL SUBSIDIARY SUBJECT TO OPEN MEETING LAW.] The corporation and the hospital subsidiary corporation shall each be a "public body" for purposes of the Minnesota open meeting law, section 471.705.*

*Subd. 2. [BOARD ACTION.] Notwithstanding any law to the contrary, the corporation and the hospital subsidiary corporation may meet in closed session to discuss and take action on specific matters involving contracts or marketing activity in cases where the corporation or its subsidiaries are in competition with health care providers that offer similar goods or services, and where the disclosure of information pertaining to such matters would cause harm to the competitive position of the corporation or its subsidiaries.*

*Subd. 3. [CLOSED MEETINGS; RECORDING.] The board of directors may by a majority vote in a public meeting decide to hold a closed meeting pursuant to subdivision 2. The time of commencement and place of the closed meeting shall be announced at the public meeting. A written roll of members present at the closed meeting shall be made available to the public after the closed meeting. The proceedings of a closed meeting shall be tape recorded at the expense of the board of directors and shall be preserved by it for two years. The data on the tape are considered non-public data pursuant to Minnesota Statutes, section 13.02, subdivision 9.*

**Sec. 17. [246A.17] [GOVERNMENT DATA PRACTICES ACT.]**

*Subdivision 1. [POLITICAL SUBDIVISION.] The corporation and the hospital subsidiary corporation shall each be a "political subdivision" for purposes of the Minnesota government data practices act, chapter 13.*

*Subd. 2. [TRADE SECRET INFORMATION.] Notwithstanding any law to the contrary, data concerning specific matters involving contracts or marketing activity in cases where the corporation or its subsidiaries are in competition*

*with health care providers that offer similar goods or services are "trade secret information" for purposes of section 13.37, subdivision 2, to the extent disclosure of information pertaining to such matters would cause harm to the competitive position of the corporation or its subsidiaries.*

**Sec. 18. [246A.18] [TORT LIABILITY.]**

*The corporation and the hospital subsidiary corporation shall each be a "municipality" for purposes of tort liability pursuant to chapter 466.*

**Sec. 19. [246A.19] [PURCHASING.]**

*Subdivision 1. [MUNICIPALITY STATUS.] The corporation shall not be a "municipality" pursuant to section 471.345, subdivision 1, for the purposes of the uniform municipal contracting law, sections 471.345 to 471.37.*

*Subd. 2. [SERVICE CONTRACTS.] Notwithstanding any law to the contrary, the corporation may purchase directly or utilize the services of a nonprofit cooperative hospital service organization, the city of St. Paul, the state, the University of Minnesota, or any other political subdivision or agency of the state in the purchase of all goods, materials, and services that the corporation may require. These purchases must be made in compliance with laws of the state, except that purchase through a nonprofit cooperative hospital service organization is not subject to sections 471.345 to 471.37.*

**Sec. 20. [246A.20] [PUBLIC EMPLOYMENT.]**

*Unless otherwise provided by sections 1 to 27, the employees of the corporation and its subsidiaries are not "public employees" and the corporation is not a "public employer" for purposes of the public employment labor relations act, chapter 179A and the public employees retirement act, chapter 353.*

**Sec. 21. [246A.21] [EMPLOYEE SALARY LIMITS AND COMPENSATION.]**

*Subdivision 1. [EMPLOYEE SALARIES.] Notwithstanding section 43A.17, subdivision 9, or any other law to the contrary, the corporation and its subsidiaries have the discretion to set all employee salaries at levels which are considered appropriate by the respective boards of directors.*

*Subd. 2. [EMPLOYEE COMPENSATION; CONSTRUCTION AND BUILDING TRADE.] The total compensation package, including wage plus benefit rates, of all employees that are members of a construction or building trade for which there is a generally established and recognized scale of wages inside*

*the county, shall be equal to the total compensation package of private sector construction trade employees within the county as established by collective bargaining agreements.*

**Sec. 22. [246A.22] [WORKERS' COMPENSATION.]**

*Subdivision 1. [SELF-INSURANCE.] The corporation and its subsidiaries are exempt from insuring their liability for compensation and are permitted to self-insure their liability pursuant to section 176.181, subdivision 2.*

*Subd. 2. [BENEFITS.] The appointing authority may provide for the payment of additional benefits to employees from their accumulated vacation, sick leave, or overtime credits if the employees of the corporation and any of its subsidiaries are entitled to the benefits of the workers' compensation law and have at the time of compensable injury accumulated credits under a vacation, sick leave, or overtime plan or system maintained by the corporation by which they are employed. The additional payments to an employee may not exceed the amount of the total sick leave, vacation, or overtime credits accumulated by the employee and shall not result in the payment of a total weekly rate of compensation that exceeds the weekly wage of the employee. The additional payments to any employee shall be charged against the sick leave, vacation, and overtime credits accumulated by the employee. Employees of the corporation and any of its subsidiaries entitled to the benefits of the workers' compensation law may receive additional benefits pursuant to a collective bargaining agreement or other plan, entered into or in effect on or after January 1, 1980, providing payments by or on behalf of the employer and these additional benefits may be unrelated to any accumulated sick leave, holiday, or overtime credits and need not be charged against any accumulation; provided that the additional payments must not result in the payment of a total weekly rate of compensation that exceeds the weekly wage of the employee. The corporation and its subsidiaries may adopt rules and regulations consistent with chapter 179 to carry out this section relating to payment of additional benefits to employees from accumulated sick leave, vacation, overtime credits, or other sources.*

**Sec. 23. [246A.23] [DEFERRED COMPENSATION; INDIVIDUAL ANNUITY CONTRACTS.]**

*Subdivision 1. [DEFERRAL OF COMPENSATION.] Notwithstanding any law to the contrary, at the request of an employee of the corporation or any of its subsidiaries, the appointing authority shall by payroll deduction defer the payment of part of the compensation of the employee, as provided in a written agreement between the employee and the appointing authority, in a manner that will qualify the deferred amount for benefits afforded under federal and state tax laws, regulations, and rulings.*

*Subd. 2. [ANNUITY CONTRACT.] At the request of an employee and as part of the employee's compensation arrangement, the corporation, or any of its subsidiaries may negotiate and purchase an individual annuity contract from a company licensed to do business in the state of Minnesota for an employee for retirement or other purposes and may make payroll allocations in accordance with the arrangement for the purpose of paying the entire premium due or to become due under the annuity contract. The allocation shall be made in a manner that will qualify the annuity premiums, or a portion of them, for the benefit afforded under section 403(b) of the Internal Revenue Code of 1954, or any equivalent provisions of subsequent federal income tax law. The employee is the owner of the contract and the employee's rights under the contract are nonforfeitable except for failure to pay premiums.*

**Sec. 24. [246A.24] [TAX EXEMPT STATUS.]**

*The corporation is an organization exempt from taxation pursuant to chapter 290 and chapter 297A.*

**Sec. 25. [246A.25] [PREPAID HEALTH PLAN.]**

*The hospital subsidiary corporation is a county affiliated public teaching hospital for purposes of section 256D.03, subdivision 4.*

**Sec. 26. [246A.26] [LIMITATIONS UPON CORPORATE POWERS.]**

*Subdivision 1. [ATTEMPTS TO INFLUENCE LEGISLATION.] The corporation shall not create propaganda or otherwise attempt to influence legislation to such an extent as would result in the loss of exemption under section 501(c)(3) of the Internal Revenue Code of 1954. The corporation shall not participate by the publication or distribution of statements or by any other means, in any political campaign on behalf of any candidate for public office.*

*Subd. 2. [USE OF INCOME.] No part of the assets or income of the corporation shall be used for objects or purposes which are not exclusively charitable, educational, or scientific under section 501(c)(3) of the Internal Revenue Code of 1954, and the laws of the state of Minnesota.*

*Subd. 3. [COMPENSATION LIMITATIONS.] No compensation or payment shall ever be made or paid to any officer, director, or trustee or the corporation except as reimbursement for actual expenditures made on behalf of the corporation and as reasonable compensation for services actually rendered. No part of the net earnings and assets of the corporation shall inure to the benefit of any private individual, nor shall any part of the income or assets of the corporation be distributed to or*



*divided among any private individual as dividends or otherwise. The corporation shall not afford pecuniary gain, incidentally or otherwise, to its members except that the corporation may afford pecuniary gain to any member, as designated in the bylaws, that is a nonprofit corporation described in section 501(c)(3) of the Internal Revenue Code of 1954.*

*Subd. 4. [TRANSFER UPON LIQUIDATION.] In the event of the liquidation or dissolution of the corporation, the net assets of the corporation shall be distributed to an entity qualified for exemption under section 501(c)(3) of the Internal Revenue Code of 1954 or to any federal, state, or local governmental unit for use by it for public purposes.*

**Sec. 27. [246A.27] [INDIGENT CARE.]**

*Subdivision 1. [SERVICES.] The hospital subsidiary corporation shall provide hospital and medical services for the indigent of Ramsey county. The services shall be equivalent to those made available to nonindigent patients.*

*Subd. 2. [FUNDS.] Notwithstanding any law to the contrary, Ramsey county may provide funds for the purchase of medical care for the indigent of Ramsey county from a provider selected by the county with or without public bid.*

**Sec. 28. [REPEALER.]**

*Minnesota Statutes 1984, section 383A.41, as amended by Laws 1985, chapter 89, section 21, is repealed.*

**Sec. 29. [EFFECTIVE DATE.]**

*Sections 11, 12, 13, and 28 are effective when the initial board of directors take office according to section 3. Sections 1 to 10, and 14 to 27 are effective the day after the Ramsey county board files a certificate of local approval in compliance with section 645.021, subdivision 3."*

The motion prevailed and the amendment was adopted.

H. F. No. 1875, A bill for an act relating to health; creating a public corporation to provide health care services, education, and research; providing for governance of St. Paul Ramsey Medical Center and creation of a physicians and dentists subsidiary; proposing coding for new law as Minnesota Statutes, chapter 246A; repealing Minnesota Statutes 1984, section 383A.41, as amended.

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 107 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Levi	Ozment	Solberg
Anderson, R.	Erickson	Lieder	Pappas	Sparby
Backlund	Fjoslien	Long	Pauly	Stanius
Battaglia	Frederick	Marsh	Peterson	Staten
Beard	Frerichs	McEachern	Piepho	Sviggum
Becklin	Greenfield	McLaughlin	Piper	Thiede
Begich	Gruenes	McPherson	Poppenhagen	Thorson
Bennett	Halberg	Miller	Price	Tjornhom
Bishop	Hartle	Minne	Quist	Tomlinson
Blatz	Haukoos	Munger	Redalen	Tompkins
Brandl	Heap	Murphy	Rest	Tunheim
Brown	Jacobs	Nelson, D.	Rice	Uphus
Burger	Jennings, L.	Nelson, K.	Riveness	Valento
Carlson, D.	Johnson	Norton	Rodosovich	Vellenga
Carlson, L.	Kahn	O'Connor	Sarna	Waltman
Clark	Kalis	Ogren	Schafer	Welle
Clausnitzer	Kelly	Olsen, S.	Scheid	Wenzel
Cohen	Kiffmeyer	Olsen, E.	Seaberg	Wynia
DenOuden	Knickerbocker	Omann	Segal	Spk. Jennings, D.
Dimler	Knuth	Onnen	Shaver	
Dyke	Kostohryz	Osthoff	Sherman	
Elioff	Krueger	Otis	Skoglund	

Those who voted in the negative were:

Quinn	Vanasek	Voss
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The bill was passed, as amended, and its title agreed to.

H. F. No. 1958 was reported to the House.

Kelly moved to amend H. F. No. 1958, the first engrossment, as follows:

Page 16, line 33, after "three" insert "public" and after "members" delete the new language.

The motion prevailed and the amendment was adopted.

H. F. No. 1958, A bill for an act relating to crime victims; providing increased protections and rights to victims of crime; providing new procedures for enforcing restitution orders; establishing local victim-witness assistance programs; making a variety of changes to the crime victims reparations act; increasing the membership of the crime victim and witness advisory council; amending Minnesota Statutes 1984, sections 609.115, subdivision 1c; 609.135, by adding a subdivision; 611A.03, subdivision 1; 611A.04, subdivision 2; 611A.06; 611A.53, subdivision 1, and by adding a subdivision; 611A.57, by adding a subdivision; and 611A.61; and Minnesota Statutes 1985 Supplement, sections 609.101; 611A.52; 611A.53, subdivision 2; 611A.54; 611A.56,

subdivision 1; 611A.71, subdivisions 1 and 2; and 631.046; proposing coding for new law in Minnesota Statutes, chapter 611A.

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 114 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

H. F. No. 2130 which was temporarily laid over earlier today was again reported to the House.

Sparby moved to amend H. F. No. 2130, the first engrossment, as follows:

Page 1, line 20, after the period insert: *"In municipalities greater than 12,000 population, a firearm transported in a motor vehicle also must be contained in a gun case expressly made for that purpose, or in the vehicle's trunk with the trunk door closed."*

The motion prevailed and the amendment was adopted.

H. F. No. 2130, A bill for an act relating to public safety; regulating transportation of firearms and bows; amending Minnesota Statutes 1984, section 100.29, 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. There were 75 yeas and 36 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dimler	Knickerbocker	Onnen	Sherman
Backlund	Dyke	Krueger	Ozment	Solberg
Battaglia	Elioff	Levi	Pauly	Sparby
Beard	Erickson	McEachern	Piepho	Sviggum
Becklin	Fjoslien	McKasy	Poppenhagen	Thiede
Begich	Frederick	McPherson	Quinn	Thorson
Bishop	Frerichs	Metzen	Quist	Tjornhom
Blatz	Gutknecht	Miller	Redalen	Tunheim
Brown	Hartinger	Minne	Rest	Uphus
Burger	Hartle	Murphy	Richter	Voss
Carlson, D.	Haukoos	Nelson, D.	Sarna	Waltman
Carlson, L.	Jacobs	O'Connor	Schafer	Welle
Clausnitzer	Johnson	Ogren	Schreiber	Wenzel
Dempsey	Kalis	Olson, E.	Seaberg	Zaffke
DenOuden	Kiffmeyer	Omann	Shaver	Spk. Jennings, D.

Those who voted in the negative were:

Anderson, G.	Jennings, L.	Munger	Price	Stanius
Bennett	Kahn	Nelson, K.	Rice	Tomlinson
Brandl	Kelly	Norton	Rose	Tompkins
Clark	Knuth	Osthoff	Scheid	Valento
Cohen	Kostohryz	Otis	Segal	Vanasek
Ellingson	Long	Pappas	Simoneau	Vellenga
Greenfield	McLaughlin	Peterson	Skoglund	Wynia
Gruenes				

The bill was passed, as amended, 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.	Dyke	Knuth	Neuenschwander	Quinn
Backlund	Elioff	Kostohryz	Norton	Redalen
Battaglia	Ellingson	Krueger	O'Connor	Rest
Beard	Erickson	Levi	Ogren	Rice
Becklin	Fjoslien	Lieder	Olson, E.	Rodosovich
Begich	Frerichs	Long	Omann	Rose
Bennett	Greenfield	Marsh	Onnen	Sarna
Blatz	Gruenes	McEachern	Osthoff	Schafer
Boo	Gutknecht	McLaughlin	Otis	Scheid
Brown	Hartinger	McPherson	Ozment	Seaberg
Burger	Hartle	Metzen	Pappas	Segal
Carlson, D.	Haukoos	Miller	Pauly	Shaver
Carlson, L.	Jennings, L.	Minne	Peterson	Sherman
Clark	Johnson	Munger	Piepho	Simoneau
Clausnitzer	Kalis	Murphy	Piper	Skoglund
Cohen	Kiffmeyer	Nelson, D.	Poppenhagen	Solberg
Dimler	Knickerbocker	Nelson, K.	Price	Stanius

Thiede	Uphus	Voss	Wenzel	Zaffke
Thorson	Valento	Waltman	Wynia	Spk. Jennings, D.
Tjornhom	Vellenga			

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.

H. F. No. 2166, A bill for an act relating to state government; ratifying certain labor agreements and compensation and salary plans; granting authority to the legislative commission on employment relations.

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 128 yeas and 2 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

DenOuden	Gutknecht
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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.

Scheid was excused for the remainder of today's session.

H. F. No. 2080 was reported to the House.

Thorson; Ogren; Olsen, S.; Neuenschwander and McEachern moved to amend H. F. No. 2080, the second engrossment, as follows:

Page 2, line 2, after the period, insert: "*Wild rice lands that are part of the school trust fund shall be exempt from selection for sale to wild rice producers.*"

Page 3, line 26, after the period, insert: "*The inventory shall specify the number of acres suitable for wild rice development that are located on school trust fund lands.*"

The motion prevailed and the amendment was adopted.

The Speaker called Halberg to the Chair.

Long, Kahn and Munger moved to amend H. F. No. 2080, the second engrossment, as amended, as follows:

Page 1, after line 8, insert:

"Sec. 1. Minnesota Statutes 1984, section 30.49, is amended to read:

30.49 [PADDY GROWN WILD RICE.]

All wild rice which is planted or cultivated and which is offered for wholesale or retail sale in this state shall be plainly and conspicuously labeled (1) as "paddy grown"; (2) to indicate the approximate proportion of the wild rice that was grown in Minnesota; and (3) to indicate the amount of natural wild rice, if any, that is mixed with paddy grown wild rice. The labeling must be in letters of a size and form prescribed by the commissioner. Any person who sells wild rice at wholesale or retail which is not labeled as required by this section is guilty of a misdemeanor."

Renumber subsequent sections

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Long et al., amendment and the roll was called. There were 18 yeas and 84 nays as follows:

Those who voted in the affirmative were:

Battaglia	Kahn	Minne	Piper	Skoglund
Brandl	Kostohryz	Munger	Rice	Voss
Clark	Long	Osthoff	Segal	Wynia
Greenfield	McLaughlin	Pappas		

Those who voted in the negative were:

Anderson, G.	Ellingson	Knuth	Pauly	Stanius
Anderson, R.	Erickson	Krueger	Peterson	Sviggum
Backlund	Fjoslien	Lieder	Piepho	Thiede
Beard	Frederick	Marsh	Poppenhagen	Thorson
Becklin	Frerichs	McDonald	Price	Tjornhom
Begich	Gruenes	McEachern	Quist	Tompkins
Bennett	Gutknecht	McPherson	Redalen	Tunheim
Blatz	Halberg	Metzen	Rest	Uphus
Boo	Hartinger	Miller	Richter	Valento
Brown	Hartle	Neuenschwander	Riveness	Vanasek
Burger	Haukoos	Norton	Rodosovich	Vellenga
Carlson, L.	Jacobs	O'Connor	Sarna	Waltman
Clausnitzer	Jennings, L.	Ogren	Schafer	Welle
Dempsey	Johnson	Olson, E.	Seaberg	Wenzel
Dimler	Kalis	Omann	Shaver	Zaffke
Dyke	Kiffmeyer	Onnen	Solberg	Spk. Jennings, D.
Elioff	Knickerbocker	Ozment	Sparby	

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

Kahn moved to amend H. F. No. 2080, the second engrossment, as amended, as follows:

Page 3, after line 27, insert:

*"Sec. 6. [TECHNICAL ADVISORY COMMITTEE.] A technical advisory committee is established to review the types of state-owned lands, and to examine the economic return to the state of leasing versus sale, that may be designated for wild rice production. Before any sale or leasing of land occurs under sections 2 to 4, the commissioners must consider the recommendations of the technical advisory committee. There shall be five members of the technical advisory committee appointed by the governor from the following:*

- (a) *a member of the financial community;*
- (b) *an agricultural extension representative;*
- (c) *a person in natural resources management;*
- (d) *a person in agricultural resources management; and*

(e) a representative of the Indian community.

At least two members of the advisory committee shall be from areas of the state that do not contain wild rice farming. A financial interest in wild rice production does not exclude anyone from being appointed to the advisory committee.

The members of the technical advisory committee shall elect their own chair. Terms of membership, compensation and expiration of the advisory committee shall be governed by section 15.059."

Begich moved to lay the Kahn amendment to H. F. No. 2080, as amended, on the table.

A roll call was requested and properly seconded.

The question was taken on the Begich motion and the roll was called. There were 80 yeas and 18 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dimler	Krueger	Pauly	Solberg
Backlund	Dyke	Levi	Peterson	Sparby
Battaglia	Elioff	Marsh	Piepho	Stanius
Beard	Erickson	McDonald	Poppenhagen	Sviggum
Becklin	Fjoslien	McEachern	Price	Thiede
Begich	Frederick	McPherson	Quinn	Thorson
Bennett	Frerichs	Metzen	Quist	Tjornhom
Bishop	Gruenes	Miller	Redalen	Tompkins
Blatz	Halberg	Minne	Rest	Tunheim
Boo	Hartle	Neuenschwander	Richter	Uphas
Brown	Haukoos	O'Connor	Riveness	Valan
Burger	Jacobs	Ogren	Sarna	Valento
Carlson, D.	Johnson	Olson, E.	Schafer	Waltman
Carlson, L.	Kalis	Omman	Seaberg	Wenzel
Clausnitzer	Kiffmeyer	Onnen	Shaver	Zaffke
DenOuden	Knickerbocker	Ozment	Sherman	Spk. Jennings, D.

Those who voted in the negative were:

Cohen	Lieder	Norton	Segal	Vellenga
Greenfield	Long	Osthoff	Simoneau	Voss
Kahn	McLaughlin	Otis	Skoglund	Wynia
Kostohryz	Munger	Pappas		

The motion prevailed and the Kahn amendment to H. F. No. 2080, as amended, was laid on the table.

H. F. No. 2080, A bill for an act relating to agriculture; declaring state policy relating to paddy-grown rice; amending Minnesota Statutes 1985 Supplement, sections 92.50, subdivision 1; 92.501, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 30.



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 77 yeas and 26 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dyke	McDonald	Poppenhagen	Thiede
Backlund	Erickson	McEachern	Quist	Thorson
Beard	Fjoslien	McPherson	Redalen	Tjornhom
Begich	Gruenes	Metzen	Rest	Tomlinson
Bennett	Gutknecht	Miller	Richter	Tompkins
Bishop	Halberg	Minne	Riveness	Tunheim
Blatz	Hartinger	Neuenschwander	Rodosovich	Uphus
Boo	Hartle	O'Connor	Sarna	Valento
Brandl	Haukoos	Ogren	Schafer	Waltman
Brown	Heap	Olson, E.	Seaberg	Welle
Burger	Jacobs	Omann	Shaver	Wenzel
Carlson, D.	Johnson	Onnen	Sherman	Zaffke
Carlson, L.	Kiffmeyer	Ozment	Solberg	Spk. Jennings, D.
Clausnitzer	Krueger	Pauly	Sparby	
DenOuden	Levi	Peterson	Stanius	
Dimler	Marsh	Picpho	Sviggon	

Those who voted in the negative were:

Battaglia	Knuth	Murphy	Price	Staten
Becklin	Kostohryz	Norton	Rice	Vanasek
Elioff	Long	Otis	Segal	Vellenga
Greenfield	McLaughlin	Pappas	Simoneau	Voss
Jennings, L.	Munger	Piper	Skoglund	Wynia
Kahn				

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

H. F. No. 2195 was reported to the House.

Olson, E., moved to amend H. F. No. 2195, as follows:

Page 1, line 13, after the period insert "*Any levy for the payment of debt service on bonds issued pursuant to this act is not subject to the levy limitation of Minnesota Statutes, section 275.11, or any other law.*"

The motion prevailed and the amendment was adopted.

H. F. No. 2195, A bill for an act relating to the city of McIntosh; authorizing the city to issue bonds in excess of its net debt limitations.

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 109 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Frerichs	Marsh	Ozment	Solberg
Backlund	Greenfield	McDonald	Pappas	Sparby
Battaglia	Gruenes	McEachern	Pauly	Stanius
Bcard	Halberg	McKasy	Piepho	Staten
Becklin	Hartering	McLaughlin	Piper	Sviggun
Begich	Hartle	McPherson	Poppenhagen	Thiede
Bennett	Haukoos	Metzen	Price	Tjornhom
Bishop	Heap	Miller	Quinn	Tomlinson
Blatz	Jacobs	Minne	Quist	Tompkins
Boo	Jennings, L.	Munger	Redalen	Tunheim
Brandl	Johnson	Murphy	Rest	Uphus
Brown	Kahn	Nelson, D.	Rice	Valento
Burger	Kalis	Nelson, K.	Richter	Vanasek
Carlson, D.	Kelly	Neuenschwander	Riveness	Vellenga
Carlson, L.	Kiffmeyer	Norton	Rodosovich	Voss
Clark	Knickerbocker	O'Connor	Sarna	Waltman
Clausnitzer	Knuth	Ogren	Schafer	Welle
DenOuden	Kostohryz	Olson, E.	Seaberg	Wenzel
Dyke	Krueger	Omann	Segal	Wynia
Elioff	Levi	Onnen	Shaver	Zaffke
Fjoslien	Lieder	Osthoff	Sherman	Spk. Jennings, D.
Frederick	Long	Otis	Skoglund	

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

H. F. No. 1919 was reported to the House.

Begich moved to amend H. F. No. 1919, the first engrossment, as follows:

Page 7, after line 20, insert:

"Sec. 15. [126.211] [JUNIOR HIGH SWIM CLASSES.]

*Notwithstanding section 363.03, subdivision 5, or other law to the contrary, a district may choose to offer for its pupils in grades 7, 8, and 9:*

(1) *a swimming class for pupils of both sexes; or*

(2) *a swimming class for pupils of one sex only if in the best interests of the pupils and not for discriminatory purposes, and, if a swimming class for pupils of the other sex only is also offered.*

Sec. 16. Minnesota Statutes 1984, section 363.03, subdivision 5, is amended to read:

Subd. 5. [EDUCATIONAL INSTITUTION.] It is an unfair discriminatory practice:

(1) To discriminate in any manner in the full utilization of or benefit from any educational institution, or the services rendered thereby to any person because of race, color, creed,

religion, national origin, sex, age, marital status, status with regard to public assistance or disability, *unless otherwise lawful under section 15.*

(2) To exclude, expel, or otherwise discriminate against a person seeking admission as a student, or a person enrolled as a student because of race, color, creed, religion, national origin, sex, age, marital status, status with regard to public assistance or disability.

(3) To make or use a written or oral inquiry, or form of application for admission that elicits or attempts to elicit information, or to make or keep a record, concerning the race, color, creed, religion, national origin, sex, age, marital status or disability of a person seeking admission, except as permitted by regulations of the department."

Page 9, line 7, delete "and" and insert "14," and after "15" insert "and 16"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, after the semicolon, insert "providing options for swimming classes in junior high schools;"

Page 1, line 7, after the semicolon, insert "363.03, subdivision 5;"

Page 1, line 11, before the period, insert "; proposing coding for new law in Minnesota Statutes, chapter 126"

A roll call was requested and properly seconded.

#### POINT OF ORDER

Kahn raised a point of order pursuant to rule 3.9 that the amendment was not in order. The Speaker pro tempore Halberg ruled the point of order not well taken and the amendment in order.

The question recurred on the Begich amendment and the roll was called. There were 69 yeas and 39 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Becklin	Burger	Erickson	Hartinger
Anderson, R.	Begich	Clausnitzer	Fjoslien	Hartle
Backlund	Bishop	DenOuden	Frederick	Heap
Battaglia	Blatz	Dyke	Gutknecht	Jacobs
Beard	Boo	Elioff	Halberg	Jennings, L.

Johnson	Miller	Quinn	Shaver	Tunheim
Kalis	Minne	Quist	Sherman	Uphus
Kelly	O'Connor	Redalen	Solberg	Valento
Kiffmeyer	Ogren	Richter	Sparby	Vanasek
Levi	Omann	Rodosovich	Stanius	Waltman
Marsh	Omen	Rose	Sviggum	Wenzel
McEachern	Ozment	Sarna	Thiede	Zaffke
McPherson	Pauly	Schafer	Tjornhom	Spk. Jennings, D.
Metzen	Poppenhagen	Seaberg	Tompkins	

Those who voted in the negative were:

Brandl	Gruenes	McLaughlin	Peterson	Skoglund
Brown	Haukoos	Munger	Piper	Staten
Carlson, L.	Kahn	Nelson, D.	Price	Tomlinson
Clark	Knuth	Nelson, K.	Rest	Vellenga
Cohen	Kostohryz	Norton	Rice	Voss
Ellingson	Krueger	Osthoff	Riveness	Welle
Frerichs	Lieder	Otis	Segal	Wynia
Greenfield	Long	Pappas	Simoneau	

The motion prevailed and the amendment was adopted.

Backlund moved to amend H. F. No. 1919, the first engrossment, as amended, as follows:

Pages 6 and 7, delete sections 12 and 13

Page 9, line 7, delete "15" and insert "13"

Renumber the remaining sections

Amend the title as follows:

Page 1, line 6, delete "Minnesota Statutes 1984,"

Page 1, line 7, delete "section 124A.034, subdivisions 1 and 2;"

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

Sviggum moved to amend H. F. No. 1919, the first engrossment, as amended, as follows:

Page 5, after line 3, insert:

"Sec. 8. Minnesota Statutes 1985 Supplement, section 123.-3514, is amended by adding a subdivision to read:

*Subd. 5a. [COMPARABILITY OF COURSES.] The local school board shall determine whether the course or program the pupil is taking in the post-secondary institution is comparable to a course or program offered in the pupil's high school. If the local school board determines that the course or program is*

*comparable, the board may request the state board of education to withhold payment to the post-secondary institution for the course or program within 90 days of the pupil's enrollment in the course. The state board shall issue a determination within 45 days of the request. The state board's decision shall be considered final.*

Sec. 9. Minnesota Statutes 1985 Supplement, section 123.3514, is amended by adding a subdivision to read:

*Subd. 5b. [CONTINUANCE.] A pupil enrolled in a course or program determined by the state board of education to be comparable to a course offered in that pupil's high school under the provision of subdivision 5a, shall be allowed to continue enrollment in the course or program. The post-secondary institution and the school district shall grant credit pending satisfactory completion of the course or program by the pupil. The post-secondary institution shall not receive reimbursement for tuition or other related costs from the pupil, parent or guardian, or local school board for any course taken by a pupil which has been determined to be comparable to a course offered in that pupil's high school."*

Renumber sections accordingly

Page 9, line 8, delete "and 11" and insert "11, 12 and 13"

A roll call was requested and properly seconded.

The Speaker resumed the Chair.

DenOuden was excused while in conference.

The question was taken on the Sviggum amendment and the roll was called. There were 33 yeas and 78 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Krueger	Nelson, D.	Rest	Sviggum
Anderson, R.	Lieder	Neuenschwander	Rodosovich	Tunheim
Brown	Marsh	Ogren	Sarna	Waltman
Carlson, L.	McEachern	Olson, E.	Simoneau	Welle
Fjoslien	Meizen	Ozment	Solberg	Wenzel
Kalis	Miller	Peterson	Sparby	
Knuth	Munger	Redalen	Stanius	

Those who voted in the negative were:

Backlund	Blatz	Dyke	Gruenes	Jennings, L.
Battaglia	Boo	Elioff	Gutknecht	Johnson
Beard	Brandl	Ellingson	Hartinger	Kahn
Becklin	Burger	Erickson	Hartle	Kelly
Begich	Clausnitzer	Frederick	Haukoos	Kiffmeyer
Bennett	Cohen	Frerichs	Heap	Knickerbocker
Bishop	Dimler	Greenfield	Jacobs	Kostohryz

Levi	Onnen	Quinn	Shaver	Valento
Long	Osthoff	Quist	Sherman	Vanasek
McLaughlin	Otis	Rees	Skoglund	Vellenga
McPherson	Pappas	Rice	Staten	Voss
Minne	Pauly	Richter	Thiede	Wynia
Murphy	Piepho	Riveness	Thorson	Zaffke
Nelson, K.	Piper	Rose	Tjornhom	Spk. Jennings, D.
Norton	Poppenhagen	Schafer	Tomlinson	
Omamm	Price	Seaberg	Tompkins	

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

McLaughlin, Skoglund, Long, Brandl, Sarna, Greenfield, Otis, Kahn, Rice, Clark, Staten and Nelson, K., moved to amend H. F. No. 1919, the first engrossment, as amended, as follows:

Page 1, after line 13, insert:

"Section 1. Minnesota Statutes 1984, section 123.35, is amended by adding a subdivision to read:

*Subd. 2a. In assigning pupils to a particular school in the district, a school board must not give priority to pupils whose parents or guardian own a home in the school's attendance area over those pupils whose parents or guardian rent a dwelling unit in that school's attendance area."*

Renumber the remaining sections

Correct internal references

Amend the title as follows:

Page 1, line 7, delete "section" and insert "sections 123.35, by adding a subdivision; and"

The motion prevailed and the amendment was adopted.

Nelson, D., moved to amend H. F. No. 1919, the first engrossment, as amended, as follows:

Page 6, after line 25, insert:

"Sec. 12. Minnesota Statutes 1985 Supplement, section 123.-3514, is amended by adding subdivisions to read:

*Subd. 11. [COLLEGE ACCESS.] The post-secondary systems shall develop plans for establishing and implementing a non-vocational program, called college access, whereby college courses are provided to high school pupils on high school campuses when it is economically feasible and when qualified secondary teachers are available to teach the courses. The plans shall provide for courses to be offered beginning in the 1987-1988 school year.*

*Subd. 12. [DEVELOPMENT OF IMPLEMENTATION PLAN.] The Higher Education Coordinating Board in consultation with the university of Minnesota, state university system and community college system shall develop an implementation plan for offering college courses in the high schools under college access which shall include the following provisions:*

*(a) The three post-secondary systems shall agree upon and specify the number and types of courses that are to be offered in the secondary schools;*

*(b) The courses are to be taught by teachers on the high school staff deemed qualified by the sponsoring college;*

*(c) The high school instructors shall maintain college standards for course expectations, student performance and grade requirements by using student objectives and testing instruments developed by college instructors for use at the college level;*

*(d) Enrollment in the courses shall be restricted to eleventh and twelfth grade pupils deemed likely to succeed in the college courses by high school personnel;*

*(e) Courses shall be offered under this section in a manner that will minimize displacement of high school pupils from their academic high school level courses;*

*(f) The three post-secondary systems shall, to the extent possible, avoid duplicating efforts in offering college courses to high school pupils;*

*(g) The three post-secondary systems shall consider the cost-effectiveness and the proximity of a particular high school to a post-secondary institution in offering college courses at high schools;*

*(h) The three post-secondary systems shall develop a plan for conducting the orientation seminars that are required in subdivision 13;*

*(i) Participation in the program shall be at the option of colleges and school districts; and*

*(j) Additional guidelines deemed appropriate shall be incorporated into the implementation plan.*

*Subd. 13. [ORIENTATION OF HIGH SCHOOL TEACHERS.] The post-secondary institutions that are sponsoring courses in this program shall conduct orientation seminars for high school teachers participating under this section consistent with provisions in the implementation plan."*

Renumber succeeding sections accordingly

Amend the title accordingly

A roll call was requested and properly seconded.

Haukoos moved to lay the Nelson, D., amendment to H. F. No. 1919, as amended, on the table.

A roll call was requested and properly seconded.

The question was taken on the Haukoos motion and the roll was called. There were 55 yeas and 54 nays as follows:

Those who voted in the affirmative were:

Backlund	Dyke	Kiffmeyer	Piepho	Sviggum
Battaglia	Elioff	Kostohryz	Piper	Thiede
Begich	Erickson	Levi	Poppenhagen	Thorson
Bennett	Fjoslien	Marsh	Quist	Tjornhom
Bishop	Frederick	McPherson	Richter	Tompkins
Blatz	Cruenes	Miller	Rose	Valento
Boo	Gutknecht	Minne	Schafer	Vellenga
Brandl	Halberg	Murphy	Shaver	Waltman
Burger	Hartle	Onnen	Sherman	Wynia
Clausnitzer	Haukoos	Osthoff	Skoglund	Zaffke
Dimler	Johnson	Pauly	Stanius	Spk. Jennings, D.

Those who voted in the negative were:

Anderson, G.	Jennings, L.	Munger	Pappas	Simoneau
Anderson, R.	Kahn	Nelson, D.	Peterson	Solberg
Beard	Kalis	Nelson, K.	Price	Sparby
Becklin	Kelly	Neuenschwander	Quinn	Staten
Brown	Knuth	Norton	Redalen	Tomlinson
Carlson, L.	Krueger	O'Connor	Rest	Tunheim
Clark	Lieder	Ogren	Rice	Vanasek
Ellingson	Long	Olson, E.	Riveness	Voss
Greenfield	McEachern	Omann	Rodosovich	Welle
Hartinger	McLaughlin	Otis	Sarna	Wenzel
Jacobs	Metzen	Ozment	Segal	

The motion prevailed and the Nelson, D., amendment to H. F. No. 1919, as amended, was laid on the table.

Welle moved to amend H. F. No. 1919, the first engrossment, as amended, as follows:

Delete sections 1 through 15

Page 9, after line 5, insert:

“Sec. 16. [REPEALER.]

*Minnesota Statutes 1985 Supplement, section 123.3514 is repealed.*”



Correct the internal cross-references

Amend the title accordingly

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

H. F. No. 1919, A bill for an act relating to education; imposing a limit on participation; eliminating state tuition reimbursement for courses taken for post-secondary credit; making other modifications to the post-secondary enrollment options program; providing options for swimming classes in junior high schools; amending Minnesota Statutes 1984, sections 123.35, by adding a subdivision; 124A.034, subdivisions 1 and 2; 363.03, subdivision 5; Minnesota Statutes 1985 Supplement, section 123.3514, subdivisions 3, 4, 5, 6, 8, and 10, and by adding subdivisions; and Laws 1985, First Special Session chapter 12, article 5, section 7; proposing coding for new law in Minnesota Statutes, chapter 126.

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 108 yeas and 5 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Fjoslien	Lieder	Peterson	Sparby
Anderson, R.	Frederick	Long	Piepho	Stanius
Backlund	Frerichs	Marsh	Piper	Staten
Battaglia	Greenfield	McLaughlin	Poppenhagen	Sviggum
Beard	Gruenes	McPherson	Price	Thiede
Becklin	Gutknecht	Metzen	Quist	Thorson
Begich	Halberg	Miller	Redalen	Tjornhom
Bennett	Harteringer	Minne	Rest	Tomlinson
Bishop	Hartle	Murphy	Rice	Tompkins
Blatz	Haukoos	Nelson, K.	Richter	Tunheim
Boo	Heap	Neuenschwander	Riveness	Uphus
Brandl	Jacobs	Norton	Rodosovich	Valento
Burger	Jennings, L.	O'Connor	Rose	Vanasek
Carlson, L.	Johnson	Ogren	Sarna	Vellenga
Clark	Kahn	Olson, E.	Schafer	Voss
Clausnitzer	Kelly	Omann	Seaberg	Waltman
Cohen	Kiffmeyer	Onnen	Segal	Wenzel
Dimler	Knickerbocker	Osthoff	Shaver	Wynia
Dyke	Knuth	Otis	Sherman	Zaffke
Elioff	Kostohryz	Ozment	Simoneau	Spk. Jennings, D.
Ellingson	Krueger	Pappas	Skoglund	
Erickson	Levi	Pauly	Solberg	

Those who voted in the negative were:

Kalis	Nelson, D.	Quinn	Rees	Welle
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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.

## 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

Forsythe from the Committee on Appropriations to which was referred:

H. F. No. 1015, 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.

Reported the same back with the following amendments:

Page 7, line 4, after the first "age" insert "*or holding a valid driver's license*"

Page 7, line 10, after "older" insert "*or holding a valid driver's license*"

Page 8, line 9, after "to" insert "*all-terrain*"

Page 10, line 32, after "*times*" insert "*if the vehicle is equipped with headlight and taillight*"

Page 10, line 33, after "*stoplight*" insert "*if so equipped*"

Page 11, line 8, delete "*It*" and insert "*Except for employees and agents while acting incident to the operation of the airport, it*"

Page 11, line 16, after "*contest*" insert "*or event*"

Page 11, line 19, after "*contest*" insert "*or event*"

Page 15, line 26, after the period insert "*Section 18 applies to gasoline received in or produced or brought into this state on and after January 1, 1986.*"

Page 15, line 35, delete "*1985*" and insert "*1986*"

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. 1765, A bill for an act relating to human services; setting forth legislative direction for child care services; excluding certain programs from licensing requirements; authorizing a study; ensuring safe, affordable, quality child care; directing the commissioner of human services to provide information to providers and consumers of day care; suspending administrative authority until further consideration by the legislature; indemnifying counties; amending Minnesota Statutes 1984, sections 245.791; 245.802, subdivision 1; 299F.011, subdivision 4a; 466.01, by adding subdivisions; 466.03, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 245 and 466.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [245.88] [CITATION.]

*Sections 2 to 14 may be cited as the “child care services act.” The child care services act is to be read in conjunction with the public welfare licensing act and with sections 245.83 to 245.87.*

Sec. 2. [245.881] [PURPOSE.]

*The legislature recognizes that the availability of child care is essential to the welfare of the state. Further, the legislature recognizes that the regulation of child care services affects the availability of child care. It is the intent of the legislature that child care standards and regulatory methods facilitate the availability of safe, affordable, quality child care throughout the state.*

Sec. 3. [245.882] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 2 to 14.*

*Subd. 2. [AGENCY.] “Agency” means the county social or human service agency governed by the board of county commissioners.*

*Subd. 3. [APPLICANT.] “Applicant” means an applicant for licensure as a day care provider under Minnesota Rules, parts 9545.0315 to 9545.0445.*

*Subd. 4. [CHILD.] “Child” has the definition given in section 245.83, subdivision 3.*

*Subd. 5. [CHILD CARE SERVICES.] "Child care services" has the definition given in section 245.83, subdivision 2.*

*Subd. 6. [COMMISSIONER.] "Commissioner" means the commissioner of human services.*

*Subd. 7. [DAY CARE.] "Day care" means the care of a child outside the child's own home for gain or otherwise, on a regular basis, for any part of a 24-hour day.*

*Subd. 8. [DAY CARE RULE.] "Day care rule" means any rule promulgated under section 245.802 to regulate day care as defined in this section.*

*Subd. 9. [CONSUMER.] "Consumer" means a parent who places a child in day care.*

*Subd. 10. [DEPARTMENT.] "Department" means the department of human services.*

*Subd. 11. [PARENT.] "Parent" means a person who has the legal responsibility for a child such as the child's mother, father, or legally appointed guardian.*

*Subd. 12. [PROVIDER.] "Provider" means the day care license holder and primary caregiver in a family or group family facility.*

#### **Sec. 4. [245.883] [RULES.]**

*Rules for family day care and group family day care homes must be adopted in consultation with representatives of counties and with families who reflect the diversity of families who use day care, including families from urban, suburban, and rural communities, and with representatives of those who operate day care homes in urban, suburban, and rural communities. In addition, the commissioner shall:*

*(1) summarize day care rules in language understandable to the general public and provide a copy of each rule and its summary to each agency and provider;*

*(2) develop and distribute to providers and applicants an information brochure, in language understandable to the general public, that:*

*(i) describes services offered to applicants by the department under section 245.783, subdivision 1;*

*(ii) summarizes procedures for appealing a denial, revocation, suspension, or nonrenewal of license as set forth in section 245.801 and in rules promulgated by the commissioner;*

(iii) explains penalties for failure to license a day care facility or failure to take corrective action as set forth in section 245.803; and

(iv) explains the necessity of maintaining and providing access to records as set forth in section 245.804;

(3) provide an information service to consumers and providers that interprets day care rules;

(4) ensure that day care rules are interpreted uniformly throughout the state by providing information, training, and technical assistance to licensing agencies prior to implementing a day care rule or any revision to a day care rule; and

(5) conduct a thorough review of the relevant professional literature, identify objectively validated predictors of service outcomes, and incorporate these predictors in rules adopted under this section, to the extent feasible and appropriate.

#### **Sec. 5. [245.884] [STANDARDS AND REGULATORY METHODS.]**

*In writing and enforcing day care rules, the commissioner shall identify, and when feasible and appropriate, incorporate objectively validated indicators of quality day care; methods for establishing child/staff ratios that take into consideration the age distribution of children in day care; and methods for establishing safety standards for day care facilities that take into consideration the findings of empirical studies of fire detection factors, fire spread factors, and evacuation of day care homes in case of fire. The commissioner shall provide an information service that will interpret day care rules and provide assistance to consumers and providers. To the extent feasible and appropriate, the commissioner shall identify and incorporate alternative methods of day care regulation that:*

(1) increase the variety of day care available to consumers by expanding the types and categories of licensure, including the use of conditional and restricted licenses;

(2) establish a substantial compliance standard rather than a full or absolute compliance standard;

(3) include providers, consumers, advocacy groups, and experts in relevant professional fields in establishing weighted values that describe the relative importance of compliance with each provision of a day care rule;

(4) when appropriate, incorporate performance standards in place of specification standards to allow flexibility in regulation;

(5) *set minimum standards for safety, sanitation, and meeting the developmental needs of children; and*

(6) *use graded licenses as a means of informing consumers about the quality of day care delivered by a provider.*

**Sec. 6. [REPORT.]**

*By January 1, 1987, the commissioner shall submit to the health and human services committees of the legislature a report on the activities and progress undertaken in implementing sections 4 and 5.*

**Sec. 7. [ACTIONS SUSPENDED.]**

*Until July 1, 1987, the commissioner shall adopt no additional rules governing family day care and group family day care except those for which notice was published in the State Register on January 27, 1986.*

**Sec. 8. [CONDITIONAL LICENSE.]**

*Until July 1, 1987, no provider or applicant is required to spend more than \$100 to meet safety rules in excess of those required to meet Group "R" occupancies under the Uniform Building Code, chapter 12, as incorporated by reference in Minnesota Rules, part 1305.0100.*

*When a county agency determines that an applicant or provider would be required to spend over \$100 for physical changes to ensure child safety, the commissioner may issue a conditional license when all of the following conditions have been met:*

(a) *The commissioner shall notify the provider or applicant in writing of the safety deficiencies.*

(b) *The commissioner shall notify the provider or applicant in writing of alternative compliance standards that would correct deficiencies, if available.*

(c) *The provider or applicant agrees in writing to notify each parent, on a form prescribed by the commissioner that requires the signature of the parent, of the safety deficiencies and the existence of the conditional license.*

**Sec. 9. [245.885] [REGULATION BY LOCAL GOVERNMENT.]**

*The authority of local units of government to establish requirements for day care facilities is limited by Minnesota Statutes, section 299F.011, subdivision 4a, clauses (1) and (2).*

## Sec. 10. [STUDY OF CHILD CARE.]

*Subdivision. 1. [TASK FORCE.] The commissioner shall establish a task force under the auspices of the council on children, youth, and families to study child care services. The task force must include elected representatives from rural and urban counties, the legislature, rural and urban providers and consumers, advocacy groups, and appropriate state agencies.*

*Subd. 2. [FOCUS OF STUDY.] The task force shall consider at least the following matters related to day care:*

- (1) availability of liability insurance for providers;*
- (2) administration of the federal department of agriculture child care food program, including guidelines for administering the program in a manner that minimizes financial burdens on providers;*
- (3) identification of objectively validated indicators of quality day care;*
- (4) methods for establishing child/staff ratios that take into consideration the age distribution of children in day care;*
- (5) methods for establishing safety standards for day care facilities that consider the findings of empirical studies of fire detection factors, fire spread factors, and evacuation of day care homes in case of fire; and*
- (6) alternative methods of day care regulation that increase the variety of day care available to consumers and increase the types and categories of licensure, including conditional and restricted licenses.*

*Subd. 3. [REPORT ON STUDY OF CHILD CARE.] By January 1, 1987, the council on children, youth, and families shall submit to the health and human services committees of the legislature a report containing the findings and recommendations of the task force and proposals for legislative action. To the extent possible, the task force shall use existing research and published information in conducting the study and compiling the report.*

*Subd. 4. [ASSISTANCE TO THE TASK FORCE.] At the request of the council on children, youth, and families, state agencies and legislative research offices shall provide assistance to the task force.*

Sec. 11. Minnesota Statutes 1984, section 466.01, is amended by adding a subdivision to read:

*Subd. 4. For the purposes of sections 466.01 to 466.15, "day care facility" has the meaning given it in section 245.782, subdivision 5.*

Sec. 12. Minnesota Statutes 1984, section 466.01, is amended by adding a subdivision to read:

*Subd. 5. For the purposes of sections 466.01 to 466.15, "provider" has the meaning given it in section 3, subdivision 12.*

Sec. 13. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 6d. [LICENSING OF PROVIDERS.] Any claim against a municipality based on the failure of a provider to meet the standards needed for a license to operate a day care facility.*

Sec. 14. [466.131] [INDEMNIFICATION BY STATE.]

*A municipality is an employee of the state for purposes of the indemnification provisions of section 3.736, subdivision 9, when the municipality is acting under the public welfare licensing act and rules promulgated thereunder to inspect or investigate a provider.*

Sec. 15. [EFFECTIVE DATE.]

*Sections 1 to 14 are effective the day following final enactment."*

Amend the title as follows:

Page 1, delete line 11

Page 1, line 12, delete "4a;"

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. 1894, A bill for an act relating to environment; providing terms and conditions for the administration of wastewater treatment plant construction grants and loans; appropriating money; amending Minnesota Statutes 1984, sections 115.07, subdivision 1; 115A.14, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 115 and 116.

Reported the same back with the following amendments:



Pages 4 and 5, delete section 8

Page 5, line 6, delete "8" and insert "7"

Renumber the remaining section

Amend the title as follows :

Page 1, line 5, delete "appropriating money ;"

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. 2248, A bill for an act relating to the city of St. Paul ; permitting the imposition of an additional tax on transient lodging.

Reported the same back with the following amendments :

Page 1, line 13, after "court," insert "resort, or"

Page 1, line 13, after "motel" delete ", or other use of space by a transient"

Page 1, line 18, delete "One-half" and insert "Ninety-five percent"

Page 1, after line 20, insert :

"Sec. 2. Laws 1982, chapter 523, article 25, section 1, is amended to read :

Section 1. [HOTEL AND MOTEL TAX.]

A tax, supplemental to the general sales tax imposed by Minnesota Statutes, Chapter 297A, is imposed on transient lodging in the city of St. Paul at a rate equal to three percent of the consideration paid for lodging and related services by a hotel, rooming house, tourist court, motel or trailer camp or for the granting of any similar license to use real property. The tax does not apply to a rental or lease for 30 or more days continuously. This tax supersedes any similar tax imposed pursuant to city charter. The tax shall be collected by and its proceeds paid to the city. (AT LEAST 25) *Twenty-five* percent of the revenues generated by the tax shall be used for the payment of the bonds and any interest or premium on the bonds authorized by section 2. *Seventy-five percent of the revenues generated by the tax shall be deposited in the city's general fund.*"

Page 1, line 21, delete "2" and insert "3"

Amend the title as follows:

Page 1, line 3, before the period insert "; providing for use of the proceeds of hotel-motel taxes; amending Laws 1982, chapter 523, article 25, section 1"

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. 2333, A bill for an act relating to transportation; providing for use of county state-aid highway funds on highways providing access to outdoor recreation areas; providing that motor vehicles do not exceed length restrictions, whether unladen or with load; defining tandem axles; providing for weight restrictions on highways including market arteries; temporarily increasing tax on gasoline and special fuel; reducing complement of department of transportation; creating legislative transportation commission; appropriating money; amending Minnesota Statutes 1984, sections 162.06, subdivision 5; 169.81, subdivision 2; 169.825, subdivisions 8, 10, and by adding a subdivision; 169.832, subdivision 11, and by adding a subdivision; and 296.02, subdivision 1b.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 162.06, subdivision 5, is amended to read:

Subd. 5. [STATE PARK ROAD ACCOUNT.] After deducting for administrative costs and for the disaster account and research account as heretofore provided from the remainder of the total sum provided for in subdivision 1, there shall be deducted a sum equal to the three quarters of one percent of the remainder but not to exceed the sum of (\$200,000) \$600,000 annually. The sum so deducted shall be set aside in a separate account and shall be used for the establishment, location, relocation, construction, reconstruction and improvement of those roads included in the county state-aid highway system under Minnesota Statutes 1961, Section 162.02, Subdivision 6 which *border and provide substantial access to an outdoor recreation unit as defined in section 86A.04 or which* provide access to the headquarters of or the principal parking lot located within (A STATE PARK) *such a unit*. At the request of the commissioner of natural resources the counties wherein such roads are located shall do such work as

requested in the same manner as on any other county state-aid highway and shall be reimbursed for such construction, reconstruction or improvements from the amount set aside by this subdivision. *Before requesting a county to do work on a county state-aid highway as provided in this subdivision, the commissioner of natural resources must obtain approval for the project from the county state-aid screening board. The screening board, before giving its approval, must obtain a written comment on the project from the county engineer of the county requested to undertake the project.* Any sums paid to counties in accordance with this subdivision shall reduce the money needs of said counties in the amounts necessary to equalize their status with those counties not receiving such payments. Any balance of the amount so set aside, at the end of each year shall be transferred to the county state-aid highway fund.

*By rule made under section 162.02, the commissioner shall prescribe standards for establishing, locating, constructing, reconstructing, and improving county state-aid highways that provide access to units of the outdoor recreation system.*

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:

Distances in feet between centers of fore- most and rearmost axles of a group	Maximum gross weight in pounds on a group of		
	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 fore- most and rearmost axles of a group	5	6	7
	consecutive axles of a 5-axle vehicle or any combination of vehicles having a total of 5 or more axles	consecutive axles of a combination of vehicles having a total of 6 or more axles	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



7136	JOURNAL OF THE HOUSE		[83rd Day
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 highways 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 169.832, subdivision 11, is amended to read:

Subd. 11. [DESIGNATION OF LOCAL ROUTES.] The commissioner may designate any county or local street or highway route or segment of a route to carry the gross weights permitted under section 169.825. Any designation of a route pursuant to this subdivision (, OTHER THAN A TRUNK HIGHWAY ROUTE,) is subject to the approval of the local authority having jurisdiction over the route. A route may not be designated if the commissioner finds that designation

(a) creates an undue hazard to traffic safety; or

(b) is inconsistent with structural capacity of the route, including consideration of the volume of traffic expected to occur on the route after designation.

Notwithstanding any finding under clause (b), the commissioner shall designate any route which is needed to provide

- (i) a connection between significant centers of population or commerce, or between other designated routes; or
- (ii) access to a transportation terminal; or
- (iii) temporary emergency service to a particular shipping or receiving point on the route.

The commissioner may undesignate any route when continued designation is inconsistent with the provisions of this subdivision, subject to the approval of any local authority having jurisdiction over the route.

Any route designation or undesignation shall be effective when adopted. The commissioner may designate or undesignate any route when requested by any local authority having jurisdiction over the route.

Sec. 7. Minnesota Statutes 1984, section 169.832, is amended by adding a subdivision to read:

*Subd. 13. [RESTRICTIONS ON TRUNK HIGHWAYS.]*

*(a) For purposes of this section a "market artery" is a trunk highway or segment thereof which:*

- (i) provides a connection between significant centers of population or commerce;*
- (ii) provides a connection between highways described in clause (a);*
- (iii) provides access to a transportation terminal; or*
- (iv) provides temporary emergency service to a particular shipping or receiving point on a market artery.*

*(b) The commissioner may impose seasonal load restrictions under section 169.87 on a trunk highway which is a market artery only after giving notice of intention to do so to the chairs of the transportation and appropriations committees of the house of representatives, and the chairs of the transportation and finance committees of the senate. The commissioner shall provide with each notice a plan for the improvement of the highway to a level at which seasonal weight limits will not be necessary on it.*

*(c) The commissioner shall, by rule promulgated under chapter 14, the administrative procedure act, define "significant centers of population and commerce" for purposes of this section. In drafting the rule the commissioner shall consult with major highway users, representatives of manufacturing, retail trade and agriculture, local government and regional develop-*

*ment commissions. The commissioner shall consider the importance of manufacturing, retailing, agriculture and natural resources in promulgating the rule, and shall hold at least four public hearings in various parts of the state prior to preparing the final draft of the rule. From the effective date of this act to the effective date of the rule "significant centers of population and commerce" include all cities which had total retail sales of at least \$50,000,000 as reported in the 1982 census of retail trade of the United States department of commerce.*

Sec. 8. Minnesota Statutes 1985 Supplement, section 296.01, subdivision 7, is amended to read:

Subd. 7. [TAX REDUCTION FOR AGRICULTURAL ALCOHOL GASOLINE.] A distributor shall be allowed a credit on each gallon of fuel grade alcohol commercially blended with gasoline or blended in a tank trunk with gasoline on which the tax imposed by subdivision 1 is due and payable. The amount of the credit is (40) 20 cents for every gallon of fuel-grade alcohol blended with gasoline to produce agricultural alcohol gasoline. The credit allowed a distributor must not exceed the total tax liability under subdivision 1. The tax credit received by a distributor on alcohol blended with motor fuels shall be passed on to the retailer. *No credit may be allowed under this subdivision after June 30, 1992.*

Sec. 9. Minnesota Statutes 1985 Supplement, section 296.01, subdivision 25, is amended to read:

Subd. 25. [(ANNUAL COMPRESSED NATURAL GAS USER) ALTERNATE FUEL PERMIT.] "(ANNUAL COMPRESSED NATURAL GAS USER) *Alternate fuel permit*" means a permit issued annually to a person owning a motor vehicle propelled by compressed natural gas or propane for a fee imposed in lieu of payment of the gasoline excise tax imposed by sections 296.02 and 296.025.

Sec. 10. Minnesota Statutes 1985 Supplement, section 296.02, subdivision 1a, is amended to read:

Subd. 1a. [EXCEPTIONS.] The provisions of subdivision 1 do not apply to gasoline purchased by a transit system owned by one or more statutory or home rule charter cities or towns or to sales of (SPECIAL FUEL) *compressed natural gas or propane* for use in vehicles (PROPELLED BY COMPRESSED NATURAL GAS AND) displaying a valid annual (COMPRESSED NATURAL GAS USER) *alternate fuel permit*.

Sec. 11. Minnesota Statutes 1984, section 296.02, subdivision 1b, is amended to read:

Subd. 1b. [RATES IMPOSED.] The gasoline excise tax is imposed at the (FOLLOWING RATES:)

((A) FOR THE PERIOD BEGINNING ON THE FIRST DAY OF THE MONTH FOLLOWING THE MONTH OF FINAL ENACTMENT OF LAWS 1983, CHAPTER 17, OR ON THE FIRST DAY OF THE SECOND MONTH FOLLOWING THE MONTH OF FINAL ENACTMENT OF LAWS 1983, CHAPTER 17 IF THE DATE OF FINAL ENACTMENT OF LAWS 1983, CHAPTER 17 IS WITHIN 15 DAYS OF THE END OF THE MONTH, AND ENDING DECEMBER 31, 1983, GASOLINE IS TAXED AT THE RATE OF 16 CENTS PER GALLON) *rate of 19 cents per gallon until June 30, 1987, and 17 cents per gallon thereafter.*

((B) FOR THE PERIOD ON AND AFTER JANUARY 1, 1984, GASOLINE IS TAXED AT THE RATE OF 17 CENTS PER GALLON.)

Sec. 12. Minnesota Statutes 1985 Supplement, section 296.-025, subdivision 1a, is amended to read:

Subd. 1a. [EXCEPTIONS.] The provisions of subdivision 1 do not apply to special fuel purchased by a transit system owned by one or more statutory or home rule charter cities or towns or to sales of (SPECIAL FUEL) *compressed natural gas or propane* for use in vehicles (PROPELLED BY COMPRESSED NATURAL GAS AND) displaying a valid annual (COMPRESSED NATURAL GAS USER) *alternate fuel* permit.

Sec. 13. Minnesota Statutes 1985 Supplement, section 296.-026, is amended to read:

296.026 [(SPECIAL FUEL;) ANNUAL (COMPRESSED NATURAL GAS USER) PERMIT FOR VEHICLES USING COMPRESSED NATURAL GAS OR PROPANE.]

Subdivision 1. [(COMPRESSED NATURAL GAS) ANNUAL (USER) ALTERNATE FUEL PERMIT.] Any person owning a motor vehicle propelled by compressed natural gas or propane shall obtain an annual (COMPRESSED NATURAL GAS USER) permit for each such vehicle. The period for which (A COMPRESSED NATURAL GAS USER) *the alternate fuel* permit is valid must coincide with the motor vehicle registration period of the vehicle. A person shall obtain all required (COMPRESSED NATURAL GAS USER) permits within 30 days of becoming a (COMPRESSED NATURAL GAS) user of *compressed natural gas or propane*.

Subd. 2. [PERMIT FEES IMPOSED.] The fees for annual (COMPRESSED NATURAL GAS USER) *alternate fuel* permits are based on each vehicle's mileage in the preceding year and are as follows:

Gross Vehicle Weight	Fee
Under 6,000 pounds	\$8.50 per 1,000 miles
6,001 - 12,000 pounds	\$(9) 10 per 1,000 miles

12,001 - 18,000 pounds	\$(16) 18 per 1,000 miles
18,001 - 26,000 pounds	\$(23) 26 per 1,000 miles
26,001 - 36,000 pounds	\$(27) 30 per 1,000 miles
Over 36,000 pounds	\$(34) 38 per 1,000 miles

(THE MAXIMUM FEE FOR AN ANNUAL COMPRESSED NATURAL GAS USER PERMIT FOR VEHICLES IN ALL GROSS VEHICLE WEIGHT CLASSES SHALL NOT EXCEED THE FEE CHARGED FOR 22,000 ACTUAL MILES DRIVEN.) If no true cumulative mileage figures are available for the preceding year, the fee charged under this section (SHALL) *must* be based on 15,000 miles driven.

The fee for a permit required by this section must be calculated based on the number of unexpired months remaining in the registration year of the vehicle as measured from the date of the occurrence of the event requiring the permit.

Subd. 3. [PERMIT APPLICATIONS.] A person shall apply for (A COMPRESSED NATURAL GAS USER) *an annual alternate fuel* permit for each motor vehicle specified in this section each time the vehicle is registered. The commissioner of public safety shall prescribe the form of the application. The form must require the applicant to provide the following information:

- (1) the name and address of the owner or person licensing the vehicle;
- (2) a description of the vehicle, including the mileage on the vehicle as of the date of registration, *and the type of fuel used*;
- (3) the true cumulative mileage registered on the odometer; and
- (4) other information necessary for the proper implementation of this section.

A completed application must be submitted to the department of public safety. The department of public safety shall issue (A COMPRESSED NATURAL GAS USER) *an alternate fuel* permit and collect the fee provided in this section.

Subd. 4. [PERMIT STICKERS.] The (COMPRESSED NATURAL GAS USER) *alternate fuel* permit required by this section must be a gummed sticker prepared by the department of public safety. The permit must be attached to the lower left corner of the windshield of the motor vehicle for which it was

issued. The permit must provide a space to enter the license number of the motor vehicle for which the permit is issued. The permit must show the year for which it is issued and the date of expiration of the permit.

Subd. 5. [PERMIT NOT TRANSFERABLE.] (A COMPRESSED NATURAL GAS USER) *An alternate fuel* permit is not transferable, either to a new vehicle or to a new owner. Upon the transfer of ownership of any motor vehicle (HAVING A COMPRESSED NATURAL GAS USER) *with a permit*, the department of public safety shall credit the transferor with the number of unexpired months remaining in the registration period, except that when such a vehicle is transferred within the same month in which acquired, no credit for the month is allowed. If (SUCH) a transferor acquires another motor vehicle for which (A SPECIAL) *an alternate fuel* (USER) permit is required at the time of transfer, the credit provided by this section must be applied toward payment of the (COMPRESSED NATURAL GAS USER) *alternate fuel* permit fee then due. Otherwise the transferor may file a claim for the amount of the credit with the commissioner upon a form prescribed by the commissioner. The department shall make payment of the claim from the undistributed (COMPRESSED NATURAL GAS USER) *alternate fuel* permit fees.

Subd. 6. [MOTOR VEHICLE CONVERSION REPORT.] (ANY) A person who installs equipment in a motor vehicle to permit it to be powered by compressed natural gas *or propane* shall report the installation to the department of public safety within 30 days. The report must include the name and address of the owner of the vehicle, the make, model, and serial number of the vehicle, the type of fuel that the vehicle was equipped to use prior to the installation, the true cumulative mileage registered on the odometer, and, if the vehicle is registered, the license plate number of the vehicle.

Subd. 7. [FEES IN LIEU OF GAS TAX.] The permit fees collected under subdivision 2 are in lieu of the gasoline excise tax imposed by sections 296.02 and 296.025. Compressed natural gas *or propane* sold as (A) fuel for motor vehicles displaying valid annual (COMPRESSED NATURAL GAS) *alternate fuel* permit stickers is not subject to any additional tax at the time of sale. All (COMPRESSED NATURAL GAS USER) *alternate fuel permit* fees collected by the department of public safety must be deposited in *the* state treasury and credited to the highway user tax distribution fund.

Sec. 14. Minnesota Statutes 1985 Supplement, section 296.028, is amended to read:

296.028 [REPORT TO THE LEGISLATURE.]

The commissioner of public safety, in cooperation with the commissioner of revenue, the commissioner of transportation,

and the director of the department of public service, shall report to the legislature by October 1, 1988, on the number of annual (COMPRESSED NATURAL GAS USER) *alternate fuel* permits issued; the impact of fees collected under section 296.026 on the highway user tax distribution fund; the percentage (OF USAGE) of compressed natural gas (AND GASOLINE) *or propane used* by vehicles (UTILIZING)  *fueled by both gasoline and one of the alternate fuels*; the impact of consumption of compressed natural gas on natural gas rates charged by regulated public utilities; and the costs to utilities of expenses incurred for equipment and marketing compressed natural gas *or propane* as a motor vehicle fuel.

Sec. 15. [DEPARTMENT OF TRANSPORTATION COMPLEMENT.]

*The complement of the department of transportation for the fiscal year ending June 30, 1987, as provided in Laws 1985, First Special Session chapter 10, section 2, subdivision 1, is reduced by 206 positions. This reduction is from the complement funded from the trunk highway fund.*

Sec. 16. [EFFECTIVE DATE.]

*Section 8 is effective July 1, 1986. Section 11 is effective July 1, 1986, and applies to all gasoline in distributor storage on that date. Section 15 is effective July 1, 1987."*

Delete the title and insert:

"A bill for an act relating to transportation; providing for use of county state-aid highway funds on highways providing access to outdoor recreation areas; providing that motor vehicles do not exceed length restrictions, whether unladen or with load; defining tandem axles; providing for weight restrictions on highways including market arteries; exempting from gasoline excise tax propane fuel for vehicles operating under permit and changing permit fees; temporarily increasing tax on gasoline and special fuel; reducing complement of department of transportation; reducing and sunseting the tax reduction for agricultural alcohol gasoline; amending Minnesota Statutes 1984, sections 162.06, subdivision 5; 169.81, subdivision 2; 169.825, subdivisions 8, 10, and by adding a subdivision; 169.832, subdivision 11, and by adding a subdivision; and 296.02, subdivision 1b; and Minnesota Statutes 1985 Supplement, sections 296.01, subdivisions 7 and 25; 296.02, subdivision 1a; 296.025, subdivision 1a; 296.026; and 296.028."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.



## SECOND READING OF HOUSE BILLS

H. F. Nos. 1015, 1765, 1894 and 2248 were read for the second time.

## 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. 1800, A bill for an act relating to local government; authorizing the counties of Becker, Grant, Hubbard, Otter Tail, Stevens, Todd, Traverse, Wadena, and Wilkin to enter into contracts and agreements for solid waste management.

PATRICK E. FLAHAVERN, Secretary of the Senate

## CONCURRENCE AND REPASSAGE

Anderson, R., moved that the House concur in the Senate amendments to H. F. No. 1800 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1800, A bill for an act relating to local government; authorizing the counties of Becker, Grant, Hubbard, Otter Tail, Stevens, Todd, Traverse, Wadena, and Wilkin to enter into contracts and agreements for solid waste management.

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.	Brandl	Erickson	Heap	Krueger
Anderson, R.	Brown	Fjoslien	Jacobs	Levi
Backlund	Burger	Frederick	Jennings, L.	Lieder
Battaglia	Carlson, L.	Frerichs	Johnson	Long
Beard	Clark	Greenfield	Kahn	Marsh
Becklin	Clausnitzer	Gruenes	Kalis	McLaughlin
Begich	Cohen	Gutknecht	Kelly	McPherson
Bennett	Dimler	Halberg	Kiffmeyer	Miller
Bishop	Dyke	Hartinger	Knickerbocker	Munger
Blatz	Elioff	Hartle	Knuth	Murphy
Boo	Ellingson	Haukoos	Kostohryz	Nelson, D.

Nelson, K.	Pappas	Rice	Skoglund	Tunheim
Neuenschwander	Pauly	Richter	Solberg	Uphus
Norton	Peterson	Riveness	Sparby	Valento
Ogren	Piepho	Rodosovich	Stanius	Vanasek
Olsen, S.	Piper	Rose	Staten	Vellenga
Olson, E.	Poppenhagen	Schafer	Svigum	Voss
Omamm	Price	Seaberg	Thiede	Waltman
Onnen	Quinn	Segal	Thorson	Welle
Osthoff	Quist	Shaver	Tjornhom	Wenzel
Otis	Redalen	Sherman	Tomlinson	Wynia
Ozment	Rees	Simoneau	Tompkins	Spk. Jennings, D.

The bill was repassed, as amended by the Senate, and its title agreed to.

#### CALL OF THE HOUSE

On the motion of Knickerbocker and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Anderson, G.	Fjoslien	Levi	Piepho	Soilberg
Anderson, R.	Frederick	Lieder	Piper	Sparby
Backlund	Frerichs	Long	Poppenhagen	Staten
Battaglia	Greenfield	Marsh	Price	Svigum
Beard	Gruenes	McLaughlin	Quinn	Thiede
Becklin	Gulknacht	McPherson	Quist	Thorson
Begich	Halberg	Miller	Redalen	Tjornhom
Bishop	Hartinger	Minne	Rees	Tomlinson
Blatz	Hartle	Murphy	Rest	Tompkins
Boo	Haukoos	Nelson, D.	Rice	Tunheim
Burger	Heap	Nelson, K.	Richter	Uphus
Carlson, L.	Jennings, L.	Neuenschwander	Rodosovich	Valento
Clark	Johnson	Norton	Rose	Vanasek
Clausnitzer	Kalis	Olson, E.	Schoenfeld	Vellenga
Cohen	Kelly	Onnen	Seaberg	Voss
Dimler	Kiffmeyer	Osthoff	Segal	Waltman
Dyke	Knickerbocker	Otis	Shaver	Welle
Elioff	Knuth	Ozment	Sherman	Wenzel
Ellingson	Kostohryz	Pappas	Simoneau	Wynia
Erickson	Krueger	Peterson	Skoglund	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.

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. 671, A bill for an act relating to financial institutions; authorizing interstate acquisition and formation of banks between this state and certain states on a reciprocal basis; proposing coding for new law in Minnesota Statutes, chapter 48.

PATRICK E. FLAHAVEN, Secretary of the Senate

## CONCURRENCE AND REPASSAGE

Knickerbocker moved that the House concur in the Senate amendments to H. F. No. 671 and that the bill be repassed as amended by the Senate.

A roll call was requested and properly seconded.

The question was taken on the Knickerbocker motion and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 77 yeas and 38 nays as follows:

Those who voted in the affirmative were:

Backlund	Forsythe	Levi	Pauly	Sviggum
Beard	Frerichs	Lieder	Piepho	Thiede
Bennett	Greenfield	Long	Poppenhagen	Thorson
Bishop	Halberg	Marsh	Price	Tjornhom
Blatz	Hartinger	McKasy	Quinn	Tomlinson
Boo	Hartle	McLaughlin	Redalen	Valento
Brandl	Haukoos	McPherson	Rest	Vanasek
Burger	Heap	Miller	Rose	Vellenga
Carlson, D.	Himle	Murphy	Schreiber	Voss
Carlson, J.	Jennings, L.	Nelson, K.	Seaberg	Waltman
Carlson, L.	Johnson	Neuenschwander	Segal	Welle
Clausnitzer	Kahn	Norton	Sherman	Wynia
Cohen	Kelly	Olsen, S.	Simoneau	Spk. Jennings, D.
Dempsey	Kiffmeyer	Osthoff	Skoglund	
Dimler	Knickerbocker	Otis	Sparby	
Ellingson	Knuth	Pappas	Staten	

Those who voted in the negative were:

Anderson, G.	Elioff	Kvam	Quist	Stanius
Anderson, R.	Erickson	Minne	Rees	Tompkins
Battaglia	Fjoslien	Munger	Rice	Tunheim
Becklin	Frederick	Olson, E.	Richter	Uphus
Begich	Gruenes	Onnen	Rodosovich	Valan
Brown	Kalis	Ozment	Schafer	Wenzel
DenOuden	Kostohryz	Peterson	Schoenfeld	
Dyke	Krueger	Piper	Solberg	

The motion prevailed.

H. F. No. 671, A bill for an act relating to financial institutions; authorizing interstate acquisition and formation of banks between this state and certain states on a reciprocal basis; amending Minnesota Statutes 1984, sections 46.044; and 48.512; proposing coding for new law in Minnesota Statutes, chapters 48 and 51A.

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 82 yeas and 40 nays as follows:

Those who voted in the affirmative were:

Backlund	Forsythe	Levi	Pauly	Stanius
Beard	Frerichs	Lieder	Piepho	Staten
Becklin	Greenfield	Long	Poppenhagen	Sviggum
Bennett	Gutknecht	Marsh	Price	Thiede
Bishop	Halberg	McDonald	Quinn	Thorson
Blatz	Hartinger	McKasy	Redalen	Tjornhom
Boo	Hartle	McLaughlin	Rest	Tomlinson
Brandl	Haukoos	McPherson	Riveness	Valento
Burger	Heap	Miller	Rose	Vellenga
Carlson, D.	Himle	Murphy	Schreiber	Voss
Carlson, J.	Jennings, L.	Nelson, K.	Seaberg	Waltman
Carlson, L.	Johnson	Neuenschwander	Segal	Welle
Clausnitzer	Kahn	Norton	Shaver	Wynia
Cohen	Kelly	Olsen, S.	Sherman	Spk. Jennings, D.
Dempsey	Kiffmeyer	Osthoff	Simoneau	
Dimler	Knickerbocker	Otis	Skoglund	
Ellingson	Knuth	Pappas	Sparby	

Those who voted in the negative were:

Anderson, G.	Dyke	Krueger	Ozment	Schafer
Anderson, R.	Elioff	Kvam	Peterson	Solberg
Battaglia	Erickson	Minne	Piper	Tompkins
Begich	Fjoslien	Munger	Quist	Tunheim
Boerboom	Frederick	Nelson, D.	Rees	Uphus
Brown	Gruenes	Olson, E.	Rice	Valan
Clark	Kalis	Omann	Richter	Vanasek
DenOuden	Kostohryz	Onnen	Rodosovich	Wenzel

The bill was repassed, as amended by the Senate, and its title agreed to.

## MOTIONS AND RESOLUTIONS

Heap moved that the name of Wenzel be added as an author on H. F. No. 1945. The motion prevailed.

Clausnitzer moved that the name of Tjornhom be added as an author on H. F. No. 2089. The motion prevailed.

Stanius moved that S. F. No. 1810 be recalled from the Committee on Health and Human Services and together with H. F. No. 2489, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

## MOTION TO TAKE FROM THE TABLE

Dempsey moved that H. F. No. 418 be taken from the table, 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.

Sherman moved that H. F. No. 2492 be returned to its author. The motion prevailed.

Segal; Kahn; Cohen; Jennings, D., and Norton introduced:

House Concurrent Resolution No. 15, A house concurrent resolution establishing days of remembrance of the victims of the Holocaust.

## SUSPENSION OF RULES

Segal moved that the rules be so far suspended that House Concurrent Resolution No. 15 be now considered and be placed upon its adoption. The motion prevailed.

## HOUSE CONCURRENT RESOLUTION NO. 15

A house concurrent resolution establishing days of remembrance of the victims of the Holocaust.

*Whereas*, from 1933 to 1945, 6,000,000 Jews were murdered in the Nazi Holocaust as part of a systematic program of genocide, and millions of other people perished as victims of Nazism;

*Whereas*, the people of the State of Minnesota should always remember the atrocities committed by the Nazis so that such horrors never be repeated;

*Whereas*, the people of the State of Minnesota should continually rededicate themselves to the principle of equal justice for all people;

*Whereas*, the people of the State of Minnesota should remain eternally vigilant against all tyranny, and recognize that bigotry provides a breeding ground for tyranny to flourish;

*Whereas*, May 6 has been designated pursuant to an Act of Congress and internationally as a Day of Remembrance of Victims of the Nazi Holocaust known as Yom Hoshoh; and

*Whereas*, it is appropriate for the people of the State of Minnesota to join in the international commemoration; *Now, Therefore*,

*Be It Resolved* by the House of Representatives of the State of Minnesota, the Senate concurring therein that, in memory of the victims of the Holocaust, and in the hope that we will strive always to overcome prejudice and inhumanity through education, vigilance, and resistance, the week of May 6 through May 11, 1986, is hereby designated as the Days of Remembrance of the Victims of the Holocaust.

Segal moved that House Concurrent Resolution No. 15 be now adopted. The motion prevailed and House Concurrent Resolution No. 15 was adopted.

#### ADJOURNMENT

Levi moved that when the House adjourns today it adjourn until 12:00 noon, Wednesday, March 12, 1986. The motion prevailed.

Levi moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Wednesday, March 12, 1986.

EDWARD A. BURDICK, Chief Clerk, House of Representatives



## STATE OF MINNESOTA

## SEVENTY-FOURTH SESSION - 1986

## EIGHTY-FOURTH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, MARCH 12, 1986

The House of Representatives convened at 12:00 noon and was called to order by David M. Jennings, Speaker of the House.

Prayer was offered by Reverend Floyd Dahl, Zion Christian Church, Big Lake, Minnesota.

The roll was called and the following members were present:

Anderson, G.	Fjoslien	Lieder	Pauly	Solberg
Anderson, R.	Forsythe	Long	Peterson	Sparby
Backlund	Frederick	Marsh	Piepho	Stanius
Battaglia	Frederickson	McDonald	Piper	Staten
Beard	Frerichs	McEachern	Poppenhagen	Sviggum
Becklin	Greenfield	McKasy	Price	Thiede
Begich	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
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	Krueger	Otis	Sherman	
Elioff	Kvam	Ozment	Simoneau	
Erickson	Levi	Pappas	Skoglund	

A quorum was present.

Brinkman and Kostohryz were excused.

Ellingson was excused until 1:15 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Backlund 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. 2079, 2487, 1144, 2093, 2126, 2489, 2508, 1947, 1068, 1958, 2123, 2130, 1015, 1863, 1894, 2080, 2195, 2248, 2405, 1990, 1765, 1875 and 1919 and S. F. Nos. 1939, 1801, 2086, 2159, 2090, 2160, 1909, 2204, 2016, 2094, 2161, 1580, 1789, 1808, 2082, 1730, 1942, 1962, 2111, 1774, 1839, 2069, 1897, 1980, 2087, 1701, 1707, 1196, 1852, 1698, 2079, 2233, 1619, 1704, 1963, 1940, 1884 and 1975 have been placed in the members' files.

S. F. No. 1698 and H. F. No. 2101, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Thiede moved that S. F. No. 1698 be substituted for H. F. No. 2101 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1774 and H. F. No. 2311, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Greenfield moved that S. F. No. 1774 be substituted for H. F. No. 2311 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1801 and H. F. No. 1865, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Greenfield moved that S. F. No. 1801 be substituted for H. F. No. 1865 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1808 and H. F. No. 2005, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Boo moved that S. F. No. 1808 be substituted for H. F. No. 2005 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1839 and H. F. No. 2075, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Shaver moved that S. F. No. 1839 be substituted for H. F. No. 2075 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1852 and H. F. No. 1914, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Clark moved that S. F. No. 1852 be substituted for H. F. No. 1914 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1962 and H. F. No. 2033, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Voss moved that S. F. No. 1962 be substituted for H. F. No. 2033 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2161 and H. F. No. 2338, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Sviggum moved that S. F. No. 2161 be substituted for H. F. No. 2338 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2233 and H. F. No. 2106, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Hartle moved that S. F. No. 2233 be substituted for H. F. No. 2106 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2016 and H. F. No. 2275, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

McKasy moved that S. F. No. 2016 be substituted for H. F. No. 2275 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2111 and H. F. No. 2183, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Heap moved that S. F. No. 2111 be substituted for H. F. No. 2183 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2087 and H. F. No. 2239, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Dempsey moved that S. F. No. 2087 be substituted for H. F. No. 2239 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2094 and H. F. No. 2388, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

McKasy moved that S. F. No. 2094 be substituted for H. F. No. 2388 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1939 and H. F. No. 2079, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Backlund moved that S. F. No. 1939 be substituted for H. F. No. 2079 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1810 and H. F. No. 2489, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Stanis moved that S. F. No. 1810 be substituted for H. F. No. 2489 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1884 and H. F. No. 2000, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Vellenga moved that the rules be so far suspended that S. F. No. 1884 be substituted for H. F. No. 2000 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2082 and H. F. No. 2182, 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. 2082 be substituted for H. F. No. 2182 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1980 and H. F. No. 2490, 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. 1980 be substituted for H. F. No. 2490 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1909 and H. F. No. 2193, 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. 1909 be substituted for H. F. No. 2193 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1940 and H. F. No. 2071, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Solberg moved that the rules be so far suspended that S. F. No. 1940 be substituted for H. F. No. 2071 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2079 and H. F. No. 2134, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Boo moved that the rules be so far suspended that S. F. No. 2079 be substituted for H. F. No. 2134 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2069 and H. F. No. 2064, 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. 2069 be substituted for H. F. No. 2064 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1704 and H. F. No. 1896, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Nelson, K., moved that the rules be so far suspended that S. F. No. 1704 be substituted for H. F. No. 1896 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1789 and H. F. No. 1944, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Clark moved that the rules be so far suspended that S. F. No. 1789 be substituted for H. F. No. 1944 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1897 and H. F. No. 1949, 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. 1897 be substituted for H. F. No. 1949 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1730 and H. F. No. 2050, 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. 1730 be substituted for H. F. No. 2050 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2090 and H. F. No. 2292, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Jennings, L., moved that the rules be so far suspended that S. F. No. 2090 be substituted for H. F. No. 2292 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2160 and H. F. No. 2406, 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. 2160 be substituted for H. F. No. 2406 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1707 and H. F. No. 1908, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Riveness moved that the rules be so far suspended that S. F. No. 1707 be substituted for H. F. No. 1908 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1701 and H. F. No. 1801, 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. 1701 be substituted for H. F. No. 1801 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1580 and H. F. No. 1774, 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. 1580 be substituted for H. F. No. 1774 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1963 and H. F. No. 2015, 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. 1963 be substituted for H. F. No. 2015 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1619 and H. F. No. 1851, 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. 1619 be substituted for H. F. No. 1851 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1196 and H. F. No. 1068, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Clark moved that the rules be so far suspended that S. F. No. 1196 be substituted for H. F. No. 1068 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. 1755, A bill for an act relating to the city of Minneapolis; authorizing the city to construct and own certain facilities; authorizing the city to levy and collect certain taxes; authorizing the city to issue bonds and expend certain funds including taxes to finance the acquisition and betterment of a convention center and related facilities.

Reported the same back with the following amendments :

Page 3, line 27, delete the second comma

Page 3, line 32, delete "*at public or private sale*"

Page 3, line 33, delete everything before the period

Page 3, line 33, after the period insert "*Bonds that are limited obligations may be sold at public or private sale and at the price or prices the city may determine. Bonds which are general obligations of the city shall be sold in the manner provided by Minnesota Statutes, section 475.60.*"

Page 5, line 6, after the period insert "*The tax may not be imposed on gross receipts from sales of intoxicating liquor that are exempt from taxation under sections 297A.25 to 297A.257 or other provision of chapter 297A exempting sales of intoxicating liquor and use from taxation, including amendments adopted after enactment of this act.*"

*For purposes of this subdivision, sales that occur within the city shall not include (a) the sale of tangible personal property*

*(i) which, without intermediate use, is shipped or transported outside Minneapolis 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 Minneapolis and thereafter used in a trade or business outside Minneapolis, and which is not thereafter returned to a point within Minneapolis, except in the course of interstate or intrastate commerce (storage shall not constitute intermediate use); or (ii) which the seller delivers to a common carrier for delivery outside Minneapolis, places in the United States mail or parcel post directed to the purchaser outside Minneapolis, or delivers to the purchaser outside Minneapolis by means of the seller's own delivery vehicles, and which is not thereafter returned to a point within Minneapolis, except in the course of interstate or intrastate commerce; or (b) sales which would be described in clause (e) or (u) of Minnesota Statutes, section 297A.25, subdivision 1 if the word "Minneapolis" were substituted for the words "Minnesota" or "state of Minnesota" in such clauses."*

Page 5, line 34, before the period insert *"and further provided that, in the estimation of the city council, the aggregate annual collections following such extension will not exceed the aggregate annual collections which would have been generated if chapter 297A, as in effect on the effective date of this act, were then in effect"*

Page 6, after line 1, insert:

*"Money for replacement housing shall be made available by the city only for new construction, conversion of nonresidential buildings, and for rehabilitation of vacant residential structures, only if all of the units in the newly constructed building, converted nonresidential building, or rehabilitated residential structure are to be used for replacement housing."*

Page 6, line 8, after "area" insert *" , provided that this tax may not be imposed if sales of intoxicating liquor and fermented malt beverages are exempt from taxation under chapter 297A"*

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. 1852, A bill for an act relating to commerce; regulating those who package soft drinks and other nonalcoholic beverages; increasing certain vending machine inspection fees; clarifying authority to inspect vending machines; clarifying rule-making authority of commissioner of agriculture; amending Min-



nesota Statutes 1984, sections 28A.05; 28A.09, subdivision 1; 34.03; and 34.09; repealing Minnesota Statutes 1984, section 34.05.

Reported the same back with the following amendments:

Page 3, line 25, delete "*and other nonalcoholic beverages*"

Page 3, line 29, after "*involving*" delete "*beverage*" and insert "*soft drink*" and after "*plants,*" delete "*beverage*" and insert "*soft drink*"

Page 3, line 31, delete "*beverages*" and insert "*soft drinks*"

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. 2046, A bill for an act relating to probate; providing for an increased sum payable to a surviving spouse by affidavit; increasing the value of a probate estate allowed for purposes of collection by affidavit; amending Minnesota Statutes 1984, sections 181.58; and 524.3-1201.

Reported the same back with the following amendments:

Page 2, after line 8, insert:

"Sec. 2. Minnesota Statutes 1984, section 524.3-805, is amended to read:

524.3-805 [CLASSIFICATION OF CLAIMS.]

(a) If the applicable assets of the estate are insufficient to pay all claims in full, the personal representative shall make payment in the following order:

- (1) costs and expenses of administration;
- (2) reasonable funeral expenses;
- (3) debts and taxes with preference under federal law;
- (4) reasonable and necessary medical and hospital expenses of the last illness of the decedent, including compensation of persons attending him and including a claim filed pursuant to section 256B.15, and any outstanding nursing home costs;

- (5) debts with preference under other laws of this state, and state taxes;
- (6) all other claims.

(b) No preference shall be given in the payment of any claim over any other claim of the same class, and a claim due and payable shall not be entitled to a preference over claims not due, except that if claims for expenses of the last illness involve only claims filed under section 246.53 for costs of state hospital care and claims filed under section 256B.15, claims filed under section 246.53 have preference over claims filed under section 256B.15."

Page 2, after line 34, insert:

"Sec. 4. Minnesota Statutes 1984, section 508.44, subdivision 2, is amended to read:

Subd. 2. In lieu of the court directive to the registrar to issue a new duplicate certificate under subdivision 1, the registrar of titles shall issue such a duplicate certificate when directed to do so by the examiner of titles. The directive of the examiner shall be in writing after posting a notice addressed "TO WHOM IT MAY CONCERN" fixing a time when he shall direct the issuance of a new duplicate certificate of title unless valid objections thereto are delivered to his office prior to the specified time. The notice shall be posted on a bulletin board provided for the posting of legal notices at the courthouse at least seven days prior to the date fixed for the issuance of the directive. No such directive shall be issued by the examiner unless all persons in interest have signed and verified a statement setting forth the facts relating to the reasons why the duplicate certificate cannot be produced, the statement is memorialized upon the certificate of title and there is satisfactory evidence as to the identity of the signers and the facts relating to the loss or destruction of the duplicate certificate of title. Persons in interest in the case of an owner's duplicate certificate are the registered owners or their probate representatives, or a deceased owner's heirs and devisees to the land described in the certificate of title as determined by the order or decree of a probate court in Minnesota, or the owner awarded the fee title in a proceeding for the dissolution of marriage, and in the case of the mortgagee's or lessee's duplicate certificate the persons in interest are the registered owners of the mortgage or lease, as the case may be, or their probate representative, or a deceased mortgagee's or lessee's heirs and devisees to the mortgage or lease as determined by the probate court or the owner awarded the interest in a proceeding for the dissolution of marriage.

Sec. 5. Minnesota Statutes 1985 Supplement, 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 monuments in the ground at appropriate corners, and all tracts shall be lettered consecutively beginning with the letter "A." A registered land survey which delineates multilevel tracts shall include a map showing the elevation view of the tracts with their upper and lower boundaries defined by elevations referenced to National Geodetic Vertical Datum, 1929 adjustment. 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) 20 inches by (14) 30 inches and not less than 2-1/2 inches of the (14) 30 inches shall be blank for binding purposes, and such survey shall be filed in triplicate with the registrar of titles. 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, which shall be admissible in evidence.

#### Sec. 6. [EFFECTIVE DATE.]

*Section 2 is effective the day following final enactment for claims filed on or after the effective date of section 2."*

Renumber the sections in order

Amend the title as follows:

Page 1, line 3, after the semicolon insert "giving nursing home claims the same priority as expenses of the last illness;"

Page 1, line 6, after the semicolon insert "508.44, subdivision 2; 524.3-805;"

Page 1, line 6, before the period insert "; and Minnesota Statutes 1985 Supplement, section 508.47, subdivision 4"

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. 2078, A bill for an act relating to real estate; providing for cancellation of real estate contract depending upon when contract was executed; providing for determination of purchase price; amending Minnesota Statutes 1984, section 559.21, by adding subdivisions; and Minnesota Statutes 1985 Supplement, section 559.21, subdivisions 2a, 3, and 4.

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. 1b. [TERMINATION NOTICE FOR CONTRACT EXECUTED BEFORE AUGUST 2, 1976.] If a default occurs in the conditions of a contract for the conveyance of real estate or an interest in real estate executed on or prior to August 1, 1976, that gives the seller a right to terminate it, the seller may terminate the contract by serving upon the purchaser or the purchaser's personal representatives or assigns, within or outside the state, a notice specifying the conditions in which default has been made. The notice must state that the contract will terminate 30 days after the service of the notice, unless prior to the termination date the purchaser:*

(1) *complies with the conditions in default;*

(2) *pays the costs of service of the notice, including the reasonable costs of service by sheriff, public officer, or private process server; except payment of costs of service is not required unless the seller notifies the purchaser of the actual costs of service by certified mail to the purchaser's last known address at least ten days prior to the date of termination; and*

(3) *pays an amount to apply on attorneys' fees actually expended or incurred, of \$50 if the amount in default is less than \$500, and of \$100 if the amount in default is \$500 or more; except no amount is required to be paid for attorneys' fees unless some part of the conditions of default has existed for at least 45 days prior to the date of service of the notice.*

Sec. 2. Minnesota Statutes 1984, section 559.21, is amended by adding a subdivision to read:

*Subd. 1c. [TERMINATION NOTICE FOR CONTRACT EXECUTED BEFORE MAY 1, 1980.] If a default occurs in the conditions of a contract for the conveyance of real estate or an interest in real estate executed after August 1, 1976, and prior to May 1, 1980, that gives the seller a right to terminate it, the seller may terminate the contract by serving upon the purchaser or the purchaser's personal representatives or assigns, within or outside the state, a notice specifying the conditions in which default has been made. The notice must state that the contract will terminate 30 days after the service of the notice if the purchaser has paid less than 30 percent of the purchase price, 45 days after service of the notice if the purchaser has paid 30 percent or more of the purchase price but less than 50 percent, or 60 days after service of the notice if the purchaser has paid 50 percent or more of the purchase price; unless prior to the termination date the purchaser:*

(1) *complies with the conditions in default;*

(2) *pays the costs of service of the notice, including the reasonable costs of service by sheriff, public officer, or private process server; except payment of costs of service is not required unless the seller notifies the purchaser of the actual costs of service by certified mail to the purchaser's last known address at least ten days prior to the date of termination; and*

(3) *pays an amount to apply on attorneys' fees actually expended or incurred, of not more than \$75 if the amount in default is less than \$750, and of not more than \$200 if the amount in default is \$750 or more; except no amount is required to be paid for attorneys' fees unless some part of the conditions of default has existed for at least 45 days prior to the date of service of the notice.*

Sec. 3. Minnesota Statutes 1984, section 559.21, is amended by adding a subdivision to read:

*Subd. 1d. [TERMINATION NOTICE FOR CONTRACT EXECUTED BEFORE AUGUST 1, 1985.] If a default occurs in the conditions of a contract for the conveyance of real estate or an interest in real estate executed on or after May 1, 1980, and prior to August 1, 1985, that gives the seller a right to terminate it, the seller may terminate the contract by serving*

*upon the purchaser or the purchaser's personal representatives or assigns, within or outside the state, a notice specifying the conditions in which default has been made. The notice must state that the contract will terminate 30 days after the service of the notice if the purchaser has paid less than ten percent of the purchase price, 60 days after service of the notice if the purchaser has paid 10 percent or more of the purchase price but less than 25 percent, or 90 days after service of the notice if the purchaser has paid 25 percent or more of the purchase price; unless prior to the termination date the purchaser:*

*(1) complies with the conditions in default;*

*(2) makes all payments due and owing to the seller under the contract through the date that payment is made;*

*(3) pays the costs of service of the notice, including the reasonable costs of service by sheriff, public officer, or private process server; except payment of costs of service is not required unless the seller notifies the purchaser of the actual costs of service by certified mail to the purchaser's last known address at least ten days prior to the date of termination; and*

*(4) pays an amount to apply on attorneys' fees actually expended or incurred, of not more than \$125 if the amount in default is less than \$750, and of not more than \$250 if the amount in default is \$750 or more; except no amount is required to be paid for attorneys' fees unless some part of the conditions of default has existed for at least 45 days prior to the date of service of the notice.*

Sec. 4. Minnesota Statutes 1984, section 559.21, is amended by adding a subdivision to read:

*Subd. 1e. [DETERMINATION OF PURCHASE PRICE.] For purposes of determining the purchase price and the amount of the purchase price paid on contracts executed prior to August 1, 1985:*

*(a) The purchase price is the sale price under the contract alleged to be in default, including the initial down payment. Mortgages, prior contracts for deed, special assessments, delinquent real estate taxes, or other obligations or encumbrances assumed by the purchaser are excluded in determining the purchase price.*

*(b) The amount paid by the purchaser is the total of payments of principal made under the contract alleged to be in default, including the initial down payment. Interest payments and payments made under mortgages, prior contracts for deed, special assessments, delinquent real estate taxes, or other obligations or encumbrances assumed by the purchaser are excluded in determining the amount paid by the purchaser.*

Sec. 5. Minnesota Statutes 1985 Supplement, section 559.21, subdivision 2a, is amended to read:

Subd. 2a. [TERMINATION NOTICE FOR CONTRACT EXECUTED AFTER JULY 31, 1985.] ((A)) If a default occurs in the conditions of a contract for the conveyance of real estate or an interest in (THE) real estate *executed on or after August 1, 1985*, that gives the seller a right to terminate it, the seller may terminate the contract by serving upon the purchaser or the purchaser's personal representatives or assigns, within or outside of the state, a notice specifying the conditions in which default has been made. The notice must state that the contract will terminate 60 days, or a shorter period allowed in subdivision 4, after the service of the notice, unless prior to the termination date the purchaser:

- (1) complies with the conditions in default;
- (2) makes all payments due and owing to the seller under the contract through the date that payment is made;
- (3) pays the costs of service of the notice, (WHICH INCLUDE) *including* the reasonable costs of service by sheriff, public officer, or private process server (,); except (AS PROVIDED IN PARAGRAPH (C)) *payment of costs of service is not required unless the seller notifies the purchaser of the actual costs of service by certified mail to the purchaser's last known address at least ten days prior to the date of termination;*
- (4) pays two percent of any amount in default at the time of service, not including the final balloon payment, any taxes, assessments, mortgages, or prior contracts that are assumed by the purchaser; and
- (5) pays an amount to apply on attorneys' fees actually expended or incurred, of *not more than* \$125 if the amount in default is less than \$750, and of *not more than* \$250 if the amount in default is \$750 or more (,); except (AS PROVIDED IN PARAGRAPH (B).)

((B) AN) *no* amount for attorneys' fees is (NOT) required to be paid (UNDER THIS SECTION,) unless some part of the conditions of default has existed *for* at least 30 days prior to the date of service of the notice.

((C) PAYMENT OF COSTS OF SERVICE IS NOT REQUIRED UNLESS THE SELLER 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. 6. Minnesota Statutes 1985 Supplement, 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 seller or of an attorney authorized by the seller 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) *underlined upper-case type, or 8-point type if published, or in large legible handwritten letters*:

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 THE PURCHASE OF YOUR PROPERTY 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:

(a) THE PERSON AUTHORIZED IN THIS NOTICE TO RECEIVE PAYMENTS RECEIVES FROM YOU:

(1) THE AMOUNT THIS NOTICE SAYS YOU OWE; PLUS

(2) THE COSTS OF SERVICE (TO BE SENT TO YOU); PLUS

(3) \$ . . . . . TO APPLY TO ATTORNEYS' FEES ACTUALLY EXPENDED OR INCURRED; PLUS

(4) FOR CONTRACTS EXECUTED ON OR AFTER MAY 1, 1980, ANY ADDITIONAL PAYMENTS BECOMING DUE UNDER THE CONTRACT TO THE SELLER (SINCE THE AFTER THIS NOTICE WAS SERVED ON YOU; PLUS (THE COSTS OF SERVICE (TO BE SENT TO YOU) TOGETHER WITH)

(5) FOR CONTRACTS EXECUTED ON OR AFTER AUGUST 1, 1985, \$ . . . . . (WHICH IS TWO PERCENT OF THE AMOUNT IN DEFAULT AT THE TIME OF SERVICE OTHER THAN THE FINAL BALLOON PAYMENT, ANY TAXES, ASSESSMENTS, MORTGAGES, OR PRIOR CONTRACTS THAT ARE ASSUMED BY YOU) (AND \$ . . . . . TO APPLY TO ATTORNEYS' FEES ACTUALLY EXPENDED OR INCURRED); OR (UNLESS BEFORE THEN)

(b) 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 SPE-



CIFICALLY 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. 7. Minnesota Statutes 1985 Supplement, section 559.21, subdivision 4, is amended to read:

Subd. 4. [CONTRARY CONTRACTUAL NOTICE; SERVICE; REINSTATEMENT; TERMINATION.] (a) The notice required by this section must be given notwithstanding any provisions in the contract to the contrary, except that earnest money contracts, purchase agreements, and exercised options that are subject to this section may, *unless* by their terms (,) *they* provide for a (SHORTER) *longer* termination period, (NOT LESS THAN) *be terminated on 30 days notice*. The notice must be served within the state in the same manner as a summons in the district court, and outside of 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 outside of 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.

(b) Three weeks published notice, and if the (PREMISES) *real estate* described in the contract (ARE) *is* 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) *real estate*, has the same effect as the personal service of the notice upon the purchaser, (HIS) *or the purchaser's* personal representatives or assigns, either within or outside of the state as (HEREIN) provided for *in this section*. In case of service by publication, (AS HEREIN PROVIDED,) the *published* notice shall (SPECIFY THE CONDITIONS IN WHICH DEFAULT HAS BEEN MADE,) *comply with subdivision 3 and state that the purchaser, (HIS) or the purchaser's* personal (REPRESENTATIVE,) *representatives* or assigns (ARE), *is* allowed 90 days from and after the first date of publication of the notice to comply with the conditions of the contract, and state

that the contract will terminate 90 days after the first date of publication of the notice, unless prior (THERE TO) to the termination date the purchaser (:)

(1) complies with the (CONDITIONS;)

(2) MAKES ALL PAYMENTS DUE AND OWING TO THE SELLER UNDER THE CONTRACT THROUGH THE DATE THAT PAYMENT IS MADE;)

((3) PAYS THE COSTS OF SERVICE, AS PROVIDED IN SUBDIVISION 2A;)

((4) PAYS TWO PERCENT OF THE AMOUNT IN DEFAULT AT THE TIME OF SERVICE, NOT INCLUDING THE FINAL BALLOON PAYMENT, ANY TAXES, ASSESSMENTS, MORTGAGES, OR PRIOR CONTRACTS THAT ARE ASSUMED BY THE PURCHASER; AND)

((5) PAYS ATTORNEYS' FEES AS PROVIDED IN SUBDIVISION 2A) *notice*.

(c) The contract is reinstated if, within the time mentioned, the person served :

(1) complies with the conditions *in default*;

(2) *if section 3 or 5 applies*, makes all payments due and owing to the seller under the contract through the date that payment is made;

(3) pays the costs of service as provided in (SUBDIVISION 2A) *section 1, 2, 3, or 5*;

(4) *if section 5 applies*, pays two percent of the amount in default, not including the final balloon payment, any taxes, assessments, mortgages, or prior contracts that are assumed by the purchaser; and

(5) pays attorneys' fees as provided in (SUBDIVISION 2A) *section 1, 2, 3, or 5*.

(d) The contract is terminated if the provisions of paragraph (c) are not met.

(e) In the event that the notice was not signed by an attorney for the seller and the seller is not present in the state, or cannot be found (THEREIN) *in the state*, 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 seller for such purposes. A copy of the notice with proof of service thereof, and the affidavit of the seller, (HIS) *the seller's* 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 *in it*; 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. 8. Minnesota Statutes 1985 Supplement, section 559.21, subdivision 6, is amended to read:

Subd. 6. [TEMPORARY (ADDITIONAL) *MINIMUM NOTICE.*] (a) Notwithstanding the provisions of any other law to the contrary, *this subdivision applies to a notice to terminate a contract for conveyance of homestead property to which the provisions of chapter 583 apply, served after May 24, 1983, and prior to May 1, 1985, or after June 8, 1985, and prior to May 1, 1987 (,). The notice must provide that the contract will terminate 60 days after service of notice, or 90 days after service of notice if the contract was entered into after May 1, 1980, and the purchaser has paid 25 percent or more of the purchase price. The notice must specify this 60- or 90-day period. The notice must include a statement that the purchaser may be eligible for an extension of the time prior to termination under sections 583.01 to 583.12.*

(b) The statement must be in bold type, capitalized letters, or other form sufficient for the reader to quickly and easily distinguish the statement from the rest of the notice. The requirements of this paragraph must be followed on notices served under this subdivision on or after August 1, 1985. A violation of this paragraph is a petty misdemeanor.

(c) This subdivision does not apply to earnest money contracts, purchase agreements or exercised options.

Sec. 9. [FORMER TERMINATION NOTICE LAW VALID.]

*The legislature hereby reaffirms the validity of Laws 1985, First Special Session chapter 18, sections 6 to 11, with respect to all termination notices served after July 31, 1985, and before August 1, 1986. Nothing contained in sections 1 to 7 shall be construed to invalidate any contract termination made in accordance with Laws 1985, First Special Session chapter 18, sections 6 to 11, when the termination notice was first served on any party or first published before August 1, 1986.*

Sec. 10. [APPLICABILITY.]

*Sections 1 to 8 apply to termination notices first served on any party or first published on or after August 1, 1986."*

Amend the title as follows :

Page 1, line 8, delete "and" and after "4" insert ", and 6"

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. 2358, A bill for an act relating to occupations and professions; providing for the regulation of the practice of chiropractic; providing grounds for license revocation; prescribing penalties; appropriating money; amending Minnesota Statutes 1984, sections 148.06, subdivision 1; 148.07, subdivision 2; 148.08, subdivision 3; 148.10; and 319A.02, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Statutes 1984, section 148.101.

Reported the same back with the following amendments :

Page 14, line 19, delete "*in the general fund*"

With the recommendation that when so amended the bill pass.

The report was adopted.

Forsythe from the Committee on Appropriations to which was referred :

S. F. No. 51, 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 144.335, subdivision 1; 144.699, subdivision 2; 144A.51, subdivision 6, and by adding a subdivision; 144A.52, subdivision 3; 144A.53, subdivisions 1, 2, 3, and 4; 144A.54, subdivision 1; 256B.04, by adding a subdivision; and 364.09; Minnesota Statutes 1985 Supplement, section 626.557, subdivision 2; 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. [143.01] [CITATION.]

*It is the intent of the legislature to promote the interests and protect the rights of individuals who receive home care services.*

*The purpose of sections 1 to 7 is to promote the quality of care of services delivered in the home without unduly increasing costs, to promote access to economical home care services, and to prevent fraud and abuse. Sections 1 to 7 may be cited as the "home care services act."*

Sec. 2. [143.02] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 1 to 7.*

*Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of health.*

*Subd. 3. [HOME CARE SERVICES.] "Home care services" means services delivered in the home to benefit individuals or their families who require assistance in meeting physical or mental health-related needs.*

*Subd. 4. [HOME HEALTH AGENCY.] "Home health agency" means a public agency or private organization, or a subdivision of such an agency or organization, which is primarily engaged in providing skilled nursing services, and other therapeutic services and items on a visiting basis in a place of residence used as an individual's home. Such services and items may include:*

*(1) part-time or intermittent nursing care provided by or under the supervision of a registered professional nurse;*

*(2) physical, occupational, or speech therapy;*

*(3) medical social services under the direction of a physician;*

*(4) part-time or intermittent services of a home health aide; and*

*(5) medical supplies, other than drugs and biologicals, and the use of medical appliances.*

*The definition of services does not include any recognized church or religious denomination for those who depend upon spiritual means, through prayer alone, for healing.*

*Subd. 5. [PERSONAL CARE ATTENDANT.] "Personal care attendant" means a person authorized by the commissioner of human services to provide services under the medical assistance program under section 256B.02, subdivision 8, clause (17).*

Sec. 3. [143.03] [HOME CARE BILL OF RIGHTS.]

*Subdivision 1. [STATEMENT OF RIGHTS.] A person who receives home care services has these rights:*

*(1) the right to receive written information about rights, including what to do if rights are violated;*

*(2) the right to receive care and services according to a suitable and up-to-date plan, and subject to accepted medical or nursing standards, to take an active part in creating and changing the plan and evaluating care and services;*

*(3) the right to be told about agency services that are being provided or suggested, about other choices that are available, and about the consequences of these choices including the consequences of refusing these services;*

*(4) the right to refuse services or treatment;*

*(5) the right to know, in advance, any limits to the services available from an agency, whether the services are covered by health insurance, medical assistance, or other health programs, and the agency's grounds for a termination of services;*

*(6) the right to know what the charges are for services, no matter who will be paying the bill;*

*(7) the right to know that there may be other services available in the community, including other home care services, agencies, and case management services, and to know where to go for information, including price information, about these services;*

*(8) the right to choose freely among available agencies and to change agencies after services have begun, within the limits of health insurance, medical assistance, or other health programs;*

*(9) the right to have personal, financial, and medical information kept private;*

*(10) the right to be served by people who are properly trained and competent to perform their duties;*

*(11) the right to be treated with courtesy and respect;*

*(12) the right to be free from physical and verbal abuse;*

*(13) the right to reasonable notice of changes in services or charges;*

*(14) the right to a coordinated transfer when there will be a change in the provider of services;*

(15) *the right to know how to contact the director of an agency who is responsible for handling problems and where to go for help outside the agency; and*

(16) *the right to assert these rights without retaliation.*

*Subd. 2. [ENFORCEMENT OF RIGHTS.] These rights are established for the benefit of persons who receive home care services. "Home care services" means home care services as defined in section 2, subdivision 3. A person who provides home care services may not require a person to surrender these rights as a condition of receiving services. A guardian or conservator or, when there is no guardian or conservator, a designated person, may seek to enforce these rights. This statement of rights does not replace or diminish other rights and liberties that may exist relative to persons receiving home care services, persons providing home care services, or agencies registered under this act.*

*Subd. 3. [DISTRIBUTION.] The commissioner shall provide counties and other interested organizations with sufficient copies for an adequate distribution of the home care bill of rights to the public. All persons who provide home care services shall provide a copy of this bill of rights to their clients prior to providing any services.*

#### **Sec. 4. [143.04] [INFORMATION AND REFERRAL SERVICES.]**

*Subdivision 1. [COUNTY RESPONSIBILITY.] Information and referral relating to home care services are the responsibility of counties. County agencies must document to their county boards that consumers are free to choose among available qualified providers, both public and private, and that reasonable efforts are made to inform potential providers of anticipated needs for services. The county board shall make available the following information:*

(1) *a summary of the range of prices for home care services in the county, and in contiguous counties if this is appropriate, and specific price information only as described in this section;*

(2) *availability of services, and eligibility for third-party payments applicable to individual providers. Home health agencies or personal care attendants who are not registered with the commissioner under section 7 shall not be included in the referral service;*

(3) *complaint information on home care services that has been verified under section 5; and*

(4) *other information the county board determines to be appropriate.*

*When a complaint investigation is in process, referral to the provider under investigation may be withheld if necessary to protect the health and safety of consumers.*

**Subd. 2. [DISTRIBUTION OF PRICE INFORMATION.]** *The commissioner of health shall establish standards for the collection and distribution of uniform price information which will allow consumers to make useful comparisons between home care services providers. Specific price information shall be distributed only with an accompanying caution to the consumers that details about services may vary among providers and prices should be compared carefully. Home health agencies must provide information requested for the purposes of this section, including price information, as a condition of registration.*

**Sec. 5. [143.05] [COMPLAINTS.]**

**Subdivision 1. [DESIGNATION OF A COMPLAINT PROCESS.]** *The county board of each county shall designate the process for receiving, investigating, and providing follow-up on complaints related to home care services and persons providing home care services according to the standards developed by the commissioner. The county board shall make this process known to the general public. The county board shall supervise implementation of the complaint process. Complaints against county personnel shall be reported to the county board.*

**Subd. 2. [REQUIREMENTS OF A COMPLAINT PROCESS.]** *The complaint process designated by the county board must include the following:*

(1) *identification of a person or place to receive complaints which is separate from the publicly administered or contracted home health agency, if any;*

(2) *protocols for recordkeeping that include preparation of reports to the commissioner of all complaints received by the county and the resolution of each;*

(3) *a list of potential referral sources that includes the appropriate county agencies, the local police departments, the county sheriff's office, the county attorney's office, and appropriate state regulating agencies;*

(4) *coordination with existing requirements of the reporting of maltreatment of vulnerable adults under section 626.557 and the office of health facility complaints;*

(5) *review of all complaints by the county social worker and public health nurse;*

(6) *coordination with alternative care grants case management services;*



(7) *guidelines to enable county personnel to identify persons receiving home care services who are particularly vulnerable due to the lack of a familial or community monitoring network and who are in need of monitoring by the county to assure personal safety, quality care, and financial management services; and*

(8) *guidelines for resolution of complaints to protect the consumer, including time requirements and implementation of existing mechanisms established under section 626.557.*

**Subd. 3. [RESOLUTION OF COMPLAINTS.]** *(a) The commissioner of health and the county boards' designees may inspect the records of a provider of home care services against which a complaint has been filed. With the consent of the consumer, the commissioner and the county boards' designees may visit the home where home care services are being provided.*

*(b) The commissioner shall adopt rules to govern the issuance of correction orders and assessment of civil penalties.*

*(c) The commissioner of health shall adopt rules to establish appeals mechanisms for both providers and consumers related to complaints filed against providers of home care services.*

**Subd. 4. [REPORTING OF COMPLAINTS.]** *The commissioner shall adopt rules for the uniform and timely reporting of complaints from counties related to home care services. The rules must describe performance-based standards for complaint investigation and reporting, including due process and equal treatment of providers. The commissioner shall assist county personnel to improve resolution of complaints. The rules shall also include requirements for timely response and reports to the counties from the commissioner.*

**Sec. 6. [143.06] [POLICY FOR HOME CARE SERVICES REGULATION.]**

**Subdivision 1. [CRITERIA FOR REGULATION.]** *It is the intent of the legislature that no regulation of home care services be imposed unless required for the safety, well-being, and quality of care of the citizens of the state. The commissioner of health shall be advised by a task force with representation from various kinds of providers of home care services, county government, and consumers in the development of standards for the provision of home care services. The task force and the commissioner shall evaluate whether a service should be regulated using the following criteria:*

*(a) whether the unregulated service may harm or endanger the health, safety, and quality of care for citizens of the state and whether the potential for harm is recognizable and not remote;*

(b) *whether the service requires specialized skill or training and whether the public needs will benefit by assurances of initial and continuing provider ability;*

(c) *whether the citizens of this state are or may be effectively protected by other means; and*

(d) *whether the overall cost effectiveness and economic impact would be positive for citizens of the state.*

*Subd. 2. [REGULATION MODES.] If the commissioner and the task force find after evaluation of the criteria listed in subdivision 1 that it is necessary to regulate the provision of a service, then regulation shall be recommended to the legislature in modes in the following order:*

(1) *creation or extension of common law or statutory causes of civil action, and the creation or extension of criminal prohibitions;*

(2) *imposition of inspection requirements and the ability to enforce violations by injunctive relief in the courts;*

(3) *implementation of a system of registration whereby providers who will be the only persons permitted to use a designated title are listed on an official roster after having met predetermined qualifications; or*

(4) *implementation of a system of licensing whereby a provider must receive recognition by the state that he has met predetermined qualifications, and providers not so licensed are prohibited from providing services.*

*Two or more of these modes may be recommended to the legislature if necessary and appropriate.*

*Subd. 3. [ANNUAL REPORT.] The commissioner shall report to the legislature on or before October 1 of each year, regarding activities of the task force, problems identified, recommendations on services to be regulated, the mode of regulation that is appropriate, and a cost-benefit analysis for each service recommended. The report shall include proposed rules that address the following:*

(1) *standards to assure the health, safety, well-being, quality of care, and appropriate treatment of persons who receive home care services;*

(2) *description of information necessary to implement a regulatory mode;*

(3) standards of training of home care services personnel, which may vary according to the nature of the services provided or the health status of the consumer provided that the commissioner shall not impose additional training or education requirements upon members of a licensed or registered occupation or profession, except as necessary to address or prevent problems that are unique to the delivery of services in the home or to enforce and protect the rights of consumers listed in section 3;

(4) standards of supervision of personnel providing home care services, which may vary according to the nature of the services provided or the health status of the consumer;

(5) standards for the involvement of a consumer's physician, the documentation of physicians' orders and the consumer's treatment plan, and the maintenance of accurate, current clinical records; and

(6) standards for different modes of regulation for different types of providers of home care services, including but not limited to hospice care, respite care, and nutrition services.

The annual report shall include data on the numbers, types, and resolution of complaints. The commissioner with the task force shall review existing mechanisms for complaint resolution. The commissioner, with the advice of the task force, shall make recommendations to the legislature to improve existing complaint mechanisms.

## Sec. 7. [143.07] [REGISTRATION.]

Subdivision 1. [REQUIRED INFORMATION.] All home health agencies as defined in section 2, subdivision 4, and all personal care attendants as defined in section 2, subdivision 5, shall register with the commissioner of health, in writing, the agency's name; the name of its parent corporation or sponsoring organization, if any; the street address and telephone number of its principal place of business; the street address and telephone number of its principal place of business in Minnesota; the counties in Minnesota in which it may render services; the street address and telephone number of all other offices in Minnesota; and the name, educational background, and ten-year employment history of the person responsible for the management of the agency.

Subd. 2. [REGISTRATION FEE.] The registration information must be on a form supplied by the commissioner and accompanied by a registration fee. Notwithstanding the provisions of section 16A.128, the fees for registration under this section shall be as follows: \$5 for a personal care attendant and a fee not to exceed \$500 for a home health agency. This fee shall be

set in rule and shall be based upon the following factors: the number of clients, the number of employees, and the annual revenues.

*Subd. 3. [LIMITATION ON REIMBURSEMENT.] Only a home health agency or personal care attendant who is registered with the commissioner under this section may receive reimbursement from the medical assistance program or the alternative care grant program under chapter 256B.*

*Subd. 4. [PROPOSED RULES.] Before October 1, 1986, the commissioner shall develop proposed rules to register home health agencies and personal care attendants. The proposed rule provisions may include, but not be limited to, the following:*

*(1) standards to assure the health, safety, well-being, quality of care, and appropriate treatment of persons who receive home health services;*

*(2) requirements that home health agencies and personal care attendants furnish the commissioner additional specified information necessary to implement this section;*

*(3) standards of supervision and training of personnel providing home health services, which may vary according to the nature of the services provided or the health status of the consumer;*

*(4) standards for the involvement of a consumer's physician, the documentation of physicians' orders and the consumer's treatment plan, and the maintenance of accurate, current clinical records; and*

*(5) operating procedures required to implement the home care bill of rights.*

*For home health agencies certified under the medicare program, the state standards must not be inconsistent with the medicare standards for medicare services.*

*Subd. 5. [ENFORCEMENT.] The commissioner may refuse to grant or renew a registration, or may suspend or revoke a registration, for violation of statutes or rules relating to home health agencies and personal care attendants or for conduct detrimental to the welfare of the consumer. In addition to any other remedy provided by law, the commissioner may, without a prior contested case hearing, temporarily suspend a registration or prohibit delivery of services by an agency or attendant for not more than 60 days if the commissioner determines that the health or safety of a consumer is in imminent danger, provided (1) advance notice is given to the agency; (2) after notice, the agency or attendant fails to correct the problem; (3) the com-*

*missioner has reason to believe that other administrative remedies are not likely to be effective; and (4) there is a subsequent opportunity for a contested case hearing. The process of suspending or revoking a registration must include a plan for transferring affected clients to other agencies. At the request of a registrant who has been issued a correction order, the commissioner shall order a review of the appropriateness of the correction order by a person designated by the commissioner other than the person who issued the correction order. The review process must allow an opportunity for the registrant to submit a brief explanation of the objections to the correction order. If, after receiving the report and recommendation of the reviewer, the commissioner determines that the correction order was issued inappropriately, the commissioner shall retract the correction order and remove from the registrant's record all references to the order.*

Sec. 8. Minnesota Statutes 1984, section 144.699, subdivision 2, is amended to read:

Subd. 2. [FOSTERING PRICE COMPETITION.] The commissioner of health shall:

(a) Encourage hospitals, outpatient surgical centers, *providers of home care services*, and professionals regulated by the health related licensing boards as defined in section 214.01, subdivision 2, and by the commissioner of health under section 214.13, to publish prices for procedures and services that are representative of the diagnoses and conditions for which citizens of this state seek treatment.

(b) Analyze and disseminate available price information and analyses so as to foster the development of price competition among hospitals, outpatient surgical centers, *providers of home care services*, and health professionals.

Sec. 9. Minnesota Statutes 1984, section 144A.51, subdivision 6, is amended to read:

Subd. 6. "Resident" means any resident or patient of a health facility or a consumer of services provided by a home health agency, or personal care attendant, or the guardian or conservator of (A) the resident (OR), patient (OF A HEALTH FACILITY), or consumer, if one has been appointed.

Sec. 10. Minnesota Statutes 1984, section 144A.51, is amended by adding subdivisions to read:

Subd. 7. "Home health agency" means a provider defined in section 2.

Sec. 11. Minnesota Statutes 1984, section 144A.51, is amended to read by adding a subdivision to read:

Subd. 8. "*Personal care attendant*" means a provider defined in section 2.

Sec. 12. Minnesota Statutes 1984, section 144A.52, subdivision 3, is amended to read:

Subd. 3. The director may delegate to members of his staff any of his authority or duties except the duty of formally making recommendations to the legislature, administrative agencies, health facilities, health care providers, *home health agencies*, *personal care attendants*, and the state commissioner of health.

Sec. 13. Minnesota Statutes 1984, section 144A.53, subdivision 1, is amended to read:

Subdivision 1. [POWERS.] The director may:

(a) Promulgate by rule, pursuant to chapter 14, and within the limits set forth in subdivision 2, the methods by which complaints against health facilities, health care providers, *home health agencies*, *personal care attendants*, or administrative agencies are to be made, reviewed, investigated, and acted upon; provided, however, that he may not charge a fee for filing a complaint;

(b) Recommend legislation and changes in rules to the state commissioner of health, legislature, governor, administrative agencies or the federal government;

(c) Investigate, upon a complaint or upon his own initiative, any action or failure to act by a health care provider, *home health agency*, *personal care attendant*, or a health facility;

(d) Request and receive access to relevant information, records, or documents in the possession of an administrative agency, a health care provider, a *home health agency*, *personal care attendant*, or a health facility which he deems necessary for the discharge of his responsibilities;

(e) Enter and inspect, at any time, a health facility; provided that the director shall not unduly interfere with or disturb the activities of a resident unless the resident consents;

(f) Issue a correction order pursuant to section 144.653 or any other law which provides for the issuance of correction orders to health care facilities or *home health agencies*;

(g) Recommend the certification or decertification of health facilities pursuant to Title XVIII or Title XIX of the United States Social Security Act;

(h) Assist residents of health facilities in the enforcement of their rights under Minnesota law; and

(i) Work with administrative agencies, health facilities, *home health agencies*, and health care providers and organizations representing consumers on programs designed to provide information about health facilities to the public and to health facility residents.

Sec. 14. Minnesota Statutes 1984, section 144A.53, subdivision 2, is amended to read:

Subd. 2. [COMPLAINTS.] The director may receive a complaint from any source concerning an action of an administrative agency, a health care provider, a *home health agency*, *personal care attendant*, or a health facility. He may require a complainant to pursue other remedies or channels of complaint open to the complainant before accepting or investigating the complaint.

The director shall keep written records of all complaints and his action upon them. After completing his investigation of a complaint, he shall inform the complainant, *the appropriate county board designee*, the administrative agency having jurisdiction over the subject matter, the health care provider, *the home health agency*, *the personal care attendant*, and the health facility of the action taken.

Sec. 15. Minnesota Statutes 1984, section 144A.53, subdivision 3, is amended to read:

Subd. 3. [RECOMMENDATIONS.] If, after duly considering a complaint and whatever material he deems pertinent, the director determines that the complaint is valid, he may recommend that an administrative agency, a health care provider, a *home health agency*, *personal care attendant*, or a health facility should:

(a) Modify or cancel the actions which gave rise to the complaint;

(b) Alter the practice, rule or decision which gave rise to the complaint;

(c) Provide more information about the action under investigation; or

(d) Take any other step which the director considers appropriate.

If the director requests, the administrative agency, a health care provider, a *home health agency*, *personal care attendant*, or health facility shall, within the time specified, inform the director about the action taken on his recommendation.

Sec. 16. Minnesota Statutes 1984, section 144A.53, subdivision 4, is amended to read:

Subd. 4. [REFERRAL OF COMPLAINTS.] If a complaint received by the director relates to a matter more properly within the jurisdiction of an occupational licensing board or other governmental agency, the director shall forward the complaint to that agency and shall inform the complaining party of the forwarding. The agency shall promptly act in respect to the complaint, and shall inform the complaining party and the director of its disposition. If a governmental agency receives a complaint which is more properly within the jurisdiction of the director, it shall promptly forward the complaint to the director, and shall inform the complaining party of the forwarding. If the director has reason to believe that an official or employee of an administrative agency, a *home health agency*, *personal care attendant*, or health facility has acted in a manner warranting criminal or disciplinary proceedings, he shall refer the matter to the state commissioner of health, the commissioner of human services, an appropriate prosecuting authority, or other appropriate agency.

Sec. 17. Minnesota Statutes 1984, section 144A.54, subdivision 1, is amended to read:

Subdivision 1. Except as otherwise provided by this section, the director may determine the form, frequency, and distribution of his conclusions and recommendations. The director shall transmit his conclusions and recommendations to the state commissioner of health and the legislature. Before announcing a conclusion or recommendation that expressly or by implication criticizes an administrative agency, a health care provider, a *home health agency*, *personal care attendant*, or a health facility, the director shall consult with that agency, health care provider, *home health agency*, *personal care attendant*, or facility. When publishing an opinion adverse to an administrative agency, a health care provider, a *home health agency*, *personal care attendant*, or a health facility, he shall include in the publication any statement of reasonable length made to him by that agency, health care provider, *home health agency*, *personal care attendant*, or health facility in defense or explanation of the action.

Sec. 18. Minnesota Statutes 1985 Supplement, 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; 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) *defined under section 2.*

(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) *defined under section 2*; 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, 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;

(2) nontherapeutic conduct which produces or could reasonably be expected to produce pain or injury and is not accidental, or any repeated 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 a vulnerable adult with necessary food, clothing, shelter, health care or supervision;

(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 in this section shall be construed to require a health care facility to provide financial management or supervise financial management for a vulnerable adult except as otherwise required by law.

(f) "Report" means any report received by 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. 19. Minnesota Statutes 1985 Supplement, section 626.-557, subdivision 5, is amended to read:

Subd. 5. [IMMUNITY FROM LIABILITY.] (a) A person making a voluntary or mandated report under subdivision 3 or participating in an investigation under this section is immune from any civil or criminal liability that otherwise might result from the person's actions, if the person is acting in good faith.

(b) A person employed by a local welfare agency, *public health agency, the governing body of those agencies, or a state*

licensing agency who is conducting or supervising an investigation or enforcing the law in compliance with subdivision 10, 11, or 12 or any related rule or provision of law is immune from any civil or criminal liability that might otherwise result from the person's actions, if the person is acting in good faith and exercising due care.

Sec. 20. Minnesota Statutes 1985 Supplement, 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) *The county board's designee* 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 each appropriate licensing agency, and provide 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. 21. [REPORT TO THE LEGISLATURE.]

*The commissioner shall prepare and deliver a report to the legislature on January 2, 1987, with information on the implementation of registration activities for home health agencies and personal care attendants and complaints received by the counties and by the commissioner concerning the provision of home care services.*

#### Sec. 22. [EFFECTIVE DATE.]

*Sections 1 to 21 are effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to health; providing for the regulation of home care services; providing for a home care bill of rights; making information and referral services the responsibility of counties; requiring county boards to designate a complaint process; establishing a task force; authorizing proposed rules

for home health agencies and personal care attendants; amending Minnesota Statutes 1984, sections 144.699, subdivision 2; 144A.51, subdivision 6; 144A.52, subdivision 3; 144A.53, subdivisions 1 to 4; and 144A.54, subdivision 1; Minnesota Statutes 1985 Supplement, section 626.557, subdivisions 2, 5, and 10; proposing coding for new law as Minnesota Statutes, chapter 143.”

With the recommendation that when so amended the bill pass.

The report was adopted.

Forsythe from the Committee on Appropriations to which was referred:

S. F. No. 1641, A bill for an act relating to motor vehicles; establishing a system of registration of fleet vehicles; amending Minnesota Statutes 1984, section 168.011, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 168.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1984, section 168.011, is amended by adding a subdivision to read:

*Subd. 30. [FLEET.] “Fleet” means a combination of 1,000 or more vehicles and trailers owned by a person solely for the use of that person or employees of the person and registered in this state under section 2. It does not include vehicles licensed under section 168.187.*

Sec. 2. [168.127] [FLEET VEHICLES; REGISTRATION, FEES.]

*Subdivision 1. [REGISTRATION CATEGORY.] A unique registration category is established for vehicles and trailers of a fleet. Vehicles registered in the fleet must be issued a distinctive license plate. The design and size of the fleet license plate must be determined by the commissioner.*

*Subd. 2. [ANNUAL REGISTRATION PERIOD.] Instead of the registration period assigned for vehicles registered under sections 168.014, 168.017, and 168.12, subdivisions 1 and 2a, a person may register a fleet on an annual basis. The annual registration period for vehicles in the fleet will be determined by the commissioner. By January 1, the applicant must provide all information necessary to qualify as a fleet registrant including a list of all vehicles in the fleet. On initial registration, all taxes*

*and fees for vehicles in the fleet must be reassessed based on the expiration date. Gross weights for fleet vehicles may not be changed during the registration period.*

*Subd. 3. [REGISTRATION CARDS ISSUED.] On approval of the application for fleet registration the commissioner must issue a registration card for each qualified vehicle in the fleet. The registration card must be carried in the vehicle at all times and be made available to a peace officer on demand. Validation stickers must be issued to vehicles registered by gross weight.*

*Subd. 4. [FILING REGISTRATION APPLICATIONS.] Initial fleet applications for registration and renewals must be filed with the registrar or authorized representative at the main headquarters offices of the department of public safety in St. Paul.*

*Subd. 5. [RENEWAL OF FLEET REGISTRATION.] On the renewal of a fleet registration the registrant shall pay full licensing fees for every vehicle registered in the preceding year unless the vehicle has been properly deleted from the fleet. In order to delete a vehicle from a fleet, the fleet registrant must surrender to the commissioner the registration card, validation stickers, and license plates. If the card, stickers, or license plates are lost or stolen, the fleet registrant shall submit a sworn statement stating the circumstances for the inability to surrender the card, stickers, and license plates. The commissioner shall assess a penalty of 20 percent of the total tax due on the fleet against the fleet registrant who fails to renew the licenses issued under this section or fails to report the removal of vehicles from the fleet within 30 days. The penalty must be paid within 30 days after it is assessed.*

*Subd. 6. [FEES.] Instead of the \$3.25 filing fee for each vehicle, the applicant shall pay a \$3.25 administrative fee for each vehicle in the fleet. The administrative fee must be deposited in the state treasury and credited to the highway user tax distribution fund. A filing fee of \$3.25 must be collected by the processing office for an application regardless of the number of vehicles listed.*

### Sec. 3. [APPROPRIATION.]

*\$10,350 is appropriated from the highway user tax distribution fund to the commissioner of public safety to operate a system for fleet registration of vehicles."*

Delete the title and insert:

*"A bill for an act relating to motor vehicles; establishing a system of registration of fleet vehicles; appropriating money;*

amending Minnesota Statutes 1984, section 168.011, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 168.”

With the recommendation that when so amended the bill pass.

The report was adopted.

Forsythe from the Committee on Appropriations to which was referred:

S. F. No. 1850, A bill for an act relating to state government; regulating fees for state agency services; amending Minnesota Statutes 1985 Supplement, sections 16A.128 and 16A.1281.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1985 Supplement, section 3.981, subdivision 2, is amended to read:

Subd. 2. [COSTS MANDATED BY THE STATE.] “Costs mandated by the state” means increased costs that a local agency or a school district is required to incur as a result of:

(a) a law enacted after June 30, 1985, which mandates a new program or an increased level of service of an existing program;

(b) an executive order issued after June 30, 1985, which mandates a new program;

(c) an executive order issued after June 30, 1985, which implements or interprets a state statute and, by this implementation or interpretation, increases program levels above the levels required before July 1, 1985;

(d) a statute enacted after June 30, 1985, or executive order issued after June 30, 1985, which implements or interprets a federal statute or regulation and, by this implementation or interpretation, increases program or service levels above the levels required by this federal statute or regulation;

(e) a statute enacted after June 30, 1985, or executive order issued after June 30, 1985, which implements or interprets a statute or amendment adopted or enacted pursuant to the approval of a statewide ballot measure by the voters and, by this implementation or interpretation, increases program or service levels above the levels required by the ballot measure;

(f) a statute enacted after June 30, 1985, or executive order issued after June 30, 1985, which removes an option previously

available to local agencies and thus increases program or service levels or prohibits a specific activity and so forces local agencies to use a more costly alternative to provide a mandated program or service;

(g) a statute enacted after June 30, 1985, or executive order issued after June 30, 1985, which requires that an existing program or service be provided in a shorter time period and thus increases the cost of the program or service;

(h) a statute enacted after June 30, 1985, or executive order issued after June 30, 1985, which adds new requirements to an existing optional program or service and thus increases the cost of the program or service as the local agencies have no reasonable alternatives other than to continue the optional program;

(i) a statute enacted after June 30, 1985, or executive order issued after June 30, 1985, which creates new revenue losses stemming from new property or sales and use tax exemptions;  
(OR)

(j) a statute enacted after June 30, 1985, or executive order issued after June 30, 1985, which requires costs previously incurred at local option that have subsequently been mandated by the state; or

*(k) a statute enacted or an executive order issued after the effective date of this section which requires payment of a new fee or increases the amount of an existing fee.*

Sec. 2. Minnesota Statutes 1985 Supplement, section 16A.128, is amended to read:

**16A.128 [FEE SETTING.]**

**Subdivision 1. [POLICY.]** *Agency fees and fee adjustments shall not exceed amounts established by statute. Where amounts are not established by statute, fees shall be established or adjusted as provided in this section.*

*The legislature, in setting or adjusting fees, or taking actions affecting the setting or adjusting of fees, should attempt to ensure that (1) agency fees and fee adjustments include only those service-related costs that provide a primary benefit to the individual fee payer and (2) service-related costs that benefit the general community are borne by the agency.*

**Subd. 1a. [APPROVAL.]** Fees for accounts for which appropriations are made may not be established or adjusted without the approval of the commissioner. If the fee or fee adjustment is required by law to be fixed by rule, the commissioner's approval must be in the statement of need and reasonableness.



These fees must be reviewed each fiscal year. Unless the commissioner determines that the fee must be lower, fees must be set or fee adjustments must be made so the total fees nearly equal the sum of the appropriation for the accounts plus the agency's general support costs, statewide indirect costs, and attorney general costs attributable to the fee function.

Subd. 2. [NO RULEMAKING.] The kinds of fees that need not be fixed by rule unless specifically required by law are:

- (1) fees based on actual direct costs of a service;
- (2) one-time fees;
- (3) fees that produce insignificant revenues;
- (4) fees billed within or between state agencies;
- (5) fees exempt from commissioner approval; or
- (6) fees for admissions to or use of facilities operated by the iron range resources and rehabilitation board, if the fees are set according to prevailing market conditions to recover operating costs.

Subd. 2a. [PROCEDURE.] Other fees not fixed by law must be fixed by rule (. THE PROCEDURE FOR NONCONTROVERSIAL RULES IN SECTIONS 14.21 TO 14.28 MAY BE USED EXCEPT THAT NO PUBLIC HEARING NEED BE HELD UNLESS 20 PERCENT OF THE PERSONS WHO WILL BE REQUIRED TO PAY THE FEE SUBMIT TO THE AGENCY DURING THE 30 DAY PERIOD ALLOWED FOR COMMENT A WRITTEN REQUEST FOR A PUBLIC HEARING ON THE PROPOSED RULE. THE NOTICE OF INTENTION TO ADOPT THE RULES MUST STATE WHETHER A HEARING WILL BE HELD IF NOT REQUIRED. THIS PROCEDURE MAY BE USED ONLY WHEN THE TOTAL FEES ESTIMATED FOR THE BIENNIUM DO NOT EXCEED THE SUM OF DIRECT APPROPRIATIONS, INDIRECT COSTS, TRANSFERS IN, AND SALARY SUPPLEMENTS FOR THAT PURPOSE. A PUBLIC HEARING IS REQUIRED TO FIX FEES SPENT UNDER OPEN APPROPRIATIONS OF DEDICATED RECEIPTS) *according to chapter 14. Before an agency submits notice to the state register of intent to adopt rules that establish or adjust fees, the agency must send a copy of the notice and the proposed rules to the chairs of the house appropriations committee and senate finance committee.*

Sec. 3. Minnesota Statutes 1985 Supplement, section 16A.1281, is amended to read:

16A.1281 [REPORT ON LOW OR HIGH FEES.]

Each biennium the commissioner shall review fees collected by agencies. The commissioner shall report on the fees to the *commissioner of revenue and to the* appropriation and finance committees not later than the date the governor submits the biennial budget to the legislature. The report must analyze the fees that the commissioner believes will be too low or too high in the next biennium for the service provided. The analysis must take into account the cost of collecting the fee *and state the revenue generated by the fees of each agency.*

Sec. 4. Minnesota Statutes 1984, section 105.482, subdivision 8, is amended to read:

Subd. 8. [HYDROPOWER GENERATION POLICY; LEASING OF DAMS AND DAM SITES.] Consistent with laws relating to dam construction, reconstruction, repair, and maintenance, the legislature finds that the public health, safety, and welfare of the state is also promoted by the use of state waters to produce hydroelectric or hydromechanical power. Further, the legislature finds that the leasing of existing dams and potential dam sites primarily for such power generation is a valid public purpose. A local governmental unit, or the commissioner of natural resources with the approval of the state executive council, may provide pursuant to a lease or development agreement for the development and operation of dams, dam sites, and hydroelectric or hydromechanical power generation plants owned by the respective government by an individual, a corporation, an organization, or other legal entity upon (SUCH) terms and conditions (AS THE LOCAL GOVERNMENTAL UNIT OR THE COMMISSIONER MAY NEGOTIATE FOR A PERIOD NOT TO EXCEED 99 YEARS) *as contained in subdivision 9.* For installations of 15,000 kilowatts or less at a dam site and reservoir that is not being used on January 1, 1984 in connection with the production of hydroelectric or hydromechanical power, the lease or development agreement negotiated by the local governmental unit and the developer shall constitute full payment by the lessee and may be in lieu of all real or personal property taxes that might otherwise be due to a local governmental unit. If the dam, dam site, or power generation plant is located in or contiguous to a city or town, other than the lessor governmental unit, the lease or agreement shall not be effective unless it is approved by the governing body of the city or town. For purposes of this subdivision, city means a statutory or home rule charter city.

Sec. 5. Minnesota Statutes 1984, section 105.482, subdivision 9, is amended to read:

Subd. 9. [CONTENTS OF DEVELOPMENT AGREEMENT.] An agreement for the development or redevelopment of a hydropower site may contain, but need not be limited to, the following provisions:

(a) Length of the development agreement, subject to negotiations between the parties but not more than 99 years, and conditions for extension, modification, or termination;

(b) Provisions for a performance bond on the developer, or, certification that the equipment and its installation have a design life at least as long as the lease;

(c) Provisions to assure adequate maintenance and safety in the impoundment structures, if any, and to assure access to recreational sites, if any;

*An agreement shall contain provisions to assure the maximum financial return to the local governmental unit or the commissioner of natural resources.*

Sec. 6. [EFFECTIVE DATE.]

*Section 1 is effective the day following final enactment and applies to all fees established or adjusted after that date. Section 2, subdivision 1, and section 3 are effective the day following final enactment. Section 2, subdivisions 1a, 2, and 2a are effective July 1, 1987, and apply to all fees established or adjusted after that date."*

Delete the title and insert:

"A bill for an act relating to state government; expanding when fiscal notes must be prepared; regulating fees for state agency services; providing conditions for certain hydropower developments; amending Minnesota Statutes 1984, section 105.482, subdivisions 8 and 9; and Minnesota Statutes 1985 Supplement, sections 3.981, subdivision 2; 16A.128; and 16A.1281."

With the recommendation that when so amended the bill pass.

The report was adopted.

Levi from the Committee on Rules and Legislative Administration to which was referred:

House Resolution No. 37, A house resolution congratulating the Owatonna Future Farmers of America Dairy Judging Team for being named the 1985 national champion.

Reported the same back with the recommendation that the resolution be adopted.

The report was adopted.

Levi from the Committee on Rules and Legislative Administration to which was referred:

House Resolution No. 44, A house resolution to recognize and celebrate the 25th anniversary of the Richard J. Dorer Memorial Hardwood Forest.

Reported the same back with the recommendation that the resolution be adopted.

The report was adopted.

### SECOND READING OF HOUSE BILLS

H. F. Nos. 1755, 1852, 2046, 2078 and 2358 were read for the second time.

### SECOND READING OF SENATE BILLS

S. F. Nos. 1698, 1774, 1801, 1808, 1839, 1852, 1962, 2161, 2233, 2016, 2111, 2087, 2094, 1939, 1810, 1884, 2082, 1980, 1909, 1940, 2079, 2069, 1704, 1789, 1897, 1730, 2090, 2160, 1707, 1701, 1580, 1963, 1619, 1196, 51, 1641 and 1850 were read for the second time.

### INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House File was introduced:

O'Connor, Ogren, Sarna, Osthoff and Kostohryz introduced:

H. F. No. 2549, A bill for an act relating to taxation; property; providing for delayed assessment of valuation increases due to the rehabilitation of buildings; proposing coding for new law in Minnesota Statutes, chapter 273.

The bill was read for the first time and referred to the Committee on Taxes.

### 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. 1950, A bill for an act relating to civil liability; limiting the liability of practitioners for the violent acts of patients; providing immunity to municipalities for certain claims that occur as a result of the use of parks and recreation areas; providing for the manner of claiming punitive damages in civil actions; amending Minnesota Statutes 1984, sections 466.03, by adding a subdivision; 549.20, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 148.

PATRICK E. FLAHAVEN, Secretary of the Senate

Halberg moved that the House refuse to concur in the Senate amendments to H. F. No. 1950, that the Speaker appoint a Conference Committee of 5 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. 1721.

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. 1879.

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. 2186.

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. 1735.

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. 2057.

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. 871 and 1581.

PATRICK E. FLAHAVEN, Secretary of the Senate

### FIRST READING OF SENATE BILLS

S. F. No. 1721, A bill for an act relating to human services; providing for health and dental coverage as child support; regulating withholding for purposes of child support; amending Minnesota Statutes 1984, sections 518.64, by adding a subdivision; 518C.02, subdivision 3; Minnesota Statutes 1985 Supplement, section 518.611, subdivisions 4 and 6; proposing coding for new law in Minnesota Statutes, chapter 518; repealing Minnesota Statutes 1984, section 518.551, subdivision 8.

The bill was read for the first time.

Clausnitzer moved that S. F. No. 1721 and H. F. No. 2391, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1879, A bill for an act relating to alcoholic beverages; permitting certain transactions by brewers and wholesalers; authorizing cities to issue temporary off-sale licenses for the sale of vintage wine at auctions; amending Minnesota Statutes 1985

Supplement, sections 340A.308; and 340A.405, by adding a subdivision.

The bill was read for the first time.

Frederick moved that S. F. No. 1879 and H. F. No. 2397, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2186, A bill for an act relating to the environment; amending Minnesota Statutes 1985 Supplement, section 116.48, subdivision 4.

The bill was read for the first time.

Rose moved that S. F. No. 2186 and H. F. No. 2337, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1735, A bill for an act relating to probate; providing for an increased sum payable to a surviving spouse by affidavit; allowing nursing home care costs to be a claim of the same class as medical and hospital expenses; increasing the value of a probate estate allowed for purposes of collection by affidavit; amending Minnesota Statutes 1984, sections 181.58; 524.3-805; and 524.3-1201.

The bill was read for the first time.

Bishop moved that S. F. No. 1735 and H. F. No. 2046, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2057, A bill for an act relating to public indebtedness; providing for the power of municipalities to enter into repurchase and reverse repurchase agreements with qualified dealers; providing for the safekeeping of investments by qualified dealers; amending Minnesota Statutes 1984, section 475.66, subdivision 2; and Minnesota Statutes 1985 Supplement, sections 475.66, subdivision 1; and 475.76, subdivision 1.

The bill was read for the first time and referred to the Committee on Taxes.

S. F. No. 871, A bill for an act relating to health; authorizing the commissioner of health to inspect certain business premises; providing for disclosure of hazardous substances information in

certain cases; proposing coding for new law in Minnesota Statutes, chapter 145.

The bill was read for the first time and referred to the Committee on Health and Human Services.

S. F. No. 1581, A bill for an act relating to human services; exempting rural providers from licensure; establishing requirements for the regulation of child day care; prohibiting local governments from establishing special fire code requirements for small family day care homes; limiting the liability of municipalities for licensing activities; providing for indemnification of municipalities by the state; establishing a task force; requiring reports; amending Minnesota Statutes 1984, sections 245.802, subdivision 1; 299F.011, subdivision 4a; and 466.03, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 245 and 466.

The bill was read for the first time.

Ozment moved that S. F. No. 1581 and H. F. No. 1765, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

### CONSENT CALENDAR

S. F. No. 2035 was reported to the House.

Norton and Forsythe moved to amend S. F. No. 2035, as follows:

Page 1, after line 10, insert:

"Section 1. Minnesota Statutes 1985 Supplement, 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, *or vehicles owned and used by honorary consul or consul general of foreign governments* shall be exempt from the provision of this chapter requiring payment of tax or registration fees, except as provided in subdivision 1c.

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 subdivision 1c.

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."

Renumber the remaining sections in sequence

Amend the title as follows:

Page 1, line 7, after "sections" insert "168.012, subdivision 1;"

The motion prevailed and the amendment was adopted.

S. F. No. 2035, A bill for an act relating to motor vehicles; designating category of collector military vehicle for registration purposes; exempting certain collector military vehicles and trailers from requirement to display license plates under certain conditions; amending Minnesota Statutes 1984, sections 168.10, subdivisions 1, 1e, 1f, and by adding a subdivision; and 169.73, 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 114 yeas and 2 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

DenOuden      Skoglund

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

### SPECIAL ORDERS

S. F. No. 1886, A bill for an act relating to the city of Moorhead; authorizing the establishment of a detached banking facility in the city of Moorhead by a state bank located within 30 miles of the city of Moorhead.

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.	Becklin	Blatz	Brown	Carlson, L.
Backlund	Begich	Boerboom	Burger	Clark
Battaglia	Bennett	Boo	Carlson, D.	Clausnitzer
Beard	Bishop	Brandl	Carlson, J.	Cohen

Dempsey	Kahn	Nelson, K.	Rest	Thiede
DenOuden	Kalis	Neuenschwander	Rice	Thorson
Dimler	Kelly	Norton	Richter	Tjornhom
Dyke	Kiffmeyer	O'Connor	Riveness	Tomlinson
Elioff	Knickerbocker	Ogren	Rodosovich	Tompkins
Erickson	Knuth	Olsen, S.	Rose	Tunheim
Fjoslien	Krueger	Olson, E.	Sarna	Uphus
Forsythe	Kvam	Omann	Schafer	Valan
Frederick	Levi	Onnen	Scheid	Valento
Frerichs	Lieder	Osthoff	Schoenfeld	Vanasek
Greenfield	Long	Otis	Schreiber	Vellenga
Gutknecht	Marsh	Ozment	Seaberg	Voss
Halberg	McEachern	Pappas	Segal	Waltman
Hartinger	McKasy	Pauly	Shaver	Welle
Hartle	McLaughlin	Peterson	Sherman	Wenzel
Haukoos	McPherson	Piepho	Simoneau	Wynia
Heap	Metzen	Piper	Skoglund	Zaffke
Himle	Miller	Poppenhagen	Solberg	Spk. Jennings, D.
Jacobs	Minne	Price	Sparby	
Jaros	Munger	Quinn	Stanius	
Jennings, L.	Murphy	Redalen	Staten	
Johnson	Nelson, D.	Rees	Sviggum	

The bill was passed and its title agreed to.

Carlson, D.; Carlson, J.; DenOuden and Olsen, S., were excused while in conference.

The Speaker called Halberg to the Chair.

H. F. No. 1803, A bill for an act relating to traffic regulations; authorizing municipalities to permit handicapped persons to operate four-wheel all-terrain vehicles on city streets and roads under certain conditions; amending Minnesota Statutes 1984, section 169.045.

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 115 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Clausnitzer	Halberg	Lieder	Norton
Backlund	Cohen	Hartinger	Long	O'Connor
Battaglia	Dempsey	Hartle	Marsh	Ogren
Beard	DenOuden	Heap	McEachern	Olsen, S.
Becklin	Dimler	Jacobs	McKasy	Olson, E.
Begich	Dyke	Jaros	McLaughlin	Omann
Bishop	Elioff	Jennings, L.	McPherson	Onnen
Blatz	Erickson	Johnson	Metzen	Osthoff
Boo	Fjoslien	Kahn	Miller	Otis
Brandl	Forsythe	Kalis	Minne	Ozment
Brown	Frederick	Kelly	Munger	Pappas
Burger	Frerichs	Kiffmeyer	Murphy	Pauly
Carlson, D.	Greenfield	Knuth	Nelson, D.	Peterson
Carlson, L.	Gruenes	Krueger	Nelson, K.	Piper
Clark	Gutknecht	Levi	Neuenschwander	Poppenhagen

Price	Rodosovich	Segal	Thiede	Vanasek
Quinn	Rose	Shaver	Thorson	Vellenga
Quist	Sarna	Skoglund	Tjornhom	Voss
Redalen	Schafer	Solberg	Tomlinson	Waltman
Rest	Scheid	Sparby	Tompkins	Wenzel
Rice	Schoenfeld	Stanuis	Tunheim	Wynia
Richter	Schreiber	Staten	Uphus	Zaffke
Riveness	Seaberg	Svigum	Valento	Spk. Jennings, D.

The bill was passed and its title agreed to.

S. F. No. 1950 was reported to the House.

Bishop moved to amend S. F. No. 1950, as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1984, section 273.112, subdivision 3, is amended to read:

Subd. 3. Real estate shall be entitled to valuation and tax deferment under this section only if it is:

(a) actively and exclusively devoted to golf, skiing or archery or firearms range recreational use or uses and other recreational uses carried on at the establishment;

(b) five acres in size or more, except in the case of an archery or firearms range; (AND)

(c) (1) operated by private individuals and open to the public; or

(2) operated by firms or corporations for the benefit of employees or guests; or

(3) operated by private clubs having a membership of 50 or more, *provided that the club does not discriminate in membership requirements or selection on the basis of sex; and*

*(d) made available for use without discrimination on the basis of sex during the time when the facility is open to use by the public or by members, except that use for golf may be restricted on the basis of sex for events that are held no more frequently than one, or part of one, weekend each calendar month for each sex and no more than one, or part of one, weekday each week for each sex. Use may be restricted on the basis of sex for additional events, provided that the hours, days, and conditions are equal for each sex. The restrictions provided in this clause shall not apply to regularly scheduled weekday leagues.*

Sec. 2. Minnesota Statutes 1984, section 273.112, subdivision 4, is amended to read:

Subd. 4. The value of any real estate described in subdivision 3 shall upon timely application by the owner, in the manner provided in subdivision 6, be determined solely with reference to its appropriate private outdoor, recreational, open space and park land classification and value notwithstanding (MINNESOTA STATUTES 1967,) sections 272.03, subdivision 8, and 273.11. In determining such value for ad valorem tax purposes the assessor shall not consider the value such real estate would have if it were converted to commercial, industrial, residential or seasonal residential use.

Sec. 3. Minnesota Statutes 1984, section 273.112, subdivision 6, is amended to read:

Subd. 6. Application for deferment of taxes and assessment under this section shall be made at least 60 days prior to January 2 of each year. Such application shall be filed with the assessor of the taxing district in which the real property is located on such form as may be prescribed by the commissioner of revenue. The assessor may require proof by affidavit or otherwise that the property qualifies under subdivision 3. *In the case of property operated by private clubs pursuant to subdivision 3, clause (c)(3), in order to qualify for valuation and tax deferment under this section, the taxpayer must submit to the assessor proof by affidavit or otherwise that the bylaws or rules and regulations of the club meet the eligibility requirements provided under this section.*

*The county assessor shall refer any question regarding the eligibility for valuation and deferment under this section to the county attorney for advice and opinion under section 388.05, subdivision 1.*

Sec. 4. Minnesota Statutes 1984, section 273.112, is amended by adding a subdivision to read:

*Subd. 7a. Notwithstanding subdivision 7, when real property ceases to qualify under subdivision 3 because of failure to comply with prohibitions against discrimination on the basis of sex, payment of additional taxes imposed under subdivision 7 is not required.*

Sec. 5. [EFFECTIVE DATE.]

*Sections 1, 3, and 4 are effective for taxes levied in 1986, payable in 1987, and thereafter. The assessor of any taxing district that contains property that has been valued under Minnesota Statutes, section 273.112, for taxes levied in 1985, payable in 1986, shall notify the owner of that property by May 1, 1986,*

*regarding the requirements imposed by this act. In order to qualify for the valuation and tax deferral for the 1986 assessment, the taxpayer of the property operated by private clubs pursuant to subdivision 3, clause (c)(3), must submit an affidavit or otherwise to the assessor by September 1, 1986, stipulating that the bylaws or rules and regulations of the private club meet the eligibility provisions of this act."*

Delete the title and insert:

"A bill for an act relating to taxation; limiting application of the open space property tax law to facilities that do not discriminate on the basis of sex; amending Minnesota Statutes 1984, section 273.112, subdivisions 3, 4, 6, and by adding a subdivision."

The motion prevailed and the amendment was adopted.

Bishop moved to amend S. F. No. 1950, as amended, as follows:

Page 1, line 25, after "(d)" insert "*in the case of real estate devoted to golf, be*"

Page 2, line 8, after "*weekday*" insert "*golf*"

The motion prevailed and the amendment was adopted.

Blatz moved to amend S. F. No. 1950, as amended, as follows:

Page 2, line 30, delete "*otherwise*" and insert "*other written verification*"

Page 2, line 34, delete "*otherwise*" and insert "*other written verification*"

Page 3, line 22, delete "*otherwise*" and insert "*other written verification*"

Page 3, line 22, delete "*September 1*" and insert "*October 1*"

Page 3, line 24, after "*club*" insert "*will*"

Page 3, line 24, before the period insert "*by December 31, 1986*"

The motion prevailed and the amendment was adopted.

McKasy moved to amend S. F. No. 1950, as amended, as follows:

Page 2, after line 9, insert:

*"(e) For purposes of this section, discrimination means a pattern or course of conduct and not linked to an isolated incident."*

The motion prevailed and the amendment was adopted.

Vanasek offered an amendment to S. F. No. 1950, as amended.

#### POINT OF ORDER

Quist raised a point of order pursuant to rule 3.9 that the amendment was not in order. The Speaker pro tempore Halberg ruled the point of order well taken and the amendment out of order.

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

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 Speaker pro tempore Halberg 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 59 nays as follows:

Those who voted in the affirmative were:

Backlund	Dyke	Himle	Ozment	Sherman
Becklin	Erickson	Johnson	Pauly	Stanius
Bennett	Fjoslien	Kiffmeyer	Piepho	Sviggum
Bishop	Forsythe	Knickerbocker	Poppenhagen	Thiede
Blatz	Frederick	Kvam	Quist	Thorson
Boo	Frerichs	Levi	Redalen	Tompkins
Burger	Gruenes	Marsh	Rees	Uphus
Carlson, D.	Gutknecht	McKasy	Richter	Valento
Carlson, J.	Halberg	McPherson	Rose	Waltman
Clausnitzer	Hartinger	Miller	Schafer	Zaffke
Dempsey	Hartle	Olsen, S.	Schreiber	Spk. Jennings, D.
DenOuden	Haukoos	Omman	Seaberg	
Dimler	Heap	Onnen	Shaver	

Those who voted in the negative were:

Battaglia	Jennings, L.	Munger	Piper	Skoglund
Beard	Kahn	Murphy	Price	Solberg
Begich	Kalis	Nelson, D.	Quinn	Sparby
Brandl	Kelly	Nelson, K.	Rest	Tomlinson
Carlson, L.	Knuth	Norton	Rice	Tunheim
Clark	Krueger	O'Connor	Riveness	Vanasek
Cohen	Lieder	Ogren	Rodosovich	Vellenga
Elioff	Long	Olson, E.	Sarna	Voss
Ellingson	McEachern	Osthoff	Scheid	Welle
Greenfield	McLaughlin	Otis	Schoenfeld	Wenzel
Jacobs	Metzen	Pappas	Segal	Wynia
Jaros	Minne	Peterson	Simoneau	

So it was the judgment of the House that the decision of Speaker pro tempore Halberg should stand.

#### CALL OF THE HOUSE LIFTED

Levi moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

S. F. No. 1950, A bill for an act relating to taxation; limiting application of the open space property tax law to facilities that do not discriminate on the basis of sex; amending Minnesota Statutes 1984, section 273.112, subdivisions 3 and 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 108 yeas and 3 nays as follows:



Those who voted in the affirmative were:

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

Those who voted in the negative were:

Forsythe            Himle            Knickerbocker

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

H. F. No. 2010 was reported to the House.

McKasy, Gruenes, Valento, Cohen, Bishop, Kostohryz, Dempsey, Sherman and Norton moved to amend H. F. No. 2010, the first engrossment, as follows:

Page 2, line 3, strike "may" and insert "shall"

Page 2, lines 3 and 4, strike "or guidelines" and insert "based on due process of law"

Page 2, line 5, after "alteration" insert "or disbandment"

Page 2, line 6, after the period, insert "A high school must not be expelled from an athletic or extracurricular conference without its consent, except on the affirmative vote of three-fourths of all the other members of the athletic or extracurricular conference."

Amend the title as follows:

Page 1, line 2, after the semi-colon, insert "providing the manner of expelling a school from a conference;"

A roll call was requested and properly seconded.

## POINT OF ORDER

Osthoff raised a point of order pursuant to rule 3.9 that the amendment was not in order. The Speaker pro tempore Halberg ruled the point of order not well taken and the amendment in order.

Wynia moved to amend the McKasy et al., amendment to H. F. No. 2010, the first engrossment, as follows:

In the McKasy et al., amendment line 10, delete "*three-fourths*" and insert "*a majority*"

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 48 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Anderson, C.	Greenfield	Minne	Pauly	Solberg
Battaglia	Jacobs	Munger	Peterson	Sparby
Begich	Jennings, L.	Murphy	Rest	Tomlinson
Brandl	Kahn	Nelson, D.	Rice	Vanasek
Brown	Kelly	Nelson, K.	Rodosovich	Vellenga
Carlson, L.	Knuth	O'Connor	Rose	Voss
Clark	Krueger	Ogren	Scheid	Wenzel
Cohen	Lieder	Osthoff	Schoenfeld	Wynia
Elioff	Long	Otis	Simoneau	
Ellingson	McLaughlin	Pappas	Skoglund	

Those who voted in the negative were:

Anderson, R.	Fjoslien	Kiffmeyer	Piepho	Staten
Backlund	Frederick	Knickerbocker	Poppenhagen	Sviggum
Beard	Frerichs	Levi	Price	Thiede
Becklin	Cruenes	Marsh	Quist	Thorson
Bennett	Gutknecht	McEachern	Redalen	Tjornhom
Bishop	Halberg	McKasy	Rees	Tompkins
Blatz	Hartinger	McPherson	Richter	Tunheim
Boo	Hartle	Metzen	Riveness	Uphus
Burger	Haukoos	Miller	Sarna	Valan
Clausnitzer	Heap	Neuenschwander	Schafer	Valento
Dempsey	Himle	Norton	Seaberg	Waltman
Dimler	Jaros	Olsen, S.	Segal	Welle
Dyke	Johnson	Omann	Shaver	Zaffke
Erickson	Kalis	Onnen	Stianus	

The motion did not prevail and the amendment to the amendment was not adopted.

The question recurred on the McKasy et al., amendment and the roll was called. There were 45 yeas and 64 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dyke	Johnson	Norton	Schafer
Bennett	Frederick	Kiffmeyer	Omann	Seaberg
Bishop	Frerichs	Marsh	Onnen	Sherman
Blatz	Gruenes	McEachern	Piepho	Thiede
Boo	Gutknecht	McKasy	Poppenhagen	Thorson
Burger	Halberg	McPherson	Quist	Tompkins
Clausnitzer	Hartinger	Metzen	Redalen	Valento
Cohen	Haukoos	Miller	Richter	Welle
Dempsey	Heap	Neuenschwander	Sarna	Zaffke

Those who voted in the negative were:

Anderson, G.	Greenfield	McLaughlin	Price	Stanius
Backlund	Hartle	Minne	Rest	Staten
Battaglia	Jacobs	Munger	Rice	Sviggum
Beard	Jaros	Murphy	Riveness	Tjornhom
Begich	Jennings, L.	Nelson, D.	Rodosovich	Tunheim
Brandl	Kahn	Nelson, K.	Rose	Uphus
Brown	Kalis	O'Connor	Scheid	Vanasek
Carlson, L.	Knickerbocker	Ogren	Schoenfeld	Vellenga
Clark	Knuth	Olson, E.	Segal	Voss
Dimler	Krueger	Osthoff	Shaver	Waltman
Elioff	Levi	Otis	Simoneau	Wenzel
Ellingson	Lieder	Pauly	Skoglund	Wynia
Fjoslien	Long	Peterson	Sparby	

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

The Speaker resumed the Chair.

H. F. No. 2010, A bill for an act relating to the state high school league; providing for the appointment of certain board members; providing penalties for recruiting students; providing for student athletics and activity eligibility after certain transfers; providing standards for student participation in nonscholastic activities; providing administrative appeals from various decisions; amending Minnesota Statutes 1984, section 129.121, subdivision 1, and by adding subdivisions.

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 85 yeas and 30 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Burger	Fjoslien	Heap	Knickerbocker
Backlund	Carlson, L.	Forsythe	Himle	Knuth
Beard	Clark	Frerichs	Jacobs	Levi
Begich	Clausnitzer	Gruenes	Jaros	Long
Bennett	Cohen	Gutknecht	Jennings, L.	Marsh
Bishop	Dimler	Hartinger	Johnson	McKasy
Blatz	Ellingson	Hartle	Kelly	McLaughlin
Brandl	Erickson	Haukoos	Kiffmeyer	Metzen

Miller	Onnen	Quinn	Scheid	Tomlinson
Minne	Osthoff	Quist	Seaberg	Tompkins
Murphy	Otis	Redalen	Segal	Tunheim
Nelson, K.	Ozment	Rees	Shaver	Uphus
Neuenschwander	Pappas	Rest	Sherman	Valento
Norton	Pauly	Rice	Simoneau	Vellenga
O'Connor	Piepho	Riveness	Skoglund	Voss
Ogren	Poppenhagen	Rose	Staten	Wynia
Omann	Price	Sarna	Tjornhom	Spk. Jennings, D.

Those who voted in the negative were:

Anderson, R.	Haiberg	Nelson, D.	Solberg	Valan
Battaglia	Kalis	Olson, E.	Sparby	Vanasek
Becklin	Krueger	Peterson	Stanis	Waltman
Brown	Lieder	Rodosovich	Sviggum	Welle
Dyke	McEachern	Schafer	Thiede	Wenzel
Elioff	McPherson	Schoenfeld	Thorson	Zaffke

The bill was passed and its title agreed to.

S. F. No. 1680 was reported to the House.

Backlund moved to amend S. F. No. 1680, as follows:

Page 1, after line 14, insert "*However, section 1 shall not apply to city owned park land.*"

The motion prevailed and the amendment was adopted.

Simoneau moved to amend S. F. No. 1680, as amended, as follows:

Page 1, after line 14, insert:

"Sec. 3. [MISSISSIPPI REGIONAL PARK APPROPRIATION.]

*The county of Anoka is designated as an "operating agency," in addition to the Hennepin county park reserve district and the Minneapolis park and recreation board, in the administration and expenditure of funds appropriated for the Mississippi Regional Park by Laws 1985, First Special Session chapter 15, section 5, subdivision 2(b)."*

Page 1, line 15, delete "LOCAL APPROVAL" and insert "EFFECTIVE DATE"

Page 1, line 16, delete "*This act*" and insert "*Section 1*"

Page 1, line 18, after the period insert "*Section 2 is effective the day following final enactment.*"

Amend the title as follows :

Page 1, line 3, before the period insert “; designating Anoka county as an operating agency in the administration and expenditure of an appropriation for the Mississippi Regional Park”

The motion prevailed and the amendment was adopted.

S. F. No. 1680, A bill for an act relating to Anoka county; providing that Anoka county park ordinances supersede local ordinances.

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 0 nays as follows:

Those who voted in the affirmative were :

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

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

S. F. No. 1319 was reported to the House.

There being no objection S. F. No. 1319 was temporarily laid over on Special Orders.

H. F. No. 2331 was reported to the House.

There being no objection H. F. No. 2331 was temporarily laid over on Special Orders.

H. F. No. 1007 was reported to the House.

Knickerbocker moved that H. F. No. 1007 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 1793, A bill for an act relating to game and fish; authorizing stocking of fish in certain streams where public access is granted; amending Minnesota Statutes 1984, section 97.485.

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 117 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

S. F. No. 363 was reported to the House.

Dyke moved to amend S. F. No. 363, the unofficial engrossment, as follows:

Page 5, after line 18, insert:

"Sec. 9. [APPROPRIATION.]

*\$12,000 is appropriated from the general fund to the secretary of state for purposes of placing the proposed question on the ballot at the 1986 general election."*

Renumber subsequent section

Amend the title as follows :

Page 1, line 7, after the semicolon insert "appropriating money;"

The motion prevailed and the amendment was adopted.

S. F. No. 363, A bill for an act relating to state government; proposing an amendment to the Minnesota Constitution, article IV, section 23; article V, sections 1, 3, and 4; article VII, section 8; article VIII, section 2; article XI, sections 6, 7, 8, and 10; and article XIII, section 11; combining the offices of state treasurer, state auditor, and secretary of state into the office of state comptroller; providing that the first comptroller would be elected in 1990; transferring the powers, responsibilities, and duties of the state auditor, the secretary of state, and the state treasurer to the state comptroller.

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 100 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Anderson, C.	Elioff	Krueger	Peterson	Simoneau
Backlund	Ellingson	Levi	Piepho	Skoglund
Battaglia	Erickson	Lieder	Poppenhagen	Solberg
Beard	Frederick	Long	Quinn	Stanius
Becklin	Frerichs	Marsh	Quist	Sviggum
Begich	Greenfield	McEachern	Redalen	Thiede
Bennett	Gruenes	McKasy	Rees	Thorson
Bishop	Gutknecht	McLaughlin	Rest	Tjornhom
Blatz	Hartinger	McPherson	Rice	Tomlinson
Boo	Hartle	Metzen	Richter	Tompkins
Brandl	Haukoos	Miller	Riveness	Uphus
Brown	Heap	Munger	Rodosovich	Valento
Burger	Jacobs	Nelson, D.	Rose	Vanasek
Carlson, D.	Jaros	Nelson, K.	Sarna	Vellenga
Carlson, L.	Johnson	Olson, E.	Schafer	Waltman
Clark	Kalis	Omann	Schoenfeld	Welle
Clausnitzer	Kelly	Onnen	Scaberg	Wenzel
Cohen	Kiffmeyer	Otis	Segal	Wynia
Dimler	Knickerbocker	Ozment	Shaver	Zaffke
Dyke	Knuth	Pauly	Sherman	Spk. Jennings, D.

Those who voted in the negative were:

Fjoslien	Ogren	Price	Staten	Voss
Murphy				

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

H. F. No. 2331 which was temporarily laid over earlier today was again reported to the House.

Kiffmeyer moved to amend H. F. No. 2331, the first engrossment, as follows:

Page 2, after line 22, insert:

“Sec. 4. Minnesota Statutes 1985 Supplement, section 340A.410, subdivision 5, is amended to read:

Subd. 5. [GAMBLING PROHIBITED.] (a) No retail establishment licensed to sell alcoholic beverages may keep, possess, or operate, or permit the keeping, possession, or operation on the licensed premises of dice or any gambling device as defined in section 349.30, or permit gambling therein except as provided in this subdivision.

(b) Gambling equipment may be kept or operated and raffles conducted on licensed premises and adjoining rooms when the (USE OF THE) licensee is a club and gambling (EQUIPMENT IS) activities are authorized under chapter 349.

(c) *Gambling may be conducted in a licensed on-sale establishment if authorized under chapter 349 when conducted in connection with a banquet or comparable event held in the establishment.*”

Renumber the sections in order

Amend the title as follows:

Page 1, line 20, delete “Section” and insert “sections 340A.410, subdivision 5; and”

A roll call was requested and properly seconded.

The question was taken on the Kiffmeyer amendment and the roll was called. There were 38 yeas and 65 nays as follows:

Those who voted in the affirmative were:

Becklin	Frederick	Marsh	Redalen	Tjornhom
Brandl	Frerichs	McKasy	Rees	Tomlinson
Burger	Cruenes	Miller	Rice	Vellenga
Clark	Gutknecht	Onnen	Richter	Wynia
Dimler	Hartinger	Osthoff	Schafer	Zaifke
Dyke	Heap	Otis	Scheid	Spk. Jennings, D.
Erickson	Kelly	Price	Seaberg	
Fjoslien	Kiffmeyer	Quist	Skoglund	

Those who voted in the negative were:

Anderson, G.	Beard	Bishop	Brown	Clausnitzer
Anderson, R.	Begich	Blatz	Carlson, D.	Cohen
Battaglia	Bennett	Boo	Carlson, L.	Elioff



Ellingson	Krueger	Nelson, K.	Rodosovich	Thorson
Hartle	Lieder	O'Connor	Rose	Tompkins
Himle	Long	Ogren	Sarna	Tunheim
Jacobs	McEachern	Olson, E.	Schoenfeld	Uphus
Jaros	McLaughlin	Omamm	Shaver	Valento
Jennings, L.	McPherson	Pappas	Sherman	Vanasek
Johnson	Metzen	Pauly	Solberg	Voss
Kalis	Minne	Peterson	Sparby	Waltman
Knickerbocker	Munger	Piper	Stanisus	Welle
Knuth	Murphy	Quinn	Sviggum	Wenzel

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

Fjoslien moved to amend H. F. No. 2331, the first engrossment, as follows:

Page 9, line 13, delete "Four" and insert "Five"

The motion prevailed and the amendment was adopted.

Fjoslien, Sparby, Wenzel and Omamm moved to amend H. F. No. 2331, the first engrossment, as amended, as follows:

Page 2, after line 22, insert:

"Sec. 4. Minnesota Statutes 1984, section 349.12, subdivision 12, is amended to read:

Subd. 12. "Organization" means any fraternal, religious, veterans, or other nonprofit organization *that collects more than \$10,000 in gross receipts from lawful gambling or awards more than \$50,000 in prizes for lawful gambling in a calendar year.*"

Page 3, after line 20, insert:

"Sec. 9. [349.171] [POSTED INFORMATION.]

*The board shall require by rule that each organization retaining a share of the proceeds post signs, posters, or other devices announcing that (1) a specified share of the proceeds are to be retained and used by the organization and (2) that the remainder, or net proceeds, are to be used for other specified lawful purposes. The rule must require such other information in each such device which the board determines is necessary adequately to inform the public that only the net proceeds from lawful gambling after permitted deductions are devoted to lawful purposes."*

Page 3, delete section 8

Page 9, delete lines 15 and 16

Renumber the clauses

Renumber the sections in sequence

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Fjoslien et al., amendment and the roll was called. There were 51 yeas and 54 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	McEachern	Redalen	Tjornhom
Anderson, R.	Fjoslien	McKasy	Rees	Tompkins
Backlund	Frederick	McPherson	Richter	Vanasek
Becklin	Gruenes	Miller	Rodosovich	Waltman
Bishop	Gutknecht	Neuenschwander	Sarna	Welle
Blatz	Hartle	O'Connor	Schafer	Wenzel
Brown	Hcap	Omamm	Seaberg	Zaffke
Burger	Jennings, L.	Ozment	Sparby	
Carlson, D.	Johnson	Poppenhagen	Sviggum	
Clausnitzer	Kalis	Quinn	Thiede	
Ellingson	Marsh	Quist	Thorson	

Those who voted in the negative were:

Battaglia	Haukoos	Minne	Piepho	Skoglund
Beard	Jaros	Munger	Piper	Solberg
Begich	Kahn	Murphy	Price	Stanius
Bennett	Kelly	Nelson, K.	Rest	Staten
Boo	Knickerbocker	Norton	Rice	Tomlinson
Brandl	Krueger	Olson, E.	Riverness	Tunheim
Carlson, L.	Levi	Osthoff	Scheid	Valento
Cohen	Lieder	Otis	Segal	Vellenga
Dempsey	Long	Pappas	Shaver	Voss
Dyke	McLaughlin	Pauly	Sherman	Spk. Jennings, D.
Elioff	Metzen	Peterson	Simoneau	

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

Ogren moved to amend H. F. No. 2331, the first engrossment, as amended, as follows:

Pages 8 and 9, after line 30, delete Section 14

Renumber the sections in order

Amend the title as follows:

Page 1, lines 17 and 18, delete “, and by adding a subdivision”

The motion prevailed and the amendment was adopted.

Fjoslien moved to amend H. F. No. 2331, the first engrossment, as amended, as follows:

Page 3, after line 20, insert:

"Sec. 8. [349.171] [POSTED INFORMATION.]

*The board shall require by rule that each organization retaining a share of the proceeds post signs, posters, or other devices announcing that (1) a specified share of the proceeds are to be retained and used by the organization and (2) that the remainder, or net proceeds, are to be used for other specified lawful purposes. The rule must require such other information in each such device which the board determines is necessary adequately to inform the public that only the net proceeds from lawful gambling after permitted deductions are devoted to lawful purposes."*

The motion prevailed and the amendment was adopted.

H. F. No. 2331, A bill for an act relating to taxation; providing for the taxation of lawful gambling; providing for identification cards for employees of distributors of gambling equipment; providing for the registration of manufacturers of gambling equipment; providing for maximum prizes for pull-tabs; allowing local investigation fees; making unlicensed wholesaling of gambling equipment a felony; regulating off-track betting; exempting certain lawful gambling from licensing and taxation; providing for notification to town boards of license applications; providing a penalty; amending Minnesota Statutes 1984, sections 240.25, subdivision 2; 240.26, subdivisions 1 and 2; 349.12, by adding a subdivision; 349.161, by adding subdivisions; 349.19, subdivision 5; 349.211, by adding a subdivision; 349.212, by adding a subdivision; 349.213, subdivision 2; 349.214, subdivision 2, and by adding a subdivision; 349.22; 349.31, subdivision 1; and 609.761; Minnesota Statutes 1985 Supplement, section 349.212, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 349.

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 104 yeas and 7 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Carlson, L.	Heap	Marsh	Ogren
Anderson, R.	Clausnitzer	Jennings, L.	McEachern	Olsen, S.
Battaglia	Cohen	Johnson	McKasy	Olson, E.
Beard	Dempsey	Kahn	McLaughlin	Omann
Becklin	Dyke	Kalis	McPherson	Onnen
Begich	Elioff	Kelly	Metzen	Otis
Bennett	Fjoslien	Kiffmeyer	Miller	Ozment
Bishop	Frederick	Knickerbocker	Minne	Pappas
Blatz	Frerichs	Knuth	Murphy	Pauly
Boo	Gutknecht	Krueger	Nelson, D.	Peterson
Brandl	Hartinger	Levi	Neuenschwander	Piepho
Brown	Hartle	Lieder	Norton	Piper
Burger	Haukoos	Long	O'Connor	Poppenhagen

Price	Rodosovich	Sherman	Thorson	Vellenga
Quinn	Rose	Simoneau	Tjornhom	Waltman
Quist	Sarna	Skoglund	Tomlinson	Welle
Redalen	Schafer	Solberg	Tompkins	Wenzel
Rest	Schoenfeld	Sparby	Tunheim	Wynia
Rice	Seaberg	Stanius	Uphus	Zaffke
Richter	Segal	Staten	Valento	Spk. Jennings, D.
Riveness	Shaver	Sviggum	Vanasek	

Those who voted in the negative were:

Gruenes	Jaros	Osthoff	Scheid	Voss
Jacobs	Munger			

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

S. F. No. 1319 which was temporarily laid over earlier today was again reported to the House.

S. F. No. 1319, A bill for an act relating to motor vehicles; removing liability of motor vehicle lessors for unpaid citations for traffic violations committed by operators of leased or rented motor vehicles; proposing coding for new law in Minnesota Statutes, chapter 168.

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 115 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

H. F. No. 2210 was reported to the House.

There being no objection H. F. No. 2210 was temporarily laid over on Special Orders.

H. F. No. 1953 was reported to the House.

Gruenes moved that H. F. No. 1953 be continued on Special Orders for one day. The motion prevailed.

S. F. No. 31 was reported to the House.

Ogren moved to amend S. F. No. 31, the unofficial engrossment, as follows:

Page 3, line 16, delete the colon and insert a comma

Page 3, line 17, delete "(1)"

Page 3, line 18, delete "0.05 or" and after "less" insert "than 0.10"

Page 3, delete lines 20 to 23

A roll call was requested and properly seconded.

#### CALL OF THE HOUSE

On the motion of Bishop and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Anderson, G.	Ellingson	Lieder	Peterson	Skoglund
Anderson, R.	Erickson	Long	Piepho	Solberg
Backlund	Fjoslien	Marsh	Piper	Sparby
Battaglia	Frederick	McEachern	Poppenhagen	Staten
Beard	Frerichs	McLaughlin	Quinn	Svigum
Becklin	Gutknecht	McPherson	Quist	Thiede
Begich	Halberg	Metzen	Redalen	Thorson
Bennett	Hartinger	Miller	Rees	Tjornhom
Bishop	Hartle	Minne	Rest	Tomlinson
Blatz	Haukoos	Munger	Rice	Tompkins
Boo	Heap	Murphy	Richter	Tunheim
Brandl	Himle	Nelson, K.	Riveness	Uphus
Brown	Jacobs	Neuenschwander	Rodosovich	Valento
Burger	Johnson	Norton	Rose	Vanasek
Carlson, D.	Kahn	O'Connor	Sarna	Vellenga
Carlson, L.	Kalis	Ogren	Schafer	Voss
Clark	Kelly	Olsen, S.	Scheid	Waltman
Clausnitzer	Kiffmeyer	Olson, E.	Schoenfeld	Welle
Cohen	Knickerbocker	Onnen	Seaberg	Wenzel
Dimler	Knuth	Otis	Segal	Wynia
Dyke	Krueger	Pappas	Sherman	Zaffke
Elioff	Levi	Pauly	Simoneau	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 question recurred on the Ogren amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 57 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederickson	O'Connor	Redalen	Sviggun
Anderson, R.	Gruenes	Ogren	Rice	Tjornhom
Battaglia	Jacobs	Olson, E.	Riveness	Tompkins
Beard	Jennings, L.	Omann	Rose	Uphus
Begich	Johnson	Osthoff	Sarna	Valan
Boo	Krueger	Otis	Schafer	Vanasek
Carlson, D.	Long	Ozment	Seaberg	Waltman
Carlson, J.	McEachern	Pauly	Sherman	Welle
Clausnitzer	McPherson	Peterson	Simoneau	Wenzel
Dempsey	Miller	Piepho	Solberg	
Elioff	Minne	Price	Sparby	
Fjoslien	Neuenschwander	Quinn	Stanius	

Those who voted in the negative were:

Becklin	Erickson	Kelly	Norton	Skoglund
Bennett	Forsythe	Kiffmeyer	Onnen	Staten
Bishop	Frederick	Knuth	Pappas	Thiede
Blatz	Frerichs	Kvam	Piper	Thorson
Boerboom	Greenfield	Levi	Poppenhagen	Tomlinson
Brandl	Gutknecht	Lieder	Quist	Tunheim
Brown	Halberg	Marsh	Rees	Valento
Burger	Hartinger	McDonald	Rest	Vellenga
Carlson, L.	Hartle	McKasy	Richter	Voss
Cohen	Haukoos	McLaughlin	Rodosovich	Wynia
DenOuden	Himle	Munger	Scheid	Zaffke
Dimler	Jaros	Murphy	Schreiber	Spk. Jennings, D.
Dyke	Kahn	Nelson, D.	Segal	
Ellingson	Kalis	Nelson, K.	Shaver	

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

O'Connor and McEachern moved to amend S. F. No. 31, the unofficial engrossment, as follows:

Page 1, line 24, delete *"this state"* and insert *"Lake Minnetonka"*

Page 2, line 10, delete *"this state"* and insert *"Lake Minnetonka"*

Page 2, lines 15 and 16, delete "this state" and insert "Lake Minnetonka"

Page 4, line 17, delete "this state" and insert "Lake Minnetonka"

Page 5, line 12, delete "this state" and insert "Lake Minnetonka"

Page 5, line 34, delete "this state" and insert "Lake Minnetonka"

Page 6, line 1, delete "this state" and insert "Lake Minnetonka"

Amend the title as follows :

Page 1, line 4, after "watercraft" insert "on Lake Minnetonka"

A roll call was requested and properly seconded.

Neuenschwander moved that S. F. No. 31, the unofficial engrossment, be re-referred to the Committee on Commerce and Economic Development.

A roll call was requested and properly seconded.

The question was taken on the Neuenschwander motion and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 31 yeas and 80 nays as follows :

Those who voted in the affirmative were:

Anderson, R.	Fjoslien	Neuenschwander	Quinn	Seaberg
Battaglia	Jennings, L.	O'Connor	Redalen	Sherman
Beard	Johnson	Ogren	Rose	Solberg
Becklin	McEachern	Osthoff	Sarna	Sparby
Begich	Miller	Pauly	Scheid	Thiede
Bishop	Minne	Piepho	Schoenfeld	Wenzel
Carlson, D.				

Those who voted in the negative were:

Bennett	Clark	Elioff	Halberg	Kahn
Blatz	Clausnitzer	Forsythe	Hartinger	Kalis
Boo	Cohen	Frederick	Hartle	Kelly
Brandl	Dempsey	Frerichs	Heap	Kiffmeyer
Brown	DenOuden	Greenfield	Himle	Knickerbocker
Burger	Dimler	Gruenes	Jacobs	Knuth
Carlson, L.	Dyke	Gutknecht	Jaros	Krueger

Levi	Nelson, D.	Quist	Simoneau	Tunheim
Lieder	Nelson, K.	Rees	Skoglund	Uphus
Long	Norton	Rest	Stanius	Valento
Marsh	Omann	Rice	Staten	Vellenga
McLaughlin	Onnen	Richter	Sviggum	Voss
McPherson	Pappas	Riveness	Thorson	Waltman
Metzen	Peterson	Rodosovich	Tjornhom	Welle
Munger	Poppenhagen	Schafer	Tomlinson	Wynia
Murphy	Price	Segal	Tompkins	Spk. Jennings, D.

The motion did not prevail.

The question recurred on the O'Connor and McEachern amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 30 yeas and 82 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Carlson, D.	Miller	Rice	Seaberg
Battaglia	Carlson, J.	Minne	Riveness	Sherman
Beard	Fjoslien	Neuenschwander	Rose	Solberg
Becklin	Jennings, L.	O'Connor	Sarna	Sparby
Begich	Johnson	Ogren	Schafer	Uphus
Bishop	McEachern	Redalen	Schoenfeld	Wenzel

Those who voted in the negative were:

Anderson, G.	Frerichs	Krueger	Pappas	Thiede
Bennett	Greenfield	Levi	Pauly	Thorson
Blatz	Gruenes	Lieder	Poppenhagen	Tjornhom
Boo	Gutknecht	Long	Price	Tomlinson
Brandl	Halberg	Marsh	Quist	Tompkins
Brown	Hartle	McLaughlin	Rees	Tunheim
Burger	Haukoos	McPherson	Rest	Valento
Carlson, L.	Heap	Metzen	Richter	Vanasek
Clark	Himle	Munger	Rodosovich	Vellenga
Cohen	Jacobs	Murphy	Scheid	Voss
Dempsey	Jaros	Nelson, D.	Schreiber	Waltman
DenOuden	Kahn	Nelson, K.	Segal	Welle
Dimler	Kalis	Norton	Simoneau	Wynia
Dyke	Kelly	Omann	Skoglund	Spk. Jennings, D.
Elioff	Kiffmeyer	Onnen	Stanius	
Forsythe	Knickerbocker	Osthoff	Staten	
Frederick	Knuth	Ozment	Sviggum	

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

Neuenschwander moved to amend S. F. No. 31, the unofficial engrossment, as follows:

Page 8, after line 4, insert:

“Sec. 4. [361.122] [APPLICABILITY OF PROHIBITIONS.]



*Sections 2 and 3 apply only to operation or physical control of a watercraft powered by a motor with 41 or more horsepower."*

Page 8, line 6, delete "3" and insert "4"

Renumber the remaining section

Amend the title as follows:

Page 4, line 4, after "watercraft" insert "powered by motors with 41 or more horsepower"

Knuth moved to lay the Neuenschwander amendment to S. F. No. 31, the unofficial engrossment, on the table.

A roll call was requested and properly seconded.

The question was taken on the Knuth motion and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 60 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Bennett	Forsythe	Kalis	Olsen, S.	Shaver
Blatz	Frederick	Kiffmeyer	Ozment	Staten
Boerboom	Frderickson	Knickerbocker	Pauly	Thorson
Brown	Frerichs	Knuth	Peterson	Tjornhom
Burger	Gruenes	Levi	Poppenhagen	Tunheim
Carlson, J.	Gutknecht	Lieder	Price	Uphus
Carlson, L.	Hartinger	Long	Quist	Valento
Clark	Hartle	Marsh	Rees	Vellenga
Cohen	Heap	McDonald	Rest	Voss
Dimler	Himle	Munger	Richter	Waltman
Erickson	Jacobs	Murphy	Schafer	Zaffke
	Kahn	Nelson, K.	Segal	Spk. Jennings, D.

Those who voted in the negative were:

Anderson, G.	Ellingson	Miller	Quinn	Sparby
Anderson, R.	Fjoslien	Minne	Redalen	Stanius
Backlund	Greenfield	Nelson, D.	Rice	Sviggum
Battaglia	Halberg	Neuenschwander	Riveness	Thiede
Beard	Haukoos	Norton	Rodosovich	Tomlinson
Becklin	Jennings, L.	O'Connor	Rose	Tompkins
Begich	Johnson	Ogren	Sarna	Valan
Bishop	Kelly	Olson, E.	Scheid	Vanasek
Boo	Krueger	Omann	Schoenfeld	Welle
Brandl	McEachern	Onnen	Seaberg	Wenzel
Carlson, D.	McKasy	Osthoff	Sherman	Wynia
Clausnitzer	McLaughlin	Otis	Simoneau	
DenOuden	McPherson	Pappas	Skoglund	
Elioff	Metzen	Piepho	Solberg	

The motion did not prevail.

The question recurred on the Neuenschwander amendment to S. F. No. 31, the unofficial engrossment. The motion did not prevail and the amendment was not adopted.

S. F. No. 31, A bill for an act relating to watercraft safety; strengthening prohibitions and penalties regarding operation of watercraft 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.

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 83 yeas and 43 nays as follows:

Those who voted in the affirmative were:

Bennett	Frederick	Knuth	Ozment	Sviggum
Blatz	Frederickson	Krueger	Pappas	Thorson
Boo	Frerichs	Levi	Pauly	Tjornhom
Brandl	Greenfield	Lieder	Poppenhagen	Tomlinson
Brown	Gruenes	Long	Price	Tompkins
Burger	Gutknecht	Marsh	Quist	Tunheim
Carlson, J.	Hartinger	McDonald	Rees	Valan
Carlson, L.	Hartle	McLaughlin	Rest	Valento
Clark	Haukoos	Metzen	Rice	Vellenga
Clausnitzer	Heap	Munger	Richter	Voss
Cohen	Himle	Murphy	Rose	Waltman
DenOuden	Jaros	Nelson, D.	Schafer	Welle
Dimler	Kahn	Nelson, K.	Segal	Wynia
Dyke	Kalis	Norton	Simoneau	Zaffke
Ellingson	Kelly	Olsen, S.	Skoglund	Spk. Jennings, D.
Erickson	Kiffmeyer	Onnen	Stanius	
Forsythe	Knickerbocker	Otis	Staten	

Those who voted in the negative were:

Anderson, G.	Carlson, D.	Miller	Piepho	Sherman
Anderson, R.	Elioff	Minne	Quinn	Solberg
Backlund	Fjoslien	Neuenschwander	Redalen	Sparby
Battaglia	Halberg	O'Connor	Riveness	Thiede
Beard	Jacobs	Ogren	Rodosovich	Uphus
Becklin	Jennings, L.	Olson, E.	Sarna	Vanasek
Begich	Johnson	Omann	Scheid	Wenzel
Bishop	McEachern	Osthoff	Schoenfeld	
Boerboom	McPherson	Peterson	Seaberg	

The bill was passed and its title agreed to.

#### ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 418:

Dempsey, Ozment and Jennings, L.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1950:

Halberg; Blatz; Poppenhagen; Olsen, S., and Kalis.

Pappas was excused for the remainder of today's session.

Levi moved that the House recess subject to the call of the Chair. The motion prevailed.

#### RECESS

#### RECONVENED

The House reconvened and was called to order by the Speaker.

There being no objection the order of business reverted to Reports of Standing Committees.

#### REPORTS OF STANDING COMMITTEES

Forsythe from the Committee on Appropriations to which was referred:

H. F. No. 1946, A bill for an act relating to veterans affairs; providing for use of departmental resources by certain organizations; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 196.

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. 1996, A bill for an act relating to the collection and dissemination of data; classifying data; proposing classifications of data as private, nonpublic, and protected nonpublic; clarifying issues relating to the administration of data; amending Minnesota Statutes 1984, sections 13.38, by adding a subdivision; 13.46, by adding a subdivision; 13.84, by adding subdivisions; and 13.85, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 13.03, subdivision 3; 13.04, subdivision 2; 13.39, subdivision 3; 13.46, subdivisions 1, 2, and 7; 13.76; and 13.82, subdivision 5; repealing Minnesota Statutes 1985 Supplement, section 13.89.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1985 Supplement, 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, upon request, shall be informed of the data's meaning. *If a person requests access for the purpose of inspection, the responsible authority may not assess a charge or 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. *If a person requests copies, 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, copies shall 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 1985 Supplement, section 13.04, subdivision 2, is amended to read:

Subd. 2. [INFORMATION REQUIRED TO BE GIVEN INDIVIDUAL.] An individual asked to supply private or confi-

dential 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. 3. Minnesota Statutes 1984, section 13.38, is amended by adding a subdivision to read:

*Subd. 3. [HEALTH SUMMARY DATA.] Data collected on individuals pursuant to section 145.413 are confidential data on individuals, except that summary data may be provided pursuant to section 13.05, subdivision 7.*

Sec. 4. Minnesota Statutes 1985 Supplement, section 13.39, subdivision 3, is amended 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. 5. Minnesota Statutes 1984, section 13.41, subdivision 4, is amended to read:

Subd. 4. [PUBLIC DATA.] Licensing agency minutes, application data on licensees, orders for hearing, findings of fact, conclusions of law and specification of the final disciplinary action contained in the record of the disciplinary action are classified as public, pursuant to section 13.02, subdivision 15. The entire record concerning the disciplinary proceeding is public data pursuant to section 13.02, subdivision 15, in those instances where there is a public hearing concerning the disciplinary action. *The license numbers, the license status, and continuing education records issued or maintained by the board of peace officer standards and training are classified as public data, pursuant to section 13.02, subdivision 15.*

Sec. 6. Minnesota Statutes 1985 Supplement, 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:

- (1) pursuant to section 13.05;
- (2) pursuant to court order;
- (3) pursuant to a statute specifically authorizing access to the private data;
- (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;
- (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;
- (6) to administer federal funds or programs;
- (7) between personnel of the welfare system working in the same program;
- (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) *may be released to the department of revenue to administer the property tax refund law, supplemental housing allowance, and the income tax unless federal law prohibits the release;*

(9) to the Minnesota department of (ECONOMIC SECURITY) *jobs and training* 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;

(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 Number 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) 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. 7. Minnesota Statutes 1985 Supplement, section 13.46, subdivision 7, is amended to read:

Subd. 7. [MENTAL HEALTH CENTER DATA.] (a) Mental health data *are private data on individuals and shall not be disclosed, except:*

(1) pursuant to section 13.05, as determined by the responsible authority for the community mental health center, mental health division, or provider;

(2) pursuant to court order;

(3) pursuant to a statute specifically authorizing access to or disclosure of 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. 8. Minnesota Statutes 1984, section 13.46, is amended by adding a subdivision to read:

*Subd. 11. [NURSING HOME APPRAISALS.] Names, addresses, and other data that could identify nursing homes selected, as part of a random sample, to be appraised by the department of human services in its rate setting process are classified as protected nonpublic data until the sample has been completed.*

**Sec. 9. [13.63] [MUNICIPAL UTILITY DATA.]**

*Subdivision 1. [DEFINITION.] As used in this section, "municipal utility" means a political subdivision of the state that provides any of the following utility services to the public: electricity, natural gas, sewer, water, or heating services.*

*Subd. 2. [GENERALLY.] The following data collected, created, or maintained by a municipal utility are private or nonpublic data, depending on the content of the data:*

- (1) data about the type or quantity of service or goods purchased by a customer of a municipal utility; and*
- (2) data about the financial, payment, credit, or collections history of a customer of a municipal utility or a person who makes payment for or guarantees the payments of a customer of a municipal utility.*

*Subd. 3. [EXCEPTION.] Notwithstanding the provisions of subdivision 2, data collected, created, or maintained by a municipal utility may be released to any law enforcement agency, including a municipal police department, a county sheriff's department, a fire department, the bureau of criminal apprehension, or the Minnesota state patrol.*

*Subd. 4. [PUBLIC DATA.] Data made private or nonpublic by subdivision 2 become public data upon the occurrence of any of the following:*

- (1) the municipal utility determines to terminate utility service to the customer and the data are submitted by the municipal utility for a hearing on the termination to any hearing officer, administrative law judge, or court;*
- (2) the municipal utility commences a civil legal action to collect any amount due from the customer; or*
- (3) criminal charges involving the acquisition of municipal utility service by the customer are filed.*

**Sec. 10. Minnesota Statutes 1985 Supplement, 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. Inactive 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. *For a case arising as a result of a report under section 626.556, inactive investigative data that would reveal the name of the victim or reporter must be treated in accordance with section 626.556.* 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 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. 11. Minnesota Statutes 1984, section 169.09, subdivision 13, is amended to read:

Subd. 13. [ACCIDENT REPORTS CONFIDENTIAL.] All written reports and supplemental reports required under this section to be provided to the department of public safety shall be without prejudice to the individual so reporting and shall be

for the confidential use of the department of public safety and other appropriate state, federal, county and municipal governmental agencies for accident analysis purposes, except that the department of public safety or any law enforcement department of any municipality or county in this state shall, upon written request of any person involved in an accident or upon written request of the representative of his or her estate, surviving spouse, or one or more surviving next of kin, or a trustee appointed pursuant to section 573.02, disclose to the requester, his or her legal counsel or a representative of his or her insurer any information contained therein except the parties' version of the accident as set out in the written report filed by the parties or may disclose identity of a person involved in an accident when the identity is not otherwise known or when the person denies presence at the accident. No report shall be used as evidence in any trial, civil or criminal, arising out of an accident, except that the department of public safety shall furnish upon the demand of any person who has, or claims to have, made a report, or, upon demand of any court, a certificate showing that a specified accident report has or has not been made to the department of public safety solely to prove a compliance or a failure to comply with the requirements that the report be made to the department of public safety. Disclosing any information contained in any accident report, except as provided herein, is unlawful and a misdemeanor.

Nothing herein shall be construed to prevent any person who has made a report pursuant to this chapter from providing information to any persons involved in an accident or their representatives or from testifying in any trial, civil or criminal, arising out of an accident, as to facts within the person's knowledge. It is intended by this subdivision to render privileged the reports required but it is not intended to prohibit proof of the facts to which the reports relate. Legally qualified newspaper publications and licensed radio and television stations shall upon request to a law enforcement agency be given an oral statement covering only the time and place of the accident, the names (AND), addresses, *and dates of birth* of the parties involved, and a general statement as to how the accident happened without attempting to fix liability upon anyone, but said legally qualified newspaper publications and licensed radio and television stations shall not be given access to the hereinbefore mentioned confidential reports, nor shall any such statements or information so orally given be used as evidence in any court proceeding, but shall merely be used for the purpose of a proper publication or broadcast of the news.

When these reports are released for accident analysis purposes the identity of any involved person shall not be revealed. Data contained in these reports shall only be used for accident analysis purposes, except as otherwise provided by this subdivision. Accident reports and data contained therein which may be in the possession or control of departments or agencies other than the

department of public safety shall not be discoverable under any provision of law or rule of court.

The department may charge authorized persons a \$5 fee for a copy of an accident report.

Sec. 12. Minnesota Statutes 1984, section 241.42, is amended by adding a subdivision to read:

*Subd. 5. "Confidential data on individuals" has the meaning given in section 13.02, subdivision 3.*

Sec. 13. Minnesota Statutes 1984, section 241.42, is amended by adding a subdivision to read:

*Subd. 6. "Corrections and detention data" has the meaning given in section 13.85, subdivision 1.*

Sec. 14. Minnesota Statutes 1984, section 241.42, is amended by adding a subdivision to read:

*Subd. 7. "Personnel data" has the meaning given in section 13.43, subdivision 1.*

Sec. 15. Minnesota Statutes 1984, section 241.42, is amended by adding a subdivision to read:

*Subd. 8. "Private data on individuals" has the meaning given in section 13.02, subdivision 12.*

Sec. 16. [241.441] [ACCESS BY OMBUDSMAN TO PERSONNEL AND CORRECTIONS AND DETENTION DATA.]

*Subdivision 1. [GENERAL PROVISION.] Notwithstanding section 13.43 or 13.85 or any other provision of chapter 13 to the contrary, the availability of personnel data and corrections and detention data to the ombudsman is governed by this section.*

*Subd. 2. [ACCESS BY OMBUDSMAN.] When access to personnel data or corrections and detention data is necessary for the ombudsman to discharge the ombudsman's powers under section 241.44, subdivision 1, the ombudsman has access to personnel data and corrections and detention data classified as private or confidential data on individuals. An administrative agency shall make this data available to the ombudsman.*

Sec. 17. Minnesota Statutes 1984, section 259.27, is amended by adding a subdivision to read:

*Subd. 3a. [DATA ON PROPOSED ADOPTIVE PARENTS.] All data held by the commissioner of human services, county welfare board, or child placing agency that relate only to the suit-*

*ability of the proposed adoptive parents, but do not relate to a child, are private data on individuals as defined in section 13.02, subdivision 12.*

Sec. 18. Minnesota Statutes 1985 Supplement, section 363.01, subdivision 35, is amended to read:

Subd. 35. [HUMAN RIGHTS INVESTIGATIVE DATA.] "Human rights investigative data" means written documents issued or gathered by the department or a local commission for the purpose of investigating and prosecuting alleged or suspected discrimination.

Sec. 19. Minnesota Statutes 1985 Supplement, section 363.01, subdivision 36, is amended to read:

Subd. 36. [CONFIDENTIAL, PRIVATE, AND PUBLIC DATA ON INDIVIDUALS AND PROTECTED NONPUBLIC DATA NOT ON INDIVIDUALS.] "Confidential data on individuals," "private data on individuals," "public data on individuals," "protected nonpublic data (NOT ON INDIVIDUALS)," and any other terms concerning the availability of human rights investigative or mediation data have the meanings given them by section 13.02 (OF THE MINNESOTA GOVERNMENT DATA PRACTICES ACT).

Sec. 20. Minnesota Statutes 1984, section 363.01, is amended by adding a subdivision to read:

Subd. 39. [HUMAN RIGHTS MEDIATION DATA.] "Human rights mediation data" means data created by a local commission for the purpose of mediating alleged or suspected discrimination.

Sec. 21. Minnesota Statutes 1984, section 363.01, is amended by adding a subdivision to read:

Subd. 40. [CLOSED MEDIATION FILE.] "Closed mediation file" means a file containing human rights mediation data in which a report regarding the alleged or suspected discrimination has been made or issued by a local commission.

Sec. 22. Minnesota Statutes 1984, section 363.01, is amended by adding a subdivision to read:

Subd. 41. [OPEN MEDIATION FILE.] "Open mediation file" means a file containing human rights mediation data in which no report regarding the alleged or suspected discrimination has been made or issued by the local commission.

Sec. 23. Minnesota Statutes 1985 Supplement, section 363.061, subdivision 2, is amended to read:

Subd. 2. [ACCESS TO OPEN FILES.] (a) Human rights investigative data on an individual, with the exception of the name and address of the charging party and respondent, factual basis of the allegations, and the statute under which the action is brought, contained in an open case file is classified as confidential. The name and address of the charging party and respondent, factual basis of the allegations, and the statute under which the action is brought are classified as public data unless the commissioner determines that release of the data would be detrimental to the investigative and enforcement process.

(b) Human rights investigative data not on an individual contained in an open case file is classified as protected nonpublic data.

(c) Notwithstanding this subdivision, the commissioner may make human rights investigative data contained in an open case file accessible to a person, government agency, or the public if access will aid the investigative and enforcement process.

*(d) Notwithstanding this subdivision, any materials and data supplied to the department by the charging party or agent or attorney of the charging party are accessible by the charging party or attorney for the charging party.*

Sec. 24. Minnesota Statutes 1985 Supplement, section 363.-061, subdivision 3, is amended to read:

Subd. 3. [ACCESS TO CLOSED FILES.] (a) Human rights investigative data on an individual contained in a closed case file is classified as private, with the exception of the following documents: the name and address of the charging party and respondent, factual basis of the allegations, and the statute under which the action is brought, the part of the summary of the investigation that does not contain identifying data on an individual other than the complainant or respondent, and the commissioner's memorandum determining whether probable cause has been shown.

(b) Human rights investigative data not on an individual contained in a closed case file is classified as nonpublic.

(c) Notwithstanding this subdivision, the commissioner may make human rights investigative data contained in a closed case file inaccessible to the charging party or the respondent in order to protect medical or other security interests of the parties or third persons.

*(d) Notwithstanding this subdivision, the commissioner may make human rights investigative data contained in a closed case file accessible to a party by court order, subpoena, or written agreement of the parties.*

## Sec. 25. [363.062] [ACCESS TO CASE FILES.]

*Subdivision 1. [GENERAL PROVISIONS.] Notwithstanding section 13.39, and except as provided in section 363.06, subdivisions 6 and 8, the availability of human rights mediation data to persons other than department employees is governed by this section.*

*Subd. 2. [ACCESS TO OPEN MEDIATION FILES.] (a) Human rights mediation data on an individual, contained in an open mediation file is classified as confidential, with the exception of the name and address of the charging party and respondent, the factual basis of the allegations, and the statute under which the action is brought. The name and address of the charging party and respondent, factual basis of the allegations, and the statute under which the action is brought are classified as public data unless the local commission or the commissioner determines that release of the data would be detrimental to the investigative and enforcement process.*

*(b) Human rights mediation data not on an individual contained in an open mediation file is classified as protected non-public data.*

*(c) Notwithstanding this subdivision, the local commission or the commissioner may make human rights mediation data contained in an open mediation file accessible to a party by court order, subpoena, or written agreement of the parties.*

*Subd. 3. [ACCESS TO CLOSED MEDIATION FILES.] (a) Human rights mediation data on an individual contained in a closed mediation file is classified as private, with the exception of the following documents: the name and address of the charging party and respondent, the factual basis of the allegations, the statute under which the action is brought, and the part of the report that does not contain identifying data on an individual other than the complainant or respondent.*

*(b) Human rights mediation data not on an individual contained in a closed mediation file is classified as nonpublic.*

*(c) Notwithstanding this subdivision, the local commission or the commissioner may make human rights mediation data contained in a closed mediation file inaccessible to the charging party or the respondent in order to protect medical or other security interests of the parties or third persons.*

*(d) Notwithstanding this subdivision, the local commission or the commissioner may make human rights mediation data contained in a closed mediation file accessible to a party by court order, subpoena, or written agreement of the parties.*

Sec. 26. Minnesota Statutes 1984, section 363.091, is amended to read:

**363.091 [ENFORCEMENT.]**

When a respondent fails or refuses to comply with a final decision of the department, the commissioner may file with the clerk of district court in the judicial district in which the hearing was held a petition requesting the court to order the respondent to comply with the order of the department. Thereupon the court shall issue an order to show cause directed to the respondent why an order directing compliance should not be issued. Notwithstanding the provisions of any law or rule of civil procedure to the contrary, the court (SHALL EXAMINE AT THE HEARING ON THE ORDER TO SHOW CAUSE ALL THE EVIDENCE IN THE RECORD AND) may amend the order of the department in any way the court deems just and equitable. If the (PANEL OR EXAMINER) *administrative law judge* has ordered an award of damages pursuant to section 363.071 and if the court (SUSTAINS OR MODIFIES THE AWARD) *deems that an order directing compliance should be issued*, it shall enter judgment on the order (OR MODIFIED ORDER) in the same manner as in the case of an order of the district court, as provided in section 546.27.

*The jurisdiction conferred upon courts in sections 14.63 to 14.69 and 363.072 to review the validity of a final decision of the department in a contested case is exclusive.*

Sec. 27. Minnesota Statutes 1984, section 363.14, subdivision 1, is amended to read:

Subdivision 1. [COURT ACTIONS, SUITS BY PRIVATE PARTIES, INTERVENTION.] A person may bring a civil action seeking redress for an unfair discriminatory practice:

- (a) Directly to district court; or
- (b) Notwithstanding the provisions of any law to the contrary, (1) within 45 days after the commissioner has dismissed a charge because it is frivolous or without merit, because the charging party has failed to provide required information, because the commissioner has determined that further use of department resources is not warranted, or because the commissioner has determined that there is no probable cause to credit the allegations contained in a charge filed with the commissioner; (2) within 45 days after the commissioner has reaffirmed his determination of no probable cause if the charging party requested a reconsideration of the probable cause determination; or (3) after 45 days from the filing of a charge pursuant to section 363.06, subdivision 1 if a hearing has not been held pursuant to section 363.071 or if the commissioner has not entered into a conciliation agreement

to which the charging party is a signator. The charging party shall notify the commissioner of his intention to bring a civil action, which shall be commenced within 90 days of giving the notice ( ; )

((C) THE COMMISSIONER MAY DISMISS, WITHOUT PREJUDICE TO THE CHARGING PARTY, ANY CASE FILED WITH THE DEPARTMENT ON OR BEFORE JUNE 30, 1978. THE COMMISSIONER SHALL NOTIFY A CHARGING PARTY BY REGULAR MAIL SENT BEFORE AUGUST 1, 1981, THAT HE HAS A RIGHT TO BRING A CIVIL ACTION PURSUANT TO THIS SECTION. UPON GIVING THIS NOTICE THE COMMISSIONER SHALL END ALL PROCEEDINGS IN THE DEPARTMENT RELATING TO THE CHARGE. NOTWITHSTANDING ANY STATUTORY PERIOD OF LIMITATION TO THE CONTRARY, AN INDIVIDUAL NOTIFIED PURSUANT TO THIS CLAUSE MAY BRING A CIVIL ACTION RELATING TO HIS CHARGE; PROVIDED THAT THE ACTION IS FILED ON OR BEFORE FEBRUARY 1, 1982).

*Any person including a charging party bringing a civil action pursuant to this section shall mail by registered or certified mail a copy of the summons and complaint to the commissioner (, AND UPON THEIR RECEIPT) immediately upon commencement of the action. In cases in which a charge has been filed, the commissioner upon receiving the summons and complaint shall terminate all proceedings in the department relating to the charge. No charge shall be filed or reinstated with the commissioner after a civil action relating to the same unfair discriminatory practice has been brought unless the civil action has been dismissed without prejudice.*

Upon application by the complaining party to the district court at a special term and under circumstances the court deems just, the court may appoint an attorney for the person and may authorize the commencement of the action without payment of fees, costs, or security.

Upon timely application, the court may permit the department to intervene in a civil action brought pursuant to this section upon certification that the case is of general public importance.

**Sec. 28. [363.15] [LIABILITY INSURANCE; INDEMNIFICATION.]**

*The governing body of any municipality or any local commission may purchase liability insurance for or indemnify the local commission, its members, agents, and employees against tort liability to the same extent and subject to the conditions and limitations under sections 466.06 and 466.07. A municipality shall indemnify and provide defense for members, agents, and em-*



*ployees of a local commission as provided in section 466.07, subdivision 1a.*

Sec. 29. Minnesota Statutes 1985 Supplement, section 626.556, subdivision 11, is amended to read :

Subd. 11. [RECORDS.] *During the time a report is under investigation or assessment, all records concerning individuals maintained by a local welfare agency under this section, including any written reports filed under subdivision 7, shall be (PRIVATE) confidential data on individuals, except insofar as copies of reports are required by subdivision 7 to be sent to the local police department or the county sheriff, and except as otherwise provided in subdivisions 10b and 10d. Report records maintained by any police department or the county sheriff shall be (PRIVATE) confidential data on individuals except the reports shall be made available to the investigating, petitioning, or prosecuting authority. The welfare board shall make available to the investigating, petitioning, or prosecuting authority any records which contain information relating to a specific incident of neglect or abuse which is under investigation, petition, or prosecution and information relating to any prior incidents of neglect or abuse involving any of the same persons. The records shall be collected and maintained in accordance with the provisions of chapter 13. In conducting investigations and assessments pursuant to this section, the notice required by section 13.04, subdivision 2, need not be provided to a minor under the age of ten who is the alleged victim of abuse or neglect. (AN INDIVIDUAL SUBJECT OF A RECORD SHALL HAVE ACCESS TO THE RECORD IN ACCORDANCE WITH THOSE SECTIONS, EXCEPT THAT THE NAME OF THE REPORTER SHALL BE CONFIDENTIAL WHILE THE REPORT IS UNDER ASSESSMENT OR INVESTIGATION EXCEPT AS OTHERWISE PERMITTED BY THIS SUBDIVISION.) Any person conducting an investigation or assessment under this section who intentionally discloses the identity of a reporter prior to the completion of the investigation or assessment is guilty of a misdemeanor. After completion of the assessment or investigation (IS COMPLETED), whichever occurs later, the name of the reporter shall be confidential but shall be accessible to the individual subject of the record upon court order. The remainder of the records shall be private and accessible to the individual subject of the record in accordance with chapter 13.*

Notwithstanding sections 138.163 and 138.17, records maintained by local welfare agencies, the police department or county sheriff under this section shall be destroyed as described in clauses (a) to (d) :

(a) If upon assessment or investigation a report is found to be false, notice of intent to destroy records of the report shall be mailed to the individual subject of the report. At the subject's request the records shall be maintained as private data. If no

request from the subject is received within 30 days of mailing the notice of intent to destroy, the records shall be destroyed.

(b) All records relating to reports which, upon assessment or investigation, are found to be substantiated shall be destroyed seven years after the date of the final entry in the case record.

(c) All records of reports which, upon initial assessment or investigation, cannot be substantiated or disproved to the satisfaction of the local welfare agency, local police department or county sheriff may be kept for a period of one year. If the local welfare agency, local police department or county sheriff is unable to substantiate the report within that period, each agency unable to substantiate the report shall destroy its records relating to the report in the manner provided by clause (a).

(d) Any notification of intent to interview which was received by a school under subdivision 10, paragraph (c), shall be destroyed by the school when ordered to do so by the agency conducting the assessment or investigation. The agency shall order the destruction of the notification when other records relating to the report under investigation or assessment are destroyed under this subdivision.

**Sec. 30. [REPEALER.]**

*Minnesota Statutes 1985 Supplement, section 13.89, is repealed.*

**Sec. 31. [EFFECTIVE DATE.]**

*Section 23 is effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to the collection and dissemination of data; classifying data; proposing classifications of data as private, nonpublic, and protected nonpublic; clarifying issues relating to the administration of data; amending Minnesota Statutes 1984, sections 13.38, by adding a subdivision; 13.41, subdivision 4; 13.46, by adding a subdivision; 169.09, subdivision 13; 241.42, by adding subdivisions; 259.27, by adding a subdivision; 363.01, by adding subdivisions; Minnesota Statutes 1985 Supplement, sections 13.03, subdivision 3; 13.04, subdivision 2; 13.39, subdivision 3; 13.46, subdivisions 2 and 7; 13.82, subdivision 5; 363.01, subdivisions 35 and 36; 363.061, subdivisions 2 and 3; 626.556, subdivision 11; proposing coding for new law in Minnesota Statutes, chapters 13; 241; and 363; repealing Minnesota Statutes 1985 Supplement, section 13.89."

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. 2073, A bill for an act relating to natural resources; allocating a portion of cross country license fees issued by political subdivisions to be used for maintenance of cross country ski trails; amending Minnesota Statutes 1984, section 85.41, subdivision 5.

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. 2148, A bill for an act relating to taxation; gasoline; exempting certain alcohol mixtures; amending Minnesota Statutes 1984, section 296.03.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [41A.09] [ETHANOL DEVELOPMENT FUND.]

*Subdivision 1. [FUND CREATED.] An ethanol development fund is created as a separate fund in the state treasury. The agricultural resource loan board shall administer the fund. The fund is annually appropriated to the board for the purposes of this section and all money so appropriated is available until expended.*

*Subd. 2. [DEFINITION.] For purposes of this section "ethanol" means agriculturally derived fermentation ethyl alcohol of a purity of at least 99 percent, 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, forest products, or other renewable resources.*

*Subd. 3. [PAYMENTS FROM FUND.] The board shall make cash payments from the development fund to ethanol producers located in the state, for the purpose of enhancing the market for Minnesota agricultural products. The amount of the payment for each producer's annual production shall be 20 cents for each gallon of ethanol produced, and 11 cents for every*

*gallon of agricultural grade alcohol designed to be used in conjunction with diesel fuel in an engine's internal combustion process, provided that the total payments from the fund to a producer in any year may not exceed \$2,000,000 and total payments to all producers in any year from the fund may not exceed \$10,000,000.*

*By the last day of October, January, April, and July, each producer shall file a claim for payment for production during the preceding three calendar months. The volume of production must be verified by a certified financial audit performed by an independent certified public accountant using generally accepted accounting procedures.*

*Payments shall be made November 15, February 15, May 15, and August 15.*

*Subd. 4. [RULEMAKING AUTHORITY.] The board shall adopt emergency and permanent rules to implement this section.*

*Subd. 5. [EXPIRATION.] This section expires July 1, 1992, and all money in the fund on that date reverts to the general fund.*

**Sec. 2. Minnesota Statutes 1984, section 297B.09, subdivision 1, is amended to read:**

**Subdivision 1. [GENERAL FUND SHARE.]** Money collected and received under this chapter must be deposited in the state treasury and credited to the general fund, *except as provided in subdivision 3.* The amounts collected and received shall be credited to the highway user tax distribution fund and the transit assistance fund as provided in subdivision 2, and transferred from the general fund on July 15 and January 15 of each fiscal year. The commissioner of finance must make each transfer based upon the actual receipts of the preceding six calendar months and include the interest earned during that six-month period. The commissioner of finance may establish a quarterly or other schedule providing for more frequent payments to the transit assistance fund if he determines it is necessary or desirable to provide for the cash flow needs of the recipients of moneys from the transit fund.

**Sec. 3. Minnesota Statutes 1984, section 297B.09, is amended by adding a subdivision to read:**

*Subd. 3. [ETHANOL FUND.] Until July 1, 1992, the first \$10,000,000 collected and received under this chapter in each fiscal year must be deposited in the state treasury and credited to the ethanol development fund created by section 1. The remaining money collected and received under this chapter must be credited as provided in subdivisions 1 and 2.*

Sec. 4. [EFFECTIVE DATE.]

*Sections 1 to 3 are effective July 1, 1987."*

Delete the title and insert:

"A bill for an act relating to motor fuel; establishing an ethanol development fund; providing for payments to producers; appropriating money; amending Minnesota Statutes 1984, section 297B.09, subdivision 1, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 41A."

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. 2181, A bill for an act relating to probate; providing for the exclusion of the homestead from the augmented estate; providing for the inclusion of certain insurance and other items in the augmented estate; amending Minnesota Statutes 1985 Supplement, section 524.2-202.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 524.2-109, is amended to read:

524.2-109 [MEANING OF CHILD AND RELATED TERMS.]

If, for purposes of intestate succession, a relationship of parent and child must be established to determine succession by, through, or from a person:

(1) An adopted person is the child of an adopting parent and not of the natural parents except that adoption of a child by the spouse of a natural parent has no effect on the relationship between the child and that natural parent. If a parent dies and a child is subsequently adopted by a stepparent who is the spouse of a surviving parent, any rights of inheritance of the child or the child's issue from or through the deceased parent of the child which exist at the time of the death of that parent shall not be affected by the adoption.

(2) In cases not covered by clause (1), a person (BORN OUT OF WEDLOCK IS A CHILD OF THE MOTHER. THAT PERSON IS ALSO A CHILD OF THE FATHER, IF:)

(I) THE NATURAL PARENTS PARTICIPATED IN A MARRIAGE CEREMONY BEFORE OR AFTER THE BIRTH OF THE CHILD, EVEN THOUGH THE ATTEMPTED MARRIAGE IS VOID; OR)

(II) THE PATERNITY IS ESTABLISHED BY AN ADJUDICATION OR BY ACKNOWLEDGMENT, CONSENT, OR AGREEMENT PURSUANT TO SECTIONS 257.51 TO 257.74 BEFORE THE DEATH OF THE FATHER OR IS ESTABLISHED THEREAFTER BY CLEAR AND CONVINCING PROOF, EXCEPT THAT THE PATERNITY ESTABLISHED UNDER THIS CLAUSE IS INEFFECTIVE TO QUALIFY THE FATHER OR HIS KINDRED TO INHERIT FROM OR THROUGH THE CHILD UNLESS THE FATHER HAS OPENLY TREATED THE CHILD AS HIS, AND HAS NOT REFUSED TO SUPPORT THE CHILD) *is the child of the person's parents regardless of the martial status of the parents and the parent and child relationship may be established under the parentage act, sections 257.51 to 257.74.*

Sec. 2. Minnesota Statutes 1985 Supplement, section 524.2-202, is amended to read:

524.2-202 [AUGMENTED ESTATE.]

The augmented estate means the estate reduced by funeral and administration expenses, the homestead, family allowances and exemptions, liens, mortgages, and enforceable claims, to which is added the sum of the following amounts:

(1) The value of property, *other than the homestead*, transferred by the decedent at any time during the marriage, to or for the benefit of any person other than the surviving spouse, to the extent that the decedent did not receive adequate and full consideration in money or money's worth for the transfer, if the transfer is of any of the following types:

(i) any transfer under which the decedent retained at the time of death the possession or enjoyment of, or right to income from, the property;

(ii) any transfer to the extent that the decedent retained at the time of death a power, either alone or in conjunction with any other person, to revoke or to consume, invade or dispose of the principal for his or her own benefit;

(iii) any transfer whereby property is held at the time of decedent's death by decedent and another with right of survivorship;

(iv) any transfer made within one year of death of the decedent to the extent that the aggregate transfers to any one donee in the year exceeds \$30,000.

Any transfer is excluded if made with the written consent or joinder of the surviving spouse. Property is valued as of the decedent's death except that property given irrevocably to a donee during lifetime of the decedent is valued as of the date the donee came into possession or enjoyment if that occurs first. (NOTHING IN THIS SECTION SHALL CAUSE ANY LIFE INSURANCE, ACCIDENT INSURANCE, JOINT ANNUITY, OR PENSION OR PROFIT SHARING PLAN PAYABLE TO A PERSON OTHER THAN THE SURVIVING SPOUSE TO BE INCLUDED IN THE AUGMENTED ESTATE.)

(2) The value of property, *other than the homestead*, owned by the surviving spouse at the decedent's death, plus the value of property transferred by the spouse at any time during marriage to any person other than the decedent which would have been includable in the spouse's augmented estate if the surviving spouse had predeceased the decedent, to the extent the owned or transferred property is derived from the decedent by any means other than testate or intestate succession or as an obligation of support without a full consideration in money or money's worth. For purposes of this clause:

(i) Property derived from the decedent includes, but is not limited to, any beneficial interest of the surviving spouse in a trust created by the decedent during the decedent's lifetime (,); any property appointed to the spouse by the decedent's exercise of a general or special power of appointment also exercisable in favor of others than the spouse (,); *any proceeds of insurance, including accidental death benefits, on the life of the decedent attributable to premiums paid by the decedent; any lump sum immediately payable and the commuted value of the proceeds of annuity contracts under which the decedent was the primary annuitant attributable to premiums paid by the decedent; the commuted value of amounts payable after the decedent's death under any public or private pension, disability compensation, benefit, or retirement plan or account, excluding the federal social security system, by reason of service performed, disabilities incurred, or deposits made by the decedent; any property held at the time of decedent's death by decedent and the surviving spouse with right of survivorship (,); any property held by decedent and transferred by contract to the surviving spouse by reason of the decedent's death (,); and the value of the share of the surviving spouse resulting from rights in community property in this or any other state formerly owned with the decedent. (THE AUGMENTED ESTATE DOES NOT INCLUDE THE PROCEEDS OF LIFE INSURANCE PAYABLE UPON THE DEATH OF THE DECEDENT, IN LUMP SUM OR IN THE FORM OF AN ANNUITY,*

ACCIDENT INSURANCE, JOINT ANNUITY OR PENSION OR PROFIT SHARING PLAN, NOR DOES IT INCLUDE PREMIUMS PAID THEREFOR BY THE DECEDENT OR ANY OTHER PERSON.)

(ii) Property owned by the spouse at the decedent's death is valued as of the date of death. Property transferred by the spouse is valued at the time the transfer became irrevocable, or at the decedent's death, whichever occurred first. Income earned by included property prior to the decedent's death is not treated as property derived from the decedent.

(iii) Property owned by the surviving spouse as of the decedent's death of the kind described in clause (2)(i) is presumed to have been derived from the decedent except to the extent that the surviving spouse establishes that it was derived from another source. All other property owned by the surviving spouse as of the decedent's death, or previously transferred by the surviving spouse, is presumed not to have been derived from the decedent except to the extent that an interested party establishes that it was derived from the decedent.

(3) *The value of property paid to, or for the benefit of, a person other than the surviving spouse as a result of the decedent's death if the property is any of the following types:*

(i) *proceeds of insurance, including accidental death benefits, but excluding insurance proceeds paid for a bona fide business purpose, on the life of the decedent attributable to premiums paid by the decedent during the marriage;*

(ii) *a lump sum immediately payable, or the commuted value of the proceeds of annuity contracts under which the decedent was the primary annuitant attributable to premiums paid by the decedent during the marriage; or*

(iii) *the commuted value of amounts payable after the decedent's death under any public or private pension, disability compensation, benefit, or retirement plan or account, excluding the federal social security system, by reason of service performed, disabilities incurred, or deposits made by the decedent, attributable to premiums or contributions paid by the decedent during the marriage.*

*For purposes of this clause, premiums paid by the decedent's employer, the decedent's partner, a partnership of which the decedent was a member, or the decedent's creditors, are deemed to have been paid by the decedent.*

*Unless the payer of the property has received written notice of intention to file a petition for the elective share, the property may be paid, upon request and satisfactory proof of the dece-*



*dent's death, to the designated beneficiary of the property. Payment made discharges the payer from all claims for the amounts paid. This does not extend to payments made after the payer has received written notice of intention to file a petition for the elective share. Unless the notice is withdrawn by the surviving spouse, the surviving spouse must concur in any demand for withdrawal.*

*For an insurer, the written notice of intention to file a petition for the elective share must be mailed to its home office by registered mail, return receipt requested, or served upon the insurer in the same manner as a summons in a civil action. Upon receipt of written notice of intention to file a petition for the elective share, an insurer may pay any amounts owed by it specified in clause (3) to the court in which the probate proceedings relating to the estate of the decedent are venued, or if no proceedings have been commenced, to the court having jurisdiction of decedents' estates located in the county of the insured's residence. The court shall hold the funds and, upon its determination under section 524.2-205, subsection (d), shall order its disbursement in accordance with the determination. If no petition is filed in the court within the specified time under section 524.2-205, subsection (a), or if filed, the demand for an elective share is withdrawn under section 524.2-205, subsection (c), the court shall order disbursement to the designated beneficiary. Payment made to the court discharges the insurer from all claims for the amounts paid.*

*Upon petition to the probate court by the designated beneficiary, the court may order that all or part of the property be paid to the designated beneficiary in an amount and subject to conditions consistent with this section.*

Sec. 3. Minnesota Statutes 1985 Supplement, section 524.2-205, is amended to read:

**524.2-205 [PROCEEDING FOR ELECTIVE SHARE; TIME LIMIT.]**

(a) The surviving spouse may elect to take an elective share in the augmented (NET) estate by filing in the court and mailing or delivering to the personal representative, if any, a petition for the elective share within nine months after the date of death, or within six months after the probate of the decedent's will, whichever limitation last expires. However, nonprobate transfers, described in section 524.2-202, clauses (1) and (3), shall not be included within the augmented estate for the purpose of computing the elective share, if the petition is filed later than nine months after death. The court may extend the time for election as it sees fit for cause shown by the surviving spouse before the time for election has expired.

(b) The surviving spouse shall give notice of the time and place set for hearing to persons interested in the estate and to the distributees and recipients of portions of the augmented net estate whose interests will be affected by the taking of the elective share.

(c) The surviving spouse may withdraw his demand for an elective share at any time before entry of an order by the court determining the elective share.

(d) After notice and hearing, the court shall determine the amount of the elective share and shall order its payment from the assets of the augmented net estate or by contribution as appears appropriate under section 524.2-207. If it appears that a fund or property included in the augmented net estate has not come into the possession of the personal representative, or has been distributed by the personal representative, the court nevertheless shall fix the liability of any person who has any interest in the fund or property or who has possession thereof, whether as trustee or otherwise. The proceeding may be maintained against fewer than all persons against whom relief could be sought, but no person is subject to contribution in any greater amount than he would have been if relief had been secured against all persons subject to contribution.

(e) The order or judgment of the court may be enforced as necessary in suit for contribution or payment in other courts of this state or other jurisdictions.

*(f) Whether or not an election has been made under subsection (a), the surviving spouse may elect statutory rights in the homestead by filing in the manner provided in this section a petition in which the spouse asserts the rights provided in section 525.145, provided that:*

*(1) when the homestead is subject to a testamentary disposition, the filing must be within nine months after the date of death, or within six months after the probate of the decedent's will, whichever limitation last expires; or*

*(2) where the homestead is subject to other disposition, the filing must be within nine months after the date of death.*

*The court may extend the time for election for cause shown by the surviving spouse before the time for filing has expired.*

Sec. 4. Minnesota Statutes 1985 Supplement, section 525.145, is amended to read:

525.145 [DESCENT OF HOMESTEAD.]

(1) Where there is a surviving spouse the homestead, including a manufactured home which is the family residence, shall

descend free from any testamentary or other disposition thereof to which the spouse has not consented in writing or (BY ELECTION TO TAKE UNDER THE WILL) as provided by law, as follows:

(a) if there be no surviving child or issue of any deceased child, to the spouse;

(b) if there be children or issue of deceased children surviving, then to the spouse for the term of the spouse's natural life and the remainder in equal shares to the children and the issue of deceased children by right of representation.

(2) Where there is no surviving spouse and the homestead has not been disposed of by will it shall descend as other real estate.

(3) Where the homestead passes by descent or will to the spouse or children or issue of deceased children, it shall be exempt from all debts which were not valid charges thereon at the time of decedent's death except that the homestead shall be subject to a claim filed pursuant to section 246.53 for state hospital care or 256B.15 for medical assistance benefits. If the homestead passes to a person other than a spouse or child or issue of a deceased child, it shall be subject to the payment of the items mentioned in section 524.2-101. No lien or other charge against any homestead which is so exempted shall be enforced in the probate court, but the claimant may enforce the lien or charge by an appropriate action in the district court.

(4) *For purposes of this section, except as provided in section 524.2-301, the surviving spouse is deemed to consent to any testamentary or other disposition of the homestead to which the spouse has not previously consented in writing unless the spouse files in the manner provided in section 524.2-205, subsection (f), a petition that asserts the homestead rights provided to the spouse by this section.*

Sec. 5. Minnesota Statutes 1984, section 525.539, is amended by adding a subdivision to read:

*Subd. 7. [BEST INTERESTS OF THE WARD OR CONSERVATEE.] "Best interests of the ward or conservatee" means all relevant factors to be considered or evaluated by the court in nominating a guardian or conservator, including but not limited to:*

(1) *the reasonable preference of the ward or conservatee, if the court determines the ward or conservatee has sufficient capacity to express a preference;*

(2) *the interaction between the proposed guardian or conservator and the ward or conservatee; and*

(3) *the interest and commitment of the proposed guardian or conservator in promoting the welfare of the ward or conservatee and the proposed guardian's or conservator's ability to maintain a current understanding of the ward's or conservatee's physical and mental status and needs. In the case of a ward or a conservatorship of the person, welfare includes:*

- (i) *food, clothing, shelter, and appropriate medical care;*
- (ii) *social, emotional, religious, and recreational requirements; and*
- (iii) *training, education, and rehabilitation.*

*Kinship is not a conclusive factor in determining the best interests of the ward or conservatee but should be considered to the extent that it is relevant to the other factors contained in this subdivision.*

Sec. 6. Minnesota Statutes 1984, section 525.544, is amended to read:

**525.544 [(PLANNING PROVISIONS) NOMINATION OR APPOINTMENT OF GUARDIAN OR CONSERVATOR.]**

**Subdivision 1. [BY PROPOSED WARD OR CONSERVATEE.]** In the petition or in a written instrument executed before or after the petition is filed, the (PERSON) *proposed ward or conservatee* may, if (AT THE TIME OF SIGNING THE SAME, HE) *the person* has sufficient capacity to form an intelligent preference, nominate a conservator or guardian or give instructions to the conservator or guardian (OR HE MAY DO BOTH). The written instrument shall be executed and attested in the same manner as a will. The court shall appoint the person so nominated as conservator or guardian and shall charge (HIM) *the person* with the instructions, unless the court finds that the appointment of the nominee or the instructions (OR BOTH) are not in the best interests of the (PERSON TO BE PLACED UNDER CONSERVATORSHIP OR GUARDIANSHIP) *proposed ward or conservatee*.

**Subd. 2. [OTHER CASES.] (WHEN ANY PERSON)** *If the proposed ward or conservatee lacks capacity or fails to nominate a conservator or guardian, the court may appoint (ANY) a qualified person if the court finds that the person's appointment is in the best interests of the proposed ward or conservatee. (THE COURT SHALL CONSIDER THE INTEREST OF A PROSPECTIVE GUARDIAN OR CONSERVATOR IN THE WELFARE OF THE PROPOSED WARD OR CONSERVATEE. KINSHIP, WHILE A FACTOR, SHALL NOT BE CONCLUSIVE IN MAKING THE APPOINTMENT.)* If the proposed ward or conservatee lacks capacity or fails to give

instructions, the court may give (SUCH) *the guardian or conservator* powers as required in accordance with section 525.56.

Sec. 7. Minnesota Statutes 1984, section 525.551, subdivision 5, is amended to read:

Subd. 5. [FINDINGS.] In all cases the court shall (FIND THE FACTS SPECIFICALLY) *make specific written findings of fact*, state separately its conclusions of law (THEREON), and direct the entry of an appropriate judgment or order.

If upon completion of the hearing and consideration of the record the court finds: (a) that the requirements for the voluntary appointment of a conservator or guardian have been met, or (b) (1) that the proposed ward or conservatee is incapacitated as defined in section 525.54; and (2) in need of the supervision and protection of a guardian or conservator; and (3) that no appropriate alternatives to the guardianship or conservatorship exist which are less restrictive of the person's civil rights and liberties, such as those set forth in section 525.54, subdivision 7, it shall enter its order or judgment granting all of the powers set out in section 525.56, subdivision 3, in the case of a guardian of the person, and section 525.56, subdivision 4, in the case of a guardian of the estate, or specifying the powers of the conservator pursuant to section 525.56. *The court shall make a finding that appointment of the person chosen as guardian or conservator is in the best interests of the ward or conservatee.* Except as provided in section 525.544, subdivision 1, *if more than one person has petitioned the court to serve as guardian or conservator, or if the petition is contested*, the court shall make a finding that the person to be appointed as guardian or conservator is the most suitable and best qualified person among those who (HAVE INDICATED TO THE COURT THAT THEY ARE AVAILABLE AND WILLING TO DISCHARGE THE TRUST) *are available* before making the appointment. *The court's finding as to the best available guardian must specifically address the reasons for the court's determination that the appointment of that person is in the best interests of the ward or conservatee.*

The court may enumerate in its findings which legal rights the proposed ward or conservatee is incapable of exercising.

Sec. 8. Minnesota Statutes 1984, section 525.61, is amended to read:

525.61 [RESTORATION TO CAPACITY; MODIFICATION OF GUARDIANSHIP OR CONSERVATORSHIP.]

*Subdivision 1. [GENERAL.] Any adult person who is under guardianship or conservatorship or his guardian or conservator, or any other person may petition the court in which he was so*

adjudicated to be restored to capacity or to have a guardianship transferred to a conservatorship or to modify the guardianship or conservatorship. Upon the filing of the petition, the court shall fix the time and place for the hearing thereof, notice of which shall be given to the ward or conservatee, guardian or conservator, and to those other persons and in a manner provided in section 525.55.

*Subd. 2. [RESTORATION TO CAPACITY.]* To obtain an order of restoration to capacity the petitioner must prove by a preponderance of the evidence that the ward or conservatee is no longer incapacitated as defined in section 525.54, and is able to make provisions for his care or manage his property. If a ward or conservatee has the functional ability to care for himself or for his property, or to make provisions for his care or the care of his property, the fact that he may be impaired to some extent by a mental condition shall not preclude his restoration to capacity. In any proceedings for restoration, the court may appoint one person duly licensed by a health related licensing board and one accredited social worker with expertise in evaluating persons who have the disabilities similar to those found to be the reason for the ward's or conservatee's incapacity, to assist in the determination of his mental condition and functional ability to care for himself or his property. The court shall allow and order paid to each health professional and social worker a reasonable sum for his services. Upon the order, the county auditor shall issue a warrant on the county treasurer for the payment thereof.

*Subd. 3. [APPOINTMENT OF NEW GUARDIAN OR CONSERVATOR.]* Upon a motion to remove a guardian or conservator and appoint a new guardian or conservator, the court shall consider whether the existing guardian or conservator has performed the applicable duties and whether the continued appointment of the guardian or conservator is in the best interests of the ward or conservatee. The court shall appoint a new guardian or conservator if it finds that:

(1) *the existing guardian or conservator has failed to perform the duties associated with the guardianship or conservatorship or to provide for the best interests of the ward or conservatee; and*

(2) *the best interests of the ward or conservatee will be better served by the appointment of a new guardian or conservator.*

*The court's decision must include the specific findings required by section 525.551, subdivision 5.*

**Sec. 9. [EFFECTIVE DATE.]**

*This act is effective for estates of decedents dying after December 31, 1986."*

Delete the title and insert :

“A bill for an act relating to probate; providing for the exclusion of the homestead from the augmented estate; providing for the inclusion of certain insurance and other items in the augmented estate; establishing a standard for best interests of wards or conservatees; requiring findings regarding best interests; amending Minnesota Statutes 1984, sections 525.539, by adding a subdivision; 525.544; 525.551, subdivision 5; and 525.61; amending Minnesota Statutes 1985 Supplement, sections 524.2-109; 524.2-202; 524.2-205; and 525.145.”

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. 2287, A bill for an act relating to state and local government obligations; providing for a method of determining compliance with the volume cap limitations of proposed federal tax law.

Reported the same back with the following amendments :

Delete everything after the enacting clause and insert :

#### “Article 1

#### Tax Increment Financing

Section 1. Minnesota Statutes 1984, section 124.2131, is amended by adding a subdivision to read :

*Subd. 1a. [CAPTURED ASSESSED VALUE.] If the assessed value that is captured in tax increment financing districts exceeds ten percent of the total assessed value of the school district or, in the case of the computation of local government aids, the city, the excess over ten percent must be equalized and added to adjusted assessed value for purposes of this section and to equalized assessed value for purposes of computing local government aids, notwithstanding the provisions of section 477A.011, subdivision 11. For purposes of this subdivision, a “tax increment financing district” includes a tax increment financing district established under section 273.71 through 273.77 or a tax increment project or district from which increment is collected under another law.*

Sec. 2. Minnesota Statutes 1984, section 124.214, is amended by adding a subdivision to read :

*Subd. 3. If a return of excess tax increment is made to a school district pursuant to section 273.75, subdivision 2 or upon decertification of a tax increment district, the school district's aid entitlements and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.*

*(a) An amount must be subtracted from the school district's aid for the current fiscal year equal to the product of:*

*(1) the amount of the payment of excess tax increment to the school district, times*

*(2) the ratio of:*

*(A) the sum of the amounts of the school district's certified levy for the fiscal year in which the excess tax increment is paid according to the following:*

*(i) sections 124A.03, subdivision 1, 124A.06, subdivision 3a, and 124A.08, subdivision 3a, if the school district is entitled to basic foundation aid according to section 124A.02;*

*(ii) section 124A.10, subdivision 3a, and section 124A.20, subdivision 2, if the school district is entitled to third-tier aid according to section 124A.10, subdivision 4;*

*(iii) sections 124A.12, subdivision 3a, and 124A.14, subdivision 5a, if the school district is eligible for fourth-tier aid according to section 124A.12, subdivision 4;*

*(iv) section 124A.03, subdivision 4, if the school district is entitled to summer school aid according to section 124.201; and*

*(v) section 275.125, subdivisions 5 and 5c, if the school district is entitled to transportation aid according to section 124.225, subdivision 8a;*

*(B) to the total amount of the school district's certified levy for the fiscal year 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, 124A.20, subdivision 2, and 275.125, plus or minus auditor's adjustments.*

*(b) An amount must be subtracted from the school district's levy limitation for the next levy certified equal to the difference between:*

*(1) the amount of the distribution of excess increment, and*

*(2) the amount subtracted from aid pursuant to clause (a) of this subdivision.*



*If the aid and levy reductions required by this subdivision cannot be made to the aid for the fiscal year specified or to the levy specified, the reductions must be made from aid for subsequent fiscal years, and from subsequent levies. The school district shall use the payment of excess tax increment to replace the aid and levy revenue reduced under this subdivision.*

Sec. 3. Minnesota Statutes 1984, section 273.73, subdivision 10, is amended to read:

Subd. 10. [REDEVELOPMENT DISTRICT.] (a) "Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one of the following conditions (, REASONABLY DISTRIBUTED THROUGHOUT THE DISTRICT,) exists:

(1) (70 PERCENT OF) The parcels in the district *that* are occupied by buildings, streets, utilities or other improvements *comprise 70 percent or more of the total area of the district* and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance; or

(2) (70 PERCENT OF) The parcels in the district *that* are occupied by buildings, streets, utilities or other improvements *comprise 70 percent or more of the total area of the district* and (20) 30 percent of the buildings are structurally substandard and an additional 30 percent of the buildings are found to require substantial renovation or clearance in order to remove such existing conditions as: inadequate street layout, incompatible uses or land use relationships, overcrowding of buildings on the land, excessive dwelling unit density, obsolete buildings not suitable for improvement or conversion, or other identified hazards to the health, safety and general well being of the community; or

(3) (LESS THAN 70 PERCENT OF) The parcels in the district *that* are occupied by buildings, streets, utilities or other improvements *comprise less than 70 percent of the total area of the district*, but due to unusual terrain or soil deficiencies requiring substantial filling, grading or other physical preparation for use at least 80 percent of the total acreage of (SUCH) *the unimproved* land has a fair market value upon inclusion in the redevelopment district which, when added to the estimated cost of preparing that land for development, excluding costs directly related to roads as defined in section 160.01 and local improvements as described in section 429.021, subdivision 1, clauses 1 to 7, 11 and 12, and section 430.01, if any, exceeds its anticipated fair market value after completion of said preparation; provided that no parcel shall be included within a redevelopment district pursuant to this paragraph (3) unless the authority has concluded an agreement or agreements for the development of at

least 50 percent of the acreage having the unusual soil or terrain deficiencies, which agreement provides recourse for the authority should the development not be completed; or

(4) The property consists of underutilized air rights existing over a public street, highway or right-of-way; or

(5) The property consists of vacant, unused, underused, inappropriately used or infrequently used railyards, rail storage facilities or excessive or vacated railroad rights-of-way.

(b) For purposes of this subdivision, "structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance. "Parcel" shall mean a tract or plat of land established prior to the certification of the district as a single unit for purposes of assessment.

*(c) If the district consists of one or more noncontiguous geographic areas, each area must qualify as a redevelopment district under clauses (a)(1) through (a)(5) in order to be included in the district and the area of the entire district must satisfy the requirements of paragraph (a).*

*(d) A parcel is not occupied by buildings, streets, utilities or other improvements if less than two percent of the total area of the parcel is occupied by buildings, streets, utilities or other improvements.*

Sec. 4. Minnesota Statutes 1984, section 273.74, subdivision 1, is amended to read:

Subdivision 1. [TAX INCREMENT FINANCING PLAN.]  
A tax increment financing plan shall contain:

(a) A statement of objectives of an authority for the improvement of a project;

(b) A statement as to the development program for the project, including the property within the project, if any, which the authority intends to acquire;

(c) A list of any development activities which the plan proposes to take place within the project, for which contracts have been entered into at the time of the preparation of the plan, including the names of the parties to the contract, the activity governed by the contract, the cost stated in the contract, and the expected date of completion of that activity;

(d) Identification or description of the type of any other specific development reasonably expected to take place within the project, and the date when the development is likely to occur;

(e) Estimates of the following:

(1) Cost of the project, including administration expenses;

(2) Amount of bonded indebtedness to be incurred;

(3) Sources of revenue to finance or otherwise pay public costs;

(4) The most recent assessed value of taxable real property within the tax increment financing district;

(5) The estimated captured assessed value of the tax increment financing district at completion; and

(6) The duration of the tax increment financing district's existence; and

(f) A statement of the authority's estimate of the impact of tax increment financing on the assessed values of all taxing jurisdictions in which the tax increment financing district is located in whole or in part. *For purposes of the statement, the authority shall assume that the estimated captured assessed value would be available to the other taxing jurisdictions without creation of the district.*

Sec. 5. Minnesota Statutes 1985 Supplement, section 273.74, subdivision 2, is amended to read:

Subd. 2. [CONSULTATIONS; COMMENT AND FILING.] Before formation of a tax increment financing district, the authority shall provide an opportunity to the members of the county boards of commissioners of any county in which any portion of the proposed district is located and the members of the school board of any school district in which any portion of the proposed district is located to meet with the authority. The authority shall present to the members of the county boards of commissioners and the school boards its estimate of the fiscal and economic implications of the proposed tax increment financing district. *The information on the fiscal and economic implications of the plan must be provided to the county and school district boards at least 30 days before the public hearing required by subdivision 3. The 30 day requirement is waived if the county and school district submit written comments on the proposal and any modification of the proposal to the authority after receipt of the information.* The members of the county boards of commissioners and the school boards may present their comments at the public hearing on the tax increment financing plan required by subdivision 3.

(THE COUNTY AUDITOR SHALL NOT CERTIFY THE ORIGINAL ASSESSED VALUE OF A DISTRICT PURSUANT TO SECTION 273.76, SUBDIVISION 1, UNTIL THE COUNTY BOARD OF COMMISSIONERS HAS PRESENTED ITS WRITTEN COMMENT ON THE PROPOSAL TO THE AUTHORITY, OR 30 DAYS HAS PASSED FROM THE DATE OF THE TRANSMITTAL BY THE AUTHORITY TO THE BOARD OF THE INFORMATION REGARDING THE FISCAL AND ECONOMIC IMPLICATIONS, WHICHEVER OCCURS FIRST.) Upon adoption of the tax increment financing plan, the authority shall file a copy of the plan with the commissioner of energy and economic development. The authority must also file with the commissioner a copy of the development plan for the project area.

Sec. 6. Minnesota Statutes 1985 Supplement, section 273.74, subdivision 3, is amended to read:

Subd. 3. [MUNICIPALITY APPROVAL.] No county auditor shall certify the original assessed value of a tax increment financing district until the tax increment financing plan proposed for that district has been approved by the municipality in which the district is located. If an authority which proposes to establish a tax increment financing district and the municipality are not the same, the authority shall apply to the municipality in which the district is proposed to be located and shall obtain the approval of its tax increment financing plan by the municipality before the authority may use tax increment financing. The municipality shall approve the tax increment financing plan only after a public hearing thereon after published notice in a newspaper of general circulation in the municipality at least once not less than ten days nor more than 30 days prior to the date of the hearing. This hearing may be held before or after the approval or creation of the project or it may be held in conjunction with a hearing to approve the project. Before or at the time of approval of the tax increment financing plan, the municipality shall make the following findings, and shall set forth in writing the reasons and supporting facts for each determination:

(a) That the proposed tax increment financing district is a redevelopment district, a mined underground space development district, a housing district or an economic development district.

(b) That (THE PROPOSED) development or redevelopment (*, IN THE OPINION OF THE MUNICIPALITY,*) of each parcel from which increment may be collected under the plan would not reasonably be expected to occur (SOLELY) through private investment and any governmental assistance, other than tax increment financing, available to the site within the reasonably foreseeable future (AND THEREFORE THE USE OF TAX INCREMENT FINANCING IS DEEMED NECESSARY). *If development of a parcel from which increment may be collected under the plan would occur without the use of tax increment financing, then the requirements of the preceding sentence may*

*be satisfied with respect to that parcel if the municipality finds that the proposed development or redevelopment will have an assessed value at least equal to 130 percent of the greater of (1) the current assessed value of the parcel or (2) the assessed value of the development that reasonably would be expected to occur through private investment and any governmental assistance available to the site, other than tax increment financing.*

(c) That the tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole.

(d) That the tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the project by private enterprise.

(e) That the municipality elects the method of tax increment computation set forth in section 273.76, subdivision 3, clause (b), if applicable.

When the municipality and the authority are not the same, the municipality shall approve or disapprove the tax increment financing plan within 60 days of submission by the authority, or the plan shall be deemed approved. When the municipality and the authority are not the same, the municipality may not amend or modify a tax increment financing plan except as proposed by the authority pursuant to subdivision 4. Once approved, the determination of the authority to undertake the project through the use of tax increment financing and the resolution of the governing body shall be conclusive of the findings therein and of the public need for such financing.

Sec. 7. Minnesota Statutes 1984, section 273.74, subdivision 4, is amended to read:

Subd. 4. [MODIFICATION OF PLAN.] (a) A tax increment financing plan may be modified by *resolution* of an authority (, PROVIDED THAT).

(b) Any reduction or enlargement of geographic area of the project or tax increment financing district, increase in amount of bonded indebtedness to be incurred, including a determination to capitalize interest on the debt if that determination was not a part of the original plan, or to increase or decrease the amount of interest on the debt to be capitalized, increase in the portion of the captured assessed value to be retained by the authority, increase in total estimated tax increment expenditures or designation of additional property to be acquired by the authority shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original plan; provided that if an authority changes the type of district from housing, redevelopment or economic development to another

type of district, this change shall not be considered a modification but shall require the authority to follow the procedure set forth in sections 273.71 to 273.78 for adoption of a new plan, including certification of the assessed valuation of the district by the county auditor. *The requirements of this paragraph do not apply if (1) the only modification is to eliminate parcels from the project or district and (2)(A) the current assessed value of the parcels eliminated from the district equals or exceeds the assessed value of those parcels in the district's original assessed value or (B) the authority agrees that, notwithstanding section 273.76, subdivision 1, the original assessed value will be reduced by no more than the current assessed value of the parcels eliminated from the district. The authority must notify the county auditor of any modification that reduces or enlarges the geographic area of a district or a project area from which increment is collected.*

(c) The geographic area of a tax increment financing district may be reduced, but shall not be enlarged after five years following the date of certification of the original assessed value by the county auditor or five years from August 1, 1979, for tax increment financing districts authorized prior to August 1, 1979, except that development districts created pursuant to chapter 472A prior to August 1, 1979 may be reduced but shall not be enlarged after five years following the date of designation of such district.

Sec. 8. Minnesota Statutes 1985 Supplement, section 273.75, subdivision 1, is amended to read:

Subdivision 1. [DURATION OF TAX INCREMENT FINANCING DISTRICTS.] (a) Subject to the limitations contained elsewhere in this subdivision any tax increment financing district as to which bonds are outstanding, payment for which the tax increment and other revenues have been pledged, shall remain in existence at least as long as any such bonds continue to be outstanding (; PROVIDED, HOWEVER,). The tax increment pledged to the payment of bonds and interest thereon may be discharged and the tax increment financing district may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or date of redemption and interest thereon to such maturity or redemption date, provided that for bonds issued pursuant to section 273.77, clauses (a) and (b) the full faith and credit and any taxing powers of the municipality or authority shall continue to be pledged to the payment of the bonds until the principal of and interest on the bonds has been paid in full (; PROVIDED, FURTHER, THAT).

(b) No tax increment shall be paid to an authority for a tax increment financing district after three years from the date of certification of the original assessed value of the taxable real property in the district by the county auditor (OR THREE

YEARS FROM AUGUST 1, 1979, FOR TAX INCREMENT FINANCING DISTRICTS AUTHORIZED PRIOR TO AUGUST 1, 1979), unless within the three year period ((A)) (1) bonds have been issued pursuant to section 273.77, or in aid of a project pursuant to any other law, except revenue bonds issued pursuant to chapter 474, prior to August 1, 1979, or ((B)) (2) the authority has acquired property within the district (,); or ((C)) (3) the authority has constructed or caused to be constructed public improvements within the district (; AND PROVIDED, FURTHER, THAT).

(c) No tax increment shall in any event be paid to the authority from a redevelopment district after (25) 20 years from date of receipt by the authority of the first tax increment, after 25 years from the date of the receipt for a housing district (, AFTER 25 YEARS FROM THE DATE OF THE RECEIPT) or for a mined underground space development district, and after eight years from the date of the receipt, or ten years from approval of the tax increment financing plan, whichever is less, for an economic development district. *In the case of an economic development district the authority may waive receipt of increment for the first year in which property tax is paid by captured assessed value. For purposes of determining the duration limits the waived increment does not constitute receipt of increment.* For tax increment financing districts created prior to August 1, 1979, no tax increment shall be paid to the authority after (30) 15 years from (AUGUST 1, 1979) April 1, 1986 or the term of an outstanding bond, secured by increments from the district or project area, whichever is greater.

(d) Modification of a tax increment financing plan pursuant to section 273.74, subdivision 4, shall not extend the durational limitations of this subdivision.

Sec. 9. Minnesota Statutes 1984, section 273.75, subdivision 2, is amended to read:

Subd. 2. [EXCESS TAX INCREMENTS.] In any year in which the tax increment exceeds the amount necessary to pay the costs authorized by the tax increment financing plan, including the amount necessary to cancel any tax levy as provided in section 475.61, subdivision 3, the authority shall use the excess amount to do any of the following, in the order determined by the authority: (a) prepay any outstanding bonds, (b) discharge the pledge of tax increment therefor, (c) pay into an escrow account dedicated to the payment of such bond, or (d) return the excess amount to the county auditor who shall distribute the excess amount to the municipality, county and school district in which the tax increment financing district is located in direct proportion to their respective mill rates. *The county auditor must report to the commissioner of education the amount of any excess tax increment distributed to a school district within 30 days of the distribution.*

Sec. 10. Minnesota Statutes 1985 Supplement, 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. *Tax increments may be used to pay for the county's administrative expenses as provided in section 14.* Revenues derived from tax increment may be used to finance the costs of 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 only under the following conditions: (a) tax increments may not be collected for a program for a period in excess of 12 years after the date of the first interest rate reduction payment for the program, (b) tax increments may not be used for an interest reduction program, if the proceeds of bonds issued pursuant to section 273.77 after December 31, 1985, have been or will be used to provide financial assistance to the specific project which would receive the benefit of the interest reduction program, and (c) not more than 50 percent of the estimated tax increment derived from a project may be used to finance an interest reduction program for owner-occupied single-family dwellings unless a project is located either in an area which would qualify as a redevelopment district or within a city designated as an enterprise zone pursuant to section 273.1312, subdivision 4, clause (c)(3). These revenues shall not be used to circumvent existing levy limit law. No revenues derived from tax increment shall be used for the *acquisition*, construction (OR), renovation, *operation*, or *maintenance* of a (MUNICIPALLY OWNED) building used (PRIMARILY AND) regularly for conducting the business of (THE) a municipality (;) *if the municipality would qualify*



*as a principal user of the building within the meaning of that term in section 103(b) of the Internal Revenue Code of 1954, as amended through December 31, 1985. 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. For purposes of financing public improvements in an economic development district, revenues derived from tax increment may only be expended to finance the cost of public improvements in excess of the amount that could be assessed based on benefits received under chapter 429. If after notice and public hearing the municipality makes a finding of the amount of benefits received under chapter 429, the amount of benefits received are that amount for purposes of applying the preceding sentence.*

Sec. 11. Minnesota Statutes 1984, section 273.75, subdivision 6, is amended to read:

Subd. 6. [LIMITATION ON INCREMENT.] (IF, AFTER FOUR YEARS FROM THE DATE OF CERTIFICATION OF THE ORIGINAL ASSESSED VALUE OF THE TAX INCREMENT FINANCING DISTRICT PURSUANT TO SECTION 273.76, NO DEMOLITION, REHABILITATION OR RENOVATION OF PROPERTY OR OTHER SITE PREPARATION, INCLUDING IMPROVEMENT OF A STREET ADJACENT TO A PARCEL BUT NOT INSTALLATION OF UTILITY SERVICE INCLUDING SEWER OR WATER SYSTEMS, HAS BEEN COMMENCED ON A PARCEL LOCATED WITHIN A TAX INCREMENT FINANCING DISTRICT BY THE AUTHORITY OR BY THE OWNER OF THE PARCEL IN ACCORDANCE WITH THE TAX INCREMENT FINANCING PLAN,) (a) No additional tax increment may be taken from (THAT) a parcel in a tax increment financing district, and the original assessed value of that parcel shall be excluded from the original assessed value of the tax increment financing district, unless within four years after certification of the original assessed value of the district one of the following occurs:

(1) *qualified improvements on the parcel have been undertaken by the authority;*

(2) *qualified improvements on the parcel have been undertaken by the owner of the parcel and either*

(A) *the qualified improvements were financed, in whole or major part, with tax increment revenues or the proceeds of bonds, or*

(B) *the municipality finds, at a public hearing and after 30 days notice to the school district and county, that development*

*of the parcel would not have occurred without the expenditure of increment revenues for the acquisition of property or the construction of improvements in the district.*

(b) If (THE AUTHORITY OR THE OWNER OF THE PARCEL SUBSEQUENTLY COMMENCES DEMOLITION, REHABILITATION OR, RENOVATION OR OTHER SITE PREPARATION ON THAT PARCEL INCLUDING IMPROVEMENT OF A STREET ADJACENT TO THAT PARCEL, IN ACCORDANCE WITH THE TAX INCREMENT FINANCING PLAN) *qualified improvements on a parcel from which increment was not permitted to be collected under paragraph (a) are undertaken by the authority or by the owner and are financed, in whole or major part, with tax increment revenues, the authority shall certify to the county auditor that the activity has commenced, and the county auditor shall certify the assessed value thereof as most recently certified by the commissioner of revenue and add it to the original assessed value of the tax increment financing district.*

(c) *The duration limits under section 273.75 for economic development districts apply to the district if both the following two conditions are satisfied:*

(1) *The district is a redevelopment district designated pursuant to section 273.73, subdivision 10, clause (a)(1), (a)(2) or (a)(3).*

(2) *If the parcels from which increment may not be collected pursuant to this subdivision were removed from the district, the district would not have satisfied the conditions for a redevelopment district under section 273.73, subdivision 10 at the time the district was created. Application of this paragraph may not result in a shorter duration limit than the term of the bonds secured by increments from the district, outstanding at the time clause (2) is satisfied.*

*If increment is permitted to be collected from a parcel pursuant to paragraph (b) and if the inclusion of the parcel in the district would cause the district to satisfy the conditions for a redevelopment district as recomputed under paragraph (c)(2), the duration limits for a redevelopment district reapply to the district.*

(d) *The provisions of this subdivision must be enforced by the county auditor. The authority must by February 1 of each year submit to the county auditor evidence that the required activity has taken place for the parcels in the district.*

(e) *For purposes of this subdivision the following terms have the meanings given.*

(1) "Parcel" means a tract or plat of land established prior to the certification of the district as a single unit for purposes of assessment.

(2) "Qualified improvements" mean demolition, rehabilitation or renovation of property or other site preparation, including improvement of a street adjacent to a parcel. Qualified improvements do not include installation of utility service, including sewer or water systems.

Sec. 12. Minnesota Statutes 1984, section 273.75, subdivision 7, is amended to read:

Subd. 7. [SUBSEQUENT DISTRICTS.] Except as provided in subdivision 6, for subsequent recertification of parcels eliminated from a district because of lack of development activity, no parcel that has been (SO) eliminated subsequent to two years from the date of the original certification may be included in a tax increment district if, at any time during the 20 years prior to the date when certification of the district is requested pursuant to section 273.76, subdivision 1, that parcel had been included in an economic development district.

Sec. 13. Minnesota Statutes 1984, section 273.75, is amended by adding a subdivision to read:

Subd. 9. [SOIL DEFICIENCIES DISTRICTS.] Tax increment revenues derived from a redevelopment district for which the authority makes findings under section 273.73, subdivision 10, clause (a)(3), may be used only to pay for the cost of correction of or the additional costs of installing public improvements directly caused by the unusual terrain or soil deficiencies and for the administrative expenses of the authority allocable to the district.

Sec. 14. Minnesota Statutes 1984, section 273.75, is amended by adding a subdivision to read:

Subd. 10. [REIMBURSEMENT FOR ADMINISTRATIVE COSTS.] As reimbursement for the cost of administering tax increment financing, the county may require the authority to pay by November 1 of each year an amount determined pursuant to this subdivision. The amount of the reimbursement for a tax increment financing district for each year must be calculated as follows:

(a) Multiply the amount of the appropriation to the county auditor and treasurer that is allocable to the cost of administering the property tax system by a fraction, the numerator of which is the total tax increment payable by properties located in the county and the denominator of which is the total gross property tax payable by all properties located in the county; and

*(b) Multiply the product calculated under clause (a) by a fraction, the numerator of which is the tax increment payable by properties located both in the tax increment district and the county and the denominator of which is the total tax increment payable by all properties located in the county.*

*For purposes of this subdivision, "amount" refers to the amount appropriated for the calendar year or the amount of property taxes payable for the calendar year for which the reimbursement is calculated.*

Sec. 15. Minnesota Statutes 1985 Supplement, section 273.76, subdivision 1, is amended to read:

Subdivision 1. [ORIGINAL ASSESSED VALUE.] (a) Upon or after adoption of a tax increment financing plan, the auditor of any county in which the district is situated shall, upon request of the authority, certify the original assessed value of the tax increment financing district as described in the tax increment financing plan and shall certify in each year thereafter the amount by which the original assessed value has increased or decreased as a result of a change in tax exempt status of property within the district, reduction or enlargement of the district or changes pursuant to subdivision 4. In the case of a mined underground space development district the county auditor shall certify the original assessed value as zero, plus the assessed value, if any, previously assigned to any subsurface area included in the mined underground space development district pursuant to section 272.04.

*(b) The amount to be added to the original assessed value of the district as a result of previously tax exempt real property within the district becoming taxable shall be equal to the assessed value of the real property as most recently assessed pursuant to section 273.18 or, if that assessment was made more than one year prior to the date of title transfer rendering the property taxable, the value which shall be assessed by the assessor at the time of such transfer. The amount to be added to the original assessed value of the district as a result of enlargements thereof shall be equal to the assessed value of the added real property as most recently certified by the commissioner of revenue as of the date of modification of the tax increment financing plan pursuant to section 273.74, subdivision 4. If the assessed value of a property increases because the property no longer qualifies under the Minnesota agricultural property tax law, section 273.111; the Minnesota open space property tax law, section 273.112; or the metropolitan agricultural preserves act, chapter 473H, the increase in assessed value must be added to the original assessed value. Each year the auditor shall also add to the original assessed value of each economic development district an amount equal to the original assessed value for the preceding year multiplied by the average percentage increase in the assessed valuation of all property included in the economic*

development district during the five years prior to certification of the district.

(c) The amount to be subtracted from the original assessed value of the district as a result of previously taxable real property within the district becoming tax exempt, or a reduction in the geographic area of the district, shall be the amount of original assessed value initially attributed to the property becoming tax exempt or being removed from the district. If the assessed value of property located within the tax increment financing district is reduced by reason of a court-ordered abatement, stipulation agreement, voluntary abatement made by the assessor or auditor or by order of the commissioner of revenue, the reduction shall be applied to the original assessed value of the district when the property upon which the abatement is made has not been improved since the date of certification of the district and to the captured assessed value of the district in each year thereafter when the abatement relates to improvements made after the date of certification. The county auditor shall have the power to specify reasonable form and content of the request for certification of the authority and any modification thereof pursuant to section 273.74, subdivision 4.

Sec. 16. Minnesota Statutes 1984, section 273.76, is amended by adding a subdivision to read:

*Subd. 3a. [PAYMENT TO SCHOOL DISTRICT FOR REFERENCE LEVY INCREASE.] If a tax increment financing district is located in a school district in which the voters have approved new millage or an increase in millage pursuant to section 124A.03, subdivision 2, the authority must pay to the school district the amount raised by the new or increased millage. The amount to be paid to the school district must be computed as follows:*

(1) *Subtract the mill rate approved by the voters of the school district pursuant to section 124A.03, subdivision 2, as of June 30, 1986, or the date the tax increment financing district was certified, whichever is later, and still in effect on the date the levy is certified, from the mill rate approved by the voters under that section as of the date the levy is certified. If the result is less than zero, select zero.*

(2) *Multiply the result in clause (1) by the ratio of the school district's actual levy certified pursuant to section 124A.03, subdivision 2, to its permitted levy under that section.*

(3) *Multiply the result in clause (2) by the retained captured assessed value of the authority located within that school district as of January 2 of the year in which the levy is certified.*

*The county auditor must compute the payment required by this subdivision and report the amount to the authority, the school district, and the commissioner of education by March 1 of each year. The payment must be made by November 1 of the year in which the property taxes are payable.*

Sec. 17. Minnesota Statutes 1984, section 273.76, subdivision 4, is amended to read:

Subd. 4. [PRIOR PLANNED IMPROVEMENTS.] The authority shall, after due and diligent search, accompany its request for certification to the county auditor pursuant to subdivision 1, or its notice of district enlargement pursuant to section 273.74, subdivision 5, with a listing of all properties within the tax increment financing district or area of enlargement for which building permits have been issued during the 18 months immediately preceding approval of the tax increment financing plan by the municipality pursuant to section 273.74, subdivision 4. The county auditor shall increase the original assessed value of the district by the assessed valuation of (THE IMPROVEMENTS) *each improvement* for which (THE) a building permit was issued (, EXCLUDING THE ASSESSED VALUATION OF IMPROVEMENTS FOR WHICH A BUILDING PERMIT WAS ISSUED DURING THE THREE MONTH PERIOD IMMEDIATELY PRECEDING SAID APPROVAL OF THE TAX INCREMENT FINANCING PLAN, AS CERTIFIED BY THE ASSESSOR).

Sec. 18. Minnesota Statutes 1984, section 273.76, subdivision 7, is amended to read:

Subd. 7. [PROPERTY CLASSIFICATION CHANGES.] (IN THE EVENT THAT ANY) *If a law governing the classification of real property (AND THEREBY DETERMINING THE PERCENTAGE OF MARKET VALUE TO BE ASSESSED FOR AD VALOREM TAXATION PURPOSES) is amended after (AUGUST 1, 1979) certification of the district to increase or reduce a classification ratio of property contained in the district, the increase or decrease in assessed valuation (RESULTING THEREFROM SHALL) must be applied proportionately to original assessed value and captured assessed value of any tax increment financing district in each year thereafter, whether created pursuant to the Minnesota Tax Increment Financing Act or any prior tax increment law.*

Sec. 19. Minnesota Statutes 1984, section 273.78, is amended to read:

273.78 [EXISTING PROJECTS.]

*Subdivision 1. [EXEMPTION; EXISTING PROJECTS.] The provisions of sections 273.71 to 273.77 shall not affect any project for which tax increment certification was requested*

pursuant to law prior to August 1, 1979, or any project carried on by an authority pursuant to section 462.545, subdivision 5 with respect to which the governing body has by resolution designated properties for inclusion in the district prior to August 1, 1979, except:

(a) As otherwise expressly provided in section 273.71 to 273.77; or

(b) As an authority may elect to proceed with an existing district, under the provisions of sections 273.71 to 273.77; or

(c) (THAT ANY ENLARGEMENTS OF THE GEOGRAPHIC AREA OF AN EXISTING TAX INCREMENT FINANCING DISTRICT SUBSEQUENT TO AUGUST 1, 1979, SHALL BE ACCOMPLISHED IN ACCORDANCE WITH AND SHALL SUBJECT THE PROPERTY ADDED AS A RESULT OF THE ENLARGEMENT TO THE TERMS AND CONDITIONS OF SECTIONS 273.71 TO 273.77) *As provided in subdivision 2; or*

(d) (THAT COMMENCING WITH TAXES PAYABLE IN 1980,) Section 273.76, subdivision 3, clause (b) shall apply to all development districts created pursuant to chapter 472A, or any special law, prior to August 1, 1979.

*Subd. 2. [APPLICATION TO EXISTING PROJECTS.]*

(a) *The provisions of sections 273.71 to 273.77 apply to tax increment financing projects established prior to August 1, 1979, if one of the following conditions occurs:*

(1) *an enlargement of the geographic area of the project or district area is made after April 1, 1986;*

(2) *bonds are issued by the authority in aid of the project after April 1, 1988, except that refunding bonds may be issued if the principal amount of the refunding bonds is equal to or less than the outstanding principal of the refunded bonds and the interest rate payable on the refunding bonds, taking into account any discount or premium and the cost of refunding, is lower than on the refunded bonds;*

(3) *tax increment revenues, other than the proceeds of bonds, are expended for a purpose other than*

(A) *paying outstanding bonds to which the tax increments are pledged;*

(B) *prepaying the outstanding bonds or paying into an escrow account dedicated to the payment of the outstanding bonds;*

(C) *paying amounts or the cost of undertaking activities that the authority is obligated to pay or undertake pursuant to a binding contract with a third party, executed prior to August 1, 1986;*

(D) *paying for the authority's allocated administrative costs of the project; or*

(E) *repaying public redevelopment costs incurred or paid by a housing and redevelopment authority or the municipality with moneys other than increments prior to April 1, 1986.*

*The terms of bonds, except refunding bonds, issued after April 1, 1986 may not exceed 15 years.*

(b) *If a tax increment financing project satisfies one of the conditions specified in paragraph (a), the provisions of sections 273.71 to 273.77 apply as follows. The authority must prepare a tax increment financing plan and comply with the other requirements of section 273.74 as applicable at the time the condition was satisfied under paragraph (a), except that the findings required by section 273.74, subdivision 3, clause (b) need not be made. The project must be designated as a redevelopment, housing, or economic development district and the duration limits contained in section 273.75, subdivision 1, must be calculated from the date the first increment was collected. The provisions of section 273.75, subdivision 6, apply from the original date of certification except that increments received in years prior to the year in which the condition under paragraph (a) was satisfied are not affected. The provisions of section 273.75, subdivision 1, paragraph (b); section 273.75, subdivision 5; and section 273.76, subdivisions 4 and 6, do not apply.*

Sec. 20. Minnesota Statutes 1985 Supplement, section 473F.02, subdivision 3, is amended to read:

Subd. 3. "Commercial-industrial property" means the following categories of property, as defined in section 273.13, excluding that portion of such property (1) which (MAY, BY LAW, CONSTITUTE THE TAX BASE FOR A TAX INCREMENT PLEDGED PURSUANT TO SECTION 462.585 OR 474.10, CERTIFICATION OF WHICH WAS REQUESTED PRIOR TO AUGUST 1, 1979, TO THE EXTENT AND WHILE SUCH TAX INCREMENT IS SO PLEDGED) *is the captured assessed value of a tax increment financing district or project that is exempt from section 273.76, subdivision 3, pursuant to section 273.78;* (2) which may, by law, constitute the tax base for tax revenues set aside and paid over for credit to a sinking fund pursuant to direction of the city council in accordance with Laws 1963, chapter 881, as amended, to the extent that such revenues are so treated in any year; or (3) which is exempt from taxation pursuant to section 272.02:



(a) That portion of class 3 property defined in Minnesota Statutes 1971, section 273.13, consisting of stocks of merchandise and furniture and fixtures used therewith; manufacturers' materials and manufactured articles; and tools, implements and machinery, whether fixtures or otherwise.

(b) That portion of class 4 property defined in Minnesota Statutes 1971, section 273.13, which is either used or zoned for use for any commercial or industrial purpose, except for such property which is, or, in the case of property under construction, will when completed be used exclusively for residential occupancy and the provision of services to residential occupants thereof. Property shall be considered as used exclusively for residential occupancy only if each of not less than 80 percent of its occupied residential units is, or, in the case of property under construction, will when completed be occupied under an oral or written agreement for occupancy over a continuous period of not less than 30 days.

If the classification of property prescribed by section 273.13 is modified by legislative amendment, the references in this subdivision shall be to such successor class or classes of property, or portions thereof, as embrace the kinds of property designated in this subdivision.

Sec. 21. Minnesota Statutes 1984, section 475.51, subdivision 5, is amended to read:

Subd. 5. "Assessed value" means the latest valuation for purposes of taxation, as finally equalized, of all property taxable within the municipality *but not including captured assessed value under section 273.73, subdivision 4, or any other law permitting collection of tax increments.*

Sec. 22. [EFFECTIVE DATE.]

*Section 1 is effective for property taxes payable in 1987 and for the 1987-1988 school year. Sections 2 and 9 are effective the day following final enactment. Sections 3 to 5, 8, 11, and 13 are effective for districts certified after June 30, 1986, except that the amendment to Minnesota Statutes 1984, section 273.75, subdivision 6, enacting paragraph (d) and the amendment to Minnesota Statutes, section 273.75, subdivision 1, paragraph (c), relating to districts created prior to August 1, 1979 are effective the day following final enactment. Section 10 is effective for revenues expended after June 30, 1986, except to the extent that the authority had a binding contract to expend any additional amounts. Sections 7, 15, and 18 are effective July 1, 1986. Section 14 is effective January 1, 1987. Section 16 is effective for referendum levies approved after June 30, 1986. Sections 6 and 17 are effective for districts certified after and for modifications adding parcels to a district or project area from which increment is col-*

lected adopted after June 30, 1986. Section 19 is effective the day following final enactment. Section 21 is effective for bonds issued after December 31, 1986.

## Article 2

### Nongovernmental Bond Allocation

#### Section 1. [474A.01] [CITATION.]

*Sections 1 to 23 may be cited as the "Minnesota bond allocation act."*

#### Sec. 2. [474A.02] [DEFINITIONS.]

*Subdivision 1. [TERMS DEFINED.] For the purposes of sections 1 to 23, the terms defined in this section have the following meanings:*

*Subd. 2. [ANNUAL VOLUME CAP.] "Annual volume cap" means the aggregate dollar amount of obligations bearing interest excluded from gross income for purposes of federal income taxation which, under the provisions of existing federal tax law or a federal volume limitation act, may be issued in one year by issuers.*

*Subd. 3. [CERTIFICATE OF ALLOCATION.] "Certificate of allocation" means a certificate provided to an issuer by the department under section 13.*

*Subd. 4. [CITY.] "City" means a statutory or home rule charter city.*

*Subd. 5. [COMMERCIAL REDEVELOPMENT PROJECT.] "Commercial redevelopment project" means a project as defined in section 474.02, if it is not a manufacturing project 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) At least 75 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.*

(d) *At least 90 percent 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.*

**Subd. 6. [DEPARTMENT; DEPARTMENT OF ENERGY AND ECONOMIC DEVELOPMENT.]** *“Department” or “department of energy and economic development” means the department of energy and economic development or its successor agency or agencies with respect to the duties that the department is to perform under sections 1 to 23.*

**Subd. 7. [ENTITLEMENT ISSUER.]** *“Entitlement issuer” means an issuer to which an allocation is made under section 4, 8, or 9.*

**Subd. 8. [EXISTING FEDERAL TAX LAW.]** *“Existing federal tax law” means those provisions of the Internal Revenue Code of 1954, as amended through December 31, 1985, that limit the aggregate amount of obligations of a specified type or types which may be issued by an issuer during a calendar year whose interest is exempt from inclusion in gross income for purposes of federal income taxation.*

**Subd. 9. [FEDERAL VOLUME LIMITATION ACT.]** *“Federal Volume Limitation Act” means Title VII of the bill that was adopted by the United States House of Representatives on December 17, 1985, as H.R. 3838, 99th Cong. 1st Sess. (1985), or any law of the United States that is effective after December 31, 1985 and that:*

(1) *imposes an annual volume cap;*

(2) *allocates the annual volume cap among various uses for which the proceeds of the obligations may be used or among various issuers of obligations or both; and*

(3) *allows the governor during a specified interim period or the state legislature by law to provide for a different allocation of the annual volume cap among uses and among issuers.*

**Subd. 10. [GENERAL OBLIGATION.]** *“General obligation” means an obligation that pledges the full faith and credit of an issuer with general taxing powers, other than a state issuer, to the payment of the obligation.*

**Subd. 11. [GOVERNMENTAL VOLUME CAP.]** *“Governmental volume cap” means the annual volume cap less the amount, if any, that a federal volume limitation act requires be set aside or reserved, without the right to override by state legislation, for qualified 501(c)(3) bonds or if a federal volume*

*limitation act does not require an amount to be set aside for qualified 501(c)(3) bonds, the amount set aside pursuant to section 12, subdivision 9.*

*Subd. 12. [ISSUER.] "Issuer" means any entitlement issuer or other issuer.*

*Subd. 13. [LOCAL PUBLIC FUNDS.] "Local public funds" means the funds of a governmental unit except the following:*

*(1) the proceeds of an obligation subject to existing federal tax law or a federal volume limitation act;*

*(2) payments or property furnished by a nonexempt person to repay or secure the loan of proceeds of an obligation subject to existing federal tax law or a federal volume limitation act or other payments made in consideration of the issuance of an obligation subject to existing federal tax law or a federal volume limitation act;*

*(3) 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 existing federal tax law or a federal volume limitation act;*

*(4) tax increments, as defined in section 273.76; or*

*(5) tax reductions provided pursuant to sections 273.1312 to 273.1314.*

*Subd. 14. [MANUFACTURING PROJECT.] "Manufacturing project" means properties, real or personal, used in connection with a revenue producing enterprise in connection with 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 (1) if they are used as part of or in connection with an assembly, fabricating, manufacturing, mixing, or processing facility, or (2) 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.*

*Subd. 15. [MORTGAGE CREDIT CERTIFICATE.] "Mortgage credit certificate" means any certificate which satisfies the definition of such term as contained in section 25(c)(1) of the Internal Revenue Code of 1954, as amended through July 18, 1984.*

*Subd. 16. [MULTIFAMILY HOUSING PROJECT.] "Multi-family housing project" means a development defined in section 462C.02, subdivision 5, for which the applicable housing plan and program approval requirements of chapter 462C have been met.*

*Subd. 17. [NONEXEMPT PERSON.] "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, 1985.*

*Subd. 18. [NOTICE OF ENTITLEMENT ALLOCATION.] "Notice of entitlement allocation" means a notice provided to an entitlement issuer under section 4, subdivision 5, or under section 8, subdivision 2.*

*Subd. 19. [OTHER ISSUER.] "Other issuer" means any entity other than an entitlement issuer which may issue obligations subject to an annual volume cap, including but not limited to the University of Minnesota, any city, any town, any federally recognized American Indian tribe or subdivision thereof located in Minnesota, any housing and redevelopment authority referred to in chapter 462, or any body authorized to exercise the powers of a housing and redevelopment authority, any port authority referred to in chapter 458, or any body authorized to exercise the powers of a port authority, any area or municipal redevelopment agency referred to in chapter 472, any county, or any other municipal authority or agency established pursuant to special law, or any entity issuing on behalf of the foregoing.*

*Subd. 20. [POLLUTION CONTROL PROJECT.] "Pollution control project" means properties, real or personal, used 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:*

*(1) if at least 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*

*(2) if it is not a manufacturing project and at least 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 14.*

*Subd. 21. [PRELIMINARY RESOLUTION.] "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. The resolution must express a preliminary intention of the issuer to issue obligations for a specific project and must identify the proposed project and the proposed amount of the obligations to be issued.*

*Subd. 22. [QUALIFIED 501(c)(3) BONDS.] "Qualified 501(c)(3) bonds" mean obligations the proceeds of which are to be used by, or loaned or otherwise made available to, an organization described in section 501(c)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1985, in activities directly related and essential to the conduct of the charitable activities of the organization and that are not used by a nonexempt person in its trade or business or obligations with a comparable definition in a federal volume limitation act.*

*Subd. 23. [QUALIFIED MORTGAGE BONDS.] "Qualified mortgage bonds" mean obligations which are qualified mortgage bonds as defined by section 103A(c) of existing federal tax law.*

*Subd. 24. [QUALIFIED MORTGAGE CREDIT CERTIFICATE PROGRAM.] "Qualified mortgage credit certificate program" means any program which satisfies the definition of such term as contained in section 25(c)(2) of the Internal Revenue Code of 1954, as amended through July 18, 1984.*

*Subd. 25. [QUALIFIED MULTIFAMILY HOUSING PROJECT.] "Qualified multifamily housing project" means a multifamily housing project in which at least 50 percent of the units will be held for occupancy by families or individuals with adjusted gross income not in excess of 80 percent of the median family income as estimated by the United States Department of Housing and Urban Development for the metropolitan statistical area.*

*Subd. 26. [STATE ISSUER.] "State issuer" means the state of Minnesota or an agency or instrumentality of the state, but excluding political subdivisions.*

*Subd. 27. [SUBSTANTIAL COMMITMENT OF LOCAL PUBLIC FUNDS.] "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 obliga-*

tions 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 clause (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 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, 1985, or both.

Subd. 28. [WASTE MANAGEMENT PROJECT.] "Waste management project" means a project which is authorized by chapter 115A or 400, sections 473.801 to 473.834, or by any other law or home rule charter authorizing substantially the same type of project.

Subd. 29. [WRITTEN DEVELOPMENT PROGRAM.] "Written development program" or "program" means a written economic development plan that contains at least substantially all of the following:

(1) a description of the area subject to the plan, which may not exceed 20 percent of the total acreage of the issuer;

(2) a statement of the objectives for the development of the area subject to the plan;

(3) 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;

(4) a description of the type of specific development reasonably expected to take place within the area subject to the plan; and

(5) 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. 3. [474A.03] [DETERMINATION OF ANNUAL VOLUME CAP.]**

*Subdivision 1. [ANNUAL VOLUME CAP UNDER EXISTING FEDERAL TAX LAW.] At the beginning of each calendar year, the department must determine the aggregate dollar amount of the annual volume cap under existing federal tax law for the calendar year, and of this amount the department must determine the following amounts:*

(1) the amount that is allocated to entitlement issuers under section 4;

(2) the amount initially available for allocation through the pool under section 5, is the annual volume cap determined under this subdivision less the amount determined under clause (1); and

(3) the amount available for issuance of qualified mortgage bonds under section 7.

*Subd. 2. [ANNUAL VOLUME CAP UNDER FEDERAL VOLUME LIMITATION ACT.] At the beginning of each calendar year, the department must determine the aggregate dollar amount of the annual volume cap under a federal volume limitation act during the calendar year, and of this amount the department must determine the following amounts:*

(1) the amount, if any, that a federal volume limitation act requires be reserved for qualified 501(c)(3) bonds or the amount provided by section 12, subdivision 9;



(2) the amount of the governmental volume cap allocated to entitlement issuers under section 8, stating separately (i) the amount available for issuance of "qualified mortgage bonds" or obligations with a comparable definition in a federal volume limitation act, and (ii) the amount available for issuance of any other obligations; and

(3) the amount initially available for allocation through the pool under section 11, which is the amount of the governmental volume cap less the aggregate of the amounts determined in clause (2).

Notwithstanding the foregoing, for the period from and including January 1, 1987, to and including June 30, 1987, the following limitations apply: (i) one-half of the amount determined pursuant to clause (2)(ii) shall be allocated to entitlement issuers under section 8; (ii) the entire amount determined pursuant to clause (2)(i) shall be allocated to entitlement issuers under section 8; (iii) one-half of the amount determined pursuant to clause (3) shall be made available for allocation under section 11; and (iv) one-half of the amount, if any, determined pursuant to clause (1) shall be made available for allocation under section 12. The remaining amount of annual volume cap for calendar year 1987 not so allocated, or made available for allocation, shall remain unallocated unless otherwise provided by law.

**Subd. 3. [ADJUSTMENTS FOR CHANGES TO VOLUME CAP IN FEDERAL VOLUME LIMITATION ACT.]** If the annual volume cap in a federal volume limitation act that becomes law is greater than or less than the annual volume cap that existed in a federal volume limitation act in the form that existed as of January 1, 1986, the department shall adjust the calculations made under subdivisions 2 and 3.

**Sec. 4. [474A.04] [ENTITLEMENT ALLOCATIONS UNDER EXISTING FEDERAL TAX LAW.]**

**Subdivision 1. [HIGHER EDUCATION COORDINATING BOARD ALLOCATION.]** Of the aggregate annual volume cap under existing federal tax law, \$25,000,000 for each calendar year is allocated to the higher education coordinating board for the issuance of obligations pursuant to chapter 136A. On September 1, any unused portion of the amount allocated to the higher education coordinating board pursuant to this subdivision cancels and the authority must be reallocated pursuant to section 5.

**Subd. 2. [IRON RANGE RESOURCES AND REHABILITATION ALLOCATION.]** Of the aggregate annual volume cap under existing federal tax law, \$30,000,000 for each calendar year is allocated to the iron range resources and rehabilitation

commissioner. After September 1 of each year, the iron range resources and rehabilitation commissioner may retain any unused portion of the allocation only if the commissioner has submitted to the department on or before September 1 a preliminary resolution for a specific project and a letter which states (1) the intent to issue obligations pursuant to the allocation or a portion of it before the end of the calendar year or within the time period permitted under existing federal tax law, and (2) a description of the specific project or projects for which the obligations will be issued, together with an application deposit in the amount of one percent of the amount of the unused allocation or the portion of it pursuant to which the commissioner intends to issue obligations. The commissioner may subsequently reallocate the retained allocation among the projects described in clause (2). On September 1, any unused portion of the amount allocated to the iron range resources and rehabilitation commissioner and not reserved by a preliminary resolution, a letter of intent, and an application deposit is canceled and must be reallocated under section 5. If the iron range resources and rehabilitation commissioner returns for reallocation all or a part of the allocation on or before October 31, that portion of the application deposit equal to one percent of the amount returned must be refunded within 30 days, except to the extent that the deposit is required to be retained pursuant to section 13.

Upon the request of a statutory city located in the taconite tax relief area which received an entitlement allocation under Minnesota Statutes 1984, section 474.18 of \$5,000,000 or more for calendar year 1985, the iron range resources and rehabilitation commissioner shall enter into an agreement with the city whereby the commissioner issues obligations, in an amount requested by the city but not to exceed \$5,000,000, on behalf of the city.

Subd. 3. [ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY ALLOCATION.] Of the aggregate annual volume cap under existing federal tax law, \$60,000,000 for each calendar year is allocated to the energy and economic development authority. After September 1 of each year, the energy and economic development authority or any entity which receives an allocation from the energy and economic development authority may retain any unused portion of its allocation only if it has submitted to the department, on or before September 1 a preliminary resolution for a specific project and a letter which states (1) its intent to issue obligations pursuant to its allocation or a portion of it before the end of the calendar year or within the time period permitted under existing federal tax law, and (2) a description of the specific project or projects for which the obligations will be issued, together with an application deposit in the amount of one percent of the amount of its unused allocation or the portion of it pursuant to which it intends to issue obligations. The energy and economic development authority may subsequently reallocate the retained allocation among the projects described in clause (2).

On September 1 any unused portion of the amount allocated to the energy and economic development authority and not reserved by a preliminary resolution, a letter of intent, and an application deposit is canceled and must be reallocated under section 5. If the energy and economic development authority or any issuer which receives an allocation from the authority 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 must be refunded within 30 days, except to the extent that the deposit is required to be retained under section 13.

Subd. 4. [ENTITLEMENT CITIES.] Of the aggregate annual volume cap under existing federal tax law, for each calendar year the amount determined pursuant to this subdivision is allocated to (1) cities of the first class, and (2) the largest Minnesota city located in a metropolitan statistical area as of January, 1984 that does not contain a city of the first class, if the city has a population of 25,000 or more. The amount allocated to a first class city is an amount equal to \$200 multiplied by the city's population. The amount allocated to each city qualifying under clause (2) is \$5,000,000. After September 1 of each year, an issuer receiving an allocation under this subdivision may retain an unused portion of its allocation only if it has submitted to the department by September 1 a letter stating its intent to issue obligations pursuant to its allocation before the end of the calendar year or within the time permitted under existing federal tax law and an application deposit equal to one percent of the amount of the unused allocation for which it intends to issue obligations. Any unused portion of an allocation for which an application deposit and letter of intent has not been received by the department by September 1 must be canceled and reallocated under section 5. If an issuer returns for reallocation all or part of its allocation under this subdivision by October 31, the application deposit equal to one percent of the amount returned must be refunded to the issuer, except to the extent that the deposit is required to be retained under section 13.

For purposes of this subdivision, "population" means the population determined under section 477A.011, subdivision 3.

Subd. 5. [NOTICE OF ENTITLEMENT ALLOCATION.] As soon as possible in each calendar year, the department shall provide to each entitlement issuer a written notice of the amount of its entitlement allocation under this section.

Subd. 6. [ENTITLEMENT TRANSFERS.] An entitlement issuer may enter into an agreement with another entitlement issuer whereby the recipient entitlement issuer issues obligations pursuant to issuance authority allocated to the original entitlement issuer under this section.

Sec. 5. [474A.05] [ALLOCATION OF POOL AMOUNT UNDER EXISTING FEDERAL TAX LAW.]

*Subdivision 1. [POOL AMOUNT.] Of the aggregate annual volume cap under existing federal tax law, the amount determined pursuant to section 3, subdivision 1, clause (2), shall be allocated among issuers pursuant to this section for each calendar year. An entitlement issuer may apply for an allocation pursuant to this section only after August 20. An entitlement issuer may apply for an allocation before November 1 only if the entitlement issuer has adopted a final resolution authorizing the sale of obligations equal to any allocation received under section 4 or has returned all of its unused allocation for reallocation under this section.*

*Notwithstanding the preceding paragraph, the following entitlement issuers may apply for an allocation under this section:*

*(a) A city of the first class may apply for an allocation for a manufacturing project at any time.*

*(b) State issuers, other than the iron range resources and rehabilitation commissioner, may apply for and receive allocations under this section in an aggregate amount not to exceed that portion of its entitlement allocation returned for reallocation under section 4.*

*Subd. 2. [APPLICATION.] An issuer may apply for an allocation pursuant to this section by submitting to the department an application on forms provided by the department, accompanied by (1) a preliminary resolution, and (2) an application deposit in the amount of one percent of the requested allocation. An issuer may elect not to submit an application for an allocation for a project for which the issuer previously adopted a preliminary resolution.*

*Subd. 3. [ALLOCATION CRITERIA.] The department shall rank each application received pursuant to this section on the basis of the number of points awarded to it, with one point being awarded for each of the following criteria satisfied:*

*(a) The current rate of unemployment for the applicant is at or above 110 percent of the statewide average unemployment rate for the most recently available reporting period, as determined by the department of economic security. The unemployment rate for the applicant is the greater of (1) 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 (2) another estimate supplied by the applicant with respect to its jurisdiction, which is documented by the applicant.*

*(b) 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 must be based on the same source and must be (1) the most recent estimate available for the smallest jurisdiction which wholly includes the applicant, as reported by the department of economic security, or (2) another estimate supplied by the applicant with respect to its jurisdiction, which is documented by the applicant.

(c) 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 of the obligations.

(d) The number of jobs to be created by the project is at least two jobs for each \$100,000 of issuance authority requested for the project.

(e) As of the date of application the total market value of all taxable property in the applicant's jurisdiction, based on the most recent certification of assessed value to the commissioner of revenue, has either (1) declined in relation to the first calendar year before the certification, or (2) increased in relation to the first calendar year before the certification at a rate which is less than 90 percent of the rate of increase of the state average market value over the same period.

(f) 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.

(g) The project is wholly located in an enterprise zone designated pursuant to section 273.1312.

(h) 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.

(i) The project meets one of the following energy conservation criteria: (1) the project is eligible for the additional federal investment tax credits for energy property, (2) the project involves construction or expansion of a district heating system as defined in section 116J.36, or (3) the project involves construction of an energy source as described in section 116J.26, clause (a), (b), or (d) or 116M.03, subdivisions 22, 23 and 26.

(j) The project consists of the renovation, rehabilitation, or reconstruction of an existing building which is (1) 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 (2) designated in the National Register pursuant to United States Code, title 16, section 470a.

(k) Service connections to sewer and water systems are available to the project at the time the application is submitted.

(l) *As provided by a binding agreement by the principal user or users of the project with the applicant, at least ten percent of the individuals employed by the principal user or users of the project will be minority or low income individuals.*

(m) *When the application is submitted either (1) the anticipated owner of the project, or any party of which the owner is a controlling partner or shareholder, or which is a controlling shareholder or partner of the owner, does not own or operate a substantially similar business within the state or (2) 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.*

(n) *A controlling interest in the project will be owned by one or more women or minority persons.*

(o) *Seventy-five percent or more of the proceeds of the proposed issue will be used to rehabilitate an existing structure.*

*Subd. 4. [ALLOCATION PROCEDURE.] (a) The department shall allocate available issuance authority under this section on Monday of each week to applications received on or before Monday of the preceding week in the following order of priority and available issuance authority may not be allocated to any other project:*

*(1) applications for manufacturing projects;*

*(2) applications for pollution control projects or waste management projects; and*

*(3) applications for commercial redevelopment projects.*

*Within each category of applications available authority must be allocated on the basis of the numerical rank determined pursuant to this section. In the case of an application for issuance authority that includes more than one project to be financed by one issue of obligations, the points assigned to the application shall be computed on the basis of the weighted average of points for the projects. The projects must all be of the same category of projects to be submitted as a multiproject application. If two or more applications have the same numerical rank, the ranking of the applications must be by lot unless otherwise agreed by the respective issuers. If an application is rejected, the department must notify the applicant and return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted.*

*(b)(1) From January 1 through October 31, no more than 20 percent of the total amount available for allocation during the*

calendar year pursuant to this section may be allocated to pollution control and waste management projects.

(2) From January 1 through October 31, no more than 35 percent of the total amount available for allocation during the calendar year pursuant to this section may be allocated to commercial redevelopment projects. This amount is increased to 50 percent of the total available authority for the next month's allocation if the following two conditions occur: (i) 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; or (ii) the entire amount of issuance authority available under this subparagraph for commercial redevelopment projects has been allocated.

Subd. 5. [LETTER OF INTENT.] After September 1 of each year, an issuer which has received an allocation pursuant to this section prior to September 1 may retain any unused portion of the allocation only if the issuer has submitted to the department on or before September 1 a letter stating its intent to issue obligations pursuant to the allocation before the end of the calendar year or within the time period permitted by existing federal tax law. If the letter of intent is not submitted to the department of energy and economic development, the one percent application deposit must be returned to the issuer, the allocation canceled, and the issuance authority is available for reallocation pursuant to this section. If an 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 must be refunded within 30 days, except to the extent that the deposit is required to be retained under section 13.

Subd. 6. [FINAL ALLOCATION.] From November 1 to December 31 of each year, the annual volume cap under existing federal tax law, 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, or which is not reserved for qualified mortgage bonds, is available for allocation or reallocation and shall be allocated among issuers. The iron range resources and rehabilitation commissioner, the energy and economic development authority, or an entitlement city may reallocate after August 31 its retained allocation among projects identified in preliminary resolutions filed with the department prior to November 1. An application for this allocation must include evidence of passage of a preliminary resolution and state 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 existing federal tax law, and must be accompanied by an application deposit in the amount of one percent of the requested

*allocation. Applications must be made and allocations shall be awarded in accordance with subdivisions 3 and 4.*

*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 must be made by lot unless otherwise agreed by the respective applicants.*

*If issuance authority remains or becomes available following the last Monday on which allocations are made for any calendar year, the department must allocate the available authority to the department of finance. The department of finance shall allocate the remaining authority between the Minnesota housing finance agency and the higher education coordinating board. Amounts allocated to the Minnesota housing finance agency shall be used for the issuance of mortgage credit certificates, and amounts allocated to the higher education coordinating board shall be used for the issuance of obligations under chapter 136A.*

*Subd. 7. [RETURN OF ALLOCATION.] If on or after November 1 but prior to December 1 of any year, an issuer determines that it will not issue obligations pursuant to an allocation received by it pursuant to this section or section 4 by the end of that year or within the time period permitted by existing federal tax law, the issuer must notify the department of the amount that is available for reallocation pursuant to this subdivision. In such case, the department shall refund to the issuer within 30 days that portion of the application deposit equal to one-third of one percent of the amount returned for reallocation, except to the extent the deposit is required to be retained under section 13. The amounts available for reallocation must be allocated on or before December 31 pursuant to subdivision 6.*

**Sec. 6. [474A.06] [NOTICE OF ISSUE UNDER EXISTING FEDERAL TAX LAW.]**

*Issuers that issue obligations subject to existing federal tax law must file with the department within five days after the obligations are issued a written 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. If obligations are to be issued as a series of obligations, the notice of issue must be filed for each series of obligations that is issued. If the notice of issue is not filed within five days after the obligations are issued, the obligations shall be considered not to have received an allocation under existing federal tax law. Within 30 days after receipt of the notice, the depart-*



*ment must refund a portion of the application deposit required under section 4 or 5 equal to one percent of the principal amount of the obligations issued.*

**Sec. 7. [474A.07] [QUALIFIED MORTGAGE BONDS UNDER EXISTING FEDERAL TAX LAW.]**

*Subdivision 1. [HOUSING FINANCE AGENCY ALLOCATION.] The applicable volume limit for qualified mortgage bonds for the Minnesota housing finance agency, pursuant to existing federal tax law, for a calendar year is 100 percent of the state ceiling for qualified mortgage bonds for that year, reduced only by (1) any amounts of qualified mortgage bonds which have been or may be allocated by law to specified cities, and (2) any amounts of qualified mortgage bonds which are allocated to cities pursuant to subdivisions 2 and 3. The aggregate amount allocated to cities, under clause (1) or (2), together with the amount of qualified mortgage bonds reserved for the agency, shall not exceed the limit for the state under existing federal tax law.*

*By August 1 of each year, a city which has received by law an allocation of the state ceiling for qualified mortgage bonds shall submit its housing programs to the Minnesota housing finance agency for approval pursuant to section 462C.04, subdivision 2, in an amount of bonds equal to or less than, the city's allocation. If the amount of qualified mortgage bonds, for which program approval is granted on or before September 1 is less than the amount allocated by law to the city, the applicable limit for the agency shall be increased by the difference between the amount allocated by law to the city, and the amount for which program approval has been granted.*

*Subd. 2. [CITY ALLOCATION.] Unless otherwise authorized by law, a city that intends to issue during a calendar year qualified mortgage bonds that are subject to existing federal tax law, shall by January 2 of that year submit to the Minnesota housing finance agency a program that will use a portion of the state qualified mortgage bond ceiling. The total amount of qualified mortgage bonds included in all programs submitted pursuant to this subdivision by a city may not exceed \$10,000,000. Each program must be accompanied by a certificate from the city that states that the qualified mortgage bond issue is feasible. By February 1, the Minnesota housing finance agency must review each program pursuant to section 462C.04, subdivision 2. The Minnesota housing finance agency shall approve all programs that the agency determines are consistent with chapter 462C, and that meet the following conditions:*

*(1) all of the loans must be reserved for a period of not less than six months for persons and families whose adjusted family income is below 80 percent of the limits on adjusted gross income provided in section 462C.03, subdivision 2; and*

(2) loans must be made only to finance homes that are serviced by municipal water and sewer utilities; provided that if the approval of all programs would result in an allocation to cities in excess of 27-1/2 percent of the state ceiling for the calendar year 1985, reduced by the amount of qualified mortgage bonds that are allocated by law to specified cities, the Minnesota housing finance agency shall approve programs that are submitted by a city which meets any of the following three criteria: (i) a city of the first class, (ii) a city that did not receive an allocation under this subdivision or Minnesota Statutes 1984, section 462C.09, subdivision 2(a), or Minnesota Statutes 1985 Supplement, section 462C.09, subdivision 2(a), during the preceding two calendar years, or (iii) a group of cities that plan to jointly issue bonds for the program provided further that if approval of all of the programs submitted by cities that meet one or more of the criteria in (i), (ii), or (iii) would result in a total allocation to cities in excess of the portion of the state ceiling available for allocation, then from among those programs the agency shall select by lot the programs to be approved. If a portion of the state ceiling remains unallocated after the agency has approved all programs submitted by cities that meet one or more of the criteria in (i), (ii), or (iii), the Minnesota housing finance agency shall select by lot from among the remaining programs the programs to be approved. The Minnesota housing finance agency shall determine if a program meets the conditions in clauses (1) and (2) based solely upon the program with accompanying information submitted to the agency. Approval of a program shall constitute an allocation of a portion of the state ceiling for qualified mortgage bonds equal to the proposed bond issue or issues contained in the program, provided that the allocation for the last selected program that receives an allocation may be equal to or less than the amount of the bond issue or issues proposed in the program.

If a city which received an allocation pursuant to this subdivision, or which has been allocated a portion of the state ceiling by law and has received approval of one or more programs, has not issued bonds by September 1 in an amount equal to the allocation, and the city intends to issue qualified mortgage bonds prior to the end of the calendar year, the city shall by September 1 submit to the Minnesota housing finance agency for each program a letter that states the city's intent to issue the qualified mortgage bonds prior to the end of the calendar year. If the Minnesota housing finance agency does not receive the letter from the city, then the allocation of the state ceiling for that program expires on September 1, and the applicable limit for the Minnesota housing finance agency is increased by an amount equal to the unused portion of the allocation to the city. A city referred to in subdivision 1, clause (1), need not apply under this subdivision with respect to bonds allocated by law to the city, but may apply for an additional allocation of bonds under this subdivision.

Subd. 3. [ADDITIONAL CITY ALLOCATION.] On or before September 1 of each year, the Minnesota housing finance

agency shall identify the amount, if any, of its applicable limit for qualified mortgage bonds for that calendar year that it does not intend to issue. A city that intends to issue qualified mortgage bonds prior to the end of the calendar year for which it has not received an allocation of the state ceiling may submit a program for approval on or before September 1 to the Minnesota housing finance agency for a portion of the amount of the Minnesota housing finance agency's applicable limit as provided in subdivision 1 which the agency does not intend to issue. The total amount of qualified mortgage bonds included in all programs of any city submitted pursuant to this subdivision shall not exceed \$10,000,000. The program shall be accompanied by the same certificate required by subdivision 2. The Minnesota housing finance agency shall allocate the amount of the state ceiling to be allocated pursuant to this subdivision using the same factors listed in subdivision 2, provided that a program for a city receiving an allocation pursuant to subdivision 2 during the calendar year shall be ranked below all other programs if the bonds proposed in the program, when added to the bonds included in programs approved pursuant to subdivision 2, exceed \$10,000,000. A city that submitted a program pursuant to subdivision 2 but that did not receive an allocation may renew its application with a letter of intent to issue. A city referred to in subdivision 1, clause (1), may apply for an additional allocation of bonds under this subdivision.

**Subd. 4. [AGENCY REVIEW.]** The 30-day review requirement in section 462C.04, subdivision 2, does not apply to programs submitted to the agency that require an allocation of the state ceiling pursuant to this section. A failure by the agency to complete any action by the date set forth in this section shall not result in the approval of any program or the allocation of any portion of the applicable limit of the agency. Approval by the agency of programs after the dates provided in this section is effective in allocating a portion of the state ceiling. Programs approved by the agency may be amended with the approval of the agency under section 462C.04, subdivision 2, provided that the dollar amount of bonds for the program may not be increased.

**Subd. 5. [STATE CERTIFICATION.]** The executive director of the Minnesota housing finance agency is designated as the state official to provide the preissuance certification required by section 103A(j)(4)(A) of the Internal Revenue Code of 1954, as amended through December 31, 1985.

**Subd. 6. [CORRECTION AMOUNTS FOR MORTGAGE CREDIT CERTIFICATE PROGRAMS.]** A reduction in the state ceiling for qualified mortgage bonds caused by the failure of a mortgage credit certificate program to comply with a federal statute or regulation shall be assessed against the amount of qualified mortgage bonds allocated by law, other than by way of this section, to the city which adopted the program. If no such allocation exists or it is less than the correction amount determined by the secretary of the treasury, then the amount of the

*correction amount in excess of the allocation shall be assessed against the 27-1/2 percent of the state ceiling allocated to the cities under subdivision 2.*

**Sec. 8. [474A.08] [DETERMINATION OF ENTITLEMENT ALLOCATIONS UNDER FEDERAL VOLUME LIMITATION ACT.]**

*Subdivision 1. [ENTITLEMENT ISSUERS.] The dollar amount of the governmental volume cap allocated to entitlement issuers under a federal volume limitation act for each calendar year must be determined by the department as follows:*

*(1) to the department of finance 24 percent of the governmental volume cap to be allocated among state issuers under section 9;*

*(2) to each city, a sum equal to 75 percent of the amount of bond issuance authority allocated to the city under section 4, subdivision 4;*

*(3) to each city to which bond issuance authority is specifically allocated under state law for qualified mortgage bonds, a sum equal to the full amount of the bond issuance authority, which amount is to be used solely for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition as used in the federal volume limitation act prior to September 1, and thereafter may also be used for the issuance of either such mortgage bonds or obligations to finance multifamily housing projects;*

*(4) to a city or cities that received an allocation to issue qualified mortgage bonds during 1986 under Minnesota Statutes 1985 Supplement, section 462C.09, subdivision 2a, an amount or amounts for 1986 equal to such allocation, which amount may be used prior to September 1 for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition in a federal volume limitation act, and thereafter may also be used for the issuance of obligations to finance multifamily housing projects; and*

*(5) to a city or cities determined in accordance with the procedure set forth in section 7, subdivisions 2 and 3, an allocation to issue qualified mortgage bonds during 1987, in an amount determined in accordance with such procedure contained in section 7, subdivisions 2 and 3, which amount may be used prior to September 1 for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition in a federal volume limitation act, and thereafter may also be used for the issuance of obligations to finance multifamily housing projects.*

*For any entitlement issuer that received an allocation for a qualified multifamily housing project and did not issue obliga-*

tions for the project within the time period specified under section 13, subdivision 3, the amount allocated to the entitlement issuer under this subdivision for 1987 must be reduced by the amount of the unused allocation and the amount of any other allocation retained by that issuer after September 1, 1986, for which obligations have not been issued in 1986. The amount of any reduction in allocation must be added to the amounts available for pool allocation under section 11.

For purposes of this subdivision, "population" means the population determined under section 477A.011, subdivision 3.

**Subd. 2. [NOTICE OF ENTITLEMENT ALLOCATION.]** As soon as possible in each calendar year, the department shall provide a notice of entitlement allocation to each entitlement issuer stating separately the amount that may be issued for "qualified mortgage bonds" or for obligations with a comparable definition, a federal volume limitation act and the amount that may be issued for other obligations.

**Sec. 9. [474A.09] [ALLOCATION OF STATE ENTITLEMENTS UNDER FEDERAL VOLUME LIMITATION ACT.]**

The amount allocated to the department of finance under section 8, subdivision 1, clause (1), may be allocated or reallocated by the commissioner of the department of finance internally among state issuers, provided that 11.5 percent of the entitlement allocation must be allocated to the iron range resources and rehabilitation commissioner. Upon the request of a statutory city located in the taconite tax relief area that received an entitlement allocation under Minnesota Statutes 1984, section 474.18, of \$5,000,000 or more for calendar year 1985, the iron range resources and rehabilitation commissioner shall enter into an agreement with the city whereby the commissioner issues obligations on behalf of the city, in an amount requested by the city but not to exceed 17 percent of the amount allocated to the commissioner under this subdivision.

**Sec. 10. [474A.10] [ENTITLEMENT ISSUERS UNDER THE FEDERAL VOLUME LIMITATION ACT.]**

**Subdivision 1. [NOTICE OF ISSUE.]** Each entitlement issuer that issue obligations pursuant to an entitlement allocation received under section 8 must provide a notice of issue to the department on forms provided by the department stating (1) the date of issuance of the obligations; (2) the title of the issue; (3) the principal amount of the obligations; (4) the type or types of the obligations that cause them to be subject to the annual volume cap; and (5) the dollar amount of the obligations subject to the governmental volume cap of a federal volume limitation act. For obligations that are issued as a part of a series of obligations, a notice must be provided for each series. Any issue of obligations for which a notice of issue is not pro-

vided to the department within five days after issuance is deemed not to have received an allocation under a federal volume limitation act. Within 30 days after receipt of the notice of issue, the department must refund a portion of any deposit made pursuant to subdivision 3 equal to one percent of the principal amount of the obligations issued.

*Subd. 2. [ENTITLEMENT TRANSFERS.] An entitlement issuer may enter into an agreement with another entitlement issuer whereby the recipient entitlement issuer issues obligations pursuant to issuance authority allocated to the original entitlement issuer.*

*Subd. 3. [RESERVATION OR CANCELLATION OF ENTITLEMENT ALLOCATIONS.] After September 1, 1986, an entitlement issuer may retain all or a portion of its entitlement allocation under a federal volume limitation act only if the department has received by September 1 a letter stating the intent of the entitlement issuer to issue obligations under its entitlement allocation before the end of the calendar year or within the time permitted by a federal volume limitation act and an application deposit equal to one percent of the unused allocation for which it intends to issue obligations, provided that there shall be credited against the required deposit, any deposit made in accordance with section 4 for a corresponding allocation under existing federal tax law. Any unused portion of an allocation for which an application deposit and letter of intent have not been received by the department by September 1, 1986, is canceled and must be reallocated under section 11. Notwithstanding the provisions of this subdivision, the department of finance may retain \$15,000,000 of its entitlement allocation for the issuance of obligations. If any time after August 31, 1986, the department of finance determines that part or all of the retained allocation will not be required for obligations issued by the state, the portion not required cancels and shall be reallocated under section 11.*

**Sec. 11. [474A.11] [ALLOCATION OF POOL AMOUNT UNDER THE FEDERAL VOLUME LIMITATION ACT.]**

*Subdivision 1. [POOL AMOUNT.] For calendar year 1986 and from January 1 to June 30 of 1987, the portion of the governmental volume cap and any allocations canceled or returned for reallocation under section 10 or section 12, subdivision 9, shall be allocated to issuers other than state issuers, under this section.*

*An entitlement issuer, other than state issuers, may apply for an allocation under this section only after August 20. If an entitlement issuer, other than state issuers, applies for an allocation prior to November 1, the entitlement issuer must have either adopted a final resolution authorizing the sale of obliga-*

tions in an amount equal to any allocation received under section 8 or returned any remaining allocation for reallocation under this section.

*Notwithstanding the preceding paragraph, the following entitlement issuers may apply for an allocation under this section:*

(a) *Entitlement issuers that received an allocation only under section 8, subdivision 1, clause (4) or (5), may apply for an allocation at any time.*

(b) *A city of the first class may apply for an allocation for a manufacturing project at any time.*

(c) *Any entitlement issuer, other than a state issuer, may apply for an allocation for a qualified multifamily housing project after September 1 if (1) it has adopted a preliminary resolution for specific projects for the amount of any of its retained entitlement allocation, and (2) the amount of allocation applied for does not exceed \$10,000,000.*

(d) *State issuers may apply for and receive allocations under this section in an aggregate amount not to exceed that portion of the state's entitlement allocation returned for reallocation under section 10.*

*Subd. 2. [APPLICATION.] An issuer may apply for an allocation pursuant to this section by submitting to the department an application on forms provided by the department accompanied by (1) a preliminary resolution, and (2) if the application is submitted prior to September 1 of any calendar year, an application deposit in the amount of one percent of the requested allocation, or if the application is submitted after August 31, 1986, an application deposit in the amount of two percent of the requested allocation, provided that there shall be credited against the required deposit any deposit made with respect to the same project in accordance with section 5. An application deposit for a qualified multifamily housing project must include an additional application deposit in the amount of one percent of the requested allocation. An application pursuant to this section may be combined with an application under section 5.*

*Subd. 3. [ALLOCATION CRITERIA.] The department must rank each application received under this section on the basis of the number of points awarded to it, with one point being awarded for each of the criteria listed in section 5, subdivision 3, that are satisfied, and one point being awarded for each of the following criteria:*

- (1) *the project is a multifamily housing project; and*

(2) the project is a multifamily housing project designed for rental primarily to handicapped persons or to elderly persons.

An application for an allocation relating to an issue of obligations the proceeds of which are to be used to refund outstanding obligations shall be assigned a ranking of no points.

Subd. 4. [ALLOCATION PROCEDURE.] (a) The department shall allocate available issuance authority on Monday of each week to applications received by Monday of the preceding week, in the following order of priority and available issuance authority may not be allocated to any other project prior to September 1, 1986:

- (1) applications for manufacturing projects;
- (2) applications for pollution control projects or waste management projects; and
- (3) applications for commercial redevelopment projects or multifamily housing projects.

Within each category of applications available authority must be allocated on the basis of the numerical rank determined under this section. In the case of an application for an allocation relating to more than one project to be financed by one issue of obligations, the points assigned to the application shall be computed on the basis of the weighted average of points for the projects. The projects must all be of the same category of projects to be submitted as a multiproject application. If two or more applications have the same numerical rank, the ranking of the applications must be by lot unless otherwise agreed by the respective issuers. If an application is rejected, the department must notify the applicant and shall return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted.

(b) 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.

(c) 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 and multifamily housing projects. This amount is increased to 50 percent of the total available authority for the next month's allocation if the following two conditions occur: (1) 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; and (2) the entire amount of issuance authority available under this clause for commercial re-development and multifamily housing projects has been allocated.*

*Subd. 5. [CERTIFICATE OF ALLOCATION.] The granting of an allocation of issuance authority by the department pursuant to this section shall be evidenced by issuance of a certificate of allocation provided to the applicant in accordance with section 13.*

*Subd. 6. [FINAL ALLOCATION.] After November 1, allocations shall be made under this subdivision to any project including, without limitation, projects for owner-occupied housing, notwithstanding the percentage limits and other restrictions contained in this section. Applications must be ranked and allocations made first according to the order of priority and ranking of points under subdivisions 3 and 4. Any remaining amount 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 the applications must be made by lot unless otherwise agreed by the respective applicants. If issuance authority remains or becomes available following the last Monday on which allocations are made during the calendar year, the department must allocate the remaining authority to the department of finance, and the department of finance must allocate the remaining authority between the Minnesota housing finance agency and the higher education coordinating board. Amounts so allocated to the Minnesota housing finance agency shall be used for the issuance of mortgage credit certificates, and amounts allocated to the higher education coordinating board shall be used for the issuance of obligations under chapter 136A.*

**Sec. 12. [474A.12] [501(c)(3) POOL; FEDERAL VOLUME LIMITATION ACT.]**

*Subdivision 1. [501(c)(3) POOL.] This section applies only to allocations made under a federal volume limitation act. The amount, if any, of the aggregate annual volume cap that must be set aside for qualified 501(c)(3) bonds in 1986 or in 1987 or pursuant to subdivision 9 shall be allocated under this section.*

*Subd. 2. [HIGHER EDUCATION FACILITIES AUTHORITY.] Of the portion of the annual volume cap allocated under this section, \$20,000,000 for each calendar year is allocated to the higher education facilities authority for the issuance of obligations under sections 136A.25 through 136A.42. After September 1 of each year, the higher education facilities authority may retain an unused portion of its allocation only if the higher education facilities authority submits to the department*

on or before September 1 a letter which states (1) its intent to issue obligations pursuant to its allocation or a portion of it before the end of the calendar year or within the time period permitted under a federal volume limitation act, and (2) a description of the specific project or projects for which the obligations will be issued, together with an application deposit in the amount of one percent of the amount of the unused allocation or the portion of it pursuant to which it intends to issue obligations. The authority may subsequently reallocate the retained allocation among the projects described in clause (2). On September 1 any unused portion of the amount allocated to the higher education facilities authority and not reserved by a letter of intent and an application deposit is canceled and subject to reallocation in accordance with subdivision 3. If the higher education facilities authority returns for reallocation all or any part of its allocation on or before October 31, that portion of the application deposit equal to one percent of the amount returned shall be refunded within 30 days.

Subd. 3. [APPLICATION.] An issuer may apply for an allocation of bond issuance authority under this section by submitting to the department an application on forms provided by the department, accompanied by (1) a preliminary resolution of the issuer, and (2) an application deposit in the amount of one percent of the requested allocation. The higher education facilities authority may apply for an allocation under subdivision 4 or 6 only if it has adopted a final resolution authorizing the sale of obligations in an amount equal to the allocation received and not returned for reallocation under subdivision 2.

Subd. 4. [ALLOCATION.] As of the 10th and 25th day of each month prior to September 1, the department shall allocate issuance authority available under this section on the basis of applications then on hand, assigning allocations in the order in which the applications are received by the department. If two or more applications are filed with the department on the same day and if there is insufficient issuance authority for the applications, the allocation between or among the applications shall be by lot unless otherwise agreed by the respective applicants. Before September 1 the amount allocated to an issuer for a 501(c)(3) organization may not exceed \$15,000,000 for the year. Two or more local issuers may combine their allocations in one or more single bond issues which exceed \$15,000,000 so long as no more than \$10,000,000 of the bond issue is for facilities located within the geographic boundaries of each issuer and the obligations may be issued jointly by a joint powers board or by one issuer on behalf of all the issuers to whom the allocation is made.

Subd. 5. [LETTER OF INTENT.] After September 1 of each calendar year, an issuer which has received an allocation pursuant to this section prior to September 1, may retain an unused portion of the allocation only if the issuer has submitted

to the department on or before September 1 a letter stating its intent to issue obligations before the end of the calendar year or within the time period permitted by a federal volume limitation act. If the letter of intent is not submitted to the department, the one percent application deposit must be returned to the issuer and the allocation is canceled and available for reallocation pursuant to subdivision 6. If an 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 must be refunded within 30 days. If it returns the allocation after October 31 but before December 1, that portion of the application deposit equal to one-third of one percent of the amount returned must be refunded within 30 days.

*Subd. 6. [ALLOCATION AFTER SEPTEMBER 1.]* On September 1 of each year the aggregate amount set aside for qualified 501(c)(3) bonds, less any amounts previously allocated or reallocated and either reserved by an issuer with a letter of intent or with respect to which a notice of issue has been filed shall be reallocated in accordance with this subdivision.

*Bond issuance authority subject to reallocation under this subdivision on and after September 1 in any year shall be allocated by the department in the order in which the applications were received by the department. If two or more applications are filed with the department on the same day and if there is insufficient issuance authority for the applications, the allocation between or among such applications shall be by lot unless otherwise agreed by the respective applicants. As soon as practicable after September 1, the department shall publish in the State Register a notice of the aggregate amount available for reallocation pursuant to this subdivision. Within five days after September 10, October 10, November 10, December 10, and December 20, the department shall allocate available authority under this subdivision. If issuance remains or becomes available following the final December 20th allocation, the department must allocate the remaining authority to the department of finance, and the department of finance shall allocate the remaining authority between the Minnesota housing finance agency and the higher education coordinating board. Amounts so allocated to the Minnesota housing finance agency shall be used for the issuance of mortgage credit certificates, and amounts allocated to the higher education coordinating board shall be used for the issuance of obligations under chapter 136A.*

*Subd. 7. [NOTICE OF 501(c)(3) ALLOCATION.]* The department shall issue a notice granting an allocation of issuance authority under this section. No allocations may be made if the sum of the principal amount of proposed allocation and the aggregate principal amount of allocations previously made and not returned for reallocation exceeds the amount of issuance authority set aside, without the right to override by state legislation, for qualified 501(c)(3) bonds under a federal volume limitation act.

*If an application is rejected, the department must notify the applicant and return the application deposit to the applicant within 30 days, unless the applicant requests in writing that the application be resubmitted.*

*Subd. 8. [NOTICE OF ISSUE.] Issuers that issue obligations under this section must provide a notice of issue to the department on forms provided by the department stating (1) the date of issuance of the obligations; (2) the title of the issue; (3) the principal amount of the obligations; and (4) the dollar amount of the obligations subject to the annual volume cap of a federal volume limitation act. For obligations issued as a part of a series of obligations, a notice must be provided for each series. An issue of obligations for which a notice of issue is not provided to the department within five days after issuance is deemed not to have received an allocation under a federal volume limitation act. Within 30 days after receipt of the notice of issue, the department must refund a portion of any deposit made pursuant to subdivision 3 equal to one percent of the principal amount of the obligations issued.*

*Subd. 9. [NO MANDATORY SET-ASIDE; 501(C)(3) POOL.] If a federal volume limitation act is enacted that does not require that issuance authority be set aside for qualified 501(c)(3) bonds, \$105,000,000 of issuance authority is available for allocation under this section from January 1 through October 31 of 1986 and \$52,500,000 of issuance authority is available for allocation under this section from January 1, 1987 through June 30, 1987. Notwithstanding the provisions of subdivision 6, if issuance authority is available for allocation pursuant to this subdivision, no allocation may be made pursuant to this section after October 31 for calendar year 1986 and the remaining amount of unallocated authority under this section that is or becomes available is canceled and must be reallocated pursuant to section 11.*

**Sec. 13. [474A.13] [CERTIFICATE OF ALLOCATION UNDER FEDERAL VOLUME LIMITATION ACT.]**

*Subdivision 1. [ISSUANCE OF CERTIFICATE OF ALLOCATION.] The department must issue a certificate of allocation for any allocation granted under section 11, except as provided in subdivision 4.*

*Subd. 2. [ISSUANCE OF CERTIFICATE OF ALLOCATION; GENERAL OBLIGATIONS.] The department must issue a certificate of allocation for any general obligation for which an allocation request is received upon forms provided by the department, except as provided in subdivision 4. The forms must contain:*

- (1) *the name and address of the issuer;*

(2) *the address, telephone number, and name of an authorized representative of the issuer;*

(3) *the principal amount of general obligations proposed to be issued by the issuer;*

(4) *the title of the proposed issue;*

(5) *a statement of the issuer that the proposed issue of obligations is expected to be offered for sale on or before the expiration date of the certificate of allocation for which the request is being made;*

(6) *the amount of the allocation requested;*

(7) *the project or projects to be financed with the general obligations; and*

(8) *a certification that the general obligations do not constitute "industrial development bonds" as defined in section 103(b) of the Internal Revenue Code of 1954, as amended through December 31, 1985, and an opinion of bond counsel to that effect;*

*The aggregate amount of issuance authority that may be allocated to an issuer pursuant to this subdivision for the calendar year may not exceed \$10,000,000. If submitted on or after September 1 for calendar year 1986, an allocation request must be accompanied by a deposit in the amount of one percent of the amount of allocation requested. The department shall issue certificates of allocation on Monday of each week for applications received by Monday of the preceding week and shall make the allocations among the applications by lot.*

*Subd. 3. [NOTICE OF ISSUE.] A certificate of allocation expires and is deemed not to have been issued if the department has not received a notice of issue on a form provided by the department stating that the obligations for which the certificate of allocation was provided were issued, or in the case of a general obligation, a final resolution providing for sale was adopted, within the longest of the following periods:*

(1) *for a certificate of allocation issued on or prior to August 15, 1986, or anytime in 1987, within 30 days of the date of issuance of the certificate;*

(2) *for a certificate of allocation issued between August 16 and September 1, 1986, by September 16, 1986;*

(3) *for a certificate of allocation issued on or after September 1, within 15 days of the date of issuance of the certificate; and*

(4) for a certificate of allocation issued to an entitlement issuer for a qualified multifamily housing project, within 30 days of issuance of the certificate of allocation.

Any of the periods specified in clauses (1), (2), or (3) may be extended for an additional period of the same number of days if an additional deposit in the amount of three percent of the amount of the certificate of allocation is provided before the end of the initial period. The period specified in clause (4) may be extended for an additional 30 days if an additional deposit in the amount of four percent of the amount of the certificate of allocation is provided before the end of the initial period.

The notice of issue must be executed by an officer of the issuer or by the bond counsel approving the issue and must state the principal amount of the obligations issued or to be issued and the difference, if any, between the amount issued or to be issued and the amount stated in the certificate of allocation. If the notice of issue is not provided to the department by the time required, then (1) the certificate of allocation expires and the issue is deemed not to have received an allocation for the purpose of complying with a federal volume limitation act, and (2) the deposit required by section 10, 11, or this section is forfeited by the issuer. If the notice is received by the department on or prior to the prescribed deadline, then within 30 days after receipt of this notice, the department must refund a portion of any application deposit in proportion to the amount of the allocation authority issued.

**Subd. 4. [LIMITATIONS ON THE ISSUANCE OF CERTIFICATES.]** No certificate of allocation may be granted under a federal volume limitation act under any of the following circumstances:

(1) the amount of the allocation requested, when added to (i) the aggregate amount of certificates of allocation issued and not expired; (ii) amounts remaining available to be allocated pursuant to section 11; and (iii) entitlement authority allocated pursuant to section 8 and not returned pursuant to section 10, subdivision 3, for reallocation would cause the governmental volume cap to be exceeded. If two or more applications for a certificate of allocation are filed with the department on the same day and there is insufficient issuance authority for the applications, certificates shall be issued first for applications made pursuant to subdivision 2 and thereafter for applications made pursuant to subdivision 1; or

(2) the principal amount of the proposed allocation exceeds \$25,000,000 unless the issuer is the Minnesota housing finance agency or the Minnesota higher education coordinating board, or unless the issue is a pooled or joint issue or any issue of a joint powers board, provided that for joint or pooled issues or issues of a joint powers board the aggregate amount of the issue may not exceed \$100,000,000.

*Subd. 5. [CERTIFICATES ARE NOT TRANSFERABLE.] Certificates of allocation are not transferable. An issuer that receives an allocation of issuance authority pursuant to sections 1 to 21 to finance a project within the boundaries of the issuer may allow another issuer to issue obligations pursuant to the issuance authority, whether or not the boundaries of the other issuer are co-terminous with the boundaries of the issuer that received the authority.*

**Sec. 14. [474A.14] [NOTICE OF AVAILABLE AUTHORITY.]**

*The department shall publish in the State Register at least twice monthly, a notice of the amount of issuance authority, if any, available for allocation pursuant to sections 5, 11, and 12.*

**Sec. 15. [474A.15] [STATE HELD HARMLESS.]**

*The state is not liable in any manner to any issuer, holder of obligations, or other person for carrying out the duties imposed on it under this act.*

**Sec. 16. [474A.16] [EXCLUSIVE METHOD OF ALLOCATION.]**

*Sections 1 to 23 are the exclusive method for allocating authority to issue obligations for the purposes of complying with the volume limitation of a federal volume limitation act and existing federal tax law. An issuer of obligations may elect to obtain an allocation of authority under either existing federal tax law, a federal volume limitation act, or both.*

**Sec. 17. [474A.17] [ADMINISTRATIVE PROCEDURE ACT NOT APPLICABLE.]**

*Minnesota Statutes, chapter 14, does not apply to actions taken by any state agency, entity, or the governor under this act.*

**Sec. 18. [474A.18] [PROSPECTIVE OVERRIDE OF FEDERAL VOLUME LIMITATION ACT.]**

*This act prospectively overrides and replaces the method of allocating the authority to issue obligations among uses and among issuers as provided in a federal volume limitation act to the extent allowed by a federal volume limitation act.*

**Sec. 19. [474A.19] [GOVERNOR'S ACTION.]**

*If at any time before June 30, 1987, a federal volume limitation act is enacted into law in a form different from that existing as of December 31, 1985, which (1) eliminates or adds any re-*

*quirement that a specific type of obligation is subject to a volume limitation that is inconsistent with the allocation mechanism provided for in sections 1 to 23, or (2) provides for other restrictions on the allocation of issuance authority that are inconsistent with the allocation mechanism provided for in sections 1 to 23, the governor may, consistent with a federal volume limitation act as enacted, by executive order or proclamation, establish such revisions to the allocation system as may be necessary and appropriate and which the governor, in consultation with the legislative advisory commission and the attorney general, determines are most consistent with the purposes of and the allocation mechanism provided for in this act. An executive order or proclamation made by the governor under this section does not withdraw or impair any allocation made if obligations have been issued under such allocations unless the obligations are not subject to the volume cap of a federal volume limitation act and written notice is provided to the issuer.*

**Sec. 20. [474A.20] [STATE CERTIFICATION.]**

*The commissioner of the department is designated as the state official to provide any pre-issuance or post-issuance certification required by a federal volume limitation act.*

**Sec. 21. [474A.21] [APPROPRIATION; RECEIPTS.]**

*Any fees collected by the department under this act must be deposited in the general fund. The amount necessary to repay application deposits is appropriated to the department from the general fund for that purpose.*

**Sec. 22. [REPEALER.]**

*Minnesota Statutes 1984, sections 462C.09, subdivisions 1 and 4; 474.16, subdivisions 1, 2, and 5; 474.21; and 474.25; and Minnesota Statutes 1985 Supplement, sections 462C.09, subdivisions 2a, 3, 5, and 6; 474.16, subdivisions 3, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15; 474.17; 474.19; 474.20; 474.23; and 474.26 are repealed. Nothing in this section is intended to affect the validity of any allocation granted pursuant to the repealed sections prior to the effective date of this act, including any allocation carried forward for use in a later calendar year. If prior to the date of enactment of this act, a notice of allocation is received pursuant to Minnesota Statutes 1985 Supplement, section 474.19, and if obligations pursuant to that allocation are not issued on or before the date of enactment of this act, the issuer may elect within 30 days after enactment of the act to either resubmit its application pursuant to the provisions of this act and receive a credit for the deposit already made or request a refund of the deposit. If a refund of the deposit is requested, the department must refund the deposit within 15 days.*

**Sec. 24. [EFFECTIVE DATE; SUNSET.]**



*This article is effective the day following final enactment. Sections 2, subdivisions 3, 9, 10, 11, 16, 22, and 25; 3, subdivisions 2 and 3; 8 to 13; 18 to 20 are repealed effective July 1, 1987.*

### Article 3

#### Bond Issuance Authority

##### Section 1. [116N.01] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] For the purposes of sections 1 to 3, the terms defined in this section have the following meanings.*

*Subd. 2. [ECONOMIC DEVELOPMENT LOAN REPAYMENT.] "Economic development loan repayment" means a payment received or to be received by a municipality with respect to a loan made by the municipality for economic development purposes from the proceeds of a federal or state grant, from the proceeds of bonds issued pursuant to section 3 or from municipal resources appropriated for such purpose.*

*Subd. 3. [MUNICIPALITY.] "Municipality" means a statutory or home rule charter city, a housing and redevelopment authority created pursuant to chapter 462 or a port authority created pursuant to chapter 458.*

*Subd. 4. [PROJECT.] "Project" means an industrial development district as defined in section 458.191, subdivision 1; a project as defined in section 462.421, subdivision 14; a development district as defined in chapter 472A or any special law; or a project as defined in section 474.02, subdivision 1, 1a or 1b.*

##### Sec. 2. [116N.02] [USES OF LOAN REPAYMENTS.]

*(a) Subject to any restrictions imposed on the use thereof by any related federal or state grant, economic development loan repayments and the proceeds of bonds issued pursuant to section 3 may be applied or pledged by a municipality to the following purposes:*

*(1) to finance or otherwise pay the costs of a project;*

*(2) to pay principal and interest on bonds issued pursuant to section 273.77, chapter 474, 458, 462, or section 3, to purchase insurance or other credit enhancement for any of those obligations or to create or maintain reserves therefor; or*

*(3) for any other purpose authorized by law.*

(b) *In the event economic development loan repayments are used to pay principal or interest on any obligations referred to in clause (2), the municipality may be reimbursed for the amount so applied with interest not exceeding the rate of interest on the obligations from subsequent collections of taxes or other revenues which had been designated as the primary source of payment of the obligations.*

Sec. 3. [116N.03] [BONDS.]

*A municipality may by resolution authorize, issue, and sell revenue bonds payable solely from all or a portion of a municipality's economic development loan repayments to finance an expenditure that the municipality is authorized to make under section 2. The bonds may be issued in one or more series and sold at public or private sale and at the prices the municipality may determine. The bonds may be secured, bear interest at the rate or rates, have the rank or priority, be executed in the manner, mature and be subject to the defaults, redemptions, repurchases, tender options or other terms as the municipality may determine. The municipality may enter into and perform all contracts considered necessary or desirable by it to issue the bonds and apply the proceeds thereof, including an indenture of trust with a trustee within or without the state, a loan agreement, lease or installment sale contract in connection with the project to be financed or a guaranty of the bonds or related instrument. The bonds may be further secured by any pledge or mortgage securing the economic development loan repayments pledged to the bonds. The bonds, and the bonds must so state, may not be payable from nor charged upon any funds other than the economic development loan repayments and property pledged or mortgaged to the payment of the bonds nor may the municipality be subject to any liability on the bonds or have the power to obligate itself to pay the bonds from funds other than the economic development loan repayments and properties pledged and mortgaged. A holder or holders of the bonds may not compel any exercise of the taxing powers of the municipality to pay the principal of or interest on the bonds or to enforce payment of them against any other property of the municipality. No bonds may be issued under this section, the proceeds of which are to be loaned to a nongovernmental person or entity, unless the municipality estimates that the economic development loan repayments pledged to the payment of principal and interest, exclusive of economic development loan repayments to be made by the person or entity, if paid to the municipality in accordance with their terms, are sufficient to pay principal and interest on the bonds when due.*

Sec. 4. Minnesota Statutes 1984, section 412.301, is amended to read:

412.301 [FINANCING PURCHASE OF CERTAIN EQUIPMENT.]

The council may issue certificates of indebtedness (WITHIN EXISTING) or *capital notes*, subject to the city's debt limits (FOR THE PURPOSE OF PURCHASING FIRE OR POLICE) to purchase *public safety* equipment (OR), ambulance equipment (OR STREET) and other *medical equipment* or road construction or maintenance equipment, and other *capital equipment* having an expected useful life at least as long as the terms of the notes or certificates. Such certificates or notes shall be payable in not more than five years and shall be issued on such terms and in such manner as the council may determine. If the amount of the certificates or notes to be issued to finance any such purchase exceeds one percent of the assessed valuation of the city, (EXCLUDING MONEY AND CREDITS,) they shall not be issued for at least ten days after publication in the official newspaper of a council resolution determining to issue them; and if before the end of that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular municipal election is filed with the clerk, such certificates or notes shall not be issued until the proposition of their issuance has been approved by a majority of the votes cast on the question at a regular or special election. A tax levy shall be made for the payment of the principal and interest on such certificates or notes as in the case of bonds.

Sec. 5. Minnesota Statutes 1984, section 462C.02, subdivision 6, is amended to read:

Subd. 6. "City" means any statutory or home rule charter city, a county housing and redevelopment authority created by special law or authorized by its county to exercise its powers pursuant to section 462.426, or any public body which (a) is the housing and redevelopment authority in and for a statutory or home rule charter city, or the port authority of a statutory or home rule charter city, and (b) is authorized by ordinance to exercise, on behalf of a statutory or home rule charter city, the powers conferred by sections 462C.01 to (462C.08) 462C.10.

Sec. 6. Minnesota Statutes 1984, section 462C.06, is amended to read:

**462C.06 [COUNTY HOUSING AND REDEVELOPMENT AUTHORITY ACTING ON BEHALF OF CITY.]**

A housing and redevelopment authority in and for a county may exercise the powers conferred by sections 462C.01 to (462C.-07) 462C.10 either (1) on its own behalf or (2) on behalf of a city (other than a county housing and redevelopment authority), if the city authorizes the housing and redevelopment authority in and for the county in which the city is located to exercise such powers and the county has authorized its housing and redevelopment authority to exercise its powers pursuant to section 462.426 or the county housing and redevelopment authority has been

*created by special law*; provided, however, that any program undertaken pursuant to this section (SHALL BE INCLUDED IN LIMITATIONS PROVIDED IN SECTION 462C.07, SUBDIVISION 2, AND ALSO SHALL BE) is subject to the limitations of sections 462C.03 and 462C.04 in the case of a single family housing program, and subject to the limitations of section 462C.-05 in the case of a multifamily housing development program.

Sec. 7. Minnesota Statutes 1984, section 462C.07, subdivision 1, is amended to read:

Subdivision 1. To finance programs or developments described in any plan the city may, upon approval of the program as provided in section 462C.04, subdivision 2, issue and sell revenue bonds or obligations which shall be payable exclusively from the revenues of the programs or developments. In the purchase or making of single family housing loans and the purchase or making of multifamily housing loans and the issuance of revenue bonds or other obligations the city may exercise within its corporate limits, any of the powers the Minnesota housing finance agency may exercise under chapter 462A, without limitation under the provisions of chapter 475. *The proceeds of revenue bonds issued to make or purchase single family housing loans that are jointly issued by two or more cities pursuant to section 471.59 may be used to make or purchase single family housing loans secured by homes in any of the cities.*

Sec. 8. Minnesota Statutes 1984, section 466.06, is amended to read:

#### 466.06 [LIABILITY INSURANCE.]

The governing body of any municipality may procure insurance against liability of the municipality and its officers, employees, and agents for damages resulting from its torts and those of its officers, employees, and agents, including torts specified in section 466.03 for which the municipality is immune from liability. The insurance may provide protection in excess of the limit of liability imposed by section 466.04. If the municipality has the authority to levy taxes, the (PREMIUM) costs (FOR SUCH INSURANCE) *of procuring the insurance, including but not limited to premiums, installment purchase payments, participation costs in self-insurance pools, or other method of payment,* may be levied in excess of any per capita or millage tax limitation imposed by statute or charter. However, a school district may not levy pursuant to this section for premium costs for motor vehicle insurance protecting against injuries or damages arising out of the operation of district owned, operated, leased, or controlled vehicles for the transportation of pupils for purposes for which state aid is authorized under section 124.223, or for purposes for which the district is authorized to levy under section 275.125, subdivision 5d. Any independent board or commission in the municipality having authority to disburse funds for a particular

municipal function without approval of the governing body may similarly procure liability insurance with respect to the field of its operation. The procurement of such insurance constitutes a waiver of the defense of governmental immunity to the extent of the liability stated in the policy but has no effect on the liability of the municipality beyond the coverage so provided.

Sec. 9. Minnesota Statutes 1984, section 471.59, subdivision 11, is amended to read:

Subd. 11. [JOINT POWERS BOARD.] Two or more governmental units, through action of their governing bodies, *by adoption of a joint powers agreement that complies with the provisions of subdivisions 1 through 5*, may establish a joint board to issue bonds or obligations pursuant to any law by which any of the governmental units establishing the joint board may independently issue bonds or obligations and may use the proceeds of the bonds or obligations to carry out the purposes of the law under which the bonds or obligations are issued. A joint board created pursuant to this section may issue obligations and other forms of indebtedness only pursuant to *express* authority granted by the action of the governing bodies of the governmental units which established the joint board. The joint board established pursuant to this subdivision shall be composed solely of members of the governing bodies of the governmental unit which established the joint board, and the joint board may not pledge the full faith and credit or taxing power of any of the governmental units which established the joint board. The obligations or other forms of indebtedness shall be obligations of the joint board *issued on behalf of the governmental units creating the joint board*. The obligations or other forms of indebtedness shall be issued in the same manner and subject to the same conditions and limitations which would apply if the obligations were issued or indebtedness incurred by one of the governmental units which established the joint board provided that any reference to a governmental unit in the statute, law, or charter provision authorizing the issuance of the bonds or the incurring of the indebtedness shall be considered a reference to the joint board.

Sec. 10. Minnesota Statutes 1984, section 471.981, is amended by adding a subdivision to read:

*Subd. 4a. [MUTUAL INSURANCE COMPANY; CREATION.] A political subdivision may participate in a self-insurance pool established under subdivision 3. Membership in a mutual insurance company established by a self-insurance pool shall be limited to political subdivisions. Notwithstanding section 66A.02, chapter 317 shall apply to a mutual insurance company created by a self-insurance pool. Notwithstanding section 66A.03, for a mutual insurance company created under this subdivision, there shall be not less than 25 bona fide applications for policies of insurance of each kind sought to be written, signed by at*

least 25 members, covering at least 25 separate risks, each risk, within the maximum net single risk described herein and one year's premiums thereon paid in cash, and admitted assets of not less than \$100,000, which admitted assets shall not be less than five times the maximum net single risk, as herein defined, and shall have on deposit with the commissioner, as security for all of its policyholders, stock or bonds of this state or of the United States or bonds of any of the municipalities of this state, or personal obligations secured by first mortgage on real estate within this state worth, exclusive of buildings, the amount of the lien, and bearing interest of not less than three percent per annum, to an amount the actual market value of which, exclusive of interest, shall never be less than \$100,000.

Sec. 11. Minnesota Statutes 1984, section 471.981, is amended by adding a subdivision to read:

*Subd. 6. [INSURANCE INSTALLMENT PURCHASE AGREEMENT.] A political subdivision may, by resolution of its governing body, enter into an insurance installment purchase agreement with a self-insurance pool created under subdivision 3. A self-insurance pool may use insurance installment purchase agreements to provide participating political subdivisions with coverage against the risks enumerated in subdivision 1. The self-insurance fund or pool may finance insurance installment purchase agreements by issuing revenue bonds or other evidences of indebtedness issued on behalf of the participating political subdivisions. A participating political subdivision shall fund its pro rata share of the financing with payments sufficient to produce revenue for the prompt payment of the bonds or other evidences of indebtedness, including all interest accruing thereon and premiums. The insurance installment purchase agreements may provide for additional contributions or premiums if it is actuarially determined that the assets of the insurance installment purchase agreement available to pay claims are insufficient. The insurance installment purchase agreement may be a multiyear contract and shall not be subject to any referendum, public bidding, or net debt limitation requirement of section 475.53. The agreement shall constitute a revenue agreement under chapter 474 and a political subdivision shall follow the applicable procedures enumerated in chapter 474 when entering into the agreement.*

Sec. 12. Minnesota Statutes 1984, section 471.981, is amended by adding a subdivision to read:

*Subd. 7. [BOND ISSUE FOR INSURANCE PROCUREMENT.] Notwithstanding section 471.59, subdivision 11, the procurement of insurance in accordance with subdivision 6 may be financed in whole or in part by the issuance of general obligation bonds of a political subdivision in the manner provided in chapter 475 or by the issuance of revenue bonds of the self-insurance pool, secured by the insurance installment purchase agree-*

*ments of the participating political subdivisions in the manner provided in chapter 474 and subdivisions 6 and 8. The self-insurance pool, with the approval of the governing body of each participating political subdivision, shall fix the total amount needed to be raised for the procurement of insurance and shall apportion to each participating political subdivision the share of this amount and the costs of operation, or of annual debt service or payments required to pay this amount with interest, which is to be raised by the political subdivision. The issuance of general obligation bonds under this subdivision may be by negotiated sale at a discount not to exceed four percent, at a variable rate of interest subject to chapter 475.*

*The governing body of each participating political subdivision shall annually levy a tax to repay the costs of retirement of any bonds or to make payments under the insurance installment purchase agreements. The governing body of the political subdivision may levy these taxes without limitation as to rate or amount and the levy of these taxes shall not cause the amount of other taxes levied or to be levied, which are subject to any such limitation, to be reduced.*

*The proceeds from the sale of bonds shall be paid by the participating political subdivisions into a fund held by the self-insurance pool. Proceeds of taxes levied for installment payments under the insurance installment purchase agreements shall be assigned by the participating political subdivisions and shall be paid directly to a trustee designated by the pool to secure payment of the revenue bonds or other evidences of indebtedness issued by the pool under subdivision 6.*

Sec. 13. Minnesota Statutes 1984, section 471.981, is amended by adding a subdivision to read:

*Subd. 8. [INSURANCE INSTALLMENT PURCHASE; INTEREST RATE.] Participating political subdivisions may delegate to the pool the power to determine the interest rate on the insurance installment purchase agreement provided that the rate does not exceed the rate of the revenue bonds or other evidences of indebtedness sold by the pool by more than one-fourth of one percent. Participating political subdivisions may delegate to the pool the power to determine the principal amount of revenue bonds or other evidences of indebtedness, the pro rata share of each political subdivision's cost of issuance, reserve fund requirements, and capitalized interest.*

Sec. 14. Minnesota Statutes 1985 Supplement, section 475.52, subdivision 6, is amended to read:

*Subd. 6. [CERTAIN PURPOSES.] Any municipality may issue bonds for paying judgments against it; for procuring insurance or funding a reserve for self-insurance against risks through a self-insurance pool in accordance with section 471.981, or in*

*such other manner on a collective basis as provided by law; for refunding outstanding bonds; for funding floating indebtedness; or for funding all or part of the municipality's current and future unfunded liability for a pension or retirement fund or plan referred to in section 356.20, subdivision 2, as those liabilities are most recently computed pursuant to sections 356.215 and 356.216 by purchasing one or more insurance policies or annuity contracts to pay all or a specified part of the liability within the period required by law. The board of trustees or directors of a pension fund or relief association referred to in section 69.77 or chapter 422A must consent and must be a party to any contract made under this section with respect to the fund held by it for the benefit of and in trust for its members.*

**Sec. 15. Minnesota Statutes 1984, section 475.55, subdivision 1, is amended to read:**

**Subdivision 1. [INTEREST; FORM.] Interest on obligations (SHALL NOT EXCEED THE GREATEST OF (A) THE RATE DETERMINED PURSUANT TO SUBDIVISION 4 FOR THE MONTH IN WHICH THE RESOLUTION AUTHORIZING THE OBLIGATIONS WAS ADOPTED, OR (B) THE RATE DETERMINED PURSUANT TO SUBDIVISION 4 FOR THE MONTH IN WHICH THE OBLIGATIONS ARE SOLD, OR (C) THE RATE OF TEN PERCENT PER ANNUM) is not subject to any limitation on rate or amount. All obligations shall be securities as provided in the Uniform Commercial Code, chapter 336, article 8, may be issued as certificated securities or as uncertificated securities, and if issued as certificated securities may be issued in bearer form or in registered form, as defined in section 336.8-102. The validity of an obligation shall not be impaired by the fact that one or more officers authorized to execute it by the governing body of the municipality shall have ceased to be in office before delivery to the purchaser or shall not have been in office on the formal issue date of the obligation. Every obligation, as to certificated securities, or transaction statement, as to uncertificated securities, shall be signed manually by one officer of the municipality or by a person authorized to act on behalf of a bank or trust company, located in or outside of the state, which has been designated by the governing body of the municipality to act as authenticating agent. Other signatures and the seal of the issuer may be printed, lithographed, stamped or engraved thereon and on any interest coupons to be attached thereto. The seal need not be used. A municipality may do all acts and things which are permitted or required of issuers of securities under the Uniform Commercial Code, chapter 336, article 8, and may designate a corporate registrar to perform on behalf of the municipality the duties of a registrar as set forth in those sections. Any registrar shall be an incorporated bank or trust company, located in or outside of the state, authorized by the laws of the United States or of the state in which it is located to perform the duties. If obligations are issued as uncertificated securities, and a law requires or permits the obligations to contain a statement or recital, whether**



on their face or otherwise, it shall be sufficient compliance with the law that the statement or recital is contained in the transaction statement or in an ordinance, resolution, or other instrument which is made a part of the obligation by reference in the transaction statement as provided in section 336.8-202.

Sec. 16. Minnesota Statutes 1984, section 475.55, subdivision 2, is amended to read:

Subd. 2. [SUPERSESSON.] The provisions of this section (SHALL) supersede any maximum interest rate fixed by any other law or a city charter with respect to obligations of the state or any municipality or governmental or public subdivision, district, corporation, commission, board, council, or authority of whatsoever kind, including warrants or orders issued in evidence of allowed claims for property or services furnished to the issuer (, BUT SHALL NOT LIMIT THE INTEREST ON ANY OBLIGATION ISSUED PURSUANT TO A LAW OR CHARTER AUTHORIZING THE ISSUER TO DETERMINE THE RATE OR RATES OF INTEREST).

Sec. 17. Minnesota Statutes 1984, section 475.55, subdivision 3, is amended to read:

Subd. 3. [SPECIAL ASSESSMENTS.] Notwithstanding any contrary provisions of law or charter, special assessments pledged to the payment of obligations may bear interest at the rate the governing body by resolution determines (, NOT EXCEEDING THE GREATER OF (A) THE MAXIMUM INTEREST RATE PER ANNUM WHICH THE OBLIGATIONS MAY BEAR UNDER THE PROVISIONS OF THIS SECTION FOR THE MONTH IN WHICH THE RESOLUTION AUTHORIZING THE SPECIAL ASSESSMENT WAS ADOPTED OR (B) THE MAXIMUM INTEREST RATE PERMITTED TO BE CHARGED AGAINST THE ASSESSMENTS UNDER THE LAW OR CITY CHARTER PURSUANT TO WHICH THE ASSESSMENTS WERE LEVIED).

Sec. 18. Minnesota Statutes 1985 Supplement, section 475.56, is amended to read:

475.56 [INTEREST RATE.]

(a) Any municipality issuing obligations under any law may issue obligations bearing interest at a single rate or at rates varying from year to year which may be lower or higher in later years than in earlier years. Such higher rate for any period prior to maturity may be represented in part by separate coupons designated as additional coupons, extra coupons, or B coupons (, BUT THE HIGHEST AGGREGATE RATE OF INTEREST CONTRACTED TO BE SO PAID FOR ANY PERIOD SHALL NOT EXCEED THE MAXIMUM RATE AUTHORIZED BY LAW). Such higher rate may also be represented in part by the

issuance of additional obligations of the same series, over and above but not exceeding two percent of the amount otherwise authorized to be issued, and the amount of such additional obligations shall not be included in the amount required by section 475.59 to be stated in any bond resolution, notice, or ballot, or in the sale price required by section 475.60 or any other law to be paid ( ; BUT IF THE PRINCIPAL AMOUNT OF THE ENTIRE SERIES EXCEEDS ITS CASH SALE PRICE, SUCH EXCESS SHALL NOT, WHEN ADDED TO THE TOTAL AMOUNT OF INTEREST PAYABLE ON ALL OBLIGATIONS OF THE SERIES TO THEIR STATED MATURITY DATES, CAUSE THE AVERAGE ANNUAL RATE OF SUCH INTEREST TO EXCEED THE MAXIMUM RATE AUTHORIZED BY LAW). This section does not authorize a provision in any such obligations for the payment of a higher rate of interest after maturity than before.

(b) Any obligation of an issue of obligations otherwise subject to section 475.55, subdivision 1, may bear interest at a rate varying periodically at the time or times and on the terms, including convertibility to a fixed rate of interest, determined by the governing body of the municipality (, BUT THE RATE OF INTEREST FOR ANY PERIOD SHALL NOT EXCEED THE MAXIMUM RATE OF INTEREST FOR THE OBLIGATIONS DETERMINED IN ACCORDANCE WITH SECTION 475.55, SUBDIVISION 1). For purposes of section 475.61, subdivisions 1 and 3, the interest payable on variable rate obligations for their term shall be determined as if their rate of interest is the maximum rate (PERMITTED FOR THE OBLIGATIONS UNDER SECTION 475.55, SUBDIVISION 1, OR THE LESSER MAXIMUM RATE) of interest payable on the obligations in accordance with their terms or if no maximum rate is provided then an estimated maximum rate determined by the municipality, but if the interest rate is subsequently converted to a fixed rate the levy may be modified to provide at least five percent in excess of amounts necessary to pay principal of and interest at the fixed rate on the obligations when due. For purposes of computing debt service or interest pursuant to section 475.67, subdivision 12, interest throughout the term of bonds issued pursuant to this subdivision is deemed to accrue at the rate of interest first borne by the bonds. The provisions of this paragraph do not apply to obligations issued by a statutory or home rule charter city with a population of less than 10,000, as defined in section 477A.011, subdivision 3, or to obligations that are not rated A or better, or an equivalent subsequently established rating, by Standard and Poor's Corporation, Moody's Investors Service or other similar nationally-recognized rating agency. *Notwithstanding the previous sentence, this paragraph applies to obligations of a municipality in an amount not to exceed \$300,000 in a calendar year that mature within three years of the date of issuance, if the most recently issued general obligations of the municipality issued within the previous three years, but excluding obligations insured, guaranteed or payable by an obligor other than the municipality, were rated A or better, or an equivalent subsequently*

*established rating, by Standard and Poor's Corporation, Moody's Investors Service or other similar nationally recognized rating agency.*

**Sec. 19. [475.561] [TAXABLE STATUS; SPECIAL PROVISIONS.]**

*Subdivision 1. [INCREASE OR DECREASE IN INTEREST.] (a) Obligations may be issued which provide, if interest on the obligations is determined under the terms of the obligations to be subject to federal income taxation, for an increase in the rate of interest payable on the obligations, from the date of issuance or another date, to a rate provided under the terms of the obligations.*

*(b) If the municipality issues obligations it intends to be exempt from federal income taxation but which bond counsel will not provide an opinion that the interest on the obligations will be exempt from federal income taxation under pending legislation or otherwise, the municipality may provide for the obligations to bear interest at a rate that will decrease, from the date of issuance or another date, to a rate provided under the terms of the obligations if the obligations are subsequently determined to be exempt from federal income taxation.*

*(c) For purposes of section 475.61, subdivisions 1 and 3, the increase or decrease in interest rate permitted by this subdivision need not be taken into account until the increase or decrease occurs. Upon occurrence of the increase or decrease, the levy must be modified to provide at least five percent in excess of the amount necessary to pay principal and interest at the new rate of interest on the obligations.*

*Subd. 2. [ARBITRAGE REBATE.] A municipality may, from the proceeds of bonds, investment earnings, or any other available moneys of the municipality, pay to the United States or an officer, department, agency or instrumentality of the United States a rebate of excess earnings or arbitrage profits or other payment required to maintain the bonds as tax exempt. A covenant to make a payment or payments pursuant to this subdivision is not an obligation of the municipality.*

*Subd. 3. [PREPAYMENT OR PURCHASE OF BONDS.] A municipality that issues obligations it intends to be exempt from federal income taxation may agree to prepay or purchase the obligations (a) at the time and in the amount it determines necessary or desirable to maintain the obligations as exempt from federal income taxation or (b) upon a determination that the obligations are taxable. A municipality may make arrangements to have money available with which to purchase or prepay the obligations as the municipality determines necessary or desirable. If arrangements are made with a financial institution*

*pursuant to section 475.54, subdivision 5a or this subdivision and if the municipality owes the financial institution money under the arrangement, the obligation to pay the financial institution is not a general obligation of the municipality unless and until the provisions of this chapter for general obligations have been satisfied. For purposes of section 475.61, subdivisions 1 and 3, money necessary to make the purchase or prepayment are not amounts needed to meet when due principal and interest payments on the obligations.*

*Subd. 4. [RATIFICATION.] This section is, in part, remedial in nature. Obligations issued prior to the effective date of this section are not invalid or unenforceable for providing terms, consequences or remedies that are authorized by this section.*

Sec. 20. Minnesota Statutes 1985 Supplement, section 475.58, subdivision 1, is amended to read:

Subdivision 1. [APPROVAL BY MAJORITY OF ELECTORS; EXCEPTIONS.] Obligations authorized by law or charter may be issued by any municipality upon obtaining the approval of a majority of the electors voting on the question of issuing the obligations, but an election shall not be required to authorize obligations issued:

- (1) to pay any unpaid judgment against the municipality;
- (2) for refunding obligations;
- (3) for an improvement, which obligation is payable wholly or partly from the proceeds of special assessments levied upon property specially benefited by the improvement, or of taxes levied upon the increased value of property within a district for the development of which the improvement is undertaken, including obligations which are the general obligations of the municipality, if the municipality is entitled to reimbursement in whole or in part from the proceeds of such special assessments or taxes and not less than 20 percent of the cost of the improvement is to be assessed against benefited property or is estimated to be received from such taxes within the district;
- (4) payable wholly from the income of revenue producing conveniences;
- (5) under the provisions of a home rule charter which permits the issuance of obligations of the municipality without election;
- (6) under the provisions of a law which permits the issuance of obligations of a municipality without an election; and

(7) to fund pension or retirement fund liabilities *or to procure insurance or fund a reserve for self-insurance*, pursuant to section 475.52, subdivision 6.

Sec. 21. Minnesota Statutes 1985 Supplement, section 475.60, subdivision 2, is amended to read:

Subd. 2. [REQUIREMENTS WAIVED.] The requirements as to public sale shall not apply to:

(1) obligations issued under the provisions of a home rule charter or of a law specifically authorizing a different method of sale, or authorizing them to be issued in such manner or on such terms and conditions as the governing body may determine;

(2) obligations sold by an issuer in an amount not exceeding the total sum of \$300,000 in any three-month period;

(3) obligations issued by a governing body other than a school board in anticipation of the collection of taxes or other revenues appropriated for expenditure in a single year, if sold in accordance with the most favorable of two or more proposals solicited privately;

(4) obligations sold to any board, department, or agency of the United States of America or of the state of Minnesota, in accordance with rules or regulations promulgated by such board, department, or agency; (AND)

(5) obligations issued to fund pension and retirement fund liabilities *or to procure insurance or fund a reserve for self-insurance*, under section 475.52, subdivision 6, *or section 471.981*, obligations issued with tender options under section 475.54, subdivision 5a, crossover refunding obligations referred to in section 475.67, subdivision 13, and any issue of obligations comprised in whole or in part of obligations bearing interest at a rate or rates which vary periodically referred to in section 475.56; *and*

*(b) obligations that the governing body of the municipality determines to be subject to federal income taxation.*

Sec. 22. Minnesota Statutes 1984, section 475.61, subdivision 5, is amended to read:

Subd. 5. [TEMPORARY OBLIGATIONS.] When all conditions exist precedent to the offering for sale of obligations of any municipality in any amount for any purpose authorized by law, and the municipality has applied for a grant or loan of state or federal funds to aid in payment of cost incurred for the authorized purpose, its governing body may by resolution issue and sell temporary obligations not exceeding the total amount authorized,

maturing within not more than three years from the date such obligations are issued. In this event so much of the proceeds of the grant or loan when received shall be credited to the debt service fund for the temporary obligations as may be needed for the payment thereof, with interest, when due, and the tax which would otherwise be required by subdivision 1 need not be levied. Any amount of the temporary obligations which cannot be paid at maturity, from the proceeds of the grant or loan or from any other funds appropriated by the governing body for the purpose, shall be paid from the proceeds of definitive obligations to be issued and sold before the maturity date; or if sufficient funds are not available for payment in full of the temporary obligations at maturity, the holders thereof shall have the right to require the issuance in exchange therefor of definitive obligations secured in the manner provided in subdivision 1 and bearing interest at the (MAXIMUM) rate (PERMITTED BY LAW) *set forth in the temporary obligations or if the obligations do not set forth a rate, at the maximum rate that would apply under Minnesota Statutes 1984, section 475.55 if it were in effect.*

Sec. 23. Minnesota Statutes 1985 Supplement, section 475.66, subdivision 1, is amended to read:

Subdivision 1. All debt service funds shall be deposited and secured as provided in chapter 118, except for amounts invested as authorized in this section, and may be deposited in interest bearing accounts, and such deposits may be evidenced by certificates of deposit with fixed maturities. Sufficient cash for payment of principal, interest, and redemption premiums when due with respect to the obligations for which any debt service fund is created shall be provided by crediting to the fund the collections of tax, special assessment, or other revenues appropriated for that purpose, and depositing all such receipts in a depository bank or banks duly qualified according to law or investing and reinvesting such receipts in securities authorized in this section. Time deposits shall be withdrawable and certificates of deposit and investments shall mature and shall bear interest payable at times and in amounts which, in the judgment of the governing body or its treasurer or other officer or committee to which it has delegated investment decisions, will provide cash at the times and in the amounts required for the purposes of the debt service fund, provided however, that the governing body may authorize the purchase of longer term investments subject to an agreement to repurchase such investments at times and prices sufficient to yield the amounts estimated to be so required. Repurchase agreements may be entered into with

(1) a bank qualified as depository of money held in the debt service fund (, OR WITH);

(2) any national or state bank in the United States which is a member of the federal reserve system and whose combined capital and surplus equals or exceeds \$10,000,000 (, OR);

(3) a primary reporting dealer in United States government securities to the federal reserve bank of New York; or

(4) a securities broker-dealer having its principal executive office in Minnesota, licensed pursuant to chapter 80A, or an affiliate of it, regulated by the Securities and Exchange Commission and maintaining a combined capital and surplus of \$40,000,000 or more, exclusive of subordinated debt.

Sec. 24. Minnesota Statutes 1984, section 475.66, subdivision 2, is amended to read:

Subd. 2. Investments may be held in safekeeping with

(1) any federal reserve bank (,);

(2) any bank authorized under the laws of the United States or any state to exercise corporate trust powers, including but not limited to the bank from which the investment is purchased (, OR);

(3) a primary reporting dealer in United States government securities to the federal reserve bank of New York (,); or

(4) a securities broker-dealer described in subdivision 1; provided that the municipality's ownership of all securities in which the fund is invested is evidenced by written acknowledgments identifying the securities by the names of the issuers, maturity dates, interest rates, and serial numbers or other distinguishing marks.

Sec. 25. Minnesota Statutes 1985 Supplement, section 475.76, subdivision 1, is amended to read:

Subdivision 1. A reverse repurchase agreement may be entered into by a municipality, subject to the provisions of this section, only with

(1) a bank qualified as depository of funds of the municipality (, OR WITH);

(2) any national or state bank in the United States which is a member of the Federal Reserve System and whose combined capital and surplus equals or exceeds \$10,000,000 (, OR WITH);

(3) a primary reporting dealer in United States government securities to the federal reserve bank of New York; or

(4) a securities broker-dealer described in section 475.66, subdivision 1.

## Sec. 26. [REPEALER.]

*Minnesota Statutes 1984, section 475.55, subdivisions 4 and 5, are repealed."*

Delete the title and insert:

"A bill for an act relating to the financing of state and local government; modifying the computation of education aids and levies for certain school districts with tax increment financing districts; imposing limitations on tax increment financing; modifying tax increment financing procedures; allocating issuance authority for obligations subject to a federal volume limitation act; eliminating the maximum interest rate for certain municipal obligations; authorizing the issuance of bonds for new purposes; modifying the procedures for issuing certain municipal bonds; modifying the investment powers of municipalities; amending Minnesota Statutes 1984, sections 124.2131, by adding a subdivision, 124.214, by adding a subdivision; 273.73, subdivision 10; 273.74, subdivisions 1 and 4; 273.75, subdivisions 2, 6, and 7, and by adding subdivisions; 273.76, subdivisions 4 and 7, and by adding a subdivision; 273.78; 412.301; 462C.02, subdivision 6; 462C.06; 462C.07, subdivision 1; 466.06; 471.59, subdivision 11; 471.981, by adding subdivisions; 475.51, subdivision 5; 475.55, subdivisions 1, 2, and 3; 475.61, subdivision 5; 475.66, subdivision 2; Minnesota Statutes 1985 Supplement, sections 273.74, subdivisions 2 and 3; 273.75, subdivisions 1 and 4; 273.76, subdivision 1; 473F.02, subdivision 3; 475.52, subdivision 6; 475.56; 475.58, subdivision 1; 475.60, subdivision 2; 475.66, subdivision 1; 475.76, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 475; proposing coding for new law as Minnesota Statutes, chapters 116N and 474A; repealing Minnesota Statutes 1984, sections 462C.09, subdivisions 1 and 4; 474.16, subdivisions 1, 2, and 5; 474.21; 474.25; 475.55, subdivisions 4 and 5; and Minnesota Statutes 1985 Supplement, sections 462C.09, subdivisions 2a, 3, 5, and 6; 474.16, subdivisions 3, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15; 474.17; 474.19; 474.20; 474.23; and 474.26."

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. 2396, A bill for an act relating to the city of Sartell; authorizing the establishment of a redevelopment district.

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. 2465, A bill for an act relating to taxation; modifying the taconite homestead credit; providing a taconite credit for certain property; reducing the occupation tax rate; allowing full deduction of the production tax and certain transportation expenses in calculating the occupation tax; decreasing the production tax rate; eliminating the indexed increases in the taconite production tax rate; changing the distribution of the taconite production tax in certain areas; amending Minnesota Statutes 1984, sections 273.135, subdivision 5, and by adding a subdivision; 294.23; 298.24, subdivision 1; Minnesota Statutes 1985 Supplement, sections 273.135, subdivisions 1 and 2; 294.22; 298.01, subdivision 1; 298.03; and 298.28, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1985 Supplement, 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) 3.75 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 rate 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. 2. Minnesota Statutes 1984, section 294.23, is amended to read:

**294.23 [COMPANIES LIABLE FOR TAX.]**

If a company producing concentrates from taconite shall transport the taconite in the course of the concentrating process and before such concentrating process is completed to a concentrating plant located within the state over a railroad which is not a common carrier and shall not use a common carrier or taconite railroad company as defined in section 294.21 for the movement of the concentrate to a point of consumption or port for shipment beyond the state, then such company nevertheless shall pay annually into the state treasury a tax equal to (FIVE) 3.75 percent of the amount which would be charged for the transportation of such concentrates produced by such taconite company as if such concentrates were transported by a common carrier under established tariffs of common carriers from the Mesabi Range or other iron range point nearest to the mine at which such taconite is quarried to ports at the head of Lake Superior, including established charges for loading such ore on boats. For the purposes of sections 294.24 to 294.28, such a company shall be considered a taconite railroad company.

Sec. 3. Minnesota Statutes 1985 Supplement, section 298.01, subdivision 1, is amended to read:

Subdivision 1. Every person engaged in the business of mining or producing iron ore or other ores in this state shall pay to the state of Minnesota an occupation tax equal to (15 PERCENT OF THE VALUATION OF ALL ORES MINED OR PRODUCED BEFORE JANUARY 1, 1986,) 14.5 percent of the valuation of all ores produced after December 31, 1985 and before January 1, 1987, (AND) 14 percent of the valuation of all ores produced after December 31, 1986 and before January 1, 1988, 13 percent of the valuation of all ore produced after December 31, 1987, and before January 1, 1989, and 12 percent of the valuation of all ore produced after December 31, 1988. Said tax shall be in addition to all other taxes provided for by law and shall be due and payable from such person on or before June 15 of the year next succeeding the calendar year covered by the report thereon to be filed as hereinafter provided.

Sec. 4. Minnesota Statutes 1985 Supplement, section 298.03, is amended to read:

#### 298.03 [VALUE OF ORE; HOW ASCERTAINED.]

*Subdivision 1.* [GENERALLY.] The valuation of iron or other ores for the purposes of determining the amount of tax to be paid under the provisions of section 298.01 shall be ascertained by subtracting from the value of such ore, at the place where the same is brought to the surface of the earth, such value to be determined by the commissioner of revenue:

(1) the reasonable cost of supplies used and labor performed at the mine in separating the ore from the ore body,

including hoisting, elevating, or conveying the same to the surface of the earth;

(2) if the ore is taken from an open pit mine, an amount for each ton of ore mined or produced during the year equal to the cost of removing the overburden, divided by the number of tons of ore uncovered, the number of tons of ore uncovered in each case to be determined by the commissioner of revenue;

(3) if the ore is taken from an underground mine, an amount for each ton of ore mined or produced during the year equal to the cost of sinking and constructing shafts and running drifts, divided by the number of tons of ore that can be advantageously taken out through such shafts and drifts, the number of tons of ore that can be advantageously taken out in each case to be determined by the commissioner of revenue;

(4) the amount of royalties paid on the ore mined or produced during the year;

(5) for persons mining or producing iron ore the mining or production of which is subject to the occupation tax imposed by section 298.01, subdivision 1, the amount of the ad valorem taxes levied and paid for the year against the realty in which the ore is deposited; for all others a percentage of the ad valorem taxes levied and paid for such year against the realty in which the ore is deposited equal to the percentage that the tons mined or produced during such year bears to the total tonnage in the mine;

(6) in the case of taconite, semitaconite and iron sulphide operations, the tax payable under section 298.24 (, BUT NOT EXCEEDING 25 CENTS PER TAXABLE TON,) and that payable under section 298.35, on the concentrates produced in said year and any taxes paid under Laws 1955, chapter 391, 429, 514, 576 or 540, or any other law imposing on such taconite operations a specific tax for school or other governmental purposes;

(7) the amount or amounts of all the foregoing subtractions shall be ascertained and determined by the commissioner of revenue. Deductions for interest on plant investment shall not exceed the greater of (a) four percent of book value, or (b) the amount actually paid but not exceeding six percent of book value. No subtraction shall be allowed for shrinkage of iron ore.

*Subd. 2. [SPECIAL TRANSPORTATION COSTS.] If the ore is not transported using the Great Lakes Seaway system, the commissioner must allow, as a deduction in computing the valuation of the ore, the reasonable cost of transportation of the ore to its destination. This subdivision does not affect the valuation of ore shipped using the Great Lakes Seaway system.*

Sec. 5. Minnesota Statutes 1984, section 298.24, subdivision 1, is amended to read:

Subdivision 1. (a) There is hereby imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of (\$1.25) \$1.90 cents per gross ton of merchantable iron ore concentrate produced therefrom. (THE TAX ON CONCENTRATES PRODUCED IN 1978 AND SUBSEQUENT YEARS PRIOR TO 1985 SHALL BE EQUAL TO \$1.25 MULTIPLIED BY THE STEEL MILL PRODUCTS INDEX DURING THE PRODUCTION YEAR, DIVIDED BY THE STEEL MILL PRODUCTS INDEX IN 1977. THE INDEX STATED IN CODE NUMBER 1013, OR ANY SUBSEQUENT EQUIVALENT, AS PUBLISHED BY THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS WHOLESALE PRICES AND PRICE INDEXES FOR THE MONTH OF JANUARY OF THE YEAR IN WHICH THE CONCENTRATE IS PRODUCED SHALL BE THE INDEX USED IN CALCULATING THE TAX IMPOSED HEREIN. IN NO EVENT SHALL THE TAX BE LESS THAN \$1.25 PER GROSS TON OF MERCHANTABLE IRON ORE CONCENTRATE. THE TAX ON CONCENTRATES PRODUCED IN 1985 AND 1986 SHALL BE AT THE RATE DETERMINED FOR 1984 PRODUCTION. FOR CONCENTRATES PRODUCED IN 1987 AND SUBSEQUENT YEARS, THE TAX SHALL BE EQUAL TO THE PRECEDING YEAR'S TAX PLUS AN AMOUNT EQUAL TO THE PRECEDING YEAR'S TAX MULTIPLIED BY THE PERCENTAGE INCREASE IN THE IMPLICIT PRICE DEFLATOR FROM THE FOURTH QUARTER OF THE SECOND PRECEDING YEAR TO THE FOURTH QUARTER OF THE PRECEDING YEAR. "IMPLICIT PRICE DEFLATOR" MEANS THE IMPLICIT PRICE DEFLATOR PREPARED BY THE BUREAU OF ECONOMIC ANALYSIS OF THE UNITED STATES DEPARTMENT OF COMMERCE.)

(b) (ON CONCENTRATES PRODUCED IN 1984, AN ADDITIONAL TAX IS IMPOSED EQUAL TO EIGHT-TENTHS OF ONE PERCENT OF THE TOTAL TAX IMPOSED BY CLAUSE (A) PER GROSS TON FOR EACH ONE PERCENT THAT THE IRON CONTENT OF SUCH PRODUCT EXCEEDS 62 PERCENT, WHEN DRIED AT 212 DEGREES FAHRENHEIT.)

((C) THE TAX IMPOSED BY THIS SUBDIVISION ON CONCENTRATES PRODUCED IN 1984 SHALL BE COMPUTED ON THE PRODUCTION FOR THE CURRENT YEAR. THE TAX ON CONCENTRATES PRODUCED IN 1985 SHALL BE COMPUTED ON THE AVERAGE OF THE PRODUCTION FOR THE CURRENT YEAR AND THE PREVIOUS YEAR.) The tax on concentrates (PRODUCED IN 1986 AND THEREAFTER) shall be the average of the

production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.

((D)) (c) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of \$1.25 per gross ton of merchantable iron ore concentrate produced shall be imposed.

Sec. 6. [EFFECTIVE DATE.]

*Sections 1 and 2 are effective January 1, 1987. Section 4 is effective for the value of ore produced after June 30, 1986. Section 5 is effective for the value of ore produced after January 1, 1986."*

Delete the title and insert:

"A bill for an act relating to taxation; decreasing the gross earnings tax rate for certain railroads; reducing the occupation tax rate; allowing full deduction of the production tax and certain transportation expenses in calculating the occupation tax; decreasing the production tax rate; eliminating the indexed increases in the taconite production tax rate; amending Minnesota Statutes 1984, sections 294.23; and 298.24, subdivision 1; Minnesota Statutes 1985 Supplement, sections 294.22; 298.01, subdivision 1; and 298.03."

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. 2504, A bill for an act relating to taxation; exempting from taxation the gasoline purchased by certain transit systems; amending Minnesota Statutes 1985 Supplement, sections 296.02, subdivision 1a; and 296.025, subdivision 1a.

Reported the same back with the following amendments:

Page 1, line 11, strike "owned by"

Page 1, line 12, strike the old language and delete ", (b)"

Page 1, delete lines 13 and 14

Page 1, line 15, delete the underlined language and insert "*receiving financial assistance under sections 174.24 or 473.384, other than shared-ride taxi service operated under a contract under section 174.31,*"

Page 1, line 15, delete "(c)" and insert "(b)"

Page 1, strike line 23

Page 1, line 24, strike "towns" and delete the rest of the line

Page 1, delete line 25

Page 2, delete line 1

Page 2, line 2, delete "*decennial census,*" and insert "*receiving financial assistance under sections 174.24 or 473.384, other than shared-ride taxi service operated under a contract under section 174.31,*"

Page 2, line 2, delete "(c)" and insert "(b)"

With the recommendation that when so amended the bill pass.

The report was adopted.

## SECOND READING OF HOUSE BILLS

H. F. Nos. 1946, 1996, 2073, 2148, 2181, 2287, 2396, 2465 and 2504 were read for the second time.

## 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 to be acted upon immediately following Special Orders pending for today, March 12, 1986:

H. F. Nos. 2123, 1873 and 1968; S. F. No. 1441; H. F. Nos. 2154, 1007 and 2350; S. F. Nos. 1910 and 1642; H. F. Nos. 943, 2297 and 2328; S. F. No. 1526; H. F. Nos. 2423, 1765, 1971 and 2243; S. F. No. 1014; H. F. Nos. 1894, 2469 and 2137; S. F. Nos. 1880 and 985; H. F. Nos. 2315, 2206 and 1918.

## SPECIAL ORDERS

H. F. No. 2169 was reported to the House.

Minne moved to amend H. F. No. 2169, the second engrossment, as follows:

Page 3, line 19, after the period insert "*The balance must be paid in no more than 20 equal installments.*"

The motion prevailed and the amendment was adopted.

Sherman moved to amend H. F. No. 2169, the second engrossment, as amended, as follows:

Page 4, after line 28, insert:

"Sec. 5. [WINONA COUNTY LAND SALE.]

*Subdivision 1. [AUTHORITY.] Notwithstanding any contrary provision of Minnesota Statutes, section 373.01 or other law, Winona county may sell and convey the real estate described in this section for a nominal consideration to a county agricultural society that owns adjoining property and conducts a county fair on it.*

*Subd. 2. [DESCRIPTION.] That part of the South Half of the Northwest Quarter and the North Half of the Southwest Quarter, of Section 19, Township 106 North, Range 10 West of the Fifth Principal Meridian, bounded and described as follows: Commencing at a point on the West line of Lot 65 in Ives and Fox's Addition to St. Charles, distant 200 feet Northeasterly, measured at right angles, from the center line of the main track of the Winona and South Western Railway Company (later the Wisconsin Minnesota and Pacific Rail Road Company, the Chicago Great Western Railway Company, now the Chicago and North Western Transportation Company), as said main track center line was originally located and established across said Section 19; thence Northwesterly parallel with said original main track center line a distance of 550 feet to the point of beginning of the parcel of land herein described; thence continuing Northwesterly parallel with said original main track center line to a point on the East and West Quarter line of said Section 19; thence Northwesterly along a straight line to a point of tangency with a line parallel with and distant 50 feet Northerly, measured radially, from said original main track center line; thence Westerly parallel with said original main track center line to a point distant 50 feet Northeasterly, measured radially, from the center line of the main track of the Chicago and North Western Transportation Company (formerly the Winona and St. Peter Railroad Company), as said main track is now located; thence Southeasterly parallel with said last described main track center line to a point distant 10 feet Northerly, measured radially, from the center line of the most Northerly side track of said Transportation Company, as said side track is now located; thence Easterly parallel with said side track center line to a point on a line drawn at right angles to said original (Winona and South Western Railway Company) main track center line through the point of beginning;*

*thence Northwesterly along said last described right angle line to the point of beginning."*

Page 4, line 29, delete "5" and insert "6"

Page 4, line 31, delete "6" and insert "7"

Page 4, line 32, delete "Sections 1 to 5" and insert "Sections 1 to 4 and 6"

Page 4, line 33, after the period insert "*Section 5 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of Winona county.*"

Delete the title and insert:

"A bill for an act relating to public lands; providing for a procedure to sell state leased lands; providing for maximum lease rates; providing for an endowment fund and the disposition of proceeds of the land acquisition account; permitting Winona county to convey certain real estate to a county agricultural society; proposing coding for new law in Minnesota Statutes, chapter 92."

The motion prevailed and the amendment was adopted.

H. F. No. 2169, A bill for an act relating to public lands; providing for a procedure to sell state leased lands; providing for maximum lease rates; providing for an endowment fund and the disposition of proceeds of the land acquisition account; permitting Winona county to convey certain real estate to a county agricultural society; proposing coding for new law in Minnesota Statutes, chapter 92.

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 97 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Burger	Elioff	Harteringer	Kiffmeyer
Backlund	Carlson, D.	Erickson	Hartle	Knickerbocker
Battaglia	Carlson, L.	Forsythe	Heap	Knuth
Begich	Clark	Frederick	Himle	Krueger
Bennett	Clausnitzer	Frerichs	Jacobs	Levi
Blatz	Cohen	Greenfield	Jennings, L.	Lieder
Boo	DenOuden	Gruenes	Johnson	Marsh
Brandl	Dimler	Gutknecht	Kahn	McLaughlin
Brown	Dyke	Halberg	Kelly	McPherson



Metzen	Otis	Richter	Sparby	Vanasek
Minne	Ozment	Riveness	Stanius	Vellenga
Murphy	Pappas	Rose	Staten	Waltman
Nelson, D.	Pauly	Sarna	Sviggum	Welle
Nelson, K.	Piepho	Schafer	Thiede	Wenzel
Norton	Price	Scheid	Thorson	Wynia
O'Connor	Quinn	Seaberg	Tomlinson	Zaffke
Ogren	Quist	Segal	Tompkins	Spk. Jennings, D.
Olsen, S.	Rees	Sherman	Tunheim	
Omann	Rest	Simoneau	Uphus	
Onnen	Rice	Solberg	Valento	

Those who voted in the negative were:

Long	Munger	Osthoff	Skoglund	Voss
McEachern				

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

S. F. No. 1823 was reported to the House.

Boo moved that S. F. No. 1823 be continued on Special Orders for one day. The motion prevailed.

S. F. No. 1914 was reported to the House.

Hartinger moved that S. F. No. 1914 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 2221 was reported to the House.

Redalen moved that H. F. No. 2221 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 2200 was reported to the House.

There being no objection, H. F. No. 2200 was continued on Special Orders for one day.

S. F. No. 125, A bill for an act relating to labor; changing the definition of plumber's apprentice for the purpose of employment licensing; requiring the registration of plumber's apprentices; amending Minnesota Statutes 1984, section 326.01, subdivision 9; proposing coding for new law in Minnesota Statutes, chapter 326.

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 115 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

H. F. No. 2123 was reported to the House.

Nelson, D., moved to amend H. F. No. 2123, the second engrossment, as follows:

Page 8, line 32, after the period insert "*For property taxes payable from the year 2000 through 2009, the Hennepin county auditor shall adjust Bloomington's contribution to the area-wide tax base upward each year by a value equal to ten percent of the total, cumulative additional area-wide levy distributed to Bloomington under this subdivision divided by the area-wide mill rate for taxes payable in the previous year.*"

A roll call was requested and properly seconded.

The question was taken on the Nelson, D., amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 58 yeas and 60 nays as follows:

## Those who voted in the affirmative were:

Anderson, G.	Harteringer	Munger	Price	Stanias
Anderson, R.	Jacobs	Murphy	Quinn	Staten
Backlund	Jaros	Nelson, D.	Rest	Tomlinson
Beard	Kahn	Nelson, K.	Rice	Tunheim
Brandl	Kelly	Norton	Rodosovich	Vanasek
Brown	Knuth	O'Connor	Rose	Vellenga
Burger	Krueger	Ogren	Sarna	Voss
Carlson, L.	Lieder	Olson, E.	Scheid	Welle
Clark	Long	Osthoff	Segal	Wenzel
Cohen	McEachern	Otis	Simoneau	Wynia
Ellingson	McLaughlin	Pappas	Skoglund	
Greenfield	Metzen	Peterson	Sparby	

## Those who voted in the negative were:

Battaglia	Erickson	Johnson	Onnen	Shaver
Begich	Fjoslien	Kalis	Ozment	Solberg
Bennett	Forsythe	Kiffmeyer	Pauly	Sviggum
Bishop	Frederick	Knickerbocker	Piepho	Thiede
Blatz	Frerichs	Levi	Poppenhagen	Thorson
Boo	Gruenes	Marsh	Quist	Tjornhom
Carlson, J.	Gutknecht	McPherson	Redalen	Tompkins
Clausnitzer	Halberg	Miller	Rees	Uphus
DenOuden	Hartle	Minne	Richter	Valento
Dimler	Haukoos	Neuenschwander	Rivness	Waltman
Dyke	Heap	Olsen, S.	Schafer	Zaffke
Elioff	Himle	Omann	Seaberg	Spk. Jennings, D.

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

Brandl moved to amend H. F. No. 2123, the second engrossment, as follows:

Page 3, line 35, delete everything after the period

Page 3, delete line 36

Page 4, delete lines 1 to 11

Page 6, line 8, delete everything after the first "improvements"

Page 6, line 9, delete "area"

Page 6, line 14, delete "or to" and insert a period

Page 6, delete lines 15 and 16

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 57 yeas and 66 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jacobs	Nelson, D.	Rest	Staten
Backlund	Jaros	Nelson, K.	Rice	Sviggum
Beard	Jennings, L.	Norton	Rodosovich	Tomlinson
Brandl	Kahn	O'Connor	Rose	Tunheim
Brown	Kelly	Ogren	Sarna	Vellenga
Burger	Knuth	Olson, E.	Scheid	Voss
Carlson, L.	Krueger	Osthoff	Schoenfeld	Welle
Clark	Lieder	Otis	Segal	Wenzel
Coben	Long	Pappas	Sherman	Wynia
Ellingson	McEachern	Peterson	Simoneau	
Greenfield	McLaughlin	Price	Skoglund	
Hartinger	Munger	Quinn	Sparby	

Those who voted in the negative were:

Anderson, R.	Erickson	Knickerbocker	Ozment	Thiede
Battaglia	Fjoslien	Kvam	Pauly	Thorson
Becklin	Forsythe	Levi	Piepho	Tjornhom
Begich	Frederick	Marsh	Poppenhagen	Tompkins
Bennett	Frederickson	McKasy	Quist	Uphus
Blatz	Frerichs	McPherson	Redalen	Valan
Boo	Gruenes	Metzen	Rees	Valento
Carlson, D.	Gutknecht	Miller	Richter	Waltman
Carlson, J.	Halberg	Minne	Riveness	Zaffke
Clausnitzer	Hartle	Murphy	Schafer	Spk. Jennings, D.
Dempsey	Haukoos	Neuenschwander	Seaberg	
DenOuden	Heap	Olsen, S.	Shaver	
Dyke	Himle	Omann	Solberg	
Elioff	Johnson	Onnen	Stanius	

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

Dempsey, Himle, Kvam, McKasy and Schreiber were excused while in conference.

Anderson, G., moved to amend H. F. No. 2123, the second engrossment, as follows:

Page 3, line 31, delete "Subdivision 1. [LEGISLATIVE FINDINGS.]"

Page 4, delete lines 17 to 36

Page 5, line 20, delete "3,"

Page 5, line 35, delete "3,"

Page 6, lines 5 to 9, delete clause (ii)

Page 6, line 9, delete "(iii)" and insert "(i)"

Page 7, line 7, delete "3,"

Page 7, line 18, delete "3,"

A roll call was requested and properly seconded.

The question was taken on the Anderson, G., amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 37 yeas and 73 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Cohen	Nelson, D.	Rodosovich	Vanasek
Anderson, R.	Ellingson	Norton	Scheid	Vellenga
Backlund	Fjoslien	Ogren	Schoenfeld	Voss
Beard	Hartinger	Olson, E.	Simoneau	Wenzel
Becklin	Jacobs	Osthoff	Skoglund	Wynia
Brandl	Jennings, L.	Peterson	Sparby	
Brown	Kelly	Price	Tomlinson	
Burger	Lieder	Quinn	Tunheim	

Those who voted in the negative were:

Battaglia	Erickson	Knuth	Otis	Stanius
Begich	Forsythe	Krueger	Ozment	Sviggum
Bennett	Frederick	Levi	Pauly	Thiede
Blatz	Frederickson	Marsh	Piepho	Thorson
Boo	Frerichs	McKasy	Poppenhagen	Tjornhom
Carlson, D.	Greenfield	McLaughlin	Quist	Tompkins
Carlson, J.	Gruenes	McPherson	Redalen	Upphus
Carlson, L.	Gutknecht	Metzen	Rees	Valan
Clark	Hartle	Miller	Rest	Valento
Clausnitzer	Haukoos	Murphy	Richter	Waltman
Dempsey	Heap	Nelson, K.	Riveness	Welle
DenOuden	Himle	Neuenschwander	Schafer	Zaffke
Dimler	Johnson	Olsen, S.	Seaberg	Spk. Jennings, D.
Dyke	Kiffmeyer	Omann	Shaver	
Elioff	Knickerbocker	Onnen	Solberg	

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

H. F. No. 2123, A bill for an act relating to the city of Bloomington; authorizing the city to impose certain taxes; increasing the distribution levy from the metropolitan revenue distribution for the city for a specific time period; permitting the city to establish a special taxing district; authorizing the port authority of the city to pledge certain tax revenues to pay certain bonds and permitting it to develop leased land; authorizing development in

accordance with the Generic EIS and Generic Indirect Source Permit; amending Minnesota Statutes 1984, section 473F.08, 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 52 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Battaglia	Frederickson	Knickerbocker	Olsen, S.	Seaberg
Begich	Frerichs	Kvam	Omann	Shaver
Bishop	Gruenes	Levi	Onnen	Solberg
Blatz	Gutknecht	Lieder	Ozment	Thorson
Boerboom	Halberg	Marsh	Pauly	Uphus
Boo	Hartle	McDonald	Poppenhagen	Valan
Burger	Haukoos	McKasy	Redalen	Waltman
Carlson, J.	Heap	Metzen	Rees	Spk. Jennings, D.
Dyke	Himle	Minne	Riveness	
Erickson	Johnson	Murphy	Schafer	
Forsythe	Kiffmeyer	Neuenschwander	Schreiber	

Those who voted in the negative were:

Anderson, G.	Ellingson	Nelson, D.	Rodosovich	Tjornhom
Anderson, R.	Fjoslien	Nelson, K.	Rose	Tomlinson
Backlund	Frederick	Norton	Sarna	Tompkins
Beard	Greenfield	O'Connor	Scheid	Tunheim
Becklin	Hartinger	Olson, E.	Schoenfeld	Valento
Brandl	Jacobs	Osthoff	Segal	Vanasek
Brown	Kalis	Otis	Sherman	Vellenga
Carlson, D.	Kelly	Peterson	Simoneau	Voss
Carlson, L.	Knuth	Piepho	Skoglund	Welle
Clark	Krueger	Price	Sparby	Wenzel
Clausnitzer	Long	Quinn	Stanius	Wynia
Cohen	McEachern	Quist	Staten	
DenOuden	McPherson	Rest	Svigum	
Dimler	Miller	Richter	Thiede	

The bill was not passed.

Levi moved that the remaining 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.

## MOTIONS AND RESOLUTIONS

Zaffke moved that the names of Clark and Quist be added as authors on H. F. No. 1774. The motion prevailed.

Kelly moved that the name of Blatz be stricken and the name of Hartinger be added as an author on H. F. No. 1958. The motion prevailed.

Boo moved that the name of Tjornhom be added as an author on H. F. No. 2134. The motion prevailed.

Hartinger moved that the names of Blatz, Thorson and Tjornhom be added as authors on H. F. No. 2250. The motion prevailed.

Shaver moved that the name of Olsen, S., be added as an author on H. F. No. 2331. The motion prevailed.

Zaffke moved that the name of Thorson be added as chief author and the name of Zaffke be shown as second author on H. F. No. 2406. The motion prevailed.

Kalis moved that his name be stricken and the name of Piper be added as chief author on H. F. No. 2539. The motion prevailed.

Dimler moved that the names of Neuenschwander and Frerichs be added as authors on H. F. No. 2547. The motion prevailed.

McPherson moved that H. F. No. 2310 be returned to its author. The motion prevailed.

Solberg moved that H. F. No. 2238 be returned to its author. The motion prevailed.

Osthoff moved that H. F. Nos. 153, 288, 289, 290, 291 and 292 be returned to their author. The motion prevailed.

Sviggum moved that H. F. No. 2366 be returned to its author. The motion prevailed.

House Resolution No. 37 was reported to the House.

## HOUSE RESOLUTION NO. 37

A house resolution congratulating the Owatonna Future Farmers of America Dairy Judging Team for being named the 1985 national champion.

*Whereas*, the Owatonna Future Farmers of America Dairy Judging Team has demonstrated its skill in the judging of livestock; and

*Whereas*, the Owatonna Future Farmers of America Dairy Judging Team was selected to represent Minnesota in the national FFA competition in Kansas City; and

*Whereas*, the Owatonna Future Farmers of America Dairy Judging Team was named 1985 National Champion by the national Future Farmers of America Organization; *Now, Therefore*,

*Be It Resolved* by the Minnesota House of Representatives that it recognizes the prestige that accrues to the State of Minnesota from the excellence of the Owatonna Future Farmers of America Dairy Judging Team.

*Be It Further Resolved* that congratulations be delivered to the members of the team: Tina Larson, Liz Zeman, Bill Dinse, Ray Kubista, and their coach, Ken Kern.

*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 Owatonna Future Farmers of America Dairy Judging Team.

Hartle moved that House Resolution No. 37 be now adopted. The motion prevailed and House Resolution No. 37 was adopted.

House Resolution No. 44 was reported to the House.

#### HOUSE RESOLUTION NO. 44

A house resolution to recognize and celebrate the 25th anniversary of the Richard J. Dorer Memorial Hardwood Forest.

*Whereas*, under the foresight and leadership of Mr. Richard J. Dorer and Mr. Edward Franey, President and Secretary of the Minnesota Division of the Izaak Walton League, Mr. Willis Kruger, Mr. George Meyer, and Mr. Phillip Nordeen, employees of the Department of Conservation, and Dr. George Selke, Commissioner of the Department of Conservation, the idea for a Memorial Hardwood Forest first became reality; and

*Whereas*, the southeast counties of Dakota, Goodhue, Wabasha, Winona, Houston, Fillmore, and Olmsted helped create Memorial Hardwood Forest by transferring tax-forfeited lands to the state for the forest; and

*Whereas*, the Hiawatha Valley from Hastings down to the Iowa border, including the great beauty and scenic bluffs along the Mississippi River, has been enhanced by the creation of the Memorial Hardwood Forest; and



*Whereas*, the landscape contained within the boundaries of the Memorial Hardwood Forest is both ecologically and geographically unique in Minnesota; and

*Whereas*, the establishment of the forest helped protect the wooded river valleys of streams such as the Root, the White-water, the Zumbro, the Cannon, and the Vermillion, adding many outdoor recreation areas and facilities; and

*Whereas*, the Memorial Hardwood Forest was dedicated to the state's pioneers and veterans of all wars; and

*Whereas*, the legislature created the Memorial Hardwood Forest by enacting a law in 1961; and

*Whereas*, the Legislative Commission on Minnesota Resources authorized funding for land acquisition in the forest; *Now, Therefore,*

*Be It Resolved* by the House of Representatives of the State of Minnesota that it recognizes and celebrates the 25th anniversary of the Richard J. Dorer Memorial Hardwood Forest, and it congratulates all the individuals, local and state officials, and state legislators who have supported the multiple-use activities of the forest over the years.

*Be It Further Resolved* that the Chief Clerk of the House of Representatives is directed to prepare enrolled copies of this resolution, to be authenticated by his signature and that of the Speaker, and present them to Edward Franey, Willis Kruger, and George Meyer, to the immediate families of Richard J. Dorer and Phillip Nordeen, to the Minnesota Division of the Izaak Walton League, to the Legislative Commission on Minnesota Resources, to the Commissioners of the Departments of Natural Resources and Veteran's Affairs, and to the county chairs of Dakota, Goodhue, Wabasha, Winona, Houston, Fillmore, and Olmsted counties.

Waltman moved that House Resolution No. 44 be now adopted. The motion prevailed and House Resolution No. 44 was adopted.

#### ADJOURNMENT

Levi moved that when the House adjourns today it adjourn until 12:00 noon, Thursday, March 13, 1986. The motion prevailed.

Levi moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Thursday, March 13, 1986.

**EDWARD A. BURDICK**, Chief Clerk, House of Representatives

## STATE OF MINNESOTA

## SEVENTY-FOURTH SESSION - 1986

## EIGHTY-FIFTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, MARCH 13, 1986

The House of Representatives convened at 12:00 noon and was called to order by David M. Jennings, Speaker of the House.

Prayer was offered by Dr. Clarke Poorman, Woodcrest Baptist Church, Fridley, Minnesota.

The roll was called and the following members were present:

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

A quorum was present.

Brinkman was excused.

Dempsey was excused until 1:00 p.m. Ellingson was excused until 1:30 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.

Boerboom and Carlson, D., were excused while in conference.

#### REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 1852, 2078, 1755, 2046, 2358, 1946, 2073, 2396, 1996, 2465, 2181, 2331, 2148, 2169, 2504 and 2287 and S. F. Nos. 1721, 1879, 2186, 1735, 2057, 871, 1581, 51, 1641 and 1850 have been placed in the members' files.

S. F. No. 2186 and H. F. No. 2337, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Rose moved that S. F. No. 2186 be substituted for H. F. No. 2337 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1721 and H. F. No. 2391, 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. 1721 be substituted for H. F. No. 2391 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1879 and H. F. No. 2397, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Frederick moved that the rules be so far suspended that S. F. No. 1879 be substituted for H. F. No. 2397 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1735 and H. F. No. 2046, 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. 1735 be substituted for H. F. No. 2046 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1581 and H. F. No. 1765, 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. 1581 be substituted for H. F. No. 1765 and that the House File be indefinitely postponed. The motion prevailed.

## SECOND READING OF SENATE BILLS

S. F. Nos. 2186, 1721, 1879, 1735 and 1581 were read for the second time.

INTRODUCTION AND FIRST READING  
OF HOUSE BILLS

The following House Files were introduced:

Wenzel, Brown, Lieder, Tunheim and Kalis introduced:

H. F. No. 2550, A bill for an act relating to agriculture; establishing partial state payment for certain farm loan interest costs; providing for a refund of certain agricultural property tax payments; 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.

Ogren, Krueger, McEachern, Jacobs and Munger introduced:

H. F. No. 2551, A bill for an act relating to natural disasters; establishing a natural disaster compensation board to compensate persons who incur economic loss as a result of natural disasters; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 12.

The bill was read for the first time and referred to the Committee on Appropriations.

Wenzel, Omann, Peterson, Metzen and Begich introduced:

H. F. No. 2552, A bill for an act relating to local government aids; modifying the definition of municipal levy; amending Minnesota Statutes 1985 Supplement, section 477A.011, subdivision 13.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Wenzel, Sarna, Ogren, McEachern and Marsh introduced:

H. F. No. 2553, A bill for an act relating to elections; providing for a presidential primary election; amending Minnesota Statutes 1984, sections 204D.03, by adding a subdivision; 204D.06; and 204D.08, by adding a subdivision.

The bill was read for the first time and referred to the Committee on General Legislation and Veterans Affairs.

Staten introduced:

H. F. No. 2554, A bill for an act relating to taxation; individual income; permitting certain unmarried individuals to file joint returns; amending Minnesota Statutes 1985 Supplement, section 290.06, subdivision 2c.

The bill was read for the first time and referred to the Committee on Taxes.

McLaughlin introduced:

H. F. No. 2555, A bill for an act relating to taxation; corporate income; limiting the maximum small business investment credit; providing a tax credit for neighborhood assistance program expenditures and contributions; appropriating money; amending Minnesota Statutes 1984, section 290.069, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 290.

The bill was read for the first time and referred to the Committee on Taxes.

Dempsey, Tomlinson and Brandl introduced:

H. F. No. 2556, A bill for an act relating to local government aids; modifying the distribution formula for cities; amending Minnesota Statutes 1984, section 477A.011, by adding subdivisions; Minnesota Statutes 1985 Supplement, sections 477A.011, subdivision 10; and 477A.013, subdivisions 2 and 3; repealing Minnesota Statutes 1985 Supplement, section 477A.011, subdivision 14.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

#### HOUSE ADVISORIES

The following House Advisories were introduced:

Valento introduced:

H. A. No. 84, A proposal for a study of concurrent annexation and detachment of land among political subdivisions in the metro area.

The advisory was referred to the Committee on Local and Urban Affairs.

Boo, Long and Wynia introduced:

H. A. No. 85, A proposal for interim study of procedural and evidentiary issues concerning the valuation of contaminated property subject to condemnation under Minnesota Statutes, chapter 117.

The advisory was referred to the Committee on Environment and Natural Resources.

#### 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 bill as a Special Order to be acted upon immediately preceding Messages from the Senate for today, March 13, 1986:

H. F. No. 2037.

#### SPECIAL ORDERS

H. F. No. 2037 was reported to the House.

Kvam moved to amend H. F. 2037, the first engrossment, as follows:

Delete everything after the enacting clause and insert:

“ARTICLE 1

UNEMPLOYMENT COMPENSATION

Section 1. Minnesota Statutes 1984, section 268.03, is amended to read:

268.03 [DECLARATION OF PUBLIC POLICY.]

As a guide to the interpretation and application of sections 268.03 to 268.24, the public policy of this state is declared to be as follows: Economic insecurity due to unemployment is a serious menace to the health, morals, and welfare of the people of this state. Involuntary unemployment is therefore a subject of general interest and concern which requires appropriate action by the legislature to prevent its spread and to lighten its burdens. This can be provided by encouraging employers to provide more stable employment and by the systematic accumulation of funds during periods of employment to provide benefits for periods of unemployment, thus maintaining purchasing power and limiting the serious social consequences of poor relief assistance. The legislature, therefore, declares that in its considered judgement the public good and the general welfare of the citizens of this state will be promoted by providing, under the police powers of the state for the (COMPULSORY SETTING ASIDE OF UNEMPLOYMENT RESERVES TO BE USED FOR THE BENEFIT OF PERSONS UNEMPLOYED THROUGH NO FAULT OF THEIR OWN) *establishment of an unemployment insurance fund. The reserves of the unemployment insurance fund are to be used to provide a temporary replacement of a portion of lost wages to individuals with a permanent attachment to the work force, who become involuntarily unemployed through no fault of their own, and who are actively seeking, and are willing and available to accept, suitable reemployment.*

Sec. 2. 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 or *alternative credit weeks* during his base period sufficient to entitle him to benefits under section 268.07, subdivision 2.

Sec. 3. Minnesota Statutes 1984, section 268.04, subdivision 25, is amended to read:

Subd. 25. [WAGES.] "Wages" means all remuneration for services, including commissions and bonuses, back pay as of the date of payment, and tips and gratuities paid to an employee by a customer of an employer and accounted for by the employee to the employer, and the cash value of all remuneration in any medium other than cash, except that such term shall not include:

(a) For the purpose of determining contributions payable under section 268.06, subdivision 2, that part of the remuneration which exceeds (, FOR EACH CALENDAR YEAR, THE GREATER OF \$7,000 OR THAT PART OF THE REMUNERATION WHICH EXCEEDS 60 PERCENT OF THE AVERAGE ANNUAL WAGE ROUNDED TO THE NEAREST \$100 COMPUTED IN ACCORDANCE WITH THE PROVISIONS OF CLAUSE (F)) (i) \$11,400 for calendar year 1987 and \$12,000 for calendar year 1988 and all calendar years thereafter, for each employer that has an experience ratio of one-tenth of one percent or more, or (ii) \$10,000 for calendar year 1987, and \$12,000 for calendar year 1988 and thereafter, for each employer that has an experience ratio of less than one-tenth of one percent, paid to an individual by an employer with respect to covered employment in this state, or with respect to employment under the unemployment compensation law of any other state during any calendar year paid to such individual by such covered employer or his predecessor during such calendar year; provided, that if the term "wages" as contained in the Federal Unemployment Tax Act is amended to include remuneration in excess of the amount required to be paid hereunder to an individual by an employer under the federal act for any calendar year, wages for the purposes of sections 268.03 to 268.24 shall include remuneration paid in a calendar year up to an amount equal to the dollar limitation specified in the Federal Unemployment Tax Act. For the purposes of this clause, the term "employment" shall include service constituting employment under any employment security law of another state or of the federal government;

(b) The amount of any payment made to, or on behalf of, an employee under a plan or system established by an employer which makes provision for his employees generally or for a class or classes of his employees (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment), on account of (1) retirement or (2) sickness or accident disability or (3) medical and hospitalization expenses in connection with sickness or accident disability, or (4) death, provided the employee has not the option to receive, instead of provision for such death benefit, any part of such payment, or if such death benefit is insured, any part of the premium (or contributions to premiums) paid by his employer and has not the right, under the provisions of the plan or system or policy of insurance providing for such death benefit, to assign



such benefit, or to receive a cash consideration in lieu of such benefit either upon his withdrawal from the plan or system providing for such benefit or upon termination of such plan or system or policy of insurance or of his employment with such employer;

(c) The payment by an employer (without deduction from the remuneration of the employee) (1) of the tax imposed upon an employee under section 3101 of the federal Internal Revenue Code, or (2) of any payment required from an employee under a state unemployment compensation law, with respect to remuneration paid to an employee for domestic service in a private home of the employer or for agricultural labor;

(d) Any payments made to a former employee during the period of active military service in the armed forces of the United States by such employer, whether legally required or not;

(e) Any payment made to, or on behalf of, an employee or his beneficiary (1) from or to a trust described in section 401(a) of the federal Internal Revenue Code which is exempt from tax under section 501(a) of such code at the time of such payment unless such payment is made to an employee of the trust as remuneration for services rendered as an employee and not as a beneficiary of the trust, or (2) under or to an annuity plan which, at the time of such payment is a plan described in section 403(a) of the federal Internal Revenue Code, or (3) under or to a bond purchase plan which, at the time of such payment, is a qualified bond purchase plan described in section 405(a) of the federal Internal Revenue Code;

(f) (ON OR BEFORE JULY 1 OF EACH YEAR THE COMMISSIONER SHALL DETERMINE THE AVERAGE ANNUAL WAGE PAID BY EMPLOYERS SUBJECT TO SECTIONS 268.03 TO 268.24 IN THE FOLLOWING MANNER:)

((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;)

((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.)

(THE AVERAGE ANNUAL WAGE DETERMINED SHALL BE EFFECTIVE FOR THE CALENDAR YEAR NEXT SUCCEEDING THE DETERMINATION) *The value of any meals and lodgings furnished by or on behalf of the employer, if at the time of such furnishings it is reasonable to believe that the employee will be able to exclude such items from income under United States Code, title 26, section 119.*

Sec. 4. Minnesota Statutes 1984, section 268.04, subdivision 29, is amended to read:

Subd. 29. "Credit week" is any week for which wages or back pay, actually or constructively paid, wages overdue and delayed beyond the usual time of payment, and back pay by or from one or more employers to an employee for insured work equal or exceed 30 (PERCENT OF THE AVERAGE WEEKLY WAGE) *times the adult minimum wage in effect under section 177.24, subdivision 1, on December 31 of the year two years before the year in which the claim is made. The product shall be computed to the nearest whole dollar. (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) 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) 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; AND)

((C) THE AVERAGE ANNUAL WAGE SHALL BE DIVIDED BY 52 TO DETERMINE THE AVERAGE WEEKLY WAGE.)

(THE AVERAGE WEEKLY WAGE AS SO DETERMINED COMPUTED TO THE NEAREST WHOLE DOLLAR SHALL APPLY TO CLAIMS FOR BENEFITS WHICH ESTABLISH A BENEFIT YEAR WHICH BEGINS SUBSEQUENT TO DECEMBER 31 OF THE YEAR OF THE COMPUTATION.)

Sec. 5. Minnesota Statutes 1984, section 268.04, is amended by adding a subdivision to read:

*Subd. 29a. [ALTERNATIVE CREDIT WEEK.] "Alternative credit week" means any week for which wages or back pay, actually or constructively paid, wages overdue and delayed beyond the usual time of payment, and back pay by or from one or more employers to an employee for insured work equal or exceed 20 times the state minimum wage in effect on the date the employee makes a claim for benefits.*

Sec. 6. Minnesota Statutes 1984, section 268.04, subdivision 30, is amended to read:

Subd. 30. "Average weekly wage" means the quotient derived by dividing the total wage credits earned by an individual from

all employers in insured work in the base period by the number of credit weeks *or alternative credit weeks*.

Sec. 7. Minnesota Statutes 1984, section 268.06, subdivision 5, is amended to read:

Subd. 5. [BENEFITS CHARGED AS AND WHEN PAID.] Benefits paid to an individual pursuant to a valid claim shall be charged against the account of his employer as and when paid, except that benefits paid to an individual who earned base period wages for part-time employment shall not be charged to an employer that is liable for payments in lieu of contributions or to the experience rating account of an employer if the employer: (1) provided weekly base period part-time employment (; (2)), continues to provide weekly employment equal to at least 90 percent of the part-time employment provided in the base period (;), and ((3)) is an interested party because of the individual's loss of other employment; *or (2) provided weekly employment in the base period on an on-call as needed basis, continues to employ the individual on the same basis and provides employment substantially equal to the employment provided in the base period, and is an interested party because of the individual's loss of other employment.*

The amount of benefits so chargeable against each base period employer's account shall bear the same ratio to the total benefits paid to an individual as the base period wage credits of the individual earned from such employer bear to the total amount of base period wage credits of the individual earned from all his base period employers.

In making computations under this provision, the amount of wage credits if not a multiple of \$1, shall be computed to the nearest multiple of \$1.

Benefits shall not be charged to an employer that is liable for payments in lieu of contributions or to the experience rating account of an employer for unemployment (1) that is directly caused by a major natural disaster declared by the president pursuant to section 102(2) of the Disaster Relief Act of 1974 (42 United States Code 5122(2)), if the unemployed individual would have been eligible for disaster unemployment assistance with respect to that unemployment but for the individual's receipt of unemployment insurance benefits, *or (2) that is directly caused by a fire, flood, or act of God where 70 percent or more of the employees employed in the affected location become unemployed as a result and the employer substantially reopens its operations in that same area within 360 days of the fire, flood, or act of God. Benefits shall be charged to the employer's account where the unemployment is caused by the willful act of the employer or a person acting on behalf of the employer.*

Sec. 8. Minnesota Statutes 1984, section 268.06, subdivision 8, is amended to read:

Subd. 8. [DETERMINATION OF CONTRIBUTION RATES.] For each calendar year the commissioner shall determine the contribution rate of each employer by adding the minimum rate to the 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).

The minimum rate for all employers that have had benefits charged to their account at any time during the period described in subdivision 6 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 of one percent if the fund is more than \$80,000,000 but less than \$90,000,000; or eight-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.

*The minimum rate for all employers that have not had benefits charged to their account at any time during the period described in subdivision 6 shall be eight-tenths of one percent for calendar year 1987 and seven-tenths of one percent for calendar year 1988 and thereafter.*

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. 9. [268.062] [STANDBY SOLVENCY SURTAX.]**

*If the balance in the unemployment compensation fund as calculated on April 1 of a year is less than 12.5 percent of benefits paid out in the previous year, a ten percent surtax is imposed on employers payable to the unemployment compensation fund. The surtax is imposed on the experience portion of the employer's contributions for the calendar year preceding the April 1 calculation. The surtax shall be assessed on the July 1 next following the April 1 calculation and is due March 1 of the year following its imposition. The surtax imposed by this subdivision is not a part of the employer's contribution rate for the purpose of the maximum tax limitation of section 268.06, subdivision 8. An employer's surtax under this section and contribution rate under section 268.06, subdivision 8, shall not in the aggregate exceed 8.15 percent.*

**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,) 18 or more (,) credit weeks within the base period of employment in insured work with one or more employers for claims establishing a benefit year prior to July 1, 1988, or 20 or more credit weeks for claims establishing a benefit year subsequent to June 30, 1988, or failing that, 24 or more alternative credit weeks benefits shall be payable to such individual during his benefit year as follows:*

**(1) *The 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):***

**(a) *for claims which establish a benefit year prior to July 1, 1987, the individual's total base period wage credits multiplied by 1.0 percent; or***

*(b) for claims which establish a benefit year subsequent to June 30, 1987, the individual's total base period wage credits multiplied by 1.1 percent if it is the individual's first claim during the five-year period immediately preceding the claim filing, or 1.0 percent for subsequent claims filed within that five-year period. The amount (SO) computed under this paragraph, if not a whole dollar, shall be rounded down to the next lower dollar amount. (THE MAXIMUM WEEKLY BENEFIT AMOUNT OF CLAIMS FOR BENEFITS WHICH ESTABLISH A BENEFIT YEAR SUBSEQUENT TO JULY 1, 1979 SHALL BE 66-2/3 PERCENT OF THE AVERAGE WEEKLY WAGE, EXCEPT AS PROVIDED IN CLAUSE (D).)*

(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) 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) 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) 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)  $66\frac{2}{3}$  percent of the number of credit weeks earned by such an individual computed to the nearest whole week times his weekly benefit amount; *except that, the maximum number of weeks of benefits that can be received as calculated under this paragraph shall be increased by one for each full year, excluding the first five years, of continuous employment the individual has worked with the same employer, subject to a maximum of eight additional weeks. For purposes of this paragraph, "continuous employment" means an individual has 26 or more credit weeks in a calendar year with the same employer with credit being given for leaves of absence for health reasons.*

(3) 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 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. *In addition, one-fourth of the individual's earnings up to the amount of the individual's benefit shall not apply to reduce the individual's benefit.* 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.) *The minimum weekly benefit amount for claims for benefits which establish a benefit year subsequent to June 30, 1986, shall be \$68 for claims based on credit weeks or \$40 for claims based on alternative credit weeks. The maximum weekly benefit amount for claims for benefits that establish a benefit year subsequent to June 30, 1986, shall be \$228.*

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 or alternative credit weeks in seasonal employment, benefits shall be payable only if the commissioner finds that the individual has earned (15) *at least 18 credit weeks or alternative credit weeks in employment which is not seasonal for claims establishing a benefit year prior to July 1, 1988, or at least 20 credit weeks in employment which is not seasonal for claims establishing a benefit year subsequent to June 30, 1988, in addition to any credit weeks or alternative credit weeks 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) 18 consecutive weeks or less each calendar year.

Sec. 12. Minnesota Statutes 1984, section 268.071, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section, unless the context clearly requires otherwise:

(1) [EXTENDED BENEFIT PERIOD.] “Extended benefit period” means a period which

(a) Begins with the third week after a week for which there is a state “on” indicator; and

(b) Ends with either of the following weeks, whichever occurs later: The third week after the first week for which there is a state “off” indicator; or the 13th consecutive week of the period;

Provided, that no extended benefit period may begin before the 14th week following the end of a prior extended benefit period which was in effect with respect to this state.

(2) [STATE “ON” INDICATOR.] There is a “state ‘on’ indicator” for this state for a week if the commissioner determines, in accordance with the regulations of the United States secretary of labor, that for the period consisting of such week and the immediately preceding 12 weeks, the rate of insured unemployment (not seasonally adjusted) under this law

(a) equaled or exceeded 120 percent of the average of such rates for the corresponding 13 week period ending in each of the preceding two calendar years, and

(b) equaled or exceeded five percent.

The determination of whether there has been a state “on” indicator beginning any extended benefit period may be made as provided in clauses (a) and (b) above or a “state ‘on’ indicator” shall exist if the rate described in clause (b) equaled or exceeded six percent irrespective of whether the percentage requirement provided by clause (a) is met or exceeded.

(3) [STATE “OFF” INDICATOR.] There is a “state ‘off’ indicator” for this state for a week if, for the period consisting of such week and the immediately preceding 12 weeks, the rate of insured unemployment is less than six percent and the requirements for a “state ‘on’ indicator” under clause (2) of this subdivision are not satisfied.



(4) [RATE OF INSURED UNEMPLOYMENT.] "Rate of insured unemployment," for purposes of clauses (2) and (3), means the percentage derived by dividing the average weekly number of individuals filing claims for regular benefits in this state for weeks of unemployment with respect to the most recent 13 consecutive week period, as determined by the commissioner on the basis of his reports to the United States secretary of labor, by the average monthly employment covered under this law for the first four of the most recent six completed calendar quarters ending before the end of such 13 week period.

(5) [REGULAR BENEFITS.] "Regular benefits" means benefits payable to an individual under this law or under any other state law (including benefits payable to federal civilian employees and to ex-servicemen pursuant to 5 U.S.C. chapter 85) other than extended benefits and additional benefits.

(6) [EXTENDED BENEFITS.] "Extended benefits" means benefits (including benefits payable to federal civilian employees and to ex-servicemen pursuant to 5 U.S.C. chapter 85) payable to an individual under the provisions of this section for weeks of unemployment in his eligibility period.

(7) [ADDITIONAL BENEFITS.] "Additional benefits" means benefits payable to exhaustees by reason of conditions of high unemployment or by reason of other special factors under the provisions of any state law.

(8) [ELIGIBILITY PERIOD.] "Eligibility period" of an individual means the period consisting of the weeks in his benefit year which begin in an extended benefit period and, if his benefit year ends within such extended benefit period, any weeks thereafter which begin in such period.

(9) [EXHAUSTEE.] "Exhaustee" means an individual who, with respect to any week of unemployment in his eligibility period:

(a) Has received, prior to such week, all of the regular benefits that were available to him under this law or any other state law (including dependents' allowances and benefits payable to federal civilian employees and ex-servicemen under 5 U.S.C. chapter 85) in his current benefit year that includes such week:

Provided, that, for the purposes of this paragraph, an individual shall be deemed to have received all of the regular benefits that were available to him although as a result of a pending appeal with respect to wage credits (OR), credit weeks, or *alternative credit weeks* that were not considered in the original monetary determination in his benefit year, he may subsequently be determined to be entitled to added regular benefits; or

(b) His benefit year having expired prior to such week, has no, or insufficient, wages and/or employment on the basis of which he could establish a new benefit year that would include such week or having established a benefit year that includes such week, he is precluded from receiving regular compensation by reason of: (i) a state law provision which meets the requirements of section 3304 (a) (7) of the Internal Revenue Code of 1954, or (ii) a disqualification determination which cancelled wage credits or totally reduced his benefit rights, or (iii) benefits are not payable by reason of a seasonal limitation in a state unemployment insurance law; and

(c) Has no right to unemployment benefits or allowances, as the case may be, under the railroad unemployment insurance act, the trade expansion act of 1962, the automotive products act of 1965 and such other federal laws as are specified in regulations issued by the United States secretary of labor; and has not received and is not seeking unemployment benefits under the unemployment compensation law of Canada; but if he is seeking such benefits and the appropriate agency finally determines that he is not entitled to benefits under such law he is considered an exhaustee.

(10) [STATE LAW.] "State law" means the unemployment insurance law of any state, approved by the United States secretary of labor under section 3304 of the Internal Revenue Code of 1954.

Sec. 13. [268.073] [ADDITIONAL UNEMPLOYMENT COMPENSATION BENEFITS.]

*Subdivision 1. Additional unemployment compensation benefits are authorized under this section only if the commissioner determines that:*

*(1) an employer has reduced operations at an establishment resulting in the reduction of at least 50 percent of the employer's work force and the lay-off of at least 50 employees at that establishment;*

*(2) the employer does not intend to resume operations which would lead to the reemployment of those employees at any time in the future; and*

*(3) the unemployment rate for the county in which the establishment is located was ten percent during the month of the reduction or any of the three months preceding or succeeding the reduction.*

*Subd. 2. [PAYMENT OF BENEFITS.] All benefits payable under this section are payable from the fund.*

*Subd. 3. [ELIGIBILITY CONDITIONS.] An individual is eligible to receive additional benefits under this section for any week during the individual's benefit year if the commissioner finds that:*

*(1) the individual's unemployment is the result of a reduction in operations as provided under subdivision 1;*

*(2) the individual is unemployed and meets the eligibility requirements for the receipt of unemployment benefits under section 268.08;*

*(3) the individual is not subject to a disqualification for benefits under section 268.09; for the purpose of this subdivision, the disqualifying conditions set forth in section 268.09, and the requalifying requirements thereunder, apply to the receipt of additional benefits under this section;*

*(4) the individual has exhausted all rights to regular benefits payable under section 268.07, is not entitled to receive extended benefits under section 268.071, and is not entitled to receive unemployment compensation benefits under any other state or federal law for the week in which the individual is claiming additional benefits;*

*(5) the individual has made a claim for additional benefits with respect to any week the individual is claiming benefits in accordance with the regulations as the commissioner may prescribe with respect to claims for regular benefits; and*

*(6) the individual has worked at least 26 weeks during the individual's base period in employment with an employer for whom the commissioner has determined there was a reduction in operations under subdivision 1.*

*Subd. 4. [WEEKLY BENEFIT AMOUNT.] A claimant's weekly benefit amount under this section shall be the same as the individual's weekly benefit amount payable during the individual's current benefit year under section 268.08.*

*Subd. 5. [MAXIMUM BENEFITS PAYABLE.] A claimant's maximum amount of additional benefits payable in the individual's benefit year shall be six times the individual's weekly benefit amount. Unemployment compensation benefits paid to an individual under any state or federal law other than regular benefits payable under section 268.07 shall be deducted from that individual's maximum amount of additional benefits.*

*Subd. 6. The additional benefits provided under this section shall be payable to any claimant who meets the eligibility conditions under subdivision 3 whose unemployment occurred on July*

*1, 1984, or thereafter, provided the claimant has filed a claim for additional benefits which is effective January 1, 1986, or thereafter.*

Sec. 14. Minnesota Statutes 1985 Supplement, 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;

(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 or *alternative credit weeks* earned in the base period were for services performed during weeks in which the student was attending school as a full-time 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; and

(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 as follows: *ten percent of the amount of the individual's weekly benefit amount otherwise payable shall be paid 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 termi-*

nated because of the individual's return to employment; *the remaining 90 percent of the individual's weekly benefit amount shall be paid to the individual after the last week for which the individual has qualified for and been paid benefits.* 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. 15. Minnesota Statutes 1984, section 268.08, subdivision 3, is amended to read:

Subd. 3. [NOT ELIGIBLE.] An individual shall not be eligible to receive benefits for any week with respect to which he is receiving, has received, or has filed a claim for remuneration in an amount equal to or in excess of his weekly benefit amount in the form of

(1) termination, severance, or dismissal payment or wages in lieu of notice whether legally required or not; provided that if a termination, severance, or dismissal payment is made in a lump sum, the employer may allocate such lump sum payment over a period equal to the lump sum divided by the employee's regular pay while employed by such employer; provided any such payment shall be applied for a period immediately following the last day of work but not to exceed 28 calendar days; or

(2) vacation allowance paid directly by the employer for a period of requested vacation, including vacation periods assigned by the employer under the provisions of a collective bargaining agreement, or uniform vacation shutdown; or

(3) compensation for loss of wages under the workers' compensation law of this state or any other state or under a similar law of the United States, or under other insurance or fund established and paid for by the employer except that this does not apply to an individual who is receiving temporary partial compensation pursuant to section 176.101, subdivision 3k; or

(4) 50 percent of the pension payments from any fund, annuity or insurance maintained or contributed to by a base period employer including the armed forces of the United States if the employee contributed to the fund, annuity or insurance and all of the pension payments if the employee did not contribute to the fund, annuity or insurance; or

(5) 50 percent of a primary insurance benefit under title II of the Social Security Act as amended, or similar old age benefits under any act of congress or this state or any other state.

Provided, that if such remuneration is less than the benefits which would otherwise be due under sections 268.03 to 268.24, he shall be entitled to receive for such week, if otherwise eligible,

benefits reduced by the amount of such remuneration; provided, further, that if the appropriate agency of such other state or the federal government finally determines that he is not entitled to such benefits, this provision shall not apply. If the computation of reduced benefits, required by this subdivision, is not a whole dollar amount, it shall be rounded down to the next lower dollar amount.

*If an individual's benefit is reduced because of the receipt of a pension from the employer that the individual left due to the reasons described in clause (b), the individual's benefit year shall be extended by the number of weeks necessary for the individual to receive the benefit which would have been paid in the benefit year except for that reduction if the following conditions are satisfied:*

*(a) the individual is ineligible for benefits solely due to the lapse of the benefit year;*

*(b) the individual is unemployed due to the closing of a place of employment or is otherwise permanently laid off and not due to a voluntary decision of the individual to retire; and*

*(c) the individual had not attained mandatory retirement age at the time the individual became unemployed.*

Sec. 16. Minnesota Statutes 1984, section 268.09, subdivision 1, is amended to read:

Subdivision 1. [DISQUALIFYING CONDITIONS.] An individual separated from employment under clauses (1), (2), or (3) shall be disqualified for waiting week credit and benefits. For separations under clauses (1) and (2), the disqualification shall continue until (FOUR) *eight* calendar weeks have elapsed following his separation and the individual has earned (FOUR) *eight* times his weekly benefit amount in insured work.

(1) [VOLUNTARY LEAVE.] The individual voluntarily and without good cause attributable to the employer discontinued his employment with such employer. For the purpose of this clause, a separation from employment by reason of its temporary nature or for inability to pass a test or for inability to meet performance standards necessary for continuation of employment or based solely on a provision in a collective bargaining agreement by which an individual has vested discretionary authority in another to act in behalf of the individual shall not be deemed voluntary.

A separation shall be for good cause attributable to the employer if it occurs as a consequence of sexual harassment. Sexual harassment means unwelcome sexual advances, requests for sexual favors, sexually motivated physical contact or other con-

duct or communication of a sexual nature when: (1) the employee's submission to such conduct or communication is made a term or condition of the employment, (2) the employee's submission to or rejection of such conduct or communication is the basis for decisions affecting employment, or (3) such conduct or communication has the purpose or effect of substantially interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment and the employer knows or should know of the existence of the harassment and fails to take timely and appropriate action.

(2) [DISCHARGE FOR MISCONDUCT.] The individual was discharged for misconduct, not amounting to gross misconduct connected with his work or for misconduct which interferes with and adversely affects his employment.

An individual shall not be disqualified under clauses (1) and (2) of this subdivision under any of the following conditions:

(a) The individual voluntarily discontinued his employment to accept work offering substantially better conditions of work or substantially higher wages or both;

(b) The individual is separated from employment due to his own serious illness provided that such individual has made reasonable efforts to retain his employment;

An individual who is separated from his employment due to his illness of chemical dependency which has been professionally diagnosed or for which he has voluntarily submitted to treatment and who fails to make consistent efforts to maintain the treatment he knows or has been professionally advised is necessary to control that illness has not made reasonable efforts to retain his employment.

(c) The individual accepts work from a base period employer which involves a change in his location of work so that said work would not have been deemed to be suitable work under the provisions of subdivision 2 and within a period of 13 weeks from the commencement of said work voluntarily discontinues his employment due to reasons which would have caused the work to be unsuitable under the provision of said subdivision 2;

(d) The individual left employment because he had reached mandatory retirement age and was 65 years of age or older;

(e) The individual is terminated by his employer because he gave notice of intention to terminate employment within 30 days. This exception shall be effective only through the calendar week which includes the date of intended termination, provided that this exception shall not result in the payment of benefits for any week for which he receives his normal wage or salary which is equal to or greater than his weekly benefit amount;

(f) The individual is separated from employment due to the completion of an apprenticeship program, or segment thereof, approved pursuant to chapter 178;

(g) The individual voluntarily leaves part-time employment with a base period employer while continuing full-time employment if the individual attempted to return to part-time employment after being separated from the full-time employment, and if substantially the same part-time employment with the base period employer was not available for the individual.

(3) [DISCHARGE FOR GROSS MISCONDUCT.] The individual was discharged for gross misconduct connected with his work or gross misconduct which interferes with and adversely affects his employment. For a separation under this clause, the commissioner shall impose a total disqualification for the benefit year and cancel all of the wage credits from the last employer from whom he was discharged for gross misconduct connected with his work.

For the purpose of this clause "gross misconduct" is defined as misconduct involving assault and battery or the malicious destruction of property or arson or sabotage or embezzlement or any other act, including theft, the commission of which amounts to a felony or gross misdemeanor. For an employee of a health care facility, gross misconduct also includes misconduct involving an act of patient or resident abuse as defined in section 626.557, subdivision 2, clause (d).

If an individual is convicted of a felony or gross misdemeanor for the same act or acts of misconduct for which the individual was discharged, the misconduct is conclusively presumed to be gross misconduct if it was connected with his work.

(4) [LIMITED OR NO CHARGE OF BENEFITS.] Benefits paid subsequent to an individual's separation under any of the foregoing clauses, excepting clauses (2)(c) and (2)(e), shall not be used as a factor in determining the future contribution rate of the employer from whose employment such individual separated.

Benefits paid subsequent to an individual's failure, without good cause, to accept an offer of suitable re-employment shall not be used as a factor in determining the future contribution rate of the employer whose offer of re-employment he failed to accept or whose offer of re-employment was refused solely due to the distance of the available work from his residence, the individual's own serious illness or his other employment at the time of the offer.

(5) An individual who was employed by an employer shall not be disqualified for benefits under this subdivision for any



acts or omissions occurring after his separation from employment with the employer.

(6) [DISCIPLINARY SUSPENSIONS.] An individual shall be disqualified for waiting week credit and benefits for the duration of any disciplinary suspension of 30 days or less resulting from his own misconduct. Disciplinary suspensions of more than 30 days shall constitute a discharge from employment.

Sec. 17. Minnesota Statutes 1984, section 268.09, subdivision 2, is amended to read:

Subd. 2. [FAILURE TO APPLY FOR OR ACCEPT SUITABLE WORK OR RE-EMPLOYMENT.] An individual shall be disqualified for waiting week credit and benefits during the week of occurrence and until (FOUR) *eight* calendar weeks have elapsed following his refusal or failure and he has earned (FOUR) *eight* times his weekly benefit amount in insured work if the commissioner finds that he has failed, without good cause, either to apply for available, suitable work of which he was advised by the employment office, or the commissioner or to accept suitable work when offered him, or to return to his customary self-employment (if any) when so directed by the commissioner, or to accept a base period employer's offer of re-employment offering substantially the same or better hourly wages and conditions of work as were previously provided by that employer in his base period.

(a) In determining whether or not any work is suitable for an individual, the commissioner shall consider the degree of risk involved to his health, safety, and morals, his physical fitness and prior training, his experience, his length of unemployment and prospects of securing local work in his customary occupation, and the distance of the available work from his residence.

(b) Notwithstanding any other provisions of sections 268.03 to 268.24, no work shall be deemed suitable, and benefits shall not be denied thereunder to any otherwise eligible individual for refusing to accept new work under any of the following conditions:

(1) if the position offered is vacant due directly to a strike, lockout, or other labor dispute;

(2) if the wages, hours, or other conditions of the work offered are substantially less favorable to the individual than those prevailing for similar work in the locality;

(3) if as a condition of being employed the individual would be required to join a union or to resign from or refrain from joining any bona fide labor organization;

(4) if the individual is in training with the approval of the commissioner.

(c) *Except as otherwise provided in paragraph (b), work is suitable if it meets the requirements of paragraph (a) and pays 75 percent or more of the individual's gross weekly wages.*

Sec. 18. Minnesota Statutes 1984, section 268.09, is amended by adding a subdivision to read:

*Subd. 2a. An individual who has qualified for benefits under the alternative credit week requirement, as provided under section 268.07, subdivision 2, and who 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 eight weeks have elapsed following the separation or refusal of suitable work or reemployment and until the individual has worked for a minimum of 20 hours in each of eight weeks in insured work.*

Sec. 19. 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 individuals 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 or *alternative 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.

(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. In the absence of fraud, if a redetermination of validity of claim based on an employer's late 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) 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. 20. 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 determination 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 or *alternative credit weeks* from all employers in insured work by the number of base period credit weeks or *alternative credit weeks*. If within the time specified for the filing of wage and separation information 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 263.03 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 appeal.

ing 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. 21. [UNEMPLOYMENT BENEFIT BORROWINGS.]

*The commissioner of jobs and training must determine on October 1, 1986, whether there will be sufficient funds in the unemployment compensation fund established under section 268.05, subdivision 5, for the payment of unemployment benefits from November 10, 1986, to January 1, 1987.*

*If the commissioner determines there is a possibility that there will be insufficient money in the fund to pay those benefits the commissioner must notify the commissioner of finance immediately. The commissioner of finance must, upon receiving notice, arrange for short term borrowing an amount necessary to cover the insufficiency as calculated by the commissioner of*

*jobs and training and deposit the money in the unemployment compensation fund.*

*The commissioner of jobs and training must spend only amounts from the borrowing as are necessary to pay all unemployment benefits due from November 1, 1986, to January 1, 1987, without requiring an advance from the secretary of the treasury of the United States under section 1201 of the social security act, as amended.*

*The loan is repayable immediately subsequent to January 1, 1987, from employers contributions made to the commissioner pursuant to section 268.06. Interest on the loan shall be paid from funds available to the commissioner of jobs and training to the extent it does not violate federal law or regulations otherwise the interest shall be paid from the general fund.*

Sec. 22. Minnesota Statutes 1984, section 16A.671, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY; ADVISORY RECOMMENDATION.] To ensure that cash is available when needed to pay warrants drawn on the general fund under appropriations and allotments and for transfers under section 14, the governor may authorize the commissioner (1) to issue certificates of indebtedness in anticipation of the collection of taxes levied for and other revenues appropriated to the general fund for expenditure during each biennium; and (2) to issue additional certificates to refund outstanding certificates and interest on them, under the Constitution, article XI, section 6.

Sec. 23. [REEMPLOYMENT BENEFIT STUDY.]

*The commissioner of the department of jobs and training shall study the feasibility and public policy implication of providing partial weekly benefits to individuals that return to work prior to the time their benefit eligibility ceases. The commissioner shall report the results of the study along with any recommendations to each house of the legislature by January 1, 1987.*

Sec. 24. [QUARTERLY QUALIFYING STUDY.]

*The commissioner of the department of jobs and training shall make a detailed study of quarterly qualifying statutes in other states and shall present that study, along with a proposal for its implementation, to the legislature no later than January 1, 1987. The proposal shall be as revenue- and benefit-neutral as practicable with reference to the laws in effect as of January 1, 1987, as is reasonably possible. The report shall include a detailed explication of the need for adoption of this system, including pertinent citations of federal laws, and a timetable for its implementation.*

**Sec. 25. [EFFECTIVE DATE.]**

*Sections 1, 13, 14, 15, 16, 17, 21, 22, 23, and 24 are effective the day following final enactment. Sections 2, 4, 5, 6, 10, 11, 12, 18, 19, and 20 are effective July 1, 1986. Section 7 is effective retroactively to January 1, 1986. Sections 3, 8, and 9 are effective January 1, 1987.*

**ARTICLE 2****TRANSFER OF AUTHORITY TO OFFICE OF  
ADMINISTRATIVE HEARINGS****Section 1. [TRANSFER FROM DEPARTMENT OF JOBS  
AND TRAINING.]**

*Subdivision 1. [PURPOSE.] It is the purpose and intent of this article to transfer all unemployment compensation hearing responsibilities and related functions except for appeal hearings before the commissioner or an authorized representative from the department of jobs and training to the office of administrative hearings.*

*Subd. 2. [PERSONNEL; EQUIPMENT.] All unemployment insurance referees at the department of jobs and training are transferred to the office of administrative hearings pursuant to Minnesota Statutes, section 15.039, except as otherwise provided by this article. Notwithstanding any laws to the contrary, all unemployment insurance referees employed by the department of jobs and training at the time of this transfer are eligible for appointment as unemployment judges within the office of administrative hearings, and shall be appointed as such on transfer. Notwithstanding the provisions of section 15.039, or any other provision of this article, the chief administrative law judge, in consultation with the commissioner of employee relations, shall appoint supervisory unemployment insurance judges. Referees transferred pursuant to this section fulfilling supervisory functions with the department of jobs and training at the time of transfer may be considered for appointment as supervisory unemployment insurance judges. All personnel and positions at the department of jobs and training presently providing support to the hearing related functions transferred pursuant to this article, including those involved in the scheduling of hearings, processing, and mailing of hearing notices, preparation and serving of referees' decisions or correspondence, travel coordination, accounting, and answering of telephones are transferred to the office of administrative hearings pursuant to Minnesota Statutes, section 15.039.*

*All equipment and supplies used solely by the transferred personnel in the performance of their duties are transferred to the office of administrative hearings.*

*Subd. 3. [COOPERATION.] Commencing with the passage and signing of this act, the commissioner, the commissioners of administration, finance, and employee relations, and the chief administrative law judge shall cooperate in assuring a smooth transfer of the referees and related personnel and equipment in order to carry out the purposes of this article. The commissioner shall provide office space at the department of jobs and training for the chief administrative law judge to use prior to the transfer in order to complete a review of the existing hearing system and personnel prior to the effective date of the transfer. The commissioner of administration, after consultation with the commissioner of jobs and training, the commissioner of finance, and the chief administrative law judge, shall determine the appropriate location of office space for the transferred personnel. The commissioner shall continue to provide space for the conduct of hearings in the same facilities and locations which are presently utilized for that purpose.*

*Subd. 4. [RULES.] The chief administrative law judge may make emergency rules for the purpose of adopting procedural rules for unemployment compensation hearings. The rules shall not conflict with any provisions of chapter 268 and shall comply with any applicable federal laws, rules, or regulations.*

*Subd. 5. [TIMELINESS.] To satisfy United States Department of Labor funding requirements the office of administrative hearings shall meet or exceed timeliness standards under federal regulation in the conduct of unemployment compensation hearings.*

Sec. 2. Minnesota Statutes 1984, section 14.03, subdivision 2, is amended to read:

**Subd. 2. [CONTESTED CASE PROCEDURE.]** The contested case procedures of the administrative procedure act provided in sections 14.57 to 14.70 do not apply to (a) the Minnesota municipal board, (b) the commissioner of corrections, (c) the unemployment insurance program (AND), *except for those hearings held by an unemployment insurance judge of the office of administrative hearings,* (d) the social security disability determination program in the department of (ECONOMIC SECURITY) jobs and training, ((D)) (e) the director of mediation services, ((E)) (f) the workers' compensation division in the department of labor and industry, ((F)) (g) the workers' compensation court of appeals, ((G)) (h) the board of pardons, or ((H)) (i) the public employment relations board.

Sec. 3. Minnesota Statutes 1985 Supplement, section 14.48, is amended to read:

**14.48 [CREATION OF OFFICE OF ADMINISTRATIVE HEARINGS; CHIEF ADMINISTRATIVE LAW JUDGE AP-**



**POINTED; OTHER ADMINISTRATIVE LAW JUDGES APPOINTED.]**

A state office of administrative hearings is created. The office shall be under the direction of a chief administrative law judge who shall be learned in the law and appointed by the governor, with the advice and consent of the senate, for a term ending on June 30 of the sixth calendar year after appointment. Senate confirmation of the chief administrative law judge shall be as provided by section 15.066. The chief administrative law judge shall appoint additional administrative law judges and compensation judges to serve in his office as necessary to fulfill the duties prescribed in sections 14.48 to 14.56. The chief administrative law judge may delegate to a subordinate employee the exercise of a specified statutory power or duty as deemed advisable, subject to the control of the chief administrative law judge. Every delegation must be by written order filed with the secretary of state. All administrative law judges, *unemployment insurance judges*, and compensation judges shall be in the classified service except that the chief administrative law judge shall be in the unclassified service, but may be removed from his position only for cause. All administrative law judges shall have demonstrated knowledge of administrative procedures and shall be free of any political or economic association that would impair their ability to function officially in a fair and objective manner. All workers' compensation judges shall be learned in the law, shall have demonstrated knowledge of workers' compensation laws and shall be free of any political or economic association that would impair their ability to function officially in a fair and objective manner.

Sec. 4. Minnesota Statutes 1985 Supplement, section 14.51, is amended to read:

**14.51 [PROCEDURAL RULES FOR HEARINGS.]**

The chief administrative law judge shall adopt rules to govern the procedural conduct of all hearings, relating to both rule adoption, amendment, suspension or repeal hearings, contested case hearings, (AND) workers' compensation hearings *and unemployment compensation hearings*, and to govern the conduct of voluntary mediation sessions for rulemaking and contested cases other than those within the jurisdiction of the bureau of mediation services. (TEMPORARY) *Emergency* rulemaking authority is granted to the chief administrative law judge for the purpose of (IMPLEMENTING LAWS 1981, CHAPTER 346, SECTIONS 2 TO 6, 103 TO 122, 127 TO 135, AND 141) *the adoption of procedural rules for unemployment compensation hearings*. The procedural rules for hearings shall be binding upon all agencies and shall supersede any other agency procedural rules with which they may be in conflict. The procedural rules for hearings shall include in addition to normal procedural matters provisions relating to recessing and reconvening new hearings when the proposed final rule of an agency is substantially different from that which was

proposed at the public hearing. The procedural rules shall establish a procedure whereby the proposed final rule of an agency shall be reviewed by the chief administrative law judge to determine whether or not a new hearing is required because of substantial changes or failure of the agency to meet the requirements of sections 14.13 to 14.18. Upon his own initiative or upon written request of an interested party, the chief administrative law judge may issue a subpoena for the attendance of a witness or the production of books, papers, records or other documents as are material to the matter being heard. The subpoenas shall be enforceable through the district court in the district in which the subpoena is issued.

Sec. 5. Minnesota Statutes 1984, section 14.53, is amended to read:

**14.53 [COSTS ASSESSED.]**

In consultation with the commissioner of (ADMINISTRATION) *finance* the chief administrative law judge shall assess agencies the cost of services rendered to them in the conduct of hearings. All agencies shall include in their budgets provisions for such assessments.

Sec. 6. Minnesota Statutes 1984, section 43A.18, subdivision 4, is amended to read:

**Subd. 4. [PLANS NOT ESTABLISHED BUT APPROVED BY COMMISSIONER.]** Notwithstanding any other law to the contrary, total compensation for employees listed in this subdivision shall be set by appointing authorities within the limits of compensation plans that have been approved by the commissioner before becoming effective.

(a) Total compensation for employees who are not covered by a collective bargaining agreement in the offices of the governor, attorney general, secretary of state, state auditor and state treasurer shall be determined by the governor, attorney general, secretary of state, state auditor and state treasurer, respectively.

(b) Total compensation for unclassified positions pursuant to section 43A.08, subdivision 1, clause (h), in the higher education coordinating board, and in the state board of vocational technical education shall be determined by the state university board and the state board for community colleges, the higher education coordinating board, and the state board of vocational technical education, respectively.

(c) Total compensation for classified administrative law judges and *unemployment insurance judges* in the office of administrative hearings shall be determined by the chief administrative law judge.

Sec. 7. Minnesota Statutes 1984, section 179A.10, subdivision 1, is amended to read:

Subdivision 1. [EXCLUSIONS.] The commissioner of employee relations shall meet and negotiate with the exclusive representative of each of the units specified in this section. The units provided in this section are the only appropriate units for executive branch state employees. The following employees shall be excluded from any appropriate unit:

(1) the positions and classes of positions in the classified and unclassified services defined as managerial by the commissioner of employee relations in accordance with section 43A.18, subdivision 3, and so designated in the official state compensation schedules;

(2) unclassified positions in the state university system and the community college system defined as managerial by their respective boards;

(3) positions of physician employees compensated under section 43A.17, subdivision 4;

(4) positions of all unclassified employees appointed by a constitutional officer;

(5) positions in the bureau of mediation services and the public employment relations board;

(6) positions of employees whose classification is pilot or chief pilot;

(7) administrative law judge, *unemployment insurance judge*, and compensation judge positions in the office of administrative hearings; and

(8) positions of all confidential employees.

Sec. 8. Minnesota Statutes 1984, section 268.06, subdivision 18, is amended to read:

Subd. 18. [NOTICE TO EMPLOYER.] The commissioner shall at least twice each year notify each employer of the benefits as determined by the department which have been charged to his account subsequent to the last notice. Unless reviewed in the manner hereinafter provided, charges set forth in such notice, or as modified by a redetermination, a decision of (A REFEREE) an *unemployment insurance judge*, or the commissioner, shall be final and shall be used in determining the contribution rates for all years in which the charges occur within the employer's experience period and shall not be subject to collateral

attack by way of review of a rate determination, application for adjustment or refund, or otherwise.

Sec. 9. Minnesota Statutes 1984, section 268.06, subdivision 19, is amended to read:

Subd. 19. [NOTICE OF RATE.] The commissioner shall mail to each employer notice of his rate of contributions as determined for any calendar year pursuant to this section. Such notice shall contain the contribution rate, factors used in determining the individual employer's experience rating, and such other information as the commissioner may prescribe. Unless reviewed in the manner hereinafter provided, the rate as determined or as modified by a redetermination, a decision of (A REFEREE) *an unemployment insurance judge*, or the commissioner shall be final except for fraud and shall be the rate upon which contributions shall be computed for the calendar year for which such rate was determined, and shall not be subject to collateral attack for any errors, clerical or otherwise, whether by way of claim for adjustment or refund, or otherwise. If the legislature changes any of the factors used to determine the contribution rate of any employer for any year subsequent to the original mailing of such notice for the year, the earlier notice shall be void. The notice based on the new factors shall be deemed to be the only notice of rate of contributions for that year and shall be subject to the same finality, redetermination and review procedures as provided above.

Sec. 10. Minnesota Statutes 1984, section 268.06, subdivision 20, is amended to read:

Subd. 20. [PROTEST, REVIEW, REDETERMINATION, APPEAL.] A review of the charges made to an employer's account as set forth in the notice of charges referred to in subdivision 18 and a review of an employer's contribution rate as set forth in the notice of his rate for any calendar year as provided in subdivision 19, may be had by the employer if he files with the commissioner a written protest setting forth his reasons therefor within 30 days from the date of the mailing of the notice of charges or contribution rate to him. The date shall appear on the notice. Upon receipt of the protest, the commissioner shall refer the matter to an official designated by him to review the charges appearing on the notice appealed from or the computations of the protesting employer's rate, as the case may be, to determine whether or not there has been any clerical error or error in computation in either case. The official shall either affirm or make a redetermination rectifying the charges or rate as the case may be, and a notice of the affirmation or redetermination shall immediately be mailed to the employer. If the employer is not satisfied with the affirmation or redetermination, he may appeal by filing a notice with the department within ten days after the date of mailing appearing upon the redetermination. Upon the receipt of the appeal, the commis-

sioner shall refer the matter to (A REFEREE) *the office of administrative hearings* for a hearing and after opportunity for a fair hearing, the (REFEREE) *unemployment insurance judge* shall affirm, modify or set aside the original determination with its affirmation or the redetermination, as appears just and proper. The commissioner may at any time upon his own motion correct any clerical error of the department resulting in charges against an employer's account or any error in the computation of an employer's contribution rate. The (REFEREE) *unemployment insurance judge* may order the consolidation of two or more appeals whenever, in his judgment, consolidation will not be prejudicial to any interested party. At any hearing a written report of any employee of the department which has been authenticated shall be admissible in evidence. Appeals from the decision of the (REFEREE) *unemployment insurance judge* shall be provided by section 268.10, subdivision 5.

Sec. 11. 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 determination 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 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) *unemployment insurance judge* 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) *unemployment insurance judge* decision modifies or reverses an initial determination awarding benefits, or if a commissioner's decision modifies or reverses an (APPEAL) *unemployment insurance judge* decision awarding benefits, any benefits paid under the award of such initial determination or (APPEAL TRIBUNAL) *unemployment insurance judge* 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) *the office of*

*administrative hearings* 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) *unemployment insurance judge* from an initial determination.

(6) If (A REFEREE'S) *an unemployment insurance judge's* decision affirms an initial determination awarding benefits or the commissioner affirms an (APPEAL TRIBUNAL) *unemployment insurance judge* 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. 12. Minnesota Statutes 1984, section 268.10, subdivision 3, is amended to read:

Subd. 3. [APPEAL; HEARING.] *Upon receipt of an appeal from an initial determination made under subdivision 2, the commissioner shall immediately forward the appeal and all necessary documents to the chief administrative law judge for assignment of an unemployment insurance judge to hear the case and the scheduling of a date, time, and place for the hearing. Unless an appeal is withdrawn, the date for hearing before (A REFEREE) an unemployment insurance judge shall be set and notice of the hearing shall be mailed to the last known address of all interested parties at least ten days prior to the date set for the hearing. The notice shall be mailed by the office of administrative hearings. The hearing may be conducted by means of a conference telephone call except that the appellant may request that the hearing be conducted in person. The hearing shall be a trial de novo, and, upon the evidence presented, the (REFEREE) unemployment insurance judge shall affirm, modify, or set aside the initial determination. Where the same or substantially similar evidence is relevant and material to the issues in appeals by more than one individual or in appeals by one individual with respect to two or more weeks of unemployment, the appeals may be consolidated into one hearing pursuant to the procedural rules adopted by the chief administrative law judge. The (REFEREE) unemployment insurance judge shall exclude from any consolidated hearing the appeal of an individual who may be prejudiced because of the consolidation. (A REFEREE) An unemployment insurance judge shall not hear any appeal in which the (REFEREE) unemployment insurance judge has a direct interest. The parties and the commissioner shall be notified of the (REFEREE'S) unemployment insurance judge's decision and the reason for it. The (REFEREE'S) unemployment insurance judge's decision is deemed to be the final decision unless a further appeal is initiated pursuant to subdivision 5.*

Sec. 13. Minnesota Statutes 1984, section 268.10, subdivision 4, is amended to read:

Subd. 4. [(REFEREES) TRANSCRIPTS; REVIEW OF DECISIONS.] (IN ORDER TO ASSURE THE PROMPT DISPOSITION OF ALL CLAIMS FOR BENEFITS, THE COMMISSIONER SHALL APPOINT ONE OR MORE IMPARTIAL REFEREES. THE COMMISSIONER SHALL BY RULE ADOPT A PROCEDURE BY WHICH REFEREES HEAR AND DECIDE DISPUTED CLAIMS, SUBJECT TO APPEAL TO THE COMMISSIONER. NO PERSON SHALL PARTICIPATE ON BEHALF OF THE COMMISSIONER IN ANY CASE IN WHICH THAT PERSON IS AN INTERESTED PARTY. THE COMMISSIONER MAY DESIGNATE ALTERNATES TO SERVE IN THE ABSENCE OR DISQUALIFICATION OF A REFEREE) *The department shall cause a transcript to be prepared of all cases heard by an unemployment insurance judge from which an appeal is made to the commissioner. There shall be no charges, fees, transcript costs, or other cost imposed upon the employee in prosecuting an appeal. All decisions of (REFEREES) unemployment insurance judges shall be made available to the public in accordance with rules the commissioner may prescribe, except that names of interested parties may be deleted.*

Sec. 14. Minnesota Statutes 1984, section 268.10, subdivision 5, is amended to read:

Subd. 5. [REVIEW BY COMMISSIONER.] Within 30 days after mailing or personal delivery of the notice of (A REFEREE'S) *an unemployment insurance judge's* decision to the claimant or employer at the last known address, a party may file, with the commissioner, a notice of appeal from the decision and obtain a review of it by the commissioner or an authorized representative. (THE COMMISSIONER WITHIN THE SAME PERIOD OF TIME MAY ON THE COMMISSIONER'S OWN MOTION ORDER A REVIEW OF A DECISION. UPON REVIEW, THE COMMISSIONER OR AUTHORIZED REPRESENTATIVE MAY AFFIRM, MODIFY, OR SET ASIDE ANY FINDING OF FACT OR DECISION, OR BOTH, OF THE REFEREE ON THE BASIS OF THE EVIDENCE PREVIOUSLY SUBMITTED IN THE CASE, OR REMAND THE MATTER BACK TO THE REFEREE FOR THE TAKING OF ADDITIONAL EVIDENCE AND NEW FINDINGS AND DECISION BASED ON ALL OF THE EVIDENCE BEFORE THE REFEREE.) *The notice of appeal must set forth the issues raised on appeal. The notice of the decision of the unemployment compensation judge must explain how an appeal may be filed. On an appeal taken under this subdivision, the commissioner or authorized representative is limited to the issues raised by the parties in the notice of the appeal from the unemployment insurance judge's decision. The commissioner or authorized representative, on the basis of evidence previously submitted, may*



*affirm the decision of the unemployment insurance judge, may remand the case for further proceedings, or may modify or reverse the decision if the unemployment insurance judge's decision is in error of law, violates the procedures of chapter 268, is unsupported by substantial evidence in view of the record as a whole when the issue in dispute involves a question of fact, or is arbitrary or capricious.* Notice of all hearings on review shall be given to all interested parties in the same manner as provided for by subdivision 3. *Upon the motion of a party, the commissioner or authorized representative may (REMOVE TO HIMSELF OR HERSELF OR) transfer to another (REFEREE) unemployment insurance judge the proceedings on any claim pending before (A REFEREE) an unemployment insurance judge. (ANY PROCEEDINGS REMOVED TO THE COMMISSIONER OR AUTHORIZED REPRESENTATIVE SHALL BE HEARD UPON NOTICE IN ACCORDANCE WITH THE REQUIREMENTS OF SUBDIVISION 3.)* The department of economic security shall mail to all interested parties and the chief administrative law judge a notice of the filing of and a copy of the findings and decision of the commissioner or his representative.

Sec. 15. Minnesota Statutes 1984, section 268.10, subdivision 6, is amended to read:

Subd. 6. [COMMISSIONER.] The manner in which disputed claims are presented, the reports required from the claimant and from employers, and the conduct of (HEARINGS AND) appeals shall be in accordance with the rules adopted by the commissioner (FOR DETERMINING THE RIGHTS OF THE PARTIES, WHETHER OR NOT THE REGULATIONS). *Rules relating to the conduct of hearings before unemployment insurance judges shall be adopted by the chief administrative law judge. The rules of the commissioner and the chief administrative law judge need not conform to common law or statutory rules of evidence and other technical rules of procedure. A full and complete record shall be kept of all proceedings in connection with a disputed claim. All testimony at any hearing shall be recorded, but need not be transcribed unless the disputed claim is further appealed.*

Sec. 16. Minnesota Statutes 1984, section 268.10, subdivision 9, is amended to read:

Subd. 9. [REPRESENTATION BY ATTORNEY.] In any proceeding under these sections before (A REFEREE) *an unemployment insurance judge* or the commissioner, a party may be represented by an agent or attorney, but no individual claiming benefits shall be charged fees of any kind in a proceeding before (A REFEREE) *an unemployment insurance judge*, the commissioner, commissioner's representatives, or by any court or any officers thereof. Any individual claiming benefits in any proceedings before the commissioner or his representatives or a

court may be represented by counsel or other duly authorized agent, except that said agent in any court proceedings under these sections, must be an attorney at law; but no counsel shall either charge or receive for the services more than an amount approved by the commissioner and no fees shall be collected from an individual claiming benefits by any agent unless he is an attorney at law.

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) *unemployment insurance judge*, or any other duly authorized representative of the commissioner, may require from any employing unit any sworn or unsworn reports, with respect to persons employed by it, which the commissioner, (APPEAL REFEREE) *unemployment insurance judge*, 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 268.12, subdivision 9, is amended to read:

Subd. 9. [TESTIMONIAL POWERS.] (1) In the discharge of the duties imposed by sections 268.03 to 268.24, the commissioner, (APPEAL REFEREE) *unemployment insurance judge*, or any duly authorized representative of the commissioner, shall have power to administer oaths and affirmations, take depositions, certify to official acts, and issue subpoenas to compel the attendance of witnesses and the production of books, papers, correspondence, memoranda, and other records deemed necessary as evidence in connection with a disputed claim or the administration of these sections;

(2) Witnesses, other than interested parties or officers and employees of an employing unit which is an interested party, subpoenaed pursuant to this subdivision or sections 268.03 to 268.24, shall be allowed fees the same as witness fees in civil actions in district court, which fees need not be paid in advance of the time of giving of testimony, and such fees of witnesses so subpoenaed shall be deemed part of the expense of administering these sections;

(3) In case of contumacy by, or refusal to obey, a subpoena issued to any person, any court of this state within the jurisdiction of which the inquiry is carried on or within the jurisdiction of which such person guilty of contumacy or refusal to obey is found or resides or transacts business, upon application by the commissioner, or (REFEREE) *unemployment insurance judge*, or any duly authorized representative of the commissioner, shall have jurisdiction to issue to such person an order requiring such person to appear before the commissioner, (THE CHAIRMAN OF AN APPEAL TRIBUNAL, REFEREE) *unemployment insurance judge*, or any duly authorized representative of the commissioner, there to produce evidence if so ordered or there to give testimony relative to the matter under investigation or in question; and any failure to obey such order of the court may be punished by the court as a contempt thereof.

Sec. 19. Minnesota Statutes 1984, section 268.12, subdivision 10, is amended to read:

Subd. 10. [SELF-INCRIMINATION.] No person shall be excused from attending and testifying or from producing books, papers, correspondence, memoranda, and other records before the commissioner, (THE CHAIRMAN OF AN APPEAL TRIBUNAL, REFEREE) *unemployment insurance judge*, or any duly authorized representative of the commissioner, or in obedience to the subpoena of any of them in any cause or proceeding before the commissioner, (AN APPEAL TRIBUNAL, REFEREE) *unemployment insurance judge*, or any duly authorized representative of the commissioner on the grounds that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

Sec. 20. Minnesota Statutes 1984, section 268.12, subdivision 13, is amended to read:

Subd. 13. [DETERMINATIONS.] (1) An official, designated by the commissioner, upon his own motion or upon application of an employing unit, shall determine if an employing unit is an employer within the meaning of this chapter or as to whether services performed for it constitute employment within the meaning of this chapter, and shall notify the employing unit of the determination. The determination shall be final unless the employing unit, within 30 days after the mailing of notice of the determination to the employing unit's last known address, files a written appeal from it.

(2) (THE COMMISSIONER SHALL DESIGNATE ONE OR MORE REFEREES TO CONDUCT HEARINGS ON APPEALS) *Upon receipt of an appeal under clause (1), the commissioner shall refer the matter to the office of administrative hearings for a hearing.* The employing unit and any claimant whose filed claim for benefits may be affected by a determination issued under clause (1) shall be interested parties to an appeal. The (REFEREE) *unemployment insurance judge* shall fix a time and place within this state for the hearing and give interested parties written notice of it, by mail, not less than ten days prior to the time of the hearing. In the discharge of the duties imposed by this subdivision, the (REFEREE) *unemployment insurance judge* may administer oaths and affirmations, take depositions, certify to official acts, and issue subpoenas to compel the attendance of witnesses and the production of books, papers, correspondence, memoranda, and other records deemed necessary as

evidence in connection with the subject matter of the hearing. The written report of any employee of the department of economic security, made in the regular course of the performance of the employee's duties, shall be competent evidence of the facts contained in it and shall be prima facie correct, unless refuted by other credible evidence.

(3) Upon the conclusion of the hearing, the (REFEREE) *unemployment insurance judge* shall serve upon the interested parties by mail findings of fact and decision. The decision of the (REFEREE) *unemployment insurance judge*, together with his findings of fact and reasons in support of them, is final unless an interested party, within 30 days after the mailing of a copy of it to the interested parties' last known addresses, files an appeal with the commissioner and serves a copy of the appeal on the chief administrative law judge, or unless the commissioner, within 30 days after mailing of the decision, on his own motion orders the matter certified to him for review. Appeal from and review by the commissioner of the decision of the (REFEREE) *unemployment insurance judge* shall be in the manner provided by rule. The commissioner may without further hearing affirm, modify, or set aside the findings of fact or decision, or both, of the (REFEREE) *unemployment insurance judge* on the basis of the evidence previously submitted in the case, or direct the taking of additional evidence. The commissioner may disregard the findings of fact of the (REFEREE) *unemployment insurance judge* and examine the testimony taken and make any findings of fact as the evidence taken before the (REFEREE) *unemployment insurance judge* may, in the judgment of the commissioner, require, and make any decision as the facts found by him require. The commissioner shall notify the employing unit and the chief administrative law judge of his findings and decision by mail, mailed to the interested parties' last known addresses. The decision of the commissioner is final unless judicial review of it is sought as provided by this subdivision. Any interested party to a proceeding before the commissioner may obtain a transcript of the testimony taken before the (REFEREE) *unemployment insurance judge* upon payment to the commissioner of the cost of the transcript at the rate of ten cents per 100 words.

(4) The court of appeals may, by writ of certiorari to the commissioner, review all questions of law and fact presented by the record in accordance with chapter 14. The commissioner shall not be required to certify the record to the court unless the party commencing the proceedings for review pays to the commissioner the cost of certification of the record at the rate of ten cents per 100 words less any amount previously paid by the party for a transcript. The commissioner shall, upon receipt of the payment, prepare and certify to the court a true and correct typewritten copy of all matters contained in the record. The costs collected by the commissioner shall be deposited in the economic security administration fund provided for in section 268.15.

(5) A final decision of the commissioner or referee, in the absence of appeal, is conclusive for all the purposes of sections 268.03 to 268.24 except as otherwise provided, and, together with the records therein made, shall be admissible in any subsequent judicial proceeding involving liability for contributions. A final decision of the commissioner or referee may be introduced in any proceeding involving a claim for benefits.

(6) In the event a final decision of the commissioner or (REFEREE) *unemployment insurance judge* determines the amount of contributions due under sections 268.03 to 268.24, then, if the amount, together with interest and penalties, is not paid within 30 days after the decision, the provisions of section 268.161 shall apply. The commissioner shall proceed thereunder, substituting a certified copy of the final decision in place of the contribution report.

Sec. 21. Minnesota Statutes 1984, section 268.18, subdivision 1, is amended to read:

Subdivision 1. [ERRONEOUS PAYMENTS.] Any claimant for benefits who, by reason of his own mistake or through the error of any individual engaged in the administration of sections 268.03 to 268.24 or because of a determination or redetermination issued pursuant to section 268.10, subdivision 2, has received any sum as benefits to which he was not entitled under these sections, shall promptly return such benefits in cash to the nearest office of the Minnesota department of economic security. If such claimant fails to return such benefits, the department of economic security shall, as soon as it discovers such erroneous payment, determine the amount thereof and notify said individual to return the same. Unless the claimant files a written appeal with the department of economic security within 15 days after the mailing of the notice of determination to his last known address or personal delivery of the notice, the determination shall become final. If the claimant files an appeal with the department in writing within the time aforesaid the matter shall be set for hearing before (A REFEREE OF THE DEPARTMENT) *an unemployment insurance judge of the office of administrative hearings* and heard as other benefit matters are heard in accordance with section 268.10 with the same rights of review as outlined for benefit cases in that section. The commissioner of the department of economic security is hereby authorized to deduct from any future benefits payable to the claimant under these sections in either the current or any subsequent benefit year an amount equivalent to the overpayment determined or the overpayment may be collected without interest by civil action in the name of the commissioner. If a claimant has been overpaid benefits under the law of another state and that state certifies to the department the facts involved and that the individual is liable under its law to repay the benefits and requests the department to recover the overpayment, the commissioner is authorized to deduct from future benefits pay-

able to the claimant in either the current or any subsequent benefit year an amount equivalent to the amount of overpayment determined by that state. Benefits paid for weeks more than three years prior to the discovery of error are not erroneous payments.

Sec. 22. Minnesota Statutes 1984, section 268.18, subdivision 2, is amended to read:

Subd. 2. [FRAUD.] Any claimant who files a claim for or receives benefits by knowingly and willfully misrepresenting or misstating any material fact or by knowingly and willfully failing to disclose any material fact which would make him ineligible for benefits under sections 268.03 to 268.24 is guilty of fraud. After the discovery of facts by the commissioner indicating fraud in claiming or obtaining benefits under sections 268.03 to 268.24, he is hereby authorized to make a determination that the claimant was ineligible for each week with reference to which benefits were claimed or obtained by fraud for the amount as was in excess of what the claimant would have been entitled to had he not made the fraudulent statements or failed to disclose any material facts. The commissioner also may disqualify an individual from benefits for one to 52 weeks in which the claimant is otherwise eligible for benefits following the week in which the fraud was determined. A disqualification imposed for fraud shall not be removed by subsequent insured work or the expiration of a benefit year but shall not apply to any week more than 104 weeks after the week in which the fraud was determined. The claimant shall promptly repay in cash to the department of economic security any benefits fraudulently obtained. Unless the claimant files a written appeal with the department of economic security within 15 days after the mailing of the notice of determination to his last known address or personal delivery of the notice, the determination shall become final. If the claimant appeals from the determination within the time above specified the matter shall be referred to (A REFEREE) *an unemployment insurance judge* for a hearing as in other benefit cases and thereafter the procedure for review shall be the same as set forth in section 268.10. The commissioner is hereby authorized to deduct from future benefits payable to the claimant in either the current or any subsequent benefit year an amount equivalent to the amount of overpayment determined or the overpayment may be collected without interest by civil action in the name of the commissioner. If a claimant has been overpaid benefits under the law of another state and that state certifies to the department the facts involved and that the individual is liable to repay the benefits and requests the department to recover the overpayment, the commissioner is authorized to deduct from future benefits payable to the claimant in either the current or any subsequent benefit year an amount equivalent to the amount of overpayment determined by that state. A determination of fraud may be made at any time.

## Sec. 23. [EFFECTIVE DATE.]

*This article is effective October 1, 1986."*

Delete the title and insert:

"A bill for an act relating to employment; regulating the administration of the unemployment compensation law; providing for the amount of benefit; regulating benefit eligibility; providing for employer contributions; transferring certain hearing functions and personnel to the office of administrative hearings; amending Minnesota Statutes 1984, sections 14.03, subdivision 2; 14.53; 16A.671, subdivision 1; 43A.18, subdivision 4; 179A.10, subdivision 1; 268.03; 268.04, subdivisions 24, 25, 29, and 30, and by adding a subdivision; 268.06, subdivisions 5, 8, 18, 19, and 20; 268.07, subdivisions 2 and 2a; 268.071, subdivision 1; 268.08, subdivision 3; 268.09, subdivisions 1 and 2, and by adding a subdivision; 268.10, subdivisions 1, 2, 3, 4, 5, 6, and 9; 268.12, subdivisions 8, 9, 10, and 13; and 268.18, subdivisions 1 and 2; Minnesota Statutes 1985 Supplement, sections 14.48; 14.51; and 268.08, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 268."

A roll call was requested and properly seconded.

The question was taken on the Kvam amendment and the roll was called. There were 83 yeas and 44 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Fjoslien	Knickerbocker	Pauly	Stanius
Anderson, R.	Forsythe	Krueger	Peterson	Sviggum
Backlund	Frederick	Kvam	Piepho	Thiede
Becklin	Frederickson	Levi	Poppenhagen	Thorson
Bennett	Frerichs	Lieder	Quist	Tjornhom
Bishop	Gruenes	Marsh	Redalen	Tonpkins
Blatz	Gutknecht	McDonald	Rees	Tunheim
Boerboom	Halberg	McKasy	Richter	Uphus
Brown	Hartinger	McPherson	Rodosovich	Valan
Burger	Hartle	Miller	Rose	Valento
Carlson, D.	Haukoos	Neuenschwander	Schafer	Waltman
Carlson, J.	Heap	Ogren	Schoenfeld	Welle
Clausnitzer	Himle	Olsen, S.	Schreiber	Wenzel
DenOuden	Jennings, L.	Olson, E.	Seaberg	Zaffke
Dimler	Johnson	Omann	Shaver	Spk. Jennings, D.
Dyke	Kalis	Onnen	Sherman	
Erickson	Kiffmeyer	Ozment	Sparby	

Those who voted in the negative were:

Battaglia	Elioff	Long	Nelson, D.	Piper
Beard	Greenfield	McEachern	Nelson, K.	Price
Begich	Jacobs	McLaughlin	Norton	Quinn
Brandl	Jaros	Metzen	O'Connor	Rest
Carlson, L.	Kelly	Minne	Osthoff	Rice
Clark	Knuth	Munger	Otis	Sarna
Cohen	Kostohryz	Murphy	Pappas	Scheid



Simoneau  
Skoglund

Solberg  
Staten

Tomlinson  
Vanasek

Vellenga  
Voss

Wynia

The motion prevailed and the amendment was adopted.

Kvam moved that H. F. No. 2037, as amended, be continued on Special Orders.

A roll call was requested and properly seconded.

Simoneau moved that H. F. No. 2037, as amended, be referred to the Committee on Labor-Management Relations.

A roll call was requested and properly seconded.

#### CALL OF THE HOUSE

On the motion of Carlson, D., and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

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

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 Simoneau motion and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 45 yeas and 85 nays as follows:

Those who voted in the affirmative were:

Battaglia	Kahn	Munger	Piper	Simoneau
Beard	Kelly	Murphy	Price	Skoglund
Begich	Knuth	Nelson, D.	Quinn	Solberg
Brandl	Kostohryz	Nelson, K.	Rest	Staten
Carlson, L.	Long	Norton	Rice	Tomlinson
Clark	McEachern	O'Connor	Riveness	Vanasek
Elioff	McLaughlin	Osthoff	Sarna	Voss
Greenfield	Metzen	Otis	Scheid	Wenzel
Jaros	Minne	Pappas	Segal	Wynia

Those who voted in the negative were:

Anderson, G.	Dyke	Johnson	Onnen	Sherman
Anderson, R.	Erickson	Kalis	Ozment	Sparby
Backlund	Fjoslien	Kiffmeyer	Pauly	Stanius
Becklin	Forsythe	Knickerbocker	Peterson	Svigum
Bennett	Frederick	Kvam	Piepho	Thiede
Bishop	Frederickson	Levi	Poppenhagen	Thorson
Blatz	Frerichs	Lieder	Quist	Tjornhom
Boerboom	Gruenes	Marsh	Redalen	Tompkins
Boo	Gutknecht	McDonald	Rees	Tunheim
Brown	Halberg	McKasy	Richter	Uphus
Burger	Hartinger	McPherson	Rodosovich	Valan
Carlson, D.	Hartle	Miller	Rose	Valento
Carlson, J.	Haukoos	Neuenschwander	Schafer	Vellenga
Clausnitzer	Heap	Ogren	Schoenfeld	Waltman
Cohen	Himle	Olsen, S.	Schreiber	Welle
DenOuden	Jacobs	Olson, E.	Seaberg	Zaffke
Dimler	Jennings, L.	Omann	Shaver	Spk. Jennings, D.

The motion did not prevail.

The question recurred on the Kvam motion and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 107 yeas and 17 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Clausnitzer	Hartinger	Kostohryz	Nelson, K.
Anderson, R.	Cohen	Hartle	Krueger	Neuenschwander
Backlund	Dimler	Haukoos	Kvam	Ogren
Battaglia	Dyke	Heap	Levi	Olsen, S.
Beard	Elioff	Himle	Lieder	Omann
Becklin	Erickson	Jacobs	Long	Onnen
Bennett	Fjoslien	Jaros	Marsh	Otis
Bishop	Forsythe	Jennings, L.	McDonald	Ozment
Blatz	Frederick	Johnson	McKasy	Pappas
Boerboom	Frederickson	Kalis	McPherson	Pauly
Boo	Frerichs	Kelly	Metzen	Peterson
Brown	Gruenes	Kiffmeyer	Miller	Piepho
Burger	Gutknecht	Knickerbocker	Murphy	Piper
Carlson, D.	Halberg	Knuth	Nelson, D.	Poppenhagen

Price	Rose	Sparby	Tompkins	Waltman
Quinn	Schafer	Stanius	Tunheim	Welle
Quist	Schoenfeld	Staten	Uphus	Wenzel
Redalen	Scaberg	Sviggum	Valan	Zaffke
Rees	Segal	Thiede	Valento	Spk. Jennings, D.
Richter	Shaver	Thorson	Vanasek	
Riveness	Sherman	Tjornhom	Vellenga	
Rodosovich	Solberg	Tomlinson	Voss	

Those who voted in the negative were:

Begich	Kahn	Norton	Ricc	Simoneau
Carlson, L.	McLaughlin	O'Connor	Sarna	Skoglund
Clark	Minne	Osthoff	Scheid	Wynia
Greenfield	Munger			

The motion prevailed and H. F. No. 2037, as amended, was continued on Special Orders.

### 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. 2111, A bill for an act relating to the city of Medina; authorizing a payment by the city for utility construction.

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. 1821, A bill for an act relating to real property; requiring condominium plats after July 31, 1986; requiring certification by a registered land surveyor only, that condominium plat accurately depicts certain required information in 515A.2-110; amending Minnesota Statutes 1984, sections 515A.1-102; 515A.1-103; 515A.2-105; 515A.2-110; 515A.2-114; 515A.2-115; 515A.2-116; 515A.4-102; 515A.4-107; 515A.4-116; and 515A.4-117; and Minnesota Statutes 1985 Supplement, sections 389.09; 508.82; and 508A.82.

H. F. No. 1980, A bill for an act relating to state government; authorizing the Indian affairs council to enter contracts

and to accept grants and gifts; amending Minnesota Statutes 1984, section 3.922, subdivision 5.

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. 1950, A bill for an act relating to civil liability; limiting the liability of practitioners for the violent acts of patients; providing immunity to municipalities for certain claims that occur as a result of the use of parks and recreation areas; providing for the manner of claiming punitive damages in civil actions; amending Minnesota Statutes 1984, sections 466.03, by adding a subdivision; 549.20, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 143.

The Senate has appointed as such Committee Messrs. Luther, Petty, Spear, Dahl and Knaak.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker :

I hereby announce that the Senate refuses to concur in the House amendments to :

S. F. No. 1793, A bill for an act relating to local government; permitting an agreement to finance library construction in McGregor.

And the Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee Mr. Chmielewski, Mrs. Adkins and Mr. Gustafson.

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

Ogren 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. 1793. The motion prevailed.

Mr. Speaker :

I hereby announce that the Senate refuses to concur in the House amendments to:

S. F. No. 1950, A bill for an act relating to taxation; limiting application of the open space property tax law to facilities that do not discriminate on the basis of sex; amending Minnesota Statutes 1984, section 273.112, subdivisions 3 and 4, and by adding a subdivision.

And the Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee Messrs. Merriam; Johnson, D. E., and Peterson, R. W.

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

Bishop 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. 1950. The motion prevailed.

Mr. Speaker :

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 2245.

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. 1782, 2078 and 2243.

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. 1961, 1912, 2114 and 2178.

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. 1974.

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. 1711, 1928, 1993 and 2279.

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. 912.

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. 1849 and 2206.

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. 1832, 1931, 1945, 2105 and 2196.

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. 1671, 1869 and 1842.

PATRICK E. FLAHAVEN, Secretary of the Senate

## FIRST READING OF SENATE BILLS

S. F. No. 2245, A bill for an act relating to elections; providing for the use of certain optical scan electronic voting systems; proposing coding for new law in Minnesota Statutes, chapter 206.

The bill was read for the first time.

Shaver moved that S. F. No. 2245 and H. F. No. 2423, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1782, A bill for an act relating to insurance; accident and health; regulating long-term care policies; requiring coverage for home health care and care in skilled or intermediate nursing facilities; amending Minnesota Statutes 1984, section 62A.31, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 62A.

The bill was read for the first time.

Gruenes moved that S. F. No. 1782 and H. F. No. 1953, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2078, A bill for an act relating to insurance; authorizing and regulating the use of nonprofit risk indemnification trusts; prescribing the powers and duties of the commissioner; proposing coding for new law in Minnesota Statutes, chapter 60A.

The bill was read for the first time.

Rees moved that S. F. No. 2078 and H. F. No. 2268, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2243, A bill for an act relating to public safety; restricting local requirements for stairways to be enclosed in certain buildings; requiring local governing bodies to consider certain facts before enacting ordinances affecting housing; defining the term "stories"; amending Minnesota Statutes 1984, section 299F.011, subdivision 4, and by adding subdivisions; 504.18, subdivisions 1 and 6; and Minnesota Statutes 1985 Supplement, section 16B.61, subdivision 3.

The bill was read for the first time.

Frerichs moved that S. F. No. 2243 and H. F. No. 2469, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1961, A bill for an act relating to the collection and dissemination of data; classifying data; proposing classifications of data as private, nonpublic, and protected nonpublic; clarifying issues relating to the administration of data; expanding the powers of the attorney general to obtain certain information and to investigate and prosecute fraud of the medical assistance program; providing for the purchase of liability insurance by municipalities; amending Minnesota Statutes 1984, sections 8.31, subdivision 1; 13.38, by adding a subdivision; 13.41, subdivision 4; 13.46, by adding a subdivision; 169.09, subdivision 13; 241.42, by adding subdivisions; 256B.064, subdivision 1a; 256B.12; 256B.27, subdivisions 3, 4, and 5; 256B.30; 259.27, by adding a subdivision; 363.01, by adding subdivisions; 363.091; and 363.14, subdivision 1; Minnesota Statutes 1985 Supplement, sections 13.03, subdivision 3; 13.04, subdivision 2; 13.39, subdivision 3; 13.46, subdivisions 2 and 7; 13.76; 13.82, subdivision 5; 144.335, subdivision 2; 214.10, subdivision 8; 363.01, subdivisions 35 and 36; and 363.061, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 241 and 363; repealing Minnesota Statutes 1985 Supplement, section 13.89.

The bill was read for the first time.

Dempsey moved that S. F. No. 1961 and H. F. No. 1996, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1912, A bill for an act relating to intoxicating liquor; authorizing various municipalities to issue on-sale licenses; amending Laws 1973, chapter 663, section 1, as amended by Laws 1974, chapter 335, section 1; repealing Laws 1978, chapter 677.

The bill was read for the first time.

Frederick moved that S. F. No. 1912 and H. F. No. 2229, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2114, A bill for an act relating to employment; regulating the administration of the unemployment compensation law; providing for the amount of benefits; regulating benefit eligibility; providing for employer contributions; transferring certain hearing functions and personnel to the office of administrative hearings; amending Minnesota Statutes 1984,



sections 14.03, subdivision 2; 14.53; 16A.671, subdivision 1; 43A.18, subdivision 4; 179A.10, subdivision 1; 268.03; 268.04, subdivisions 24, 25, 29, and 30, and by adding a subdivision; 268.06, subdivisions 5, 8, 18, 19, and 20; 268.07, subdivisions 2 and 2a; 268.071, subdivision 1; 268.08, subdivision 3; 268.09, subdivisions 1 and 2, and by adding a subdivision; 268.10, subdivisions 1, 2, 3, 4, 5, 6, and 9; 268.12, subdivisions 8, 9, 10, and 13; and 268.18, subdivisions 1 and 2; Minnesota Statutes 1985 Supplement, sections 14.48; 14.51; and 268.08, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 268.

The bill was read for the first time.

Kvam moved that S. F. No. 2114 and H. F. No. 2037, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2178, A bill for an act relating to environment; prohibiting certain disposal of hazardous waste; regulating release of radionuclides into groundwater; prohibiting locating a hazardous waste facility in a place that can reasonably be expected to cause pollution of potable waters; amending Minnesota Statutes 1984, sections 115.01, by adding subdivisions; 115A.25, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 115; and 116C.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

S. F. No. 1974, A bill for an act relating to courts; providing for the standard of care of trustees; authorizing certain investments of trust property; providing for powers of trustees; providing for the exclusion of the homestead from the augmented estate; providing for the inclusion of certain items in the augmented estate; amending Minnesota Statutes 1984, sections 501.125, subdivision 1, and by adding a subdivision; and 501.66, subdivision 28, and by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 501.125, subdivision 6; 524.2-109; 524.2-202; 524.2-205; and 525.145.

The bill was read for the first time.

Bishop moved that S. F. No. 1974 and H. F. No. 2181, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1711, A bill for an act relating to animals; prohibiting theft of dogs or cats for research purposes; regulating dog and cat dealers; prescribing a penalty; amending Minnesota

Statutes 1984, sections 347.31; 347.32; 347.33; 347.34; 347.35; 347.37; 347.38; 347.39; and 347.40; proposing coding for new law in Minnesota Statutes, chapter 346.

The bill was read for the first time and referred to the Committee on Crime and Family Law.

S. F. No. 1928, A bill for an act relating to the city of Brooklyn Park; permitting the city to establish a port authority commission.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

S. F. No. 1928, 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; providing instructions to the revisor; amending Minnesota Statutes 1984, sections 8.32, subdivision 2; 10A.01, subdivision 11; 10A.04, subdivision 4a; 16A.631; 47.58, subdivision 5; 62D.22, subdivision 8; 116J.70, subdivision 2a; 116M.08, subdivision 17; 121.15, subdivision 2; 124.155, subdivision 1; 124A.02, subdivision 14; 136D.74, subdivision 2; 144.224; 176A.01, subdivision 1; 179A.10, subdivision 3; 253B.02, subdivision 4a; 260.015, subdivision 24; 260.245; 327C.07, subdivision 3a; 349.214, subdivision 2; 383A.23, subdivision 5; 385.24; 403.12, subdivision 1; 414.061, subdivisions 4 and 4a; 462A.21, subdivision 8a; 494.03; 518B.01, subdivision 2; 571.495, subdivision 2; 590.01, subdivision 1; 609.346, subdivision 3; 609.347, subdivision 3; 609.348; 609.35; 611A.03, subdivision 3; 628.26; Minnesota Statutes 1985 Supplement, sections 47.20, subdivision 6c; 64B.05, subdivision 1; 64B.37, subdivision 2; 69.011, subdivision 1; 97.50, subdivision 1; 116M.03, subdivision 28; 124.32, subdivision 1d; 145.917, subdivision 4; 147.01, subdivision 4; 147.073, subdivision 1; 168.27, subdivision 11; 248.07, subdivision 7; 256B.091, subdivision 4; 256D.37, subdivision 1; 256F.05, subdivision 4; 256F.06, subdivision 1; 273.124, subdivision 5; 297C.03, subdivision 1; 298.02, subdivision 1; 340A.702; 356.216; 358.44; 414.061, subdivision 5; 458.16, subdivision 6; 473.831, subdivision 1; 527.41; 527.42; 527.43; 528.15; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivision 2; 609.3471; 626.556, subdivision 2; 631.045; proposing coding for new law in Minnesota Statutes, chapter 206; repealing Minnesota Statutes 1984, section 35.067; 383A.23, subdivisions 2, 3, and 4; 403.12, subdivisions 2 and 3; Laws 1984, chapter 560, section 24; Laws 1985, chapters 248, sections 28 and 29; 252, section 24; Laws 1985, First Special Session, chapters 9, article 2, section 89; 14, article 3, section 13; 14, article 4, sections 37 and 91.

The bill was read for the first time.

Bishop moved that S. F. No. 1993 and H. F. No. 1841, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2279, A bill for an act relating to nonprofit corporations; adoption services corporations; providing that pledges to make contributions shall be voidable at the option of the person making the pledge; amending Minnesota Statutes 1984, section 317.65, subdivision 7.

The bill was read for the first time.

Krueger moved that S. F. No. 2279 and H. F. No. 2177, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 912, A bill for an act relating to human services; providing regional treatment center revolving fund for chemical dependency; creating a consolidated fund for payment of chemical dependency treatment; appropriating money to counties for treatment; providing for client eligibility, vendor eligibility, and state collections; providing for American Indian special funding; removing chemical dependency treatment from medical assistance, general assistance medical care, and general assistance funding; amending Minnesota Statutes 1984, sections 246.04; 246.18; 246.50, by adding a subdivision; 246.51, subdivision 1; 256B.70; and 256E.08, subdivision 7; amending Minnesota Statutes 1985 Supplement, sections 246.23; 246.54; 256B.02, subdivision 8; and 256D.03, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 246; and proposing coding for new law as Minnesota Statutes, chapter 254B.

The bill was read for the first time.

Forsythe moved that S. F. No. 912 and H. F. No. 943, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1849, A bill for an act relating to appropriations; designating Anoka county as an operating agency in the administration and expenditure of an appropriation for the Mississippi Regional Park.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

S. F. No. 2206, A bill for an act relating to taxation; authorizing certain refunds of sales tax paid on agricultural electricity;

amending Minnesota Statutes 1984, section 297A.35, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Taxes.

S. F. No. 1832, A bill for an act relating to natural resources; allocating a portion of cross country license fees issued by political subdivisions to be used for maintenance of cross country ski trails; amending Minnesota Statutes 1984, section 85.41, subdivision 5.

The bill was read for the first time and referred to the Committee on Appropriations.

S. F. No. 1931, A bill for an act relating to human services; regulating work activities of handicapped persons in state facilities; amending Minnesota Statutes 1985 Supplement, section 246.56, subdivision 2.

The bill was read for the first time.

Stanis moved that S. F. No. 1931 and H. F. No. 2487, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1945, A bill for an act relating to health; providing that mosquito research and management activities are not ecologically disruptive; amending Minnesota Statutes 1985 Supplement, section 144.95, subdivisions 1, 2, 3, 7, 9, and 10.

The bill was read for the first time.

Nelson, D., moved that S. F. No. 1945 and H. F. No. 1918, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2105, A bill for an act relating to local government; permitting the establishment of special service districts in the cities of Cambridge and Lindstrom; providing taxing and other powers to the cities of Cambridge and Lindstrom.

The bill was read for the first time.

Becklin moved that S. F. No. 2105 and H. F. No. 2188, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2196, A bill for an act relating to establishing a new qualification for designation as a redevelopment district for tax increment financing purposes; amending Minnesota Statutes 1984, section 273.73, subdivision 10.

The bill was read for the first time and referred to the Committee on Taxes.

S. F. No. 1671, A bill for an act relating to the city of Minneapolis; authorizing the city to construct and own certain facilities; authorizing the city to levy and collect certain taxes; authorizing the city to issue bonds and expend certain funds including taxes to finance the acquisition and betterment of a convention center and related facilities.

The bill was read for the first time.

Greenfield moved that S. F. No. 1671 and H. F. No. 1755, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1869, A bill for an act relating to utilities; changing the powers and responsibilities of the chair of the public utilities commission; requiring the governor to appoint the chair of the commission; changing qualification for commissioners; requiring commissioners to file certain financial information before taking office; prohibiting commissioners and certain employees from engaging in certain activity after leaving the commission; requiring the commission to adopt a code of conduct; providing penalties; amending Minnesota Statutes 1984, sections 216A.03, subdivision 3; and 216A.035; proposing coding for new law in Minnesota Statutes, chapter 216A.

The bill was read for the first time.

Redalen moved that S. F. No. 1869 and H. F. No. 2221, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1842, A bill for an act relating to public safety; motor vehicles; requiring revocation of motor vehicle registration for failure to maintain insurance; requiring drivers to maintain proof of insurance; eliminating redundant and surplus language; correcting inconsistent provisions in statutes; requiring certain information on petition for judicial review of license revocation determination; changing fee for motorized bicycle permit renewal for persons 18 years of age; permitting donor designation on minor donor's driver's license or identifi-

cation card; abolishing automatic reinstatement of revoked or suspended driving privilege of nonresident in certain circumstances; extending effective period for provisional drivers' licenses by one year; tax exempt vehicle fees; motor coaches operated by school districts; evidence of insurance coverage; three-wheel off-road vehicles; amending Minnesota Statutes 1984, sections 65B.67, subdivisions 3 and 4a; 168.28; 169.123, subdivision 5c; 169.44, by adding a subdivision; 171.02, subdivision 3; and 171.07, subdivision 5; and Minnesota Statutes 1985 Supplement, sections 168.011, subdivision 4; 168.012, subdivision 1c; 168.013, subdivisions 1c and 1e; 171.27; and 221.033, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 65B; repealing Minnesota Statutes 1984, section 171.15, subdivision 2.

The bill was read for the first time and referred to the Committee on Rules and Legislative Administration.

### CONSENT CALENDAR

S. F. No. 1580 was reported to the House.

Zaffke moved to amend S. F. No. 1580, as follows:

Page 1, line 15, after "*amendments*" insert "*to the standards*"

The motion prevailed and the amendment was adopted.

S. F. No. 1580, A bill for an act relating to human services; requiring adoption of the 1985 life safety code standards for intermediate care facilities for persons with mental retardation.

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.

Halberg moved that those not voting be excused from voting. The motion prevailed.

There were 121 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Bennett	Carlson, D.	Dyke	Gruenes
Anderson, R.	Bishop	Carlson, L.	Elioff	Gutknecht
Backlund	Blatz	Clark	Erickson	Halberg
Battaglia	Boo	Clausnitzer	Fjoslien	Hartinger
Beard	Brandl	Cohen	Frederick	Hartle
Becklin	Brown	Dempsey	Frerichs	Haukoos
Begich	Burger	Dimler	Greenfield	Himle

Jacobs	McLaughlin	Ozment	Scheid	Tompkins
Jaros	McPherson	Pappas	Schoenfeld	Tunheim
Jennings, L.	Metzen	Pauly	Schreiber	Uphus
Johnson	Miller	Peterson	Seaberg	Valan
Kahn	Minne	Piepho	Segal	Valento
Kalis	Munger	Piper	Shaver	Vanasek
Kelly	Murphy	Poppenhagen	Sherman	Vellenga
Kiffmeyer	Nelson, D.	Price	Simoneau	Voss
Knuth	Nelson, K.	Quinn	Skoglund	Waltman
Kostohryz	Neuenschwander	Quist	Solberg	Welle
Krueger	Norton	Rees	Sparby	Wenzel
Kvam	O'Connor	Rest	Stanius	Wynia
Levi	Ogren	Rice	Staten	Zaffke
Lieder	Olson, E.	Richter	Sviggum	Spk. Jennings, D.
Long	Omann	Riveness	Thiede	
Marsh	Onnen	Rodosovich	Thorson	
McEachern	Osthoff	Sarna	Tjornhom	
McKasy	Otis	Schafer	Tomlinson	

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

S. F. No. 2094, A bill for an act relating to nonprofit corporations; providing for succession of fiduciary capacity in mergers and consolidations; clarifying authority for separate entities to hold church employee benefit plans; amending Minnesota Statutes 1984, sections 317.38; and 317.66, subdivision 1, 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.

Halberg moved that those not voting be excused from voting. The motion prevailed.

There were 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Clausnitzer	Himle	McEachern	Onnen
Anderson, R.	Cohen	Jacobs	McKasy	Osthoff
Backlund	Dempsey	Jaros	McLaughlin	Otis
Battaglia	Dimler	Jennings, L.	McPherson	Ozment
Beard	Dyke	Johnson	Metzen	Pappas
Becklin	Elioff	Kahn	Miller	Pauly
Begich	Erickson	Kalis	Minne	Peterson
Bennett	Fjoslien	Kelly	Munger	Piepho
Bishop	Frederick	Kiffmeyer	Murphy	Piper
Blatz	Frerichs	Knuth	Nelson, D.	Poppenhagen
Boo	Greenfield	Kostohryz	Nelson, K.	Price
Brandl	Gruenes	Krueger	Neuenschwander	Quinn
Brown	Gutknecht	Kvam	Norton	Redalen
Burger	Halberg	Levi	O'Connor	Rees
Carlson, D.	Hartinger	Lieder	Ogren	Rest
Carlson, L.	Hartle	Long	Olson, E.	Rice
Clark	Haukoos	Marsh	Omann	Richter

Riveness	Seaberg	Stanis	Tunheim	Welle
Rodosovich	Segal	Staten	Uphus	Wenzel
Rose	Shaver	Sviggum	Valan	Wynia
Sarna	Sherman	Thiede	Valento	Zaffke
Schafer	Simoneau	Thorson	Vanasek	Spk. Jennings, D.
Scheid	Skoglund	Tjornhom	Vellenga	
Schoenfeld	Solberg	Tomlinson	Voss	
Schreiber	Sparby	Tompkins	Waltman	

The bill was passed and its title agreed to.

S. F. No. 1939, A bill for an act relating to judgments; clarifying the general judgment lien law; amending Minnesota Statutes 1984, section 548.09, 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.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

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. 2287.

H. F. No. 2287 was reported to the House.

Valento moved to amend H. F. No. 2287, the first engrossment, as follows:

Page 84, after line 18, insert:

“Article 4

Section 1. Minnesota Statutes 1984, section 115.07, subdivision 1, is amended to read:

Subdivision 1. [OBTAIN PERMIT.] It shall be unlawful for any person to construct, install or operate a disposal system, or any part thereof, until plans therefor shall have been submitted to the agency unless the agency shall have waived the submission thereof to it and a written permit therefor shall have been granted by the agency.

*For disposal systems operated on streams with extreme seasonal flows, the agency must allow seasonal permit limits based on a fixed or variable effluent limit when the municipality operating the disposal system requests them and is in compliance with agency water quality standards.*

Sec. 2. [115.54] [TECHNICAL ADVISORY COMMITTEE.]

*The agency shall adopt and revise rules governing waste water treatment control under chapters 115 or 116 only with the advice of a technical advisory committee of nine members. One member of the committee shall be selected by each of the following: the state consulting engineers council, the University of Minnesota division of environmental engineering, the state association of general contractors, the state wastewater treatment plant operators association, the metropolitan waste control commission created by section 473.503, the association of metropolitan municipalities, the state association of small cities, and two members from the league of Minnesota cities. The technical advisory committee may review and advise the agency on any rule or technical requirements governing the wastewater treatment grant or loan program and may review the work of other professional persons working on a wastewater treatment project and make recommendations to those persons, the agency, and the concerned municipality, in order for the agency to ensure that water quality treatment standards will be met. The committee shall meet at least once a year, or at the call of the chair, and shall elect its chairperson. The agency*

*must provide staff support for the committee, prepare committee minutes and provide information to the committee it may request. A quorum is a simple majority and official action must be by a majority vote of the quorum.*

Sec. 3. Minnesota Statutes 1984, section 115A.14, subdivision 4, is amended to read:

Subd. 4. [POWERS AND DUTIES.] The commission shall review the biennial report of the board, *the agency municipal project list and municipal needs list reports, and the budget for the agency division of water quality.* The commission shall oversee the activities of the board under sections 115A.01 to 115A.72 and the activities of the agency under sections 115A.-42 to 115A.46 (AND), 115A.49 to 115A.54, *and 116.16 to 116.18* and direct such changes or additions in the work plan of the board and agency as it deems fit. The commission may conduct public hearings and otherwise secure data and expressions of opinion. The commission shall make such recommendations as it deems proper to assist the legislature in formulating legislation. Any data or information compiled by the commission shall be made available to any standing or interim committee of the legislature upon request of the chairperson of the respective committee.

Sec. 4. [116.163] [AGENCY FUNDING APPLICATION REVIEW.]

*Subdivision 1. [CONSTRUCTION GRANT AND LOAN APPLICATIONS.] The agency shall, pursuant to agency rules and within 90 days of receipt of a completed application for a wastewater treatment facility construction grant or loan, grant or deny the application and notify the municipality of the agency's decision. The time for consideration of the application by the agency may be extended up to 180 days if the municipality and the agency agree it is necessary.*

*Subd. 2. [LIMITATION ON MUNICIPAL PLANNING TIME.] A municipality shall complete all planning work required by the agency for award of a grant or loan, and be ready to advertise for bids for construction, within 2 years of receipt of grant or loan funds under subdivision 1. The planning time may be extended automatically by the amount of time the agency exceeds its 90-day review under subdivision 1.*

*Subd. 3. [BID REVIEW.] After a municipality has accepted bids for construction of a wastewater treatment project, the agency must review the bids within 30 days of receipt.*

Sec. 5. [116.165] [INSPECTION RESPONSIBILITY.]

*When a wastewater treatment plant is constructed with federal funds and a federal agency conducts inspections of the plant,*

*the owner of the plant or the owner's designee must conduct inspections and forward all inspection documents required by the agency to the agency for its review.*

**Sec. 6. [116.166] [MUNICIPAL APPLICATION.]**

*Section 177.41 does not apply to municipal wastewater treatment projects in cities of the third and fourth class that receive assistance through the state independent grants program or a state loan program not involving federal funds.*

**Sec. 7. [116.167] [REVOLVING LOAN ACCOUNT.]**

*Subdivision 1. [APPLICATION.] This section is effective only if the federal government requires revolving loan accounts to be established under the authority of the federal Water Pollution Control Act.*

*Subd. 2. [STATE WATER POLLUTION CONTROL REVOLVING LOAN ACCOUNT.] The commissioner of finance shall maintain in the state bond fund a separate bookkeeping account which shall be designated as the state water pollution control revolving loan account to receive any federal money authorized for loans under the federal Water Pollution Control Act, and other money appropriated by law, for the purpose of providing financial assistance to municipalities for wastewater treatment.*

*Subd. 3. [LOANS.] A loan made to a municipality under this section shall be made only after resolutions have been adopted by the agency and the governing body of the municipality obligating the municipality to repay the loan to the state treasurer in annual installments, including both principal and interest. Each installment shall be in an amount sufficient to pay the principal amount within 20 years or a shorter time interval if the amount of the annual payment will not justify the administrative expenses of processing the payment, and shall be paid from user charges, taxes, special assessments, or other funds available to the municipality. Interest on loans made to municipalities shall be established at a rate the commissioner of revenue reasonably determines sufficient to pay interest rates on state bonds issued under section 116.17, subdivision 2. Loan repayments must be deposited in the revolving loan account created by this section. Each participating municipality shall provide the agency with a financial health report compiled by the state auditor and the agency shall review the report before approving a loan. Municipalities receiving a loan under this section may still be eligible for a wastewater treatment grant from the agency.*

*Subd. 4. [RULES APPLICATION.] The disbursement of loans under this section must comply with rules adopted by the agency for loans for wastewater treatment facilities under chapter 116.*

**Sec. 8. [EFFECTIVE DATE.]**

*Article 4 is effective July 1, 1986.*

**Article 5****Section 1. [297A.258] [PRIVATE SUPPLIERS OF PUBLIC SERVICES.]**

*A private vendor that has entered into a service contract with a municipality under sections 3 and 4 is a political subdivision for purposes of determining the tax imposed under this chapter. This section applies only to the extent that the vendor is acting for the purposes of constructing, maintaining, or operating related facilities pursuant to the service contract.*

*The commissioner may provide for the issuance of a limited exemption certificate to a private vendor for purposes of administering this section. The commissioner may further require a vendor to obtain a certificate in order to qualify as a political subdivision under this section.*

*For purposes of this section, "private vendor," "service contract," and "related facilities" have the meanings given in sections 3 and 4.*

**Sec. 2. [471A.01] [PUBLIC PURPOSE FINDINGS.]**

*The legislature finds that the privatization of facilities for the prevention, control, and abatement of water pollution, and the furnishing of potable water provides municipalities an opportunity under appropriate circumstances to provide those capital intensive public services in a manner that will speed construction and is less costly and more efficient than the furnishing of those services through facilities exclusively owned and operated by municipalities. The legislature further finds that existing law creates unnecessary and costly obstacles to the privatization of those capital intensive public services and that a comprehensive act is required to permit municipalities to enter into appropriate contractual arrangements with private parties to facilitate the privatization of those capital intensive public services.*

**Sec. 3. [471A.02] [DEFINITIONS.]**

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 2 to 13.*

*Subd. 2. [ADMINISTRATOR.] "Administrator" means the pollution control agency or any other agency, instrumentality, or political subdivision of the state responsible for administering the loan or grant program described in section 8.*

*Subd. 3. [CAPITAL COST COMPONENT.] "Capital cost component" means that part of the service fee that the municipality determines is intended to reimburse the private vendor for the capital cost, including debt service expense, of the related facilities.*

*Subd. 4. [CAPITAL COST COMPONENT GRANT.] "Capital cost component grant" means any grant made to the municipality by the pollution control agency over a term of at least ten years to pay or reimburse the municipality for the payment of all or part of the capital cost component of the service fee.*

*Subd. 5. [CAPITAL COST COMPONENT LOAN.] "Capital cost component loan" means any loan made to the municipality by the pollution control agency over a term of at least ten years to pay or reimburse the municipality for the payment of all or part of the capital cost component of the service fee.*

*Subd. 6. [CAPITAL INTENSIVE PUBLIC SERVICES.] "Capital intensive public services" means the prevention, control, and abatement of water pollution through wastewater treatment facilities as defined by section 115.71, subdivision 8, and the furnishing of potable water. Capital intensive public services may be limited to the acquisition, construction, and ownership by the private vendor of related facilities, but does not include the furnishing of heating or cooling energy.*

*Subd. 7. [CONTROLLING INTEREST.] "Controlling interest" means either (1) the power, by ownership interest, contract, or otherwise, to direct the management of the private vendor or to designate or elect at least a majority of the private vendor's governing body or board, or (2) having more than a 50 percent ownership interest in the private vendor.*

*Subd. 8. [MUNICIPALITY.] "Municipality" means a home rule charter or statutory city, county, sanitary district, or other governmental subdivision or public corporation, including the metropolitan council and the metropolitan waste control commission.*

*Subd. 9. [PERMITTED OBLIGATION.] "Permitted obligation" means the obligation of the municipality under the service contract to pay a service fee or perform any other obligation under the service contract except an obligation to pay, in a future fiscal year of the municipality from a revenue source other than funds on hand, a stated amount of money for money borrowed or for related facilities purchased by the municipality under the service contract.*

*Subd. 10. [PRIVATE VENDOR.] "Private vendor" means one or more persons who are not a municipality and in which no governmental entity or group of governmental entities has a controlling interest.*

*Subd. 11. [RELATED FACILITIES.] "Related facilities" means all real and personal property used by the private vendor in furnishing capital intensive public services, excluding any product of the related facilities, such as drinking water, furnished under the service contract.*

*Subd. 12. [SERVICE CONTRACT.] "Service contract" means any agreement or agreements between a municipality and a private vendor under which:*

*(1) the private vendor agrees to furnish to the municipality or any other user capital intensive public services in accordance with performance standards set forth in the agreement or agreements and the municipality agrees to pay or cause to be paid to the private vendor a service fee for the services, and*

*(2) other covenants incident to clause (1) are made.*

*Subd. 13. [SERVICE FEE.] "Service fee" means the payments the municipality is required under the service contract to make, or cause to be made, to the private vendor, including payments made by third parties to the private vendor for products or services and credited against payments the municipality would otherwise have to make, or cause to be made, under the service contract.*

*Subd. 14. [USEFUL LIFE OF THE RELATED FACILITIES.] "Useful life of the related facilities" means the economic useful life of the related facilities as determined by the municipality.*

*Subd. 15. [UNRESTRICTED FUNDS.] "Unrestricted funds" means any funds other than funds granted to the state or administrator by the federal government or any agency of the federal government and unavailable under federal law for the purposes set forth in section 8.*

*Subd. 16. [USER.] "User" means the municipality and all other persons which use the capital intensive public services furnished by the private vendor.*

#### **Sec. 4. [471A.03] [BASIC AUTHORIZATION AND RELATED POWERS.]**

*Subdivision 1. [BASIC AUTHORIZATION.] A municipality may contract with a private vendor to furnish in accordance with a service contract any capital intensive public services the municipality is authorized by law to furnish, and for that purpose a municipality may exercise any and all of the powers provided in this section.*

*Subd. 2. [SERVICE CONTRACT.] Subject to the provisions of section 10, a municipality may enter into a service con-*

*tract for a term of not more than 30 years. However, the service contract may permit the municipality to either extend or renew the term of the service contract so long as the municipality is not bound under the service contract for an extended or renewal period of more than 30 years. Under the service contract the municipality may, under terms and conditions agreed to by the municipality and the private vendor:*

*(1) obligate itself to pay or cause to be paid a service fee for the availability and use of the capital intensive public services to be furnished under the service contract;*

*(2) enter into other obligations the municipality considers appropriate that are not otherwise contrary to law; and*

*(3) either pledge its full faith and credit or obligate a specific source of payment for the payment of the service fee and the performance of other obligations under the service contract and the payment of damages for failure to perform the obligations.*

*The obligation of the municipality to pay the service fee and perform any other permitted obligations under the service contract are not considered a debt within the meaning of any statutory or charter provision, and no election is required as a precondition to the municipality entering into any permitted obligation or undertaking a project under a service contract.*

*Subd. 3. [PROCUREMENT PROCEDURES.] The municipality may agree under the service contract that the private vendor will acquire and construct any and all related facilities without compliance with any competitive bidding requirements, provided (1) the municipality, or municipalities if the related facilities furnish capital intensive public services to more than one municipality, has in the aggregate either no or no more than a 50 percent ownership interest in the related facilities, and (2) the municipality enters into the service contract only after requesting from two or more private vendors proposals for the furnishing of the capital intensive public services, under terms and conditions the municipality determines to be fair and reasonable. After making the request and receiving any proposals in response to the request, the municipality may negotiate the service contract with any private vendor.*

*Subd. 4. [SOURCES OF PAYMENT.] For the payment of a service fee or other monetary obligation under an existing service contract or in anticipation of need under a future service contract, the municipality may:*

*(1) levy property taxes, impose rates and charges, levy special assessments, and exercise any other revenue producing authority granted to it and apply public funds for the payment*

*of the service fee and any other monetary obligations under the service contract in the same manner, and subject to the same conditions and limitations, except as provided in section 5, that would apply if the related facilities were acquired, constructed, owned, and operated exclusively by the municipality; and*

*(2) establish by ordinance, revise when considered advisable, and collect just and reasonable rates and charges for the capital intensive public services provided under the service contract. The ordinance may obligate the owners, lessees, or occupants of property, or any or all of them, to pay charges for the capital intensive public services available for their properties and may obligate the user of a related facility to pay a reasonable charge for the use of the related facility. Rates and charges may take into account the character, kind, and quality of the capital intensive public service and all other factors that enter into the cost of the capital intensive public service, including but not limited to the service fee payable with respect to it, depreciation, and payment of principal and interest on money borrowed for the acquisition or betterment of related facilities. The rates and charges may be billed and collected in a manner the municipality shall determine. On or before October 15 in each year, the municipality shall certify to the county auditor all unpaid outstanding charges for services provided under the service contract and a statement of the description of the lands against which the charges arose. It is the duty of the county auditor, upon order of the governing body of the municipality, to extend the rates and charges with interest as provided for by ordinance upon the tax rolls of the county for the taxes of the year in which the rate or charge is filed. For each year ending October 15 the rates and charges with interest shall be carried into the tax becoming due and payable in January of the following year, and shall be enforced and collected in the manner provided for the enforcement and collection of real property taxes in accordance with the provisions of the laws of the state. The rates and charges, if not paid, shall become delinquent and be subject to the same penalties and the same rate of interest as the taxes under the general laws of the state. All rates and charges shall be uniform in their application to use and service of the same character or quantity. A public hearing on the proposed ordinance shall be held prior to the meeting at which it is to be considered by the governing body of the municipality and after notice of the hearing has been published in the official newspaper of the municipality not less than ten days prior to the hearing. The notice shall state the subject matter and the general purpose of the proposed ordinance.*

**Subd. 5. [SALE OR LEASE OF EXISTING FACILITIES.]**  
*For purposes of carrying out the service contract, the municipality may, without compliance with any competitive bidding requirement, sell or lease to the private vendor or any other municipality on terms and conditions as the municipality considers appropriate any existing related facilities, including land,*



*owned by the municipality. If the facilities are sold to a private vendor, the municipality may provide that title to the facilities reverts to the municipality if the private vendor defaults under any specified provisions in the service contract. The municipality may reacquire any existing facilities it leases or sells to the private vendor and terminate the service contract in accordance with its terms notwithstanding that the service contract may constitute an equitable mortgage. No lease of existing facilities by the municipality to the private vendor is subject to the provisions of section 504.02, unless expressly so provided in the service contract.*

**Subd. 6. [INTEREST IN THE RELATED FACILITIES.]** *The municipality may retain or acquire, on terms and conditions it considers appropriate, a present or future interest in all or part of the related facilities and grant a mortgage or security interest in its interest in the related facilities.*

**Subd. 7. [INTEREST IN THE PRIVATE VENDOR.]** *The municipality may, on terms and conditions it considers appropriate, acquire an interest in the private vendor, whether as a joint venturer, stockholder, partner, or otherwise and grant a security interest in its interest in the private vendor. However, no municipality or group of municipalities may have a controlling interest in the private vendor.*

**Subd. 8. [USE OF BOND PROCEEDS.]** *The municipality may issue bonds and other obligations and apply their proceeds toward the payment of the costs of the related facilities in the same manner and subject to the same conditions and limitations that would apply if the related facilities were acquired, constructed, owned, and operated exclusively by the municipality and for these purposes, related facilities shall be considered to be a project within the meaning of section 474.02, subdivision 1a.*

**Subd. 9. [REQUIRED PUBLIC USE.]** *The municipality may agree, subject to any applicable state statutory requirements as to designated use of the related facilities, that the sole and exclusive right to provide the capital intensive public services within its jurisdiction be assumed by the private vendor under the service contract and may require that any and all members of the public within its jurisdiction use the services provided under the service contract in the same manner and subject to the same limitations and conditions that would apply if the related facilities were acquired, constructed, owned, and operated exclusively by the municipality.*

**Subd. 10. [CONDEMNATION POWERS.]** *The municipality may exercise the right of eminent domain in the manner provided by chapter 117, for the purpose of acquiring for itself or the private vendor any and all related facilities. If the related facilities are acquired for the private vendor, the service contract shall be for a term of at least five years.*

*Subd. 11. [CONTRACTOR'S BOND AND MECHANICS' LIENS.] The municipality may waive or require the furnishing of a contractor's payment and performance bond of the kind described in section 574.26 in connection with the installation and construction of any related facilities. If the bond is required, the provisions of chapter 514 relating to liens for labor and materials are not applicable with respect to work done or labor or materials supplied for the related facilities. If the bond is waived, the provisions of chapter 514 apply with respect to work done or labor or materials supplied for the related facilities.*

**Sec. 5. [471A.04] [LEVY LIMITS.]**

*For purposes of applying sections 275.50 to 275.56, any property taxes levied for the payment of the service fee shall be treated as a special levy under the provisions of section 275.50, to the same extent and subject to the same limitations that would apply if the capital cost component of the service fee represented principal and interest payments on bonded indebtedness of the municipality within the meaning of section 275.50, subdivision 5, clause (e), and if the balance of the service fee represented operation and maintenance expenses for related facilities owned and operated exclusively by the municipality. The provisions of section 275.11 and any levy limits imposed by home rule charter do not apply to taxes levied to pay the service fee.*

**Sec. 6. [471A.05] [EXEMPTION FROM PROPERTY TAXES.]**

*If the service contract provides that property taxes imposed with respect to the related facilities are to be included in the service fee as pass-through costs, the municipality may apply to the commissioner of revenue for an exemption from property taxation of the related facilities. The property is exempt from ad valorem taxation, if the commissioner of revenue determines that the related facilities serve the general public and that similar municipally-owned facilities are exempt from ad valorem property taxation. The commissioner of revenue must notify the assessor that the property is exempt from taxation. The exemption is only effective during the term of the service contract from and after the date of filing the certificate in the case of property taxes. The exemption is not effective with respect to any property taxes levied or imposed but not collected prior to the date of approval of the exemption by the commissioner of revenue.*

**Sec. 7. [471A.06] [JOINT POWERS AGREEMENT.]**

*Two or more municipalities may enter into joint powers agreements they consider appropriate under the provisions of section 471.59 for purposes of exercising the powers granted in sections 2 to 13.*

**Sec. 8. [471A.07] [STATE GRANTS AND LOANS.]**

*On or before January 1, 1987, the pollution control agency shall submit to the legislature proposed legislation and draft implementing regulations providing for (1) the use by the administrator of unrestricted funds to provide grants and loans for related facilities that constitute wastewater treatment facilities as defined by section 115.71, subdivision 8, and (2) the use of such funding as a means of speeding construction of wastewater treatment facilities and better targeting scarce unrestricted funds to help finance wastewater treatment facilities (including reimbursement of municipalities for a portion of the capital cost component in service contracts under capital cost component loans and capital cost component grants).*

**Sec. 9. [471A.08] [HEARING.]**

*Subdivision 1. [PUBLIC HEARING REQUIRED.] Except as provided in subdivision 2, a municipality shall, before entering into a service contract under sections 2 to 13, conduct a public hearing on the proposal to provide specified capital intensive public services under sections 2 to 13. The hearing may be conducted either before or after the date on which any request for proposals is made under section 4, subdivision 3, clause (2). A notice of the hearing shall be published in the local official newspaper of the municipality no less than 15 and no more than 45 days prior to the date set for hearing and shall describe the general nature of the proposal. Any written information developed for the proposal prior to the hearing shall be available to the public for inspection prior to the hearing. The hearing on the proposal shall be sufficient even though the site of the related facilities, the name of the private vendor, and the specific structure of the contractual arrangements with the private vendor are not known at the time of the hearing.*

*Subd. 2. [EXISTING CONTRACTS.] A municipality that entered into a service contract prior to the effective date of sections 2 to 13 may exercise any of the powers authorized by those sections without complying with subdivision 1.*

**Sec. 10. [471A.09] [INVESTMENT OF FUNDS.]**

*Any sums paid to the private vendor under the service contract are not considered public funds and may be invested in any securities in which the private vendor is authorized by law to invest.*

**Sec. 11. [471A.10] [PUBLIC EMPLOYEE LAWS.]**

*Unless expressly provided therein, no state law, charter provision, or ordinance of a municipality relating to public employees shall apply to a person solely by reason of that person's employment by a private vendor in connection with services rendered under a service contract.*

**Sec. 12. [471A.11] [REGULATION OF RATES AND CHARGES AND PUBLIC UTILITY LAWS.]**

*A municipality may regulate by ordinance, contract, or otherwise the rates and charges imposed by the private vendor with respect to any capital intensive public services provided to the public under the service contract. Whether or not the imposition of such rates and charges is so regulated, no capital intensive public services provided under the service contract are subject to regulation under the provisions of chapter 216B, unless the municipality elects to subject the services to regulation under that chapter. An election for regulation may be affected by resolution of the governing body of the municipality requesting regulation and filing the resolution with the state public utilities commission.*

**Sec. 13. [471A.12] [POWERS; ADDITIONAL AND SUPPLEMENTAL.]**

*The powers conferred by sections 2 to 13 shall be liberally construed in order to accomplish their purposes and shall be in addition and supplemental to the powers conferred by any other law or charter. If any other law or charter is inconsistent with sections 2 to 13, those sections are controlling as to service contracts entered into under those sections. However, nothing in sections 2 to 13 limits or qualifies (1) any other law that a municipality must comply with to obtain any permit in connection with related facilities or (2) any performance standard or effluent limitations applicable to related facilities.*

**Sec. 14. Minnesota Statutes 1984, section 474.02, is amended by adding a subdivision to read:**

*Subd. 1h. The term "project" shall also include related facilities as defined by section 3, subdivision 11.*

**Sec. 15. [EFFECTIVE DATE.]**

*Article 5 is effective the day following final enactment.*

**Article 6**

**Section 1. Minnesota Statutes 1984, section 116D.04, subdivision 1a, is amended to read:**

**Subd. 1a.** For the purposes of sections 116D.01 to 116D.07, the following terms have the meanings given to them in this subdivision.

(a) "Natural resources" has the meaning given it in section 116B.02, subdivision 4.

(b) "Pollution, impairment or destruction" has the meaning given it in section 116B.02, subdivision 5.

(c) "Environmental assessment worksheet" means a brief document which is designed to set out the basic facts necessary to determine whether an environmental impact statement is required for a proposed action.

(d) "Governmental action" means activities, including projects wholly or partially conducted, permitted, assisted, financed, regulated or approved by units of government including the federal government.

(e) "Governmental unit" means any state agency and any general or special purpose unit of government in the state including, but not limited to, watershed districts organized under chapter 112, counties, towns, cities, port authorities (AND), housing authorities, and *economic development authorities established under sections 14 to 34*, but not including courts, school districts and regional development commissions other than the metropolitan council.

Sec. 2. Minnesota Statutes 1984, section 117.521, subdivision 3, is amended to read:

Subd. 3. The provisions of subdivisions 1 and 2 shall not apply to the acquisition of properties situated wholly or in part within any district for development authorized under Laws 1971, Chapters 548 or 677; or Laws 1973, Chapters 196, 761, or 764; or Laws 1974, Chapter 485; or Minnesota Statutes, Chapters 462, (OR) 458; or *sections 14 to 34*.

Sec. 3. Minnesota Statutes 1984, section 272.01, subdivision 2, is amended to read:

Subd. 2. (a) When any real or personal property which for any reason is exempt from ad valorem taxes, and taxes in lieu thereof, is leased, loaned, or otherwise made available and used by a private individual, association or corporation in connection with a business conducted for profit, there shall be imposed a tax, for the privilege of so using or possessing such real or personal property, in the same amount and to the same extent as though the lessee or user was the owner of such property.

(b) The tax imposed by this subdivision shall not apply to (1) property leased or used by way of a concession in or relative to the use in whole or part of a public park, market, fair grounds, port authority, *economic development authority established under sections 14 to 34*, municipal auditorium, airport owned by a city, town, county or group thereof but not the metropolitan airports commission, municipal museum or municipal stadium or (2) property constituting or used as a public

pedestrian ramp, concourse, passenger check-in area or ticket sale counter, boarding area or luggage claim area in connection with a public airport; provided that real estate which is owned by a municipality in connection with the operation of a public airport and which is leased or used for agricultural purposes shall not be exempt.

(c) Taxes imposed by this subdivision shall be due and payable as in the case of personal property taxes and such taxes shall be assessed to such lessees or users of real or personal property in the same manner as taxes assessed to owners of real or personal property, except that such taxes shall not become a lien against the property. When due, the taxes shall constitute a debt due from the lessee or user to the state, township, city, county and school district for which the taxes were assessed and shall be collected in the same manner as personal property taxes. If property subject to the tax imposed by this subdivision is leased or used jointly by two or more persons, each lessee or user shall be jointly and severally liable for payment of the tax.

Sec. 4. Minnesota Statutes 1984, section 273.72, is amended to read:

**273.72 [STATEMENT OF PURPOSE.]**

The statutes governing the use of tax increment financing in Minnesota have evolved over a long period of time and exist in several different special and general laws. These laws are sometimes inconsistent and provide varying procedures which render them difficult to administer. It is the intent of the legislature, by enacting the Minnesota tax increment financing act, to ratify and confirm the findings, declarations and determinations made by the legislature in connection with chapters 362A, 458, *sections 14 to 34*, 462, 472A and 474 and to establish a uniform set of standards and procedures to be followed when using this method of financing.

Sec. 5. Minnesota Statutes 1984, section 273.73, subdivision 2, is amended to read:

Subd. 2. [AUTHORITY.] "Authority" means a rural development financing authority created pursuant to chapter 362A, a housing and redevelopment authority created pursuant to chapter 462; a port authority created pursuant to chapter 458; *an economic development authority created pursuant to sections 14 to 34*; a redevelopment agency as defined by chapter 474; a municipality which is administering a development district created pursuant to chapter 472A or any special law, a municipality which undertakes a project pursuant to chapter 474; or a municipality which exercises the powers of a port authority pursuant to any general or special law.

Sec. 6. Minnesota Statutes 1984, section 273.73, subdivision 8, is amended to read:

Subd. 8. [PROJECT.] "Project" means a project as defined in section 362A.01; an industrial development district as defined in section 458.191, subdivision 1; *an economic development district as defined in section 26, subdivision 1*; a project as defined in section 462.421, subdivision 14; a development district as defined in chapter 472A or any special law; or a project as defined in section 474.02, subdivisions 1, 1a or 1b.

Sec. 7. Minnesota Statutes 1985 Supplement, 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 revenue 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 an economic development authority to finance or otherwise pay the cost of redevelopment pursuant to sections 14 to 34*, by a housing and redevelopment authority or *economic development authority* to finance or otherwise pay public redevelopment costs pursuant to chapter 462, by a municipality or *economic development authority* 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. Revenues derived from tax increment may be used to finance the costs of 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 only under the following conditions: (a) tax increments may not be collected for a program for a period in excess of 12 years after the date of the first interest rate reduction payment for the program, (b) tax increments may not be used for an interest reduction program, if the proceeds of bonds issued pursuant to section 273.77 after December 31, 1985, have been or will be used to provide financial assistance to the specific project which would receive the benefit of the interest reduction program, and (c) not more than 50 percent of the estimated tax increment derived from a project may be used to finance an interest reduction program for owner-occupied single-family dwellings unless a project is located either in an area which would qualify as a redevelopment district or

within a city designated as an enterprise zone pursuant to section 273.1312, subdivision 4, clause (c)(3). 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.

Sec. 8. Minnesota Statutes 1984, section 273.86, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION.] A developer proposing to construct improvements on property located within an industrial development district as defined in section 458.191, subdivision 1; *an economic development district as defined in section 26, subdivision 1*; a development district as defined in section 472A.02, subdivision 3, or any special law; or a redevelopment project as defined in section 462.421, subdivision 14 may apply to the governing body of the city or municipality in which the property is located to obtain deferral of property tax on the improved property, stating the nature and location of the proposed improvement, its estimated cost, and the projected length of construction time. If the governing body finds that the proposed development is consistent with the requirements of the above referred sections, it may approve the application. If the application is approved by June 30, the tax exemption shall be in effect for taxes paid the following year; if it is approved later than June 30, the exemption shall be in effect for taxes paid in the second subsequent taxable year.

Sec. 9. Minnesota Statutes 1985 Supplement, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. [INCLUDED EMPLOYEES.] The following persons are included in the meaning of "public employee":

- (a) Elected or appointed officers and employees of elected officers.
- (b) District court reporters.
- (c) Officers and employees of the public employees retirement association.
- (d) Employees of the League of Minnesota Cities.
- (e) Officers and employees of public hospitals, owned or operated by or an integral part of, any governmental subdivision or governmental subdivisions.



(f) Employees of a school district who receive separate salaries for driving their own buses.

(g) Employees of the Association of Minnesota Counties.

(h) Employees of the Metropolitan Inter-County Association.

(i) Employees of the Minnesota Municipal Utilities Association.

(j) Employees of the metropolitan airports commission if employment initially commences on or after July 1, 1979.

(k) Employees of the Minneapolis employees retirement fund, if employment initially commences on or after July 1, 1979.

(l) Employees of the Range Association of Municipalities and Schools.

(m) Employees of the soil and water conservation districts.

(n) Employees of a county historical society.

(o) *Employees of an economic development authority created under sections 14 to 34.*

Sec. 10. Minnesota Statutes 1984, section 355.11, subdivision 5, is amended to read:

Subd. 5. "Employing unit" means any municipal housing and redevelopment authorities organized pursuant to sections 462.415 to 462.705 and any soil and water conservation district organized pursuant to chapter 40 or any port authority organized pursuant to chapter 458, *or any economic development authority organized pursuant to sections 14 to 34*, or any hospital district organized or reorganized pursuant to sections 447.31 to 447.37.

Sec. 11. Minnesota Statutes 1985 Supplement, section 395.08, is amended to read:

**395.08 [ECONOMIC AND AGRICULTURAL DEVELOPMENT.]**

A county board may appropriate not more than (\$25,000) \$50,000 annually out of the general revenue fund of the county to be paid to any incorporated development society or organization of this state which, in the board's opinion, will use the money for the best interests of the county in promoting, advertising, improving, or developing the economic and agricultural resources of the county.

Sec. 12. [458.091] [COMPLIANCE EXAMINATIONS;  
FINANCIAL AUDITS.]

*At the request of the city or upon the auditor's initiative, the state auditor may make a legal compliance examination of the authority for that city. Each authority examined must pay the total cost of the examination, 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 must be deposited in the revolving fund of the state auditor. Each authority shall hire a certified public accountant to annually audit the authority's financial statements. For purposes of this section "authority" includes a port authority created under chapter 458 or any other law and an economic development authority established under sections 14 to 34.*

Sec. 13. [458.101] [NO STATE BAILOUT OF PORT  
AUTHORITIES.]

*State appropriations or credit of the state must not be used to pay or guarantee the payment of the debt of a port authority.*

Sec. 14. [458C.01] [DEFINITIONS.]

*Subdivision 1. [TERMS.] In sections 14 to 34, the terms defined in this section have the meaning given them.*

*Subd. 2. [AUTHORITY.] "Authority" means an economic development authority, unless specified otherwise.*

*Subd. 3. [CITY.] "City" means a home rule charter or statutory city.*

*Subd. 4. [DEVELOPMENT.] "Development" includes re-development, and developing includes redeveloping.*

*Subd. 5. [COST OF REDEVELOPMENT.] "Cost of re-development" means, with respect to an economic development district project, the cost of*

*(a) acquiring property, whether by purchase, lease, condemnation, or otherwise;*

*(b) demolishing or removing structures or other improvements on acquired properties;*

*(c) correcting soil deficiencies necessary to develop or use the property for an appropriate use as determined by the authority;*

(d) constructing or installing public improvements, including streets, roads, and utilities;

(e) providing relocation benefits to the occupants of acquired properties;

(f) planning, engineering, legal and other services necessary to carry out the functions listed in clauses (a) to (e); and

(g) the allocated administrative expenses of the authority for the project.

**Sec. 15. [458C.03] [ECONOMIC DEVELOPMENT AUTHORITY; ESTABLISHMENT.]**

*A city may, by adopting an enabling resolution in compliance with the procedural requirements of section 17, establish an economic development authority that, subject to section 16, has the powers contained in sections 14 to 34 and a housing and redevelopment authority under chapter 462 or other law, and a city under chapter 472A or other law. If the economic development authority exercises the powers of a housing and redevelopment authority contained in chapter 462 or other law, the city shall exercise the powers relating to a housing and redevelopment authority granted to a city by chapter 462 or other law.*

**Sec. 16. [458C.04] [LIMIT OF POWERS.]**

*Subdivision 1. [RESOLUTION.] The enabling resolution may impose the following limits upon the actions of the authority:*

*(1) that the authority must not exercise any specified powers contained in sections 14 to 34, chapters 462 and 472A or that the authority must not exercise any powers without the prior approval of the city council;*

*(2) that, except when previously pledged by the authority, the city council may, by resolution, require the authority to transfer any portion of the reserves generated by activities of the authority that the city council determines is not necessary for the successful operation of the authority, to the city general fund, to be used for any general purpose of the city;*

*(3) that the sale of all bonds or obligations issued by the authority be approved by the city council before issuance;*

*(4) that the 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 authority must be consistent with the adopted comprehensive plan of the city, and any official controls implementing the comprehensive plan;

(6) that the authority submit all planned activities for influencing the action of any other governmental agency, subdivision, or body to the city council for approval;

(7) that the authority submit its administrative structure and management practices to the city council for approval; and

(8) any other limitation or control established by the city council by the enabling resolution.

Subd. 2. [MODIFICATION OF RESOLUTION.] The enabling resolution may be modified at any time, subject to subdivision 5, and provided that any modification is made in accordance with section 16.

Subd. 3. [REPORT ON RESOLUTION.] Without limiting the right of the authority to petition the city council at any time, each year, within 60 days of the anniversary date of the first adoption of the enabling resolution, the authority shall submit to the city council a report stating whether and how the enabling resolution should be modified. Within 30 days of receipt of the recommendation, the city council shall review the enabling resolution, consider the recommendations of the authority, and make any modification it considers appropriate. Modifications must be made in accordance with the procedural requirements of section 16.

Subd. 4. [COMPLIANCE.] The city council's determination that the authority has complied with the limitations imposed under this section is conclusive.

Subd. 5. [LIMITS; SECURITY.] Limits imposed under this section must not be applied in a manner that impairs the security of any bonds issued or contracts executed before the limit is imposed. The city council must not modify any limit 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. 17. [458C.05] [PROCEDURAL REQUIREMENT.]

Subdivision 1. [ENABLING RESOLUTION.] The creation of an authority by a city must be by written resolution known as the enabling resolution. Before adopting the enabling resolution, the city council shall conduct a public hearing. Notice of the time and place of hearing, a statement of the purpose of the hearing, and a summary of the resolution must be published in a

*newspaper of general circulation within the city once a week for two consecutive weeks. The first publication must appear not more than 30 days from the date of the public hearing.*

*Subd. 2. [MODIFICATIONS.] All modifications to the enabling resolution must be by written resolution and must be adopted after notice is given and a public hearing conducted as required for the original adoption of the enabling resolution.*

**Sec. 18. [458C.06] [TRANSFER OF AUTHORITY.]**

*Subdivision 1. [ECONOMIC DEVELOPMENT, HOUSING, REDEVELOPMENT POWERS.] The city may, by ordinance, divide any economic development, housing, and redevelopment powers granted under chapter 462 and this chapter between the economic development authority and any other authority or commission established under statute or city charter for economic development, housing, or redevelopment.*

*Subd. 2. [PROJECT CONTROL, AUTHORITY, OPERATION.] The city may, by resolution, transfer the control, authority, and operation of any project as defined in section 273.73, subdivision 8, or any other program or project authorized by chapter 462 or 472A located within the city, from the governmental agency or subdivision that established the project to the economic development authority. The city council may also require acceptance of control, authority, and operation of the project by the economic development authority. The economic development authority may exercise all of the powers that the governmental unit establishing the project could exercise with respect to the project.*

*When a project or program is transferred to the economic development authority, the authority shall covenant and pledge to perform the terms, conditions, and covenants of the bond indenture or other agreements executed for the security of any bonds issued by the governmental subdivision that initiated the project or program. The economic development authority may exercise all of the powers necessary to perform the terms, conditions, and covenants of any indenture or other agreements executed for the security of the bonds and shall become obligated on the bonds when the project or program is transferred as provided in this subdivision.*

*Subd. 3. [TRANSFER OF PERSONNEL.] Notwithstanding any other law or charter provision to the contrary, the city council may, by resolution, place any employees of the housing and redevelopment authority under the direction, supervision, or control of the economic development authority. The placement of any employees under the direction, supervision, or control of the economic development authority does not affect the rights of any employees of the housing and redevelopment authority, including any rights existing under a collective bar-*

*gaining agreement or fringe benefit plan. The employees shall become employees of the economic development authority.*

**Sec. 19. [458C.07] [ECONOMIC DEVELOPMENT AUTHORITY.]**

*An economic development authority is a public body corporate and politic and a political subdivision of the state with the right to sue and be sued in its own name. An authority carries out an essential governmental function when it exercises its power, but the authority is not immune from liability because of this.*

**Sec. 20. [458C.08] [COMMISSIONERS; APPOINTMENT, TERMS, VACANCIES, PAY, REMOVAL.]**

*Subdivision 1. [COMMISSIONERS.] Except as provided in subdivision 2, clause (d), an economic development authority shall consist of either three, five, or seven commissioners who shall be appointed after the enabling resolution provided for in section 17 becomes effective. The resolution must indicate the number of commissioners constituting the authority.*

*Subd. 2. [APPOINTMENT, TERMS; VACANCIES.] (a) Three-member authority: the commissioners constituting a three-member authority, one of whom must be a member of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of two, four, and six years, respectively. Thereafter all commissioners shall be appointed for six-year terms.*

*(b) Five-member authority: the commissioners constituting a five-member authority, two of whom must be members of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of two, three, four, and five years respectively and one member for six years. Thereafter all commissioners shall be appointed for six-year terms.*

*(c) Seven-member authority: the commissioners constituting a seven-member authority, two of whom must be members of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of one, two, three, four, and five years respectively and two members for six years. Thereafter all commissioners shall be appointed for six-year terms.*

*(d) The enabling resolution may provide that the members of the city council shall serve as the commissioners.*

*(e) The enabling resolution may provide for the appointment of members of the city council in excess of the number required in clauses (a), (b) and (c).*

(f) *A vacancy is created in the membership of an authority when a city council member of the authority ends council membership. A vacancy for this or another reason must be filled for the balance of the unexpired term, in the manner in which the original appointment was made. The city council may set the term of the commissioners who are members of the city council to coincide with their term of office as members of the city council.*

**Subd. 3. [INCREASE IN COMMISSION MEMBERS.]** *An authority may be increased from three to five or seven members, or from five to seven members by a resolution adopted by the city council following the procedure provided for modifying the enabling resolution in section 17.*

**Subd. 4. [COMPENSATION AND REIMBURSEMENT.]** *A commissioner, including the president, shall be paid for attending each regular or special meeting of the authority in an amount to be determined by the city council. In addition to receiving pay for meetings, the commissioners may be reimbursed for actual expenses incurred in doing official business of the authority. All money paid for compensation or reimbursement must be paid out of the authority's budget.*

**Subd. 5. [REMOVAL FOR CAUSE.]** *A commissioner may be removed by the city council for inefficiency, neglect of duty, or misconduct in office. A commissioner shall be removed only after a hearing. A copy of the charges must be given to the commissioner at least ten days before the hearing. The commissioner must be given an opportunity to be heard in person or by counsel at the hearing. When written charges have been submitted against a commissioner, the city council may temporarily suspend the commissioner. If the city council finds that those charges have not been substantiated, the commissioner shall be immediately reinstated. If a commissioner is removed, a record of the proceedings, together with the charges and findings, shall be filed in the office of the city clerk.*

**Sec. 21. [458C.09] [OFFICERS; DUTIES; ORGANIZATIONAL MATTERS.]**

**Subdivision 1. [BYLAWS, RULES, SEAL.]** *An authority may adopt bylaws and rules of procedure and shall adopt an official seal.*

**Subd. 2. [OFFICERS.]** *An authority shall elect a president, a vice-president, a treasurer, a secretary, and an assistant treasurer. The authority shall elect the president, treasurer, and secretary annually. A commissioner must not serve as president and vice-president at the same time. The other offices may be held by the same commissioner. The offices of secretary and assistant treasurer need not be held by a commissioner.*

*Subd. 3. [DUTIES AND POWERS.] The officers have the usual duties and powers of their offices. They may be given other duties and powers by the authority.*

*Subd. 4. [TREASURER'S DUTIES.] The treasurer:*

- (1) shall receive and is responsible for authority money;*
- (2) is responsible for the acts of the assistant treasurer;*
- (3) shall disburse authority money by check only;*
- (4) shall keep an account of the source of all receipts, and the nature, purpose, and authority of all disbursements; and*
- (5) shall file the authority's detailed financial statement with its secretary at least once a year at times set by the authority.*

*Subd. 5. [ASSISTANT TREASURER.] The assistant treasurer has the powers and duties of the treasurer if the treasurer is absent or disabled.*

*Subd. 6. [TREASURER'S BOND.] The treasurer shall give bond to the state conditioned for the faithful discharge of official duties. The bond must be approved as to form and surety by the authority and filed with the secretary. The bond must be for twice the amount of money probably on hand at any one time, as determined at least annually by the authority. However, the bond must not exceed \$300,000.*

*Subd. 7. [PUBLIC MONEY.] Authority money is public money.*

*Subd. 8. [CHECKS.] An authority check must be signed by the treasurer and one other officer named by the authority in a resolution. The check must state the name of the payee and the nature of the claim that the check is issued for.*

*Subd. 9. [FINANCIAL STATEMENT.] The authority's detailed financial statement must show all receipts and disbursements, their nature, the money on hand, the purposes to which the money on hand is to be applied, the authority's credits and assets, and its outstanding liabilities in a form required for the city's financial statements. The authority shall examine the statement together with the treasurer's vouchers. If the authority finds that the statement and vouchers are correct, it shall approve them by resolution and enter the resolution in its records.*

**Sec. 22. [458C.10] [EMPLOYEES; SERVICES; SUPPLIES.]**



*Subdivision 1. [EMPLOYEES.] An economic development authority may employ an executive director, a chief engineer, other technical experts and agents, and other employees as it may require, and determine their duties, qualifications, and compensation.*

*Subd. 2. [CONTRACT FOR SERVICES.] The authority may contract for the services of consultants, agents, public accountants, and other persons needed to perform its duties and exercise its powers.*

*Subd. 3. [LEGAL SERVICES.] The authority may use the services of the city attorney or hire a general counsel for its legal needs. The city attorney or general counsel, as determined by the authority, is its chief legal advisor.*

*Subd. 4. [SUPPLIES.] The authority may purchase the supplies and materials it needs to carry out sections 14 to 34.*

*Subd. 5. [CITY PURCHASING.] An authority may use the facilities of its city's purchasing department in connection with construction work and to purchase equipment, supplies, or materials.*

*Subd. 6. [CITY FACILITIES, SERVICES.] A city may furnish offices, structures and space, and stenographic, clerical, engineering, or other assistance to its authority.*

*Subd. 7. [DELEGATION POWER.] The authority may delegate to one or more of its agents or employees powers or duties as it may deem proper.*

**Sec. 23. [458C.11] [CONFLICT OF INTEREST.]**

*Except as authorized in section 471.88 a commissioner, officer, or employee of an authority must not acquire any financial interest, direct or indirect, in any project or in any property included or planned to be included in any project, nor shall the person have any financial interest, direct or indirect, in any contract or proposed contract for materials or service to be furnished or used in connection with any project.*

**Sec. 24. [458C.12] [DEPOSITORIES; DEFAULT; COLLATERAL.]**

*Subdivision 1. [NAMED; BOND.] Every two years an authority shall name national or state banks within the state as depositories. Before acting as a depository, a named bank shall give the authority a bond approved as to form and surety by the authority. The bond must be conditioned for the safekeeping and prompt repayment of deposits. The amount of bond must be at*

*least equal to the maximum sums expected to be deposited at any one time.*

*Subd. 2. [ONE BANK ACCOUNT.] An authority may deposit all its money from any source in one bank account.*

*Subd. 3. [DEFAULT; COLLATERAL.] When authority funds are deposited by the treasurer in a bonded depository, the treasurer and the surety on the treasurer's official bond are exempt from liability for the loss of the deposits because of the failure, bankruptcy, or other act or default of the depository. However, an authority may accept assignments of collateral from its depository to secure deposits just as assignments of collateral are permitted by law to secure deposits of the authority's city.*

**Sec. 25. [458C.13] [OBLIGATIONS.]**

*Subdivision 1. [TAXES AND ASSESSMENTS PROHIBITED.] An authority must not levy a tax or special assessment, except as otherwise provided in sections 14 to 34, pledge the credit of the state or the state's municipal corporations or other subdivisions, or incur an obligation enforceable on property not owned by the authority.*

*Subd. 2. [BUDGET TO CITY.] Annually, at a time fixed by charter, resolution, or ordinance of the city, an authority shall send its budget to its city's council. The budget must include a detailed written estimate of the amount of money that the authority expects to need from the city to do authority business during the next fiscal year. The needed amount is what is needed in excess of any expected receipts from other sources.*

*Subd. 3. [FISCAL YEAR.] The fiscal year of the authority must be the same as the fiscal year of its city.*

*Subd. 4. [REPORT TO CITY.] Annually, at a time and in a form fixed by the city council, the authority shall make a written report to the council giving a detailed account of its activities and of its receipts and expenditures during the preceding calendar year, together with additional matters and recommendations it deems advisable for the economic development of the city.*

*Subd. 5. [AUDITS.] The financial statements of the authority must be prepared, audited, filed, and published or posted in the manner required for the financial statements of the city that established the authority. The financial statements must permit comparison and reconciliation with the city's accounts and financial reports. The report must be filed with the state auditor by June 30 of each year. The auditor shall review the report and may accept it or, in the public interest, audit the books of the authority.*

Sec. 26. [458C.14] [ECONOMIC DEVELOPMENT DISTRICTS; SCHEDULE OF POWERS.]

*Subdivision 1. [ESTABLISHMENT.] An economic development authority may create and define the boundaries of economic development districts at any place or places within the city and may use the powers granted in sections 14 to 34 to carry out its purposes. First the authority must hold a public hearing on the matter. At least ten days before the hearing, the authority shall publish notice of the hearing in a daily newspaper of general circulation in the city. Also, the authority shall find that an economic development district is proper and desirable to establish and develop within the city.*

*Subd. 2. [ACQUIRE PROPERTY.] The economic development authority may acquire by lease, purchase, gift, devise, or condemnation proceedings the needed right, title, and interest in property to create economic development districts. It shall pay for the property out of money it receives under sections 14 to 34. It may hold and dispose of the property subject to the limits and conditions in sections 14 to 34. The title to property acquired by condemnation or purchase must be in fee simple, absolute. The authority may accept an interest in property acquired in another way subject to any condition of the grantor or donor. The condition must be consistent with the proper use of the property under sections 14 to 34. Property acquired, owned, leased, controlled, used, or occupied by the authority for any of the purposes of this section is for public governmental and municipal purposes and is exempt from taxation by the state or by its political subdivisions. The exemption applies only while the authority holds property for its own purpose. The exemption is subject to the provisions of section 272.02, subdivision 5. When property is sold it begins to be taxed again.*

*Subd. 2a. [OPTIONS.] The economic development authority may sign options to purchase, sell, or lease property.*

*Subd. 3. [EMINENT DOMAIN.] The economic development authority may use eminent domain under chapter 117, or under its city's charter to acquire property it is authorized to acquire by condemnation. The authority may acquire in this way property acquired by its owner by eminent domain or property already devoted to a public use only if its city's council approves. The authority may possess property to be condemned after it files a petition in condemnation proceedings describing the property. The authority may abandon the condemnation before taking possession.*

*Subd. 4. [CONTRACTS.] The economic development authority may make contracts for the purpose of economic development within the powers given it in sections 14 to 34. The authority may contract or arrange with the federal government, or any of its departments, with persons, public corporations, the state,*

*or any of its political subdivisions, commissions, or agencies, for separate or joint action, on any matter related to using the authority's powers or doing its duties. The authority may contract to purchase and sell real and personal property. However, an obligation or expense must not be incurred except when existing appropriations together with the reasonable expected revenue of the authority from other sources are sufficient to discharge the obligation or pay the expense when due. The state and its municipal subdivisions are not liable on the obligations.*

*Subd. 4a. [LIMITED PARTNER.] The economic development authority may be a limited partner in a partnership whose purpose is consistent with the authority's purpose.*

*Subd. 5. [RIGHTS; EASEMENTS.] The economic development authority may acquire rights or an easement for a term of years or perpetually for development of an economic development district.*

*Subd. 6. [SUPPLIES; MATERIALS.] The economic development authority may buy the supplies and materials it needs to carry out this section.*

*Subd. 7. [RECEIVE PUBLIC PROPERTY.] The economic development authority may accept land, money, or other assistance, whether by gift, loan or otherwise, in any form from the federal or state government, or an agency of either, or a local subdivision of state government to carry out sections 14 to 34 and to acquire and develop an economic development district and its facilities under this section.*

*Subd. 8. [DEVELOPMENT DISTRICT AUTHORITY.] The economic development authority may sell or lease land held by it for economic development in economic development districts. The authority may, if proper in the public interest, build suitable buildings or structures on land owned by it. The authority may furnish capital equipment permanently or used exclusively on the lands or in the buildings if necessary to the purposes of the buildings or structures. The authority must intend that the buildings, structures, and equipment be leased or sold to private persons to further develop the economic development district.*

*The authority may acquire, develop, sell, or lease single or multiple tracts of land regardless of size, to be developed as a part of the economic development of the district under sections 14 to 34.*

*Subd. 9. [FOREIGN TRADE ZONE.] The economic development authority may apply to the board defined in United States Code, title 19, section 81a, for the right to use the powers provided in United States Code, title 19, sections 81a to 81u. If the right is granted, the authority may use the powers. One authority may apply with another authority.*

*Subd. 10. [RELATION TO CHAPTER 474.] The economic development authority may exercise powers and duties of a re-development agency under chapter 474, for a purpose in sections 14 to 34 or 462.411 to 462.705. The authority may also use the powers and duties in sections 14 to 34 and 462.411 to 462.705 for a purpose in chapter 474.*

*Subd. 11. [PUBLIC FACILITIES.] The authority may operate and maintain a public parking facility or other public facility to promote development in an economic development district.*

**Sec. 27. [458C.15] [GENERAL OBLIGATION BONDS.]**

*Subdivision 1. [AUTHORITY; PROCEDURE.] An economic development authority may issue general obligation bonds in the principal amount authorized by two-thirds majority vote of its city's council. The bonds may be issued in anticipation of income from any source. The bonds may be issued: (1) to secure funds needed by the authority to pay for acquired property or (2) for other purposes in sections 14 to 34. The bonds must be in the amount and form and bear interest at the rate set by the city council. The authority shall sell the bonds to the highest bidder. The authority shall publish notice of the time and the place for receiving bids, once at least two weeks before the bid deadline. Sections 14 to 34 govern issuance of the bonds. When those sections are silent, chapter 475 governs. The authority when issuing the bonds is a municipal corporation under chapter 475. No election shall be required to authorize the issuance of the bonds except as provided in subdivision 2.*

*Subd. 2. [REFERENDUM ON PETITION.] Before the issuance of the bonds, the city council shall publish in the official newspaper of the city an initial resolution authorizing the issuance of the bonds, and if within 21 days after the publication there is filed with the city clerk a petition requesting an election on the proposition of issuing the bonds signed by a number of qualified voters greater than ten percent of the number who voted in the city at the last general election, the bonds must not be issued until the proposition has been approved by a majority of the votes cast on it at a regular or special election.*

*Subd. 3. [OUTSIDE DEBT LIMIT.] Bonds issued by the authority must not be included in the net debt of its city. Money received under this section must not be included in a per person limit on taxing or spending in the city's charter. The authority is also exempt from the limit.*

*Subd. 4. [DETAIL; MATURITY.] The authority with the consent of its city's council shall set the date, denominations, place of payment, form, and details of the bonds. The bonds must mature serially. The first installment is due in not more than three years and the last in not more than 30 years from the date of issuance.*

*Subd. 5. [SIGNATURES; COUPONS; LIABILITY.] The bonds must be signed by the president of the authority, be attested by its secretary, and be countersigned by its treasurer; the signatures may be facsimile signatures. The interest coupons if any, must be attached to the bonds. The coupons must be executed and authenticated by the printed, engrossed, or lithographed facsimile signature of the authority's president and secretary. The bonds do not impose any personal liability on a member of the authority.*

*Subd. 6. [PLEDGE.] The bonds must be secured by the pledge of the full faith, credit, and resources of the issuing authority's city. The authority may pledge the full faith, credit, and resources of the city only if the city specifically authorizes the authority to do so. The city council must first decide whether the issuance of the bonds by the authority is proper in each case and if so, what amount of bonds to issue. The city council shall give specific consent in an ordinance to the pledge of the city's full faith, credit, and resources. The authority shall pay the principal amount of the bonds and the interest on it from taxes levied under this section to make the payment or from authority income from any source.*

*Subd. 7. [TAX LEVY.] An authority that issues bonds under this section, shall, before issuing them, levy a tax for each year on the taxable property in the authority's city. The tax must be for at least five percent more than the amount required to pay the principal and interest on the bonds as the principal and interest mature. The tax must be levied annually until the principal and interest are paid in full. After the bonds have been delivered to the purchasers, the tax must not be repealed until the debt is paid. After the bonds are issued, the authority need not take any more action to authorize extending, assessing, and collecting the tax. The authority's secretary shall immediately send a certified copy of the levy to the county auditor. The secretary shall send with the copy full information on the bonds for which the tax is levied. The county auditor shall extend and assess the levied tax annually until the principal and interest are paid in full. The authority shall transfer the surplus from the excess levy in this section to a sinking fund after the principal and interest for which the tax was levied and collected is paid. The authority may direct its secretary to send a certificate to the county auditor before October 15 in a year. The certificate must state how much available income including the amount in the sinking fund the authority will use to pay principal or interest or both on each specified issue of the authority's bonds. The auditor shall then reduce the bond levy for that year by that amount. The authority shall then set aside the certified amount and may not use it for any purpose except to pay the principal and interest on the bonds. The taxes in this section shall be collected and sent to the authority by the county treasurer under the law on collection of other taxes. The taxes must be used only to pay the bonds when due.*

*Subd. 8. [AUTHORIZED SECURITIES.] Bonds legally issued under this chapter are authorized securities under section 50.14. A savings bank, trust company, or insurance company may invest in them. A public or municipal corporation may invest its sinking funds in them. The bonds may be pledged by a bank or trust company as security for the deposit of public money in place of a surety bond.*

*The authority's bonds are instrumentalities of a public governmental agency.*

**Sec. 28. [458C.16] [REVENUE BONDS; PLEDGE; COVENANTS.]**

*Subdivision 1. [AUTHORITY.] An economic development authority may decide by resolution to issue its revenue bonds either at one time or in series from time to time. The revenue bonds may be issued to provide money to pay to acquire land needed to operate the authority, to purchase or construct facilities, to purchase, construct, install, or furnish capital equipment to operate a facility for economic development of any kind within the city, or to pay to extend, enlarge, or improve a project under its control. The issued bonds may include the amount the authority considers necessary to establish an initial reserve to pay principal and interest on the bonds. The authority shall state in a resolution how the bonds and their attached interest coupons are to be executed.*

*Subd. 2. [FORM.] The bonds of each series issued by the authority under this section shall bear interest at a rate or rates, shall mature at the time or times within 30 years from the date of issuance and shall be in the form, whether payable to bearer, registrable as to principal, or fully registrable, as may be determined by the authority. Section 27, subdivision 8, applies to all bonds issued under this section, and the bonds and their coupons, if any, when payable to bearer, shall be negotiable instruments.*

*Subd. 3. [SALE.] The sale of revenue bonds issued by the authority shall be at public or private sale. The bonds may be sold in the manner and for the price that the authority determines to be for the best interest of the authority. The bonds may be made callable, and if so issued, may be refunded.*

*Subd. 4. [AGREEMENTS.] The authority may by resolution make an agreement or covenant with the bondholders or their trustee. The authority must first decide that the agreement or covenant is needed or desirable to do what the authority may do under this section and to assure that the revenue bonds are marketable and promptly paid.*

*Subd. 5. [REVENUE PLEDGE.] In issuing general obligation or revenue bonds, the authority may secure the payment of*

*the principal and the interest on the bonds by a pledge of and lien on authority revenue. The revenue must come from the facility to be acquired, constructed, or improved with the bond proceeds or from other facilities named in the bond-authorizing resolutions. The authority also may secure the payment with its promise to impose, maintain, and collect enough rentals, rates and charges, for the use and occupancy of the facilities and for services furnished in connection with the use and occupancy, to pay its current expenses to operate and maintain the named facilities, and to produce and put enough net revenue in a special fund to meet the interest and principal requirements of the bonds, and to collect and keep any more money required by the resolutions. The authority shall decide what is current expense under this subdivision based on what is normal and reasonable under accepted accounting principles. Revenues pledged by the authority must not be used or pledged for any other authority purpose or to pay any other bonds issued under this section or under section 27, unless the other use or pledge is specifically authorized in the bond-authorizing resolutions.*

*Subd. 6. [NOT CITY DEBT.] Revenue bonds issued under this section are not a debt of the authority's city nor a pledge of that city's full faith and credit. The bonds are payable only from project revenue as described in this section. A revenue bond must contain on its face a statement to the effect that the economic development authority and its named city do not have to pay the bond or the interest on it except from revenue and that the faith, credit, and taxing power of the city are not pledged to pay the principal of or the interest on the bond.*

*Subd. 7. [NOT APPLICABLE.] Sections 474.01, subdivisions 7a, 7b, and 8 and 474.02, subdivision 1d, do not apply to revenue bonds issued under this section and chapter 474 if the interest on the revenue bonds is subject to both state and federal income tax or if the revenue bond proceeds are not loaned by the authority to a private person.*

*Subd. 8. [TAX INCREMENT BONDS.] Obligations secured or payable from tax increment revenues and issued pursuant to this section or section 27 are subject to the provisions of section 273.77.*

**Sec. 29. [458C.17] [SECTIONS THAT APPLY IF FEDERAL LIMIT APPLIES.]**

*Sections 474.16 to 474.23 apply to obligations issued under sections 14 to 34 that are limited by a federal limitation act defined in section 474.16, subdivision 5.*

**Sec. 30. [458C.18] [ADDITIONAL POWERS.]**

*Subdivision 1. [AS AGENT.] An economic development authority may cooperate with or act as agent for the federal or*



*the state government, or a state public body, or an agency or instrumentality of a government or a public body to carry out sections 14 to 34 or any other related federal, state or local law in the area of economic development district improvement.*

*Subd. 2. [STUDIES, ANALYSIS, RESEARCH.] An authority may study and analyze economic development needs in the city, and ways to meet the needs. An authority may study the desirable patterns for land use for economic development and community growth and other factors affecting local economic development in the city and make the result of the studies available to the public and to industry in general. An authority may engage in research and give out information on economic development within the city.*

*Subd. 3. [PUBLIC RELATIONS.] To further an authorized purpose an authority may (1) join an official, industrial, commercial, or trade association, or another organization concerned with the purpose, (2) have a reception of officials who may contribute to advancing the city and its economic development, and (3) carry out other public relations activities to promote the city and its economic development. Activities under this subdivision have a public purpose.*

*Subd. 4. [ACCEPT PUBLIC LAND.] An authority may accept conveyances of land from all other public agencies, commissions or other units of government, if the land can be properly used by the authority in an economic development district, to carry out the purposes of sections 14 to 34.*

*Subd. 5. [ECONOMIC DEVELOPMENT.] An authority may carry out the law on economic development districts to develop and improve the lands in an economic development district to make it suitable and available for economic development uses and purposes. An authority may fill, grade, and protect the property and do anything necessary and expedient, after acquiring the property, to make it suitable and attractive as a tract for economic development. An authority may lease some or all of its lands or property and may set up local improvement districts in all or part of an economic development district.*

*In general, with respect to an economic development district, an authority may use all the powers given an economic development authority by law.*

*Subd. 6. [AS BORROWER.] An authority after authorizing bonds under section 27 or 28 may borrow to provide money immediately required for the bond purpose. The loans must not exceed the amount of the bonds. The authority shall by resolution decide the terms of the loans. The loans must be evidenced by negotiable notes due in not more than 12 months from the date of the loan payable to the order of the lender or*

to bearer, to be repaid with interest from the proceeds of the bonds when the bonds are issued and delivered to the bond purchasers. The loan must not be obtained from any commissioner of the authority or from any corporation, association, or other institution of which an authority commissioner is a stockholder or officer.

*Subd. 7. [AS LENDER.] The proceeds of obligations issued by an authority under section 28 and temporary loans obtained under this section may be used to make or purchase loans for economic development facilities that the authority believes will require financing. To make or purchase the loans, the authority may enter into loan and related agreements, both before and after issuing the obligations, with persons, firms, public or private corporations, federal or state agencies, and governmental units under terms and conditions the authority considers appropriate. A governmental unit in the state may apply, contract for, and receive the loans. Chapter 475 does not apply to the loans.*

*Subd. 8. [MINED SPACE DEVELOPMENT.] Upon delegation by a municipality as provided in section 472B.08, an authority may exercise any of the delegated powers in connection with mined underground space development under sections 472B.03 to 472B.07.*

*Subd. 9. [CITY FACILITIES, SERVICES.] An authority city may furnish offices, structures, and space, stenographic, clerical, engineering, or other assistance to its authority.*

### Sec. 31. [458C.19] [SALE OF PROPERTY.]

*Subdivision 1. [POWER.] An economic development authority may sell and convey property owned by it within the city or an economic development district. First, the authority must decide that the sale and conveyance are in the best interests of the city or district and its people, and that the transaction furthers its general plan of economic development. This section is not limited by other law on powers of economic development authorities.*

*Subd. 2. [NOTICE; HEARING.] An authority shall hold a hearing on the sale. At the hearing a taxpayer may testify for or against the sale. At least ten, but not more than 20, days before the hearing the authority shall publish notice of the hearing on the proposed sale in a newspaper. The newspaper must be published and have general circulation in the authority's county and city. The notice must describe the property to be sold and state the time and place of the hearing. The notice must also state that the public may see the terms and conditions of the sale at the authority's office and that at the hearing the authority will meet to decide if the sale is advisable.*

*Subd. 3. [DECISION; APPEAL.] The authority shall make its findings and decision on whether the sale is advisable and enter its decision on its records within 30 days of the hearing. A taxpayer may appeal the decision. The appeal is made by filing a notice of appeal with the district court in the city or economic development district's county and serving the notice on the secretary of the authority, within 20 days after the decision is entered. The only ground for appeal is that the action of the authority was arbitrary, capricious, or contrary to law.*

*Subd. 4. [TERMS.] The terms and conditions of sale of the property must include the use that the bidder will be allowed to make of it. The authority may require the purchaser to file security to assure that the property will be given that use. In deciding the sale terms and conditions the authority may consider the nature of the proposed use and the relation of the use to the improvement of the authority's city and the business and the facilities of the authority in general. The sale must be made on the authority's terms and conditions. The authority may publish an advertisement for bids on the property at the same time and in the same manner as the notice of hearing required in this section. The authority may award the sale to the bid considered by it to be most favorable considering the price and the specified intended use. The authority may also sell the property at private sale at a negotiated price if after its hearing the authority considers that sale to be in the public interest and to further the aims and purposes of sections 14 to 34.*

*Subd. 5 [ONE-YEAR DEADLINE.] The purchaser shall, within one year from the date of purchase, devote the property to its intended use, or shall begin work on the improvements to the property to devote it to that use. If the purchaser fails to do so, the authority may cancel the sale and title to the property shall return to it. The authority may extend the time to comply with a condition if the purchaser has good cause. The terms of sale may contain other provisions that the authority considers necessary and proper to protect the public interest. A purchaser must not transfer title to the property within one year of purchase without the consent of the authority.*

*Subd. 6. [COVENANT RUNNING WITH THE LAND.] A sale made under this section must incorporate in the deed as a covenant running with the land the conditions of sections 14 to 34 relating to the use of the land. If the covenant is violated the authority may declare a breach of the covenant and seek a judicial decree from the district court declaring a forfeiture and a cancellation of the deed.*

*Subd. 7. [PLANS; SPECIFICATIONS.] A conveyance must not be made until the purchaser gives the authority plans and specifications to develop the property sold. The authority must approve the plans and specifications in writing. The preparation*

*of final plans and specifications before the hearing on the sale is not required by this subdivision but the authority may make that requirement.*

**Sec. 32. [458C.20] [ADVANCES BY AUTHORITY.]**

*An authority may advance its general fund money or its credit, or both, without interest, for the objects and purposes of sections 14 to 34. The advances must be repaid from the sale or lease, or both, of developed or redeveloped lands. If the money advanced for the development or redevelopment was obtained from the sale of the authority's general obligation bonds, then the advances must have not less than the average annual interest rate that is on the authority's general obligation bonds that are outstanding at the time the advances are made. The authority may advance repaid money for more objects and purposes of sections 14 to 34 subject to repayment in the same manner. The authority must still use rentals of lands acquired with advanced money to collect and maintain reserves to secure the payment of principal and interest on revenue bonds issued to finance economic development facilities, if the rentals have been pledged for that purpose under section 28. Advances made to acquire lands and to construct facilities for recreation purposes if authorized by law need not be reimbursed under this section. Sections 14 to 34 do not exempt lands leased from the authority to a private person, or entity from assessments or taxes against the leased property while the lessee is liable for the assessments or taxes under the lease.*

**Sec. 33. [458C.22] [CITY MAY LEVY TAXES FOR ECONOMIC DEVELOPMENT AUTHORITY.]**

*Subdivision 1. [CITY TAX LEVY.] A city shall, at the request of the authority, levy a tax in any year for the benefit of the authority. The tax must be for not more than .75 mill times the assessed valuation of taxable property in the city. The tax may be levied beyond levy limits in law. The amount levied must be paid by the city treasurer to the treasurer of the authority, to be spent by the authority.*

*Subd. 2. [ADDITIONAL CITY TAX LEVY.] A city may levy an additional tax to be spent by and for its economic development authority. If levied, the tax must enable the authority to carry out efficiently and in the public interest sections 14 to 34 to create and develop economic development districts. The authority must request the tax levy. In any year the levy must not be for more than 7/60 of one mill on each dollar of assessed valuation of taxable property in the city. The county treasurer shall pay the money levied to the authority treasurer. The money may be spent by the authority to do its duties to create and develop economic development districts. In spending the money the authority must judge what best serves the public interest. The levy in this section is in addition to the levy in subdivision 1. The city may disregard any levy limit in law to make the levy in this section.*

*Subd. 3. [REVERSE REFERENDUM.] A city may increase its levy for economic development authority purposes under subdivision 1 in the following way. Its city council must first pass a resolution stating the proposed amount of levy increase. The city must then publish the resolution together with a notice of public hearing on the resolution for two successive weeks in its official newspaper or if none exists in a newspaper of general circulation in the city. The hearing must be held two to four weeks after the first publication. After the hearing, the city council may decide to take no action or may adopt a resolution authorizing the proposed increase or a lesser increase. A resolution authorizing an increase must be published in the city's official newspaper or if none exists in a newspaper of general circulation in the city. The resolution is not effective if a petition requesting a referendum on the resolution is filed with the city clerk within 30 days of publication of the resolution. The petition must be signed by voters equaling five percent of the votes cast in the city in the last general election. Then the resolution is only effective if approved by a majority of those voting on the question. The commissioner of revenue shall prepare a suggested form of referendum question. The referendum must be held at a special or general election before October 1 of the year for which the levy increase is proposed.*

**Sec. 34. [458C.23] [SPECIAL LAW; OPTIONAL USE.]**

*A city that has established a port authority by special law or that has been granted the power to establish a port authority by special law, or a city whose city council has been authorized to exercise the powers of a port authority by special law may elect to use the powers granted in sections 14 to 34. If the election is made, the powers and duties set forth in sections 14 to 34 supersede the special law and the special law must not be used anymore. The use of powers under sections 14 to 34 by a city described in this section does not impair the security of any obligations issued or contracts or agreements executed under the special law. Control, authority, and operation of any project may be transferred to the authority in the manner provided in section 18.*

**Sec. 35. [LEGISLATIVE FINDINGS.]**

*The statement of policy and the findings of the legislature in enacting Laws 1957, chapter 812, are confirmed and apply equally to the exercise of powers by economic development authorities and statutory or home rule charter cities pursuant to sections 14 to 34.*

**Sec. 36. Minnesota Statutes 1984, section 462C.02, subdivision 6, is amended to read:**

**Subd. 6. "City" means any statutory or home rule charter city, or any public body which (a) is the housing and redevelop-**

ment authority in and for a city, (OR) the port authority of a city, *or an economic development authority of a city established under sections 14 to 34*, and (b) is authorized by ordinance to exercise, on behalf of a city, the powers conferred by sections 462C.01 to 462C.08.

Sec. 37. Minnesota Statutes 1984, section 462C.02, subdivision 9, is amended to read:

Subd. 9. "Targeted area" means

(a) a development district established pursuant to section 472A.03,

(b) a development district established pursuant to Laws 1971, Chapter 677 as amended,

(c) a redevelopment project established pursuant to section 462.521,

(d) an industrial development district established pursuant to section 458.191,

(e) a census tract in which 70 percent or more of the families have income which is 80 percent or less of the statewide median family income as estimated by the United States department of housing and urban development, (OR)

(f) an area of chronic economic distress designated by the Minnesota housing finance agency, *or*

(g) *an economic development district established pursuant to section 26.*

Sec. 38. Minnesota Statutes 1985 Supplement, section 462C.-12, subdivision 2, is amended to read:

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 this chapter and chapter 462 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 developments 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 or economic development authority established under sections 14 to 34 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.

Sec. 39. Minnesota Statutes 1984, section 471.88, subdivision 1, is amended to read:

Subdivision 1. The governing body of any port authority, seaway port authority, *economic development authority*, town, school district, hospital district, county, or city, by unanimous vote, may contract for goods or services with an interested officer of the governmental unit in any of the following cases.

Sec. 40. Minnesota Statutes 1984, section 471.88, subdivision 9, is amended to read:

Subd. 9. When a port authority commissioner or *economic development authority commissioner* is engaged in or employed by a firm engaged in the business of importing or exporting or general trade, it shall be lawful for the authority to do business with the commissioner or his employer provided that in the fixing of any rates affecting shippers or users of the terminal facility, said commissioner shall not vote thereon.

Sec. 41. Minnesota Statutes 1984, section 471.88, subdivision 11, is amended to read:

Subd. 11. When a commissioner of any public housing (OR), port authority, or *economic development authority* is employed

by a bank engaged in making loans or performing trust services involving real or personal property affected by any plan or such housing or port authority, no restriction shall apply to any such loans made or trust services performed by said bank if the commissioner shall disclose the nature of such loans or trust services of which he has personal knowledge, which disclosure shall be entered upon the minutes of such authority.

Sec. 42. Minnesota Statutes 1985 Supplement, section 472B.04, is amended to read:

472B.04 [POWERS OF MUNICIPALITY.]

A municipality may, to accomplish the purposes of this chapter:

(1) exercise any or all powers enumerated in chapter 458, but only if the municipality has been granted authority to exercise the powers enumerated in sections 14 to 34, chapters 458, 462, 472, 472A, and 474, in conjunction with the powers granted by this chapter;

(2) provide public facilities pursuant to chapters 429, 430, and any charter provision or any special law;

(3) acquire, by lease, purchase, gift, condemnation, or otherwise, land or interests in land, and convey land or interests in land. A municipality is empowered to acquire by condemnation any property, property right or interest in property, corporate or incorporeal, within its boundaries which may be needed by it for a project, for access, including surface and subsurface access, for ventilation, or for any other purpose which it finds by resolution to be needed by it in connection with mined underground space development; and the fact that the property or interest in property so needed has been acquired by the owner under the power of eminent domain, or is already devoted to a public use, or is owned by the University of Minnesota, any city, county, school district, town, other municipality, or other governmental subdivision, railroad, or public or private utility, shall not prevent its acquisition by the municipality by the exercise of the right of eminent domain hereby conferred, provided the existing use thereof is not impaired; the necessity of the taking of any property or interest in property by the municipality shall be determined by resolution duly adopted by the governing body of the municipality, which shall describe the property or interest as nearly as it may be described and state the use and purpose to which it is to be devoted; except as otherwise provided in this chapter, the right of eminent domain shall be exercised in accordance with chapter 117, 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;



(4) acting alone or with others, acquire, purchase, construct, lease, mortgage, maintain, operate, and convey projects;

(5) borrow money to carry out the purposes of this chapter;

(6) enter into contracts, sue and be sued and do or accomplish all other acts and things necessary or convenient to carry out the purposes and policies of this chapter; and

(7) exercise bonding authority as provided in section 472B.05.

Sec. 43. Minnesota Statutes 1984, section 474.02, subdivision 3, is amended to read:

Subd. 3. "Redevelopment agency" means any port authority referred to in chapter 458, or any city authorized by general or special law to exercise the powers of a port authority; *any economic development authority referred to in sections 14 to 34*; any housing and redevelopment authority referred to in chapter 462 or any body authorized to exercise the powers of a housing and redevelopment authority; and any area or municipal redevelopment agency referred to in chapter 472.

Sec. 44. Minnesota Statutes 1984, section 474.16, subdivision 2, is amended to read:

Subd. 2. "Local issuer" means any home rule charter or statutory city, any town, any housing and redevelopment authority referred to in chapter 462 or any body authorized to exercise the powers of a housing and redevelopment authority, any port authority referred to in chapter 458, *any economic development authority referred to in sections 14 to 34*, or any body authorized to exercise the powers of a port authority, any area or municipal redevelopment agency referred to in chapter 472, any county, or any other municipal authority or agency established pursuant to special law other than the iron range resources and rehabilitation board, acting as an issuer of obligations pursuant to law.

Sec. 45. [EFFECTIVE DATE.]

*Article 6 is effective the day following final enactment."*

Further, amend the title accordingly

A roll call was requested and properly seconded.

Valento moved to amend the Valento amendment to H. F. No. 2287, the first engrossment, as follows:

Page 5, line 24, delete "*existing law creates*" and insert "*other law may create*"

Page 8, line 28, delete "*obligations*" and insert "*agreements relating to the service to be provided and which*"

Page 9, line 2, delete "*provision*" and insert "*limitation*"

Page 9, line 19, before the period insert "*that meets the requirements specified in the request for proposals*"

Page 9, line 20, after "PAYMENT" insert "; COLLECTION PROCEDURE" and before "For" insert "(a)"

Page 10, line 11, after the period insert:

"(b)"

Page 10, line 12, before the period insert "*consistent with this paragraph and other applicable law*"

Page 10, line 31, after the period insert:

"(c) *An ordinance establishing rates and charges shall also establish a procedure by which a person obligated to pay the rates and charges may, each year at a public hearing held before August 1 of each year, protest the payment of the rates and charges on the grounds that services to be provided under the service contract are not available to the person. The services shall be deemed available for the property of the person if the vendor agrees, and the related facilities have the capacity, to provide the services to the person as soon as the municipality or any other entity provides the property of the person with access to the services. Notice of the hearing shall be published at least 30 days prior to the hearing in an official newspaper in general circulation in the municipality. A person protesting the assessment of rates and charges under this paragraph shall file the objection in writing with the municipality at least five days prior to the hearing. Within ten days after the hearing, the municipality shall determine whether the rates and charges were properly assessed. A person protesting the assessment of rates and charges may appeal the assessment, and a private vendor may appeal a reduction in rates and charges for any person, to the district court in the same manner as appeal of other civil cases. Rates and charges erroneously collected shall be refunded with the same rate of interest as taxes refunded with interest under the general laws of this state.*

(d)"

Page 11, line 4, delete "*without*" and insert "*in*"

Page 11, lines 4 and 5, delete "*any competitive bidding requirement*" and insert "*subdivision 3*"

Page 11, line 8, delete everything after the period

Page 11, line 9, delete "*a private vendor,*" and insert:

"*Subd. 6. [REMEDIES.]*"

Page 11, line 10, delete "*reverts*" and insert "*shall vest in or revert*"

Page 11, line 12, after "*may*" insert "*acquire or*" and delete "*existing*" and "*it leases*"

Page 11, line 13, delete "*or sells to the private vendor*"

Page 11, line 16, delete "*existing*"

Page 15, line 1, after "LAWS" insert "; SALE OR LEASE OF EXISTING FACILITY"

Page 15, line 2, before "*Unless*" insert "(a)" and after "*therein,*" insert "*and except as provided in this section,*"

Page 15, after line 6, insert:

"(b) *A private vendor purchasing or leasing existing related facilities from a municipality shall recognize all exclusive bargaining representatives and existing labor agreements and those agreements shall remain in force until they expire by their terms. Persons who are not employed by a municipality in a related facility at the time of a lease or purchase of the facility by the private vendor are not "public employees" within the meaning of the public employees retirement act, chapter 353. Persons employed by a municipality in a related facility at the time of a lease or purchase of the facility by a private vendor shall continue to be considered to be "public employees" within the meaning of the public employees retirement act, chapter 353, but may elect to terminate their participation in the public employees retirement association as provided in this section. Each such employee may exercise the election annually on the anniversary of the person's initial employment by the municipality. An employee electing to terminate participation in the association is entitled to benefits that the employee would be entitled to if terminating public employment and may participate in a retirement program established by the private vendor.*"

Page 15, line 26, delete "*those*" and insert "*these*"

Page 15, line 27, delete "*those*" and after "*sections*" insert "*2 to 13*"

Page 15, line 30, delete "*or*" and insert a new comma

Page 15, line 32, before the period insert "*or (3) the provisions of any law relating to conflict of interest*"

Renumber the subdivisions in sequence.

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

POINT OF ORDER

Wynia raised a point of order pursuant to rule 3.9 that the Valento amendment, as amended, was not in order. The Speaker pro tempore Halberg ruled the point of order not well taken and the Valento amendment, as amended, in order.

Wynia requested a division of the Valento amendment, as amended.

The first portion of the Valento amendment, as amended, is Article 4 of the Valento amendment.

POINT OF ORDER

Wynia raised a point of order pursuant to rule 3.10 that Article 4 of the Valento amendment, as amended, was not in order. The Speaker pro tempore Halberg ruled the point of order well taken and Article 4 of the Valento amendment out of order.

Voss requested a division of the remaining articles of the Valento amendment, as amended.

The first portion of the Valento amendment, as amended, is Article 5 of the Valento amendment.

POINT OF ORDER

Voss raised a point of order pursuant to rule 3.9 that Article 5 of the Valento amendment, as amended, was not in order. The Speaker pro tempore Halberg ruled the point of order not well taken and Article 5 of the Valento amendment in order.

Olsen, S., offered an amendment to the Valento amendment, as amended, to H. F. No. 2287, the first engrossment.

POINT OF ORDER

Voss raised a point of order pursuant to rule 3.9 that the Olsen, S., amendment was not in order. The Speaker pro tempore Halberg ruled the point of order well taken and the amendment out of order.

Olsen, S., moved to amend the Valento amendment, as amended, to H. F. No. 2287, the first engrossment, as follows:

Page 1, after line 2, of the Valento amendment insert:

“Article 4

Section 1. Minnesota Statutes 1984, section 116.07, is amended by adding a subdivision to read:

*Subd. 4j. [PERMITS; WASTE FACILITIES.] The agency may not issue a permit for a new solid waste transfer station in Hennepin county within one-fourth mile of a nonretail food warehousing or nonretail food manufacturing facility in excess of 100,000 square feet, unless the facility owner consents.”*

Renumber the articles accordingly

POINT OF ORDER

Skoglund raised a point of order pursuant to rule 3.9 that the Olsen, S., amendment was not in order. The Speaker pro tempore Halberg ruled the point of order not well taken and the amendment in order.

The question recurred on the Olsen, S., amendment to the Valento amendment, as amended, to H. F. No. 2287, the first engrossment. The motion prevailed and the amendment to the amendment was adopted.

Wynia moved to amend the Valento amendment, as amended, to H. F. No. 2287, the first engrossment, as follows:

Page 1, after line 2, insert:

“Article 4

Section 1. Minnesota Statutes 1984, section 115.07, subdivision 1, is amended to read:

Subdivision 1. [OBTAIN PERMIT.] It shall be unlawful for any person to construct, install or operate a disposal system, or any part thereof, until plans therefor shall have been submitted to the agency unless the agency shall have waived the submission thereof to it and a written permit therefor shall have been granted by the agency.

*For disposal systems operated on streams with extreme seasonal flows, the agency must allow seasonal permit limits based on a fixed or variable effluent limit when the municipality operating the disposal system requests them and is in compliance with agency water quality standards.*

**Sec. 2. [115.54] [TECHNICAL ADVISORY COMMITTEE.]**

*The agency shall adopt and revise rules governing waste water treatment control under chapters 115 or 116 only with the advice of a technical advisory committee of nine members. One member of the committee shall be selected by each of the following: the state consulting engineers council, the University of Minnesota division of environmental engineering, the state association of general contractors, the state wastewater treatment plant operators association, the metropolitan waste control commission created by section 473.503, the association of metropolitan municipalities, the state association of small cities, and two members from the league of Minnesota cities. The technical advisory committee may review and advise the agency on any rule or technical requirements governing the wastewater treatment grant or loan program and may review the work of other professional persons working on a wastewater treatment project and make recommendations to those persons, the agency, and the concerned municipality, in order for the agency to ensure that water quality treatment standards will be met. The committee shall meet at least once a year, or at the call of the chair, and shall elect its chairperson. The agency must provide staff support for the committee, prepare committee minutes and provide information to the committee it may request. A quorum is a simple majority and official action must be by a majority vote of the quorum.*

**Sec. 3. Minnesota Statutes 1984, section 115A.14, subdivision 4, is amended to read:**

**Subd. 4. [POWERS AND DUTIES.]** *The commission shall review the biennial report of the board, the agency municipal project list and municipal needs list reports, and the budget for the agency division of water quality. The commission shall oversee the activities of the board under sections 115A.01 to 115A.72 and the activities of the agency under sections 115A.42 to 115A.46 (AND), 115A.49 to 115A.54, and 116.16 to 116.18 and direct such changes or additions in the work plan of the board and agency as it deems fit. The commission may conduct public hearings and otherwise secure data and expressions of opinion. The commission shall make such recommendations as it deems proper to assist the legislature in formulating legislation. Any data or information compiled by the commission shall be made available to any standing or interim committee of the legislature upon request of the chairperson of the respective committee.*

**Sec. 4. [116.163] [AGENCY FUNDING APPLICATION REVIEW.]**

**Subdivision 1. [CONSTRUCTION GRANT AND LOAN APPLICATIONS.]** *The agency shall, pursuant to agency rules and within 90 days of receipt of a completed application for a wastewater treatment facility construction grant or loan, grant*

*or deny the application and notify the municipality of the agency's decision. The time for consideration of the application by the agency may be extended up to 180 days if the municipality and the agency agree it is necessary.*

**Subd. 2. [LIMITATION ON MUNICIPAL PLANNING TIME.]** *A municipality shall complete all planning work required by the agency for award of a grant or loan, and be ready to advertise for bids for construction, within 2 years of receipt of grant or loan funds under subdivision 1. The planning time may be extended automatically by the amount of time the agency exceeds its 90-day review under subdivision 1.*

**Subd. 3. [BID REVIEW.]** *After a municipality has accepted bids for construction of a wastewater treatment project, the agency must review the bids within 30 days of receipt.*

**Sec. 5. [116.165] [INSPECTION RESPONSIBILITY.]**

*When a wastewater treatment plant is constructed with federal funds and a federal agency conducts inspections of the plant, the owner of the plant or the owner's designee must conduct inspections and forward all inspection documents required by the agency to the agency for its review.*

**Sec. 6. [116.167] [REVOLVING LOAN ACCOUNT.]**

**Subdivision 1. [APPLICATION.]** *This section is effective only if the federal government requires revolving loan accounts to be established under the authority of the federal Water Pollution Control Act.*

**Subd. 2. [STATE WATER POLLUTION CONTROL REVOLVING LOAN ACCOUNT.]** *The commissioner of finance shall maintain in the state bond fund a separate bookkeeping account which shall be designated as the state water pollution control revolving loan account to receive any federal money authorized for loans under the federal Water Pollution Control Act, and other money appropriated by law, for the purpose of providing financial assistance to municipalities for wastewater treatment.*

**Subd. 3. [LOANS.]** *A loan made to a municipality under this section shall be made only after resolutions have been adopted by the agency and the governing body of the municipality obligating the municipality to repay the loan to the state treasurer in annual installments, including both principal and interest. Each installment shall be in an amount sufficient to pay the principal amount within 20 years or a shorter time interval if the amount of the annual payment will not justify the administrative expenses of processing the payment, and shall be paid from user charges, taxes, special assessments, or other*

*funds available to the municipality. Interest on loans made to municipalities shall be established at a rate the commissioner of revenue reasonably determines sufficient to pay interest rates on state bonds issued under section 116.17, subdivision 2. Loan repayments must be deposited in the revolving loan account created by this section. Each participating municipality shall provide the agency with a financial health report compiled by the state auditor and the agency shall review the report before approving a loan. Municipalities receiving a loan under this section may still be eligible for a wastewater treatment grant from the agency.*

*Subd. 4. [RULES APPLICATION.] The disbursement of loans under this section must comply with rules adopted by the agency for loans for wastewater treatment facilities under chapter 116.*

**Sec. 7. [EFFECTIVE DATE.]**

*Article 4 is effective July 1, 1986."*

Renumber the articles accordingly.

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

The question was taken on Article 5 of the Valento amendment, as amended, and the roll was called. There were 79 yeas and 32 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Fjoslien	Krueger	Poppenhagen	Sviggunn
Backlund	Forsythe	Levi	Price	Thiede
Battaglia	Frederick	Lieder	Quist	Thorson
Becklin	Frerichs	Marsh	Rees	Tjornhom
Begich	Gutknecht	McEachern	Richter	Tomlinson
Bennett	Halberg	McKasy	Rose	Tompkins
Blatz	Hartinger	McPherson	Sarna	Tunheim
Brown	Hartle	Miller	Schafer	Uphus
Burger	Haukoos	Neuenschwander	Schoenfeld	Valento
Carlson, D.	Heap	Ogren	Schreiber	Vanasek
Clausnitzer	Jennings, L.	Olsen, S.	Seaberg	Vellenga
Dempsey	Johnson	Omman	Segal	Waltman
DenOuden	Kelly	Onnen	Shaver	Wenzel
Dimler	Kiffmeyer	Ozment	Sherman	Zaffke
Elioff	Knickerbocker	Pauly	Sparby	Spk. Jennings, D.
Erickson	Knuth	Piepho	Stanius	

Those who voted in the negative were:

Beard	Cohen	Kahn	Metzen	Norton
Brandl	Ellingson	Kostohryz	Minne	O'Connor
Carlson, L.	Greenfield	Long	Murphy	Osthoff
Clark	Jacobs	McLaughlin	Nelson, D.	Otis



Pappas  
Peterson  
Piper

Quinn  
Rice  
Rodosovich

Scheid  
Skoglund

Solberg  
Voss

Welle  
Wynia

The motion prevailed and Article 5 of the Valento amendment, as amended, was adopted.

The question was taken on Article 6 of the Valento amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 113 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Forsythe	McKasy	Piper	Skoglund
Backlund	Frederick	McLaughlin	Poppenhagen	Solberg
Battaglia	Frerichs	McPherson	Price	Sparby
Beard	Greenfield	Metzen	Quinn	Stanius
Becklin	Gruenes	Miller	Quist	Staten
Begich	Gutknecht	Minne	Redalen	Sviggum
Bennett	Hartinger	Nelson, D.	Rees	Thiede
Bishop	Haukoos	Nelson, K.	Rest	Thorson
Blatz	Heap	Neuenschwander	Rice	Tjornhom
Brandl	Jacobs	Norton	Richter	Tomlinson
Brown	Jennings, L.	O'Connor	Rivness	Tompkins
Burger	Johnson	Ogren	Rodosovich	Tunheim
Carlson, L.	Kelly	Olsen, S.	Rose	Valento
Clark	Kiffmeyer	Olson, E.	Sarna	Vanasek
Clausnitzer	Knickerbocker	Omann	Schafer	Vellenga
Cohen	Knuth	Onnen	Scheid	Voss
Dempsey	Kostohryz	Osthoff	Schoenfeld	Waltman
DenOuden	Krueger	Otis	Schreiber	Welle
Dimler	Levi	Ozment	Schberg	Wenzel
Elioff	Lieder	Pappas	Segal	Wynia
Ellingson	Long	Pauly	Shaver	Zaffke
Erickson	Marsh	Peterson	Sherman	
Fjoslien	McEachern	Piepho	Simoneau	

The motion prevailed and Article 6 of the Valento amendment was adopted.

Voss moved to amend H. F. No. 2287, the first engrossment, as amended, as follows:

Page 2, delete lines 2 through 16

Renumber the remaining sections accordingly and amend the title accordingly

A roll call was requested and properly seconded.

The Speaker resumed the Chair.

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 60 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Minne	Peterson	Simoneau
Battaglia	Jennings, L.	Munger	Piper	Skoglund
Beard	Kahn	Murphy	Price	Solberg
Begich	Kalis	Nelson, D.	Quinn	Sparby
Bishop	Knuth	Nelson, K.	Rees	Staten
Brown	Kostohryz	Norton	Rest	Tompkins
Carlson, L.	Krueger	O'Connor	Rice	Tunheim
Clark	Lieder	Ogren	Riveness	Vanasek
Cohen	Long	Olson, E.	Rodosovich	Vellenga
Dimler	McEachern	Osthoff	Sarna	Voss
Elioff	McLaughlin	Otis	Scheid	Welle
Ellingson	Metzen	Pappas	Schoenfeld	Wenzel

Those who voted in the negative were:

Backlund	Frederick	Kvam	Quist	Thorson
Becklin	Frerichs	Levi	Redalen	Tjornhom
Bennett	Gruenes	Marsh	Richter	Tomlinson
Blatz	Gutknecht	McKasy	Rose	Uphus
Brandl	Halberg	McPherson	Schafer	Valento
Burger	Hartinger	Miller	Schreiber	Waltman
Clausnitzer	Hartle	Neuenschwander	Seaberg	Wynia
Dempsy	Haukoos	Olsen, S.	Segal	Zaffke
DenOuden	Himle	Omann	Shaver	Spk. Jennings, D.
Dyke	Johnson	Onnen	Sherman	
Erickson	Kelly	Ozment	Stanius	
Fjoslien	Kiffmeyer	Piepho	Sviggunn	
Forsythe	Knickerbocker	Poppenhagen	Thiede	

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

Knuth was excused between 2:00 p.m. and 2:30 p.m.

Schreiber moved to amend H. F. No. 2287, the first engrossment, as amended, as follows:

Page 70, after line 16, insert:

"Sec. 9. [471.572] [INFRASTRUCTURE REPLACEMENT RESERVE FUND.]

*Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given:*

*“Reserve fund” means the infrastructure replacement reserve fund.*

*“City” means a statutory or home rule charter city.*

*Subd. 2. [TAX LEVY.] The governing body of a city may establish, by a two-thirds vote of all its members, by ordinance or resolution a reserve fund and may annually levy a property tax for the support of the fund. The proceeds of taxes levied for its support must be paid into the reserve fund. Any other revenue from a source not required by law to be paid into another fund for purposes other than those provided for the use of the reserve fund may be paid into the fund. A tax levied by the city in accordance with this section is a special levy within the meaning of section 275.50, subdivision 5. Before a tax is levied under this section, the city must publish in the official newspaper of the city an initial resolution authorizing the tax levy. If within ten days after the publication a petition is filed with the city clerk requesting an election on the tax levy signed by a number of qualified voters greater than ten percent of the number who voted in the city at the last general election, the tax may not be levied until the levy has been approved by a majority of the votes cast on it at a regular or special election.*

*Subd. 3. [PURPOSES.] The reserve fund may be used only for the replacement of streets, bridges, curbs, gutters and storm sewers.*

*Subd. 4. [USE OF FUND FOR A SPECIFIC PURPOSE.] If the city has established a reserve fund, it may submit to the voters at a regular or special election the question of whether use of the fund should be restricted to a specific improvement or type of capital improvement. If a majority of the votes cast on the question are in favor of the limitation on the use of the reserve fund, it may be used only for the purpose approved by the voters.*

*Subd. 5. [HEARING; NOTICE.] A reserve fund may not be established until after a public hearing is held on the question. Notice of the time, place, and purpose of the hearing must be published for two successive weeks in the official newspaper of the city. The second publication must be not later than seven days before the date of the hearing.*

*Subd. 6. [TERMINATION OF FUND.] The city may terminate a reserve fund at any time in the same manner as the fund was established. Upon termination of the fund any balance is irrevocably appropriated to the debt service fund of the city to be used solely to reduce tax levies for or bonded indebtedness of the city or, if the city has no bonded indebtedness, for capital improvements authorized by this section.”*

Renumber the sections

Amend the title as follows:

Page 1, line 11, after the semicolon insert "authorizing establishment of a capital improvement reserve fund;"

Page 1, line 30, delete "chapter" and insert "chapters 471;"

The motion prevailed and the amendment was adopted.

H. F. No. 2287, A bill for an act relating to the financing of state and local government; modifying the computation of education aids and levies for certain school districts with tax increment financing districts; imposing limitations on tax increment financing; modifying tax increment financing procedures; allocating issuance authority for obligations subject to a federal volume limitation act; eliminating the maximum interest rate for certain municipal obligations; authorizing the issuance of bonds for new purposes; authorizing establishment of a capital improvement reserve fund; modifying the procedures for issuing certain municipal bonds; modifying the investment powers of municipalities; amending Minnesota Statutes 1984, sections 115.07, subdivision 1; 115A.14, subdivision 4; 116.07, by adding a subdivision; 116D.04, subdivision 1a; 117.521, subdivision 3; 124.2131, by adding a subdivision; 124.214, by adding a subdivision; 272.01, subdivision 2; 273.72; 273.73, subdivisions 2, 8, and 10; 273.74, subdivisions 1 and 4; 273.75, subdivisions 2, 6, and 7, and by adding subdivisions; 273.76, subdivisions 4 and 7, and by adding a subdivision; 273.78; 273.86, subdivision 1; 355.11, subdivision 5; 412.301; 462C.02, subdivisions 6 and 9; 462C.06; 462C.07, subdivision 1; 466.06; 471.59, subdivision 11; 471.88, subdivisions 1, 9, and 11; 471.981, by adding subdivisions; 474.02, subdivision 3, and by adding a subdivision; 474.16, subdivision 2; 475.51, subdivision 5; 475.55, subdivisions 1, 2, and 3; 475.61, subdivision 5; and 475.66, subdivision 2; Minnesota Statutes 1985 Supplement, sections 273.74, subdivisions 2 and 3; 273.75, subdivisions 1 and 4; 273.76, subdivision 1; 353.01, subdivision 2a; 395.08; 462C.12, subdivision 2; 472B.04; 473F.02, subdivision 3; 475.52, subdivision 6; 475.56; 475.58, subdivision 1; 475.60, subdivision 2; 475.66, subdivision 1; and 475.76, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 115; 116; 297A; 458; 471; and 475; proposing coding for new law as Minnesota Statutes, chapters 116N; 458C; 471A; and 474A; repealing Minnesota Statutes, sections 462C.09, subdivisions 1 and 4; 474.16, subdivisions 1, 2, and 5; 474.21; 474.25; and 475.55, subdivisions 4 and 5; and Minnesota Statutes 1985 Supplement, sections 462C.09, subdivisions 2a, 3, 5, and 6; 474.16, subdivisions 3, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15; 474.17; 474.19; 474.20; 474.23; and 474.26.

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 75 yeas and 47 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dimler	Kelly	Onnen	Segal
Anderson, R.	Dyke	Kiffmeyer	Ozment	Shaver
Backlund	Erickson	Knickerbocker	Pauly	Sherman
Battaglia	Fjoslien	Kostohryz	Picpho	Stanius
Becklin	Forsythe	Kvam	Poppenhagen	Sviggum
Begich	Frederick	Levi	Quist	Thiede
Bennett	Frerichs	Lieder	Redalen	Thorson
Bishop	Cruenes	Marsh	Rest	Tjornhom
Boo	Gutknecht	McKasy	Richter	Tomlinson
Brandl	Halberg	McPherson	Riveness	Uphus
Burger	Hartle	Miller	Rose	Valan
Carison, D.	Haukoos	Neuenschwander	Schafer	Valento
Clausnitzer	Himle	Olsen, S.	Schoenfeld	Waltman
Dempsey	Johnson	Olson, E.	Schreiber	Wenzel
DenOuden	Kalis	Omann	Seaberg	Spk. Jennings, D.

Those who voted in the negative were:

Beard	Kahn	Norton	Rees	Tunheim
Boerboom	Krueger	O'Connor	Rice	Vanasek
Carlson, L.	Long	Ogren	Rodosovich	Vellenga
Clark	McEachern	Osthoff	Sarna	Voss
Cohen	McLaughlin	Otis	Scheid	Welle
Elioff	Metzen	Pappas	Simoneau	Wynia
Ellingson	Minne	Peterson	Skoglund	Zaffke
Greenfield	Murphy	Piper	Solberg	
Hartinger	Nelson, D.	Price	Sparby	
Jennings, L.	Nelson, K.	Quinn	Staten	

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

### SPECIAL ORDERS

S. F. No. 1701, A bill for an act relating to town powers; authorizing the establishment of a perpetual care program for certain cemeteries; amending Minnesota Statutes 1985 Supplement, section 365.10.

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 115 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Beard	Boerboom	Carlson, D.	Cohen
Anderson, R.	Becklin	Brandl	Carlson, L.	Dempsey
Backlund	Begich	Brown	Clark	DenOuden
Battaglia	Bennett	Burger	Clausnitzer	Dimler

Dyke	Kelly	Nelson, D.	Price	Solberg
Elioff	Kiffmeyer	Nelson, K.	Quinn	Sparby
Ellingson	Knickerbocker	Neuenschwander	Redalen	Stanius
Erickson	Knuth	Norton	Rees	Staten
Fjoslien	Kostohryz	O'Connor	Rest	Sviggum
Forsythe	Krueger	Ogren	Rice	Thorson
Frederick	Kvam	Olsen, S.	Riveness	Tjornhom
Frerichs	Levi	Olson, E.	Rodosovich	Tomlinson
Greenfield	Lieder	Omann	Rose	Tunheim
Gruenes	Long	Onnen	Sarna	Uphus
Gutknecht	Marsh	Osthoff	Schafer	Valento
Hartinger	McEachern	Otis	Scheid	Vellenga
Hartle	McKasy	Ozment	Schoenfeld	Voss
Haukoos	McLaughlin	Pappas	Seaberg	Waltman
Jacobs	McPherson	Pauly	Segal	Welle
Jaros	Metzen	Peterson	Shaver	Wenzel
Jennings, L.	Minne	Piepho	Sherman	Wynia
Johnson	Munger	Piper	Simoneau	Zaffke
Kalis	Murphy	Poppenhagen	Skoglund	Spk. Jennings, D.

The bill was passed and its title agreed to.

S. F. No. 2069, A bill for an act relating to elections; providing for postponement of precinct caucuses in case of inclement weather; amending Minnesota Statutes 1984, section 202A.14, 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.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 108 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Elioff	Lieder	Peterson	Skoglund
Anderson, R.	Erickson	Long	Piepho	Solberg
Backlund	Fjoslien	Marsh	Piper	Sparby
Battaglia	Forsythe	McEachern	Poppenhagen	Stanius
Beard	Frederick	McPherson	Price	Staten
Becklin	Frerichs	Metzen	Quinn	Sviggum
Begich	Gruenes	Minne	Quist	Thiede
Bennett	Gutknecht	Munger	Redalen	Tjornhom
Bishop	Halberg	Nelson, D.	Rees	Tunheim
Boo	Hartinger	Nelson, K.	Rest	Uphus
Brandl	Hartle	Neuenschwander	Richter	Valento
Brown	Jacobs	Norton	Riveness	Vanasek
Burger	Jaros	O'Connor	Rodosovich	Vellenga
Carlson, D.	Johnson	Ogren	Sarna	Voss
Carlson, L.	Kalis	Olsen, S.	Schafer	Waltman
Clark	Kiffmeyer	Olson, E.	Scheid	Welle
Clausnitzer	Knickerbocker	Omann	Schoenfeld	Wenzel
Cohen	Knuth	Onnen	Seaberg	Wynia
Dempsey	Kostohryz	Otis	Segal	Zaffke
DenOuden	Krueger	Ozment	Shaver	Spk. Jennings, D.
Dimler	Kvam	Pappas	Sherman	
Dyke	Levi	Pauly	Simoneau	

Those who voted in the negative were:

Greenfield	Kelly	Murphy	Osthoff	Tomlinson
Kahn				

The bill was passed and its title agreed to.

S. F. No. 2079, A bill for an act relating to human services; creating a service for the blind and visually handicapped in the department of jobs and training; providing for appeals; providing a penalty; amending Minnesota Statutes 1985 Supplement, sections 13.46, subdivision 2; 248.07, subdivisions 1, 2, 3, 4, 5, 7, 12, 14, 14a, and 15; proposing coding for new law in Minnesota Statutes, chapters 13 and 248; repealing Minnesota Statutes 1985 Supplement, section 248.08.

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.

Halberg moved that those not voting be excused from voting. The motion prevailed.

There were 121 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

Halberg moved that the remaining bills on Special Orders 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 names of Uphus and Frederick be added as authors on H. R. No. 47. The motion prevailed.

Johnson moved that the name of Stanius be added as an author on H. F. No. 1793. The motion prevailed.

Solberg moved that the name of Neuenschwander be stricken and the name of Hartinger be added as an author on H. F. No. 2071. The motion prevailed.

Kelly moved that the name of Stanius be shown as chief author and the name of Kelly be shown as fifth author on H. F. No. 2132. The motion prevailed.

Schreiber moved that the names of Valento, Brandl, Tomlinson and Pauly be added as authors on H. F. No. 2287. The motion prevailed.

Rose moved that the name of Stanius be added as an author on H. F. No. 2395. The motion prevailed.

Simoneau moved that his name be stricken as an author on H. F. No. 2037. The motion prevailed.

Vanasek introduced:

House Resolution No. 48, A house resolution congratulating the Trojans team from New Prague High School for winning the 1985 Class A State High School Football Championship.

The resolution was referred to the Committee on Rules and Legislative Administration.

Levi moved that when the House adjourns today it adjourn until 12:00 noon, Friday, March 14, 1986. The motion prevailed.



REPORT FROM THE COMMITTEE ON RULES AND  
LEGISLATIVE ADMINISTRATION

Levi from the Committee on Rules and Legislative Administration made the following report and moved its adoption:

REPORT OF THE RULES COMMITTEE REGARDING  
REPRESENTATIVE RANDOLPH W. STATEN

SUMMARY OF COMMITTEE MEETINGS

The Committee on Rules and Legislative Administration met at 10:00 A.M. on February 27, 1986 to consider the report of the Select Committee on the Staten Case. Representative Dempsey, chair of the Select Committee, presented the report to the committee and answered questions from the committee members.

Representative Staten was present with his counsel, Kenneth Tilsen. Mr. Tilsen addressed the committee and responded to questions from the committee. Representative Staten addressed the committee and responded to questions from committee members. Representative Staten provided written materials to the committee.

The Committee on Rules and Legislative Administration continued its hearing on the Report of the Select Committee at 5:00 P.M. on March 4, 1986.

Representative Staten and his counsel, Kenneth Tilsen, were present and responded to questions from committee members. Representative Staten provided written materials to the committee. Representatives Brandl and Vellenga, members of the Select Committee, were present and responded to questions from committee members.

ADOPTION OF REPORT OF SELECT COMMITTEE

The Findings and Report of the Select Committee on the Staten Case are adopted and are incorporated in this report.

RECOMMENDATION

1. The House of Representatives finds that Representative Staten's conduct with respect to the requirements of Chapter 10A, the Ethics in Government Act, from January 31, 1985 to January 31, 1986 and his plea of guilty to felony theft reflect a pattern of willful neglect and willful and deliberate conduct in disregard of state law, and fail to meet the standard of conduct for members of the House of Representatives.

2. Representative Staten shall be expelled pursuant to the Minnesota Constitution, Article IV, Section 7.

3. Upon Representative Staten's expulsion, the existence of a vacancy in the office of Representative from Legislative District 57B, Hennepin County, shall be certified to the Honorable Rudy Perpich, Governor of Minnesota.

REPORT OF THE SELECT COMMITTEE  
ON THE STATEN CASE

APPOINTMENT OF SELECT COMMITTEE

On January 24, 1986 the Speaker of the House appointed a Select Committee to investigate:

(1) findings by the Ethical Practices Board in the matter of repeated filings of incomplete reports of receipts and expenditures by the Staten Volunteer Committee, referred to the House Rules Committee on November 8, 1985 (Hereafter, "Board Findings"); and

(2) a plea of guilty to felony theft entered in district court by Representative Randolph W. Staten on January 17, 1986.

The committee was directed to make a recommendation to the House Rules Committee no later than February 26, 1986 as to what action, if any, the House of Representatives should take on these matters.

The committee's charge was to decide whether action should be taken pursuant to the House's power to judge the eligibility of its members (Minn. Const., Art. IV, Sec. 6; Art. VII, Secs. 1, 6) or its power to punish or expel members (Art. IV, Sec. 7). The committee determined its inquiry would be limited to the public record in the two matters under investigation and any additional evidence Representative Staten might supply. The committee's meetings were conducted in public with the same advance notice and other procedures as apply to all legislative committee hearings. Representative Staten and his attorney were invited to be present and were offered the opportunity to question witnesses and to call their own witnesses.

SUMMARY OF COMMITTEE MEETINGS

The committee held its first meeting Tuesday, February 11, 1986 at 4:00 p.m. Representative Dempsey, chairman of the committee, outlined the procedures the committee would follow and introduced Representative Staten to the committee. After

making a statement, answering questions, and submitting a copy (attached) of the check in question in Board Finding No. 4, Representative Staten left the meeting.

Copies of the Board Findings and supporting records were provided to the committee and are attached to this report. Mary Ann McCoy, Executive Director of the Ethical Practices Board, explained the Findings.

Martha J. Casserly, Special Assistant Attorney General for the Ethical Practices Board, explained her work on the Staten matter and answered questions from the committee.

The committee held its second meeting Friday, February 14, 1986, at 10:30 a.m. Representative Staten was not present. Ms. McCoy, Ms. Casserly, and Martin McGowan, Chairman of the Ethical Practices Board, answered further questions about the Board Findings. The complaint and transcripts of the plea and sentencing hearings in *State v. Staten* (D.C. 89406; C.A. 85-2600) were provided to the committee and are attached to this report. William Edwards, Chief of the Hennepin County Attorney's Office Criminal Division, and Stephen L. Redding, the Assistant Hennepin County Attorney responsible for prosecuting *State v. Staten*, explained the complaint, plea, and sentencing in the case and answered questions from the committee.

The committee held its third meeting, Tuesday, February 18, 1986, at 11:00 a.m. Representative Staten and his attorney, Kenneth Tilsen, were present.

Mr. Tilsen made a statement and answered questions from the committee.

Ms. McCoy, Ms. Casserly, and Harmon Ogdahl, Vice-Chair of the Ethical Practices Board, answered questions from the committee.

Representative Brandl made a statement. He then made a motion that the staff be directed to prepare a document in two parts:

- (1) a chronology of Representative Staten's reports and other communications to the Ethical Practices Board and the Board's findings, and the facts regarding Representative Staten's felony plea; and

- (2) a recommendation to the Rules Committee for the Select Committee's consideration at its next meeting, that Representative Staten be expelled from the House of Representatives.

The committee adopted Representative Brandl's motion.

Based upon the documents submitted to the committee and the testimony of witnesses appearing at its meetings, the undersigned members of the committee find as follows.

## FINDINGS OF FACT

### I. ETHICAL PRACTICES BOARD MATTER

The Select Committee incorporates in its findings as background to the Board's 1985 Findings a chronology of the incidents relating to Representative Staten's filing of incomplete and untimely reports with the Ethical Practices Board from 1981 through January 31, 1986, identified as APPENDIX—REPORT OF THE SELECT COMMITTEE. Board Findings Nos. 4 and 8 are incorporated only to the extent specified in Part B of this section.

The Select Committee adopts seven of the nine 1985 Ethical Practices Board Findings in their entirety, and portions of the remaining two. (The committee has noted in parentheses criminal penalties were applicable for the Chapter 10A provisions cited in the Board Findings.)

#### A. Board Findings Adopted in Their Entirety

Finding No. 1. As treasurer of his principal campaign committee, Representative Staten failed to timely file two of the three reports covering the 1984 election year. In two instances, certified letters and other official communications were sent. Reports as filed and subsequent amendments were incomplete and inconsistent with subpoenaed committee and bank records. Minn. Stat. Sec. 10A.20, subds. 2, 3, and 12 (misdemeanor).

Finding No. 2. Representative Staten stated on several filed reports or amendments that the contents were incomplete as filed and would need subsequent amendments. Amendments were not filed within the ten days required by law. Minn. Stat. Sec. 10A.23 (gross misdemeanor).

Finding No. 3. Although a public financing warrant for \$3,115.36 was presented to the committee depository for payment, \$2,040 in cash was paid at the same time and only \$1,874.36 of public financing was deposited in the committee depository. Minn. Stat. Sec. 10A.15, subd. 3 (misdemeanor).

Finding No. 5. Representative Staten has failed to maintain committee records as required by law, due to the event of a fire at his home in January, 1985. However, he has failed to demonstrate good faith efforts to reconstruct his records. Minn. Stat. Sec. 10A.22, subd. 6 (misdemeanor).

Finding No. 6. The pattern observed by the Board in its 1983 investigation of a second "all zeros" filing by Representative Staten on behalf of his committee has continued into 1984 and 1985, despite Representative Staten's declaration in 1983 that any problem encountered in the past would not occur in the future. Board Findings, July 5, 1983.

Finding No. 7. Representative Staten has repeatedly failed to comply with the requirements imposed by Minn. Stat. Ch. 10A for timely, accurate disclosure of campaign contributions, campaign expenditures; record keeping and deposits of campaign contributions and public financing warrants; and timely, accurate reporting and amending of filed reports. Minn. Stat. Secs. 10A.13, subd. 1 (misdemeanor); 10A.15, subd. 3 (misdemeanor); 10A.20, subd. 12 (misdemeanor); 10A.22, subd. 6 (misdemeanor); and 10A.23 (gross misdemeanor).

Finding No. 9. The ultimate responsibility for maintenance of ethical practices in the election process lies with the body in which a legislator serves. While the Board administers the campaign finance disclosure process, it is the legislative body which must judge the standards of its membership.

#### B. Board Findings Adopted in Part

Finding No. 4. Representative Staten failed to deposit in the committee depository a \$700 check, which included a contribution of \$350 and a loan of \$350. Although the contribution was received just before the 1984 general election, no timely notice of the receipt was received by the Board, as required by law. Minn. Stat. Sec. 10A.15, subd. 5.

Representative Staten supplied evidence to the committee contradicting the first sentence of Finding No. 4, which is not adopted by the committee. The committee adopts the second sentence of Finding No. 4.

Finding No. 8. Board members, its staff, and counsel have exhausted the remedies available to them to secure compliance by Representative Staten with the requirements of Minn. Stat. Ch. 10A. The Board has collected each late filing fee owed, with the exception of \$250 for which payment was promised by Representative Staten in writing. The Board has deposited the fees in the general fund of the state. Minn. Stat. Secs. 10A.20, subd. 12; 10A.34, subd. 1a.

The committee adopts Finding No. 8, except for the reference to the unpaid \$250 filing fee. When the Findings were referred to the House Rules Committee, the fee had not been paid. As of January 31, 1986 it was paid in full.

## II. CRIMINAL CHARGES

With respect to the case of *State v. Staten* (D.C. 89406; C.A. 85-2600), the Select Committee makes the following findings of fact:

1. On November 8, 1985, a criminal complaint was filed in Hennepin County District Court by the Hennepin County Attorney's office alleging that Representative Staten had violated Minnesota Statutes, section 609.52, subdivisions 2(3) (a) and 3 by committing theft in an amount over \$2,500. This offense is a felony and carries a maximum penalty of ten years imprisonment and/or a \$20,000 fine.

2. On January 17, 1986, pursuant to a plea agreement with the Hennepin County Attorney's office, Representative Staten entered a plea of guilty to a reduced charge of theft in an amount over \$250. Representative Staten's guilty plea was accepted by the Court. This offense is a felony and carries a maximum penalty of five years imprisonment and/or a \$10,000 fine.

3. On February 10, 1986, Representative Staten appeared before District Judge Walter Mann for sentencing. Judge Mann ordered that Representative Staten be sentenced to 90 days in the Hennepin County Workhouse, that execution of the sentence be stayed, and that Representative Staten be placed on one year's probation under certain conditions.

4. Under Minnesota Statutes, section 609.13, because the sentence imposed on Representative Staten was within the limits placed by law on misdemeanor offenses, Representative Staten's conviction for a felony pursuant to his guilty plea is deemed to be a conviction for a misdemeanor.

5. Because of the nature of the sentence imposed, Representative Staten did not suffer a loss of his civil rights as a result of his conviction, and therefore remains a qualified voter of this state as required by Article VII, Section 1 of the Minnesota Constitution and eligible to serve in the Minnesota House of Representatives pursuant to Article IV, Section 6.

6. The fact that Representative Staten was sentenced within the misdemeanor limits and, therefore, deemed to have been convicted of a misdemeanor rather than felony, does not change the nature of the conduct engaged in and admitted to by Representative Staten; that is, the intentional theft of property or services in an amount over \$250 by writing checks which Representative Staten knew would not be paid by the bank on which they were drawn.

## RECOMMENDATIONS

We, the undersigned, upon the foregoing findings of fact, recommend that:

1. The House of Representatives find that Representative Staten's conduct with respect to the requirements of Chapter 10A, the Ethics in Government Act, from January 31, 1985 to January 31, 1986 and his plea of guilty to felony theft reflect a pattern of willful neglect and willful and deliberate conduct in disregard of state law, and fail to meet the standard of conduct for members of the House of Representatives.

2. The House of Representatives expel Representative Staten pursuant to the Minnesota Constitution, Art. IV, Sec. 7.

3. Upon Representative Staten's expulsion, the existence of a vacancy in the office of Representative from Legislative District 57B, Hennepin County, be certified to the Honorable Rudy Perpich, Governor of Minnesota.

TERRY M. DEMPSEY, CHAIR

JOHN E. BRANDL

SIDNEY PAULY

KATHLEEN VELLENGA

## APPENDIX—DRAFT REPORT OF THE SELECT COMMITTEE

## ETHICAL PRACTICES BOARD CHRONOLOGY

The Select Committee finds that the following sequence occurred in Representative Staten's filing of incomplete and untimely reports with the Ethical Practices Board from 1981 through January 31, 1986.

1981

February 2, 1981: A 1980 year end report of receipts and expenditures was due but not filed.

February 6, 24, and March 11, 1981: Rep. Staten's treasurer was sent notices that the report was late and a late fee would be imposed.

March 3, 1981: Rep. Staten filed the report which was due February 2, 1981. It contained "all zeros" for expenditures from October 21 to December 31, 1980.

March 12, 1981: Rep. Staten requested a waiver of the \$45 late fee because the delay was due to his campaign manager's being out of town and another staff person's losing necessary materials.

April 17, 1981: By letter, staff informed Rep. Staten that on April 10 the Board reviewed and denied the waiver. Staff requested payment by May 14, 1981.

May 14, 1981: A staff memo was sent to Rep. Staten requesting a response to the Board regarding his failure to submit the late filing fee.

May 15, 1981: The Board received a check for the late fee from Rep. Staten.

### 1982

February 1, 1982: The 1981 year end report was due but not filed.

February 18, 1982: The 1981 year end report was filed and a \$10 late fee was paid.

September 7, 1982: The pre-primary report was due but not received.

September 16, 1982: The pre-primary report was received, subject to a \$50 per business day late fee (\$150 total).

September 17, October 1, and October 8, 1982: Notices of the late filing fee were sent.

October 12, 1982: The late filing fee of \$150 was paid.

October 25, 1982: The pre-election report was due but not filed.

November 4, 1982: The pre-election report was received subject to a \$50 per business day late fee (\$200 total).

November 4, November 15, and November 24, 1982: Notices of the late fee were sent to Rep. Staten.

December 12, 1982: Rep. Staten paid the \$200 late fee.

### 1983

February 4, 1983: Notice by certified mail was sent to the Staten Volunteer Committee treasurer that a report of receipts and expenditures for October 19 — December 31, 1982 was not filed by January 31, 1983, as required.



February 22, 1983: The notice was returned unclaimed, then deposited in first class mail and deemed received five days later on March 1, 1983. A late filing fee began to accrue March 9 and reached its \$100 maximum April 15, 1983.

March 3, 1983: Rep. Staten filed a report of committee receipts and expenditures containing only zeros for the period October 19 — December 31, 1982. The report (1) did not carry forward required information from the 1982 pre-primary and pre-general election periods and (2) did not disclose receipt of two public financing warrants cashed on December 16, 1982. Rep. Staten noted on the report that he would amend his last three reports March 7, 1983.

March 18, 1983: A Board executive session determined that no required amendments to the three prior reports had been made. The Board noted that in March, 1981 an "all zeros" report was filed and the Board had imposed a \$45 late filing fee and notified Rep. Staten that there was a penalty for omitting information on a report certified to be true.

March 25, 1983: By letter this date the Board requested Rep. Staten to appear in executive session May 6, 1983 and provide information about the March 3 filing and the failure to amend 1982 election committee reports.

April 21, 1983: Since no response was received to the March 23 letter, a copy of it and a reminder were hand delivered to Rep. Staten. By letter received later that day, Rep. Staten informed the Board that he would meet with staff on April 26, 1983 to file the amendments. Rep. Staten cancelled this appointment. Several other appointments with staff were made and cancelled by Rep. Staten, but no amendments were filed before the May 6 Board meeting.

May 6, 1983: Rep. Staten appeared before the Board in executive session, apologized for past negligence, stated that he had acted on advice that it was more important to file on time than to file accurately, and promised to file amendments by May 9, 1983.

May 9, 1983: Rep. Staten met with staff, filed the January 31, 1983 report and properly amended two prior reports covering January 1 — October 18, 1982. The Board discussed the matter in executive session.

June 23, 1983: The Board again discussed the Staten matter in executive session.

July 5, 1983: The Board issued findings as follows. Material in brackets is supplied by this committee.

Finding No. 1. There is no probable cause to believe a violation of Minn. Stat. Sec. 10A.23 (1982) occurred. [i.e., no willful failure to report a material change or correction in a report]

Finding No. 2. The Board did not accept the statement Representative Staten filed on March 3, 1983, as a report, because it did not contain the information required by Minn. Stat. Sec. 10A.20 [i.e. specifics about assets, contributions, etc.]

Finding No. 3. The Board accepted the report covering the period October 19 through December 31, 1982, which was filed by Representative Staten on May 9, 1983, together with amendments to two 1982 reports which were filed on May 9, 1983. The Board's action in accepting the referenced report and amendments did not alter the fact that the committee failed to provide timely disclosure and amendments to filed reports in accordance with the Ethics in Government Act.

Finding No. 4. The Board concluded that the March 3, 1983, statement resulted from Representative Staten's reliance upon faulty advice and that the statement was not a willful attempt to deny to the public the disclosure of campaign finance information.

Finding No. 5. Representative Staten paid the \$100 late filing fee on June 30, 1983.

The matter is concluded and entered into the public record under Minn. Stat. Sec. 10A.02, subd. 11.

#### 1984

September 4, 1984: The pre-primary report Rep. Staten filed was incomplete. It omitted occupations and/or addresses for 20 contributors.

September 17, October 1, October 16, 1984: Rep. Staten was sent Board staff notices requesting an amended report.

October 10, 1984: Rep. Staten presented a public finance warrant for \$3,115.36 and other checks to his committee depository but deposited only \$1,874.36 of the total in the committee account.

October 18, 1984: Rep. Staten filed an amended report. One contributor was changed from Pilot City Special Fund to Jim Mosley between the September 4 report and the October 18 report.

October 29, 1984: A report was due, but not filed.

November 5, 1984: A late report was filed with blank receipt and expenditure summary pages. Rep. Staten wrote on it: "I

will need to submit an amended report to summarize enclosed information and submit additional details of expenditures and receipts."

December 26, 1984: After three notices, Rep. Staten paid the \$50 fee for late filing of the October 29 report.

## 1985

January 31, 1985: The year-end 1984 report was not filed when due.

March 14, 1985: After three notices, Rep. Staten filed the report due January 31, 1985 with blank receipt and expenditure summary pages and blank schedules for notes, loans and unpaid bills. He also filed an incomplete amendment to the October 29, 1984 report just before the Board meeting. The Board voted to subpoena committee records and invite Rep. Staten to appear at its next executive session to discuss apparent problems with filing proper reports.

April 2, 1985: Subpoena issued to Rep. Staten for the delivery of committee records by April 12, 1985; date extended to April 16, 1985.

April 16, 1985: Records were delivered with a letter stating that additional records would be furnished in about two weeks (April 30, 1985). Rep. Staten paid \$60 late filing fee for January 31, 1985 report after three staff notices dated March 15, March 29 and April 12, 1985.

April 18, 1985: Rep. Staten was sent a letter setting the time for his appearance at the May 16, 1985 Board meeting.

May 3, 1985: Rep. Staten was sent a letter changing the time for his appearance at the May 16 meeting, with a reminder that additional records had not been received.

May 6, 1985: A staff memo to the Board summarized problems noted with committee records supplied April 16, 1985.

May 7, 1985: Rep. Staten called the office and stated that due to end-of-legislative-session matters he would be unable to appear at the May 16th meeting. The Board chairman authorized extending the matter until the next Board meeting; staff notified Rep. Staten by telephone.

May 16, 1985: In executive session the Board reviewed subpoenaed committee records and found them inconsistent with filed reports.

May 23, 1985: Letter dated May 21, 1985 from Rep. Staten was received by the Board, regarding a delay by the bank in supplying records.

May 24, 1985: Staff responded to Rep. Staten's letter by sending him a copy of the May 6, 1985 memo they had provided the Board.

June 12, 1985: Rep. Staten called the Board about the date of the next Board meeting.

June 24, 1985: The Board sent Rep. Staten a letter setting the date and time of his Board appearance with a reminder that additional records had not been received.

July 15, 1985: Letter sent Rep. Staten confirming time of appointment on August 9th and place of meeting.

August 6, 1985: Due to his father's death, Rep. Staten cancelled the August 9 Board appointment.

August 9, 1985: In executive session the Board decided to subpoena committee bank records to review potential problems with the deposit of public finance warrants.

August 16, 1985: A letter was sent to Rep. Staten from the Board's attorney demanding complete and accurate 1984 reports and an explanation of his apparent failure to deposit public finance warrants by August 26, 1985.

August 26, 1985: The Board received Rep. Staten's letter stating he would file the reports by 4:30 p.m., August 27, 1985, and was attempting to provide records and answers from other sources.

August 27, 1985: No reports were filed, but Rep. Staten made an appointment with Board staff for August 28, 1985 and promised he would file the reports August 28, 1985.

August 28, 1985: Rep. Staten met with Board staff and promised he would file reports August 29, 1985.

August 29, 1985: No report was filed; Board staff left telephone messages at Rep. Staten's office.

August 30, 1985: No report was filed; Board staff left a telephone message, which Rep. Staten returned after staff left.

September 3, 1985: Rep. Staten made an appointment with Board staff for September 4, 1985 stating his report was 95% completed.

September 4, 1985: Rep. Staten cancelled his appointment and promised reports would be filed September 5, 1985.

September 5, 1985: Partially completed reports for the pre-1984 general election period and the 1984 year-end period were filed with a promise that the remainder of the reports would be submitted on September 6, 1985.

September 6, 1985: No response from Rep. Staten.

September 9, 1985: No response from Rep. Staten.

September 23, 1985: Notice was sent to Rep. Staten that a late filing fee was due for failure to timely report a large contribution received just before the 1984 election.

September 30, 1985: Rep. Staten was asked by letter to appear before the Board on October 24 to conclude the Board's inquiry into his repeated failure to file timely reports. A second notice of the 1984 report late filing fee was also sent.

October 8, 1985: Rep. Staten was sent a third notice of the 1984 report late filing fee.

October 23, 1985: Rep. Staten came to the Board office with additional amendments to 1984 reports and a letter stating he would pay the late filing fee by November 1. He stated he would not appear at the October 24 Board meeting.

October 24, 1985: In executive session the Board discussed the matter and made findings.

November 8, 1985: Rep. Staten was sent a letter noting errors in the report amendments filed October 23. Findings were sent from the Ethical Practices Board to the House Rules Committee as follows:

#### FINDINGS

Finding No. 1. As treasurer of his principal campaign committee, Representative Staten failed to timely file two of the three reports covering the 1984 election year. In two instances, certified letters and other official communications were sent. Reports as filed and subsequent amendments were incomplete and inconsistent with subpoenaed committee and bank records. Minn. Stat. Sec. 10A.20, subds. 2, 3, and 12.

Finding No. 2. Representative Staten stated on several filed reports or amendments that the contents were incomplete as filed and would need subsequent amendments. Amendments were not

filed within the ten days required by law. Minn. Stat. Sec. 10A.23.

Finding No. 3. Although a public financing warrant for \$3,115.36 was presented to the committee depository for payment, \$2,040 in cash was paid at the same time and only \$1,874.36 of public financing was deposited in the committee depository. Minn. Stat. Sec. 10A.15, subd. 3.

Finding No. 4. Representative Staten failed to deposit in the committee depository a \$700 check, which included a contribution of \$350 and a loan of \$350. Although the contribution was received just before the 1984 general election, no timely notice of the receipt was received by the Board, as required by law. Minn. Stat. Secs. 10A.15, subd. 3; 10A.20, subd. 5.

Finding No. 5. Representative Staten has failed to maintain committee records as required by law, due to the event of a fire at his home in January, 1985. However, he has failed to demonstrate good faith efforts to reconstruct his records. Minn. Stat. Sec. 10A.22, subd. 6.

Finding No. 6. The pattern observed by the Board in its 1983 investigation of a second "all zeros" filing by Representative Staten on behalf of his committee has continued into 1984 and 1985, despite Representative Staten's declaration in 1983 that any problem encountered in the past would not occur in the future. Board Findings, July 5, 1983.

Finding No. 7. Representative Staten has repeatedly failed to comply with the requirements imposed by Minn. Stat. Ch. 10A for timely, accurate disclosure of campaign contributions, campaign expenditures; recordkeeping and deposits of campaign contributions and public financing warrants; and timely, accurate reporting and amending of filed reports. Minn. Stat. Secs. 10A.13, 10A.15, 10A.20, 10A.22, 10A.23.

Finding No. 8. Board members, its staff, and counsel have exhausted the remedies available to them to secure compliance by Representative Staten with the requirements of Minn. Stat. Ch. 10A. The Board has collected each late filing fee owed, with the exception of \$250 for which payment was promised by Representative Staten in writing. The board has deposited the fees in the general fund of the state. Minn. Stat. Secs. 10A.20, subd. 12; 10A.34, subd. 1a.

Finding No. 9. The ultimate responsibility for maintenance of ethical practices in the election process lies with the body in which a legislator serves. While the Board administers the campaign finance disclosure process, it is the legislative body which must judge the standards of its membership.

The findings in the matter of Representative Staten's failure to comply with certain provisions of Minn. Stat. Ch. 10A together with findings in the 1983 matter, shall be forwarded to the Chairman of the Rules Committee, Minnesota House of Representatives, and to the Speaker of the House of Representatives. The Board respectfully requests that the Rules Committee advise the Board what action is taken in regard to these findings.

The matter is concluded and entered into the public record under Minn. Stat. Sec. 10A.02, subd. 11.

December 3, 1985: \$150 of the \$250 late fee Rep. Staten promised to pay November 1, 1985 was paid and the balance was promised on January 2, 1986.

#### 1986

January 2, 1986: The balance of the filing fee was not received, so the Board went to conciliation court.

January 31, 1986: The remaining \$100 of the late filing fee Rep. Staten promised to pay November 1, 1985 was paid. Rep. Staten also filed a committee report for the period January 1 to December 31, 1985 showing a negative committee depository balance and no change since the last report.

A roll call was requested and properly seconded.

#### MINORITY REPORT OF THE HOUSE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

We, the undersigned, being a minority of the Committee on Rules and Legislative Administration; and having reviewed the report of the Select Committee on the Staten Case, make the following recommendations and conclusions: delete the report of the Committee on Rules and Legislative Administration and insert the following:

The Minnesota House of Representatives censure Representative Randolph W. Staten for a pattern of conduct that:

- (1) brings into question his individual judgment;
- (2) is inappropriate to the office of state representative;
- (3) creates uncertainty and a lack of public confidence in the process of representative government; and

(4) is unacceptable in the eyes of his colleagues in the Minnesota House of Representatives.

CHARLES C. HALBERG

TOM OSTHOFF

FRED C. NORTON

Halberg, Osthoff and Norton moved that the Minority Report regarding Representative Randolph W. Staten be substituted for the Majority Report and that the Minority Report be now adopted.

A roll call was requested and properly seconded.

Tomlinson, Scheid, Seaberg and Omann moved to amend the Minority Report of the House Committee on Rules and Legislative Administration as follows:

Page 1, item (4) after the period insert:

“The Minnesota House of Representatives requires Representative Staten to:

a. direct the House Office of Legislative Management to withhold 18 percent of his salary for the months of April through December of 1986. The salary withheld will be contributed to a non-profit chemical dependency program of Representative Staten’s choice;

b. donate one-hundred hours during the remainder of 1986 working in a community service program that enhances the understanding of chemical dependency problems. Furthermore, the director of the community service program shall report periodically to the Speaker of the House, the Chair of the Committee on Rules and Legislative Administration and the Minority Leader on Representative Staten’s participation;

c. continue in a program of chemical dependency treatment; and

d. return all 1986 public financing if the Ethical Practices Board makes a finding of probable cause that a violation of Minnesota Statutes, sections 10A.01 to 10A.34 has occurred on either the campaign finance report due on September 2, 1986 or the report due on October 27, 1986.”

Halberg, Osthoff and Norton agreed to incorporate the Tomlinson et al., amendment to the Minority Report of the House Committee on Rules and Legislative Administration.



Simoneau moved to amend the Minority Report of the House Committee on Rules and Legislative Administration, as amended, as follows:

Delete clause d.

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

The question recurred on the adoption of the Minority Report of the House Committee on Rules and Legislative Administration, as amended, relating to the Staten case and the roll was called.

There were 63 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	McLaughlin	Pappas	Solberg
Anderson, R.	Fjoslien	Metzen	Peterson	Sparby
Battaglia	Greenfield	Minne	Piper	Tomlinson
Beard	Halberg	Munger	Price	Tompkins
Becklin	Jacobs	Murphy	Quinn	Tunheim
Begich	Jaros	Nelson, D.	Rice	Valan
Boo	Jennings, L.	Nelson, K.	Rivness	Vanasek
Brown	Kahn	Neuenschwander	Sarna	Voss
Carlson, D.	Kalis	Norton	Scheid	Welle
Carlson, L.	Kelly	Ogren	Schoenfeld	Wenzel
Clark	Kostohryz	Olson, E.	Scaberg	Wynia
Cohen	Krueger	Omann	Segal	
Elioff	Lieder	Osthoff	Simoneau	

Those who voted in the negative were:

Backlund	Forsythe	Knuth	Ozment	Sherman
Bennett	Frederick	Kvam	Pauly	Skoglund
Bishop	Frederickson	Levi	Piepho	Stanisus
Blatz	Frerichs	Long	Poppenhagen	Svigum
Boerboom	Gruenes	Marsh	Quist	Thiede
Brandl	Gutknecht	McDonald	Redalen	Thorson
Burger	Hartinger	McEachern	Rees	Tjornhom
Carlson, J.	Hartle	McKasy	Rest	Uphus
Clausnitzer	Haukoos	McPherson	Richter	Valento
Dempsey	Heap	Miller	Rodosovich	Vellenga
DenOuden	Himle	O'Connor	Rose	Waltman
Dimler	Johnson	Olsen, S.	Schafer	Zaffke
Dyke	Kiffmeyer	Onnen	Schreiber	Spk. Jennings, D.
Erickson	Knickerbocker	Otis	Shaver	

The motion did not prevail.

The question recurred on the adoption of the Majority Report from the Committee on Rules and Legislative Administration relating to the Staten case.

Bishop moved to amend the Majority Report from the Committee on Rules and Legislative Administration relating to the Staten case, as follows:

Page 2, line 16, after "7" add "*effective with adjournment sine die of the 1986 regular session.*"

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

The question recurred on the adoption of the Majority Report from the Committee on Rules and Legislative Administration relating to the Staten case and the roll was called. There were 80 yeas and 52 nays as follows:

Those who voted in the affirmative were:

Beard	Fjoslien	Knuth	Otis	Sherman
Bennett	Forsythe	Krueger	Ozment	Skoglund
Bishop	Frederick	Kvam	Pauly	Stanius
Blatz	Frederickson	Levi	Piepho	Swiggum
Boerboom	Frerichs	Long	Poppenhagen	Thiede
Boo	Crucnes	Marsh	Quist	Thorson
Brandl	Gutknecht	McDonald	Redalen	Tjornhom
Burger	Hartinger	McEachern	Rees	Uphus
Carlson, J.	Hartie	McKasy	Rest	Valan
Carlson, L.	Haukoos	McPherson	Richter	Valento
Clausnitzer	Heap	Miller	Rodosovich	Vellenga
Dempsey	Himle	Nelson, K.	Rose	Voss
DenOuden	Johnson	Neuenschwander	Schafer	Waltman
Dimler	Kelly	O'Connor	Schoenfeld	Welle
Dyke	Kiffmeyer	Olsen, S.	Schreiber	Zaffke
Erickson	Knickerbocker	Onnen	Shaver	Spk. Jennings, D.

Those who voted in the negative were:

Anderson, G.	Ellingson	Metzen	Peterson	Solberg
Anderson, R.	Greenfield	Minne	Piper	Sparby
Backlund	Halberg	Munger	Price	Tomlinson
Battaglia	Jacobs	Murphy	Quinn	Tompkins
Becklin	Jaros	Nelson, D.	Rice	Tunheim
Begich	Jennings, L.	Norton	Riveness	Vanasek
Brown	Kahn	Ogren	Sarna	Wenzel
Carlson, D.	Kalis	Olson, E.	Scheid	Wynia
Clark	Kostohryz	Omann	Seaberg	
Cohen	Lieder	Osthoff	Segal	
Elioff	McLaughlin	Pappas	Simoneau	

The motion did not prevail.

MOTION FOR RECONSIDERATION

Brandl moved that the vote whereby the Minority Report to the Majority Report from the Committee on Rules and Legislative Administration relating to the Staten case was not adopted be now reconsidered.

A roll call was requested and properly seconded.

Kiffmeyer moved to re-refer the Minority Report to the Majority Report from the Committee on Rules and Legislative Admin-

istration relating to the Staten case to the Committee on Rules and Legislative Administration.

#### POINT OF ORDER

Bishop raised a point of order pursuant to rule 3.4 relating to the motion for reconsideration. The Speaker ruled the point of order well taken and the Kiffmeyer motion out of order.

The question recurred on the Brandl motion and the roll was called. There were 95 yeas and 36 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Cohen	Kostohryz	Omann	Schoenfeld
Anderson, R.	Dyke	Krueger	Onnen	Seaberg
Backlund	Elioff	Levi	Osthoff	Segal
Battaglia	Ellingson	Lieder	Otis	Simoneau
Beard	Erickson	Long	Ozment	Skoglund
Becklin	Forsythe	Marsh	Pauly	Solberg
Begich	Greenfield	McDonald	Peterson	Sparby
Bennett	Halberg	McEachern	Piper	Thorson
Bishop	Hartle	McLaughlin	Price	Tomlinson
Blatz	Heap	Metzen	Quinn	Tompkins
Boerboom	Himle	Minne	Quist	Tunheim
Boo	Jacobs	Munger	Rees	Vanasek
Brandl	Jaros	Murphy	Rest	Vellenga
Brown	Jennings, L.	Nelson, D.	Rice	Voss
Burger	Kahn	Nelson, K.	Riveness	Waltman
Carlson, D.	Kalis	Neuenschwander	Rodosovich	Welle
Carlson, L.	Kelly	Norton	Rose	Wenzel
Clark	Kiffmeyer	Ogren	Sarna	Wynia
Clausnitzer	Knuth	Olson, E.	Scheid	Zaffke

Those who voted in the negative were:

Carlson, J.	Gruenes	McKasy	Redalen	Sviggum
Dempsey	Gutknecht	McPherson	Richter	Thiede
DenOuden	Hartinger	Miller	Schafer	Tjornhom
Dimler	Haukoos	Olsen, S.	Schreiber	Uphus
Fjoslien	Johnson	Pappas	Shaver	Valan
Frederick	Knickerbocker	Piepho	Sherman	Valento
Frederickson	Kvam	Poppenhagen	Stanius	Spk. Jennings, D.
Frerichs				

The motion prevailed.

The Minority Report to the Majority Report from the Committee on Rules and Legislative Administration relating to the Staten case was reported to the House.

A roll call was requested and properly seconded.

The question was taken on the Minority Report and the roll was called.

Pursuant to rule 2.5, Thiede requested that he be excused from voting. The request was granted and Thiede was excused from voting.

There were 99 yeas and 31 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dyke	Levi	Onnen	Segal
Anderson, R.	Elioff	Lieder	Osthoff	Shaver
Backlund	Ellingson	Long	Otis	Simoneau
Battaglia	Erickson	Marsh	Ozment	Skoglund
Beard	Fjoslien	McDonald	Pauly	Solberg
Becklin	Forsythe	McEachern	Peterson	Sparby
Begich	Gruenes	McKasy	Piper	Stanisus
Bennett	Halberg	McLaughlin	Price	Thorson
Bishop	Hartle	McPherson	Quinn	Tomlinson
Blatz	Heap	Metzen	Quist	Tompkins
Boerboom	Himle	Minne	Rest	Tunheim
Boo	Jacobs	Munger	Rice	Valan
Brandl	Jennings, L.	Murphy	Riveness	Vanasek
Brown	Kahn	Nelson, D.	Rodosovich	Vellenga
Burger	Kalis	Nelson, K.	Rose	Voss
Carlson, D.	Kelly	Neuenschwander	Sarna	Welle
Carlson, L.	Kiffmeyer	Norton	Scheid	Wenzel
Clark	Knuth	Ogren	Schoenfeld	Wynia
Clausnitzer	Kostohryz	Olson, E.	Schreiber	Zaffke
Cohen	Krueger	Omann	Seaberg	

Those who voted in the negative were:

Carlson, J.	Greenfield	Knickerbocker	Poppenhagen	Svigum
Dempsey	Gutknecht	Kvam	Redalen	Tjornhom
DenOuden	Hartinger	Miller	Rees	Uphus
Dimler	Haukoos	Olsen, S.	Richter	Valento
Frederick	Jaros	Pappas	Schafer	Waltman
Frederickson	Johnson	Piepho	Sherman	Spk. Jennings, D.
Frerichs				

The motion prevailed and the Minority Report to the Majority Report from the Committee on Rules and Legislative Administration relating to the Staten case was adopted.

#### ADJOURNMENT

Levi moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Friday, March 14, 1986.

EDWARD A. BURDICK, Chief Clerk, House of Representatives



## STATE OF MINNESOTA

## SEVENTY-FOURTH SESSION - 1986

## EIGHTY-SIXTH DAY

SAINT PAUL, MINNESOTA, FRIDAY, MARCH 14, 1986

The House of Representatives convened at 12:00 noon and was called to order by David M. Jennings, Speaker of the House.

Prayer was offered by Pastor Ken Krake, Christian Life Church of Farmington, Minnesota.

The roll was called and the following members were present :

Anderson, G.	Elioff	Krueger	Otis	Sherman
Anderson, R.	Erickson	Kvam	Ozment	Simoneau
Backlund	Forsythe	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	Tompkins
Brinkman	Heap	Minne	Rest	Tunheim
Brown	Himle	Munger	Rice	Uphus
Burger	Jacobs	Murphy	Richter	Valan
Carlson, D.	Jaros	Nelson, D.	Riveness	Valento
Carlson, J.	Jennings, L.	Nelson, K.	Rodosovich	Vanasek
Carlson, L.	Johnson	Neuenschwander	Rose	Vellenga
Clark	Kahn	Norton	Sarna	Voss
Clausnitzer	Kalis	Ogren	Schafer	Waltman
Cohen	Kelly	Olsen, S.	Scheid	Welle
Dempsey	Kiffmeyer	Olson, E.	Schoenfeld	Wenzel
DenOuden	Knickerbocker	Omann	Seaberg	Wynia
Dimler	Knuth	Onnen	Segal	Zaffke
Dyke	Kostohryz	Osthoff	Shaver	Spk. Jennings, D.

A quorum was present.

O'Connor was excused.

Fjoslien was excused until 12:45 p.m. Schreiber was excused until 1:15 p.m. Ellingson was excused until 3:00 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Kvam 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.

Blatz; Boerboom; Carlson, D.; Carlson, J.; DenOuden; Forsythe; Halberg; Kalis; McDonald; Olsen, S.; Poppenhagen; Fredrickson and Valan were excused while in conference.

#### REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. No. 2037 and 2287 and S. F. Nos. 1671, 1869, 1842, 1725, 1832, 1931, 1945, 2105, 2196, 1849, 2206, 912, 2279, 1711, 1928, 1993, 1974, 2178, 1782, 2078, 2243, 2245, 1961, 1912 and 2114 have been placed in the members' files.

S. F. No. 2279 and H. F. No. 2177, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Krueger moved that S. F. No. 2279 be substituted for H. F. No. 2177 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1945 and H. F. No. 1918, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Nelson, D., moved that S. F. No. 1945 be substituted for H. F. No. 1918 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1931 and H. F. No. 2487, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Stanius moved that S. F. No. 1931 be substituted for H. F. No. 2487 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2114 and H. F. No. 2037, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Kvam moved that S. F. No. 2114 be substituted for H. F. No. 2037 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1974 and H. F. No. 2181, 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. 1974 be substituted for H. F. No. 2181 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1869 and H. F. No. 2221, 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. 1869 be substituted for H. F. No. 2221 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2105 and H. F. No. 2188, 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. 2105 be substituted for H. F. No. 2188 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2243 and H. F. No. 2469, 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. 2243 be substituted for H. F. No. 2469 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1782 and H. F. No. 1953, 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. 1782 be substituted for H. F. No. 1953 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2078 and H. F. No. 2268, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.



## SUSPENSION OF RULES

Rees moved that the rules be so far suspended that S. F. No. 2078 be substituted for H. F. No. 2268 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2245 and H. F. No. 2423, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Shaver moved that the rules be so far suspended that S. F. No. 2245 be substituted for H. F. No. 2423 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1671 and H. F. No. 1755, 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. 1671 be substituted for H. F. No. 1755 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 912 and H. F. No. 943, 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. 912 be substituted for H. F. No. 943 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1993 and H. F. No. 1841, 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. 1993 be substituted for H. F. No. 1841 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1912 and H. F. No. 2229, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Frederick moved that the rules be so far suspended that S. F. No. 1912 be substituted for H. F. No. 2229 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1961 and H. F. No. 1996, 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. 1961 be substituted for H. F. No. 1996 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. 2138, A bill for an act relating to natural resources; disposition of wild rice license fees; extends the effective date of Laws 1984, chapter 539; amending Minnesota Statutes 1984, section 97.49, by adding a subdivision.

Reported the same back with the following amendments:

Page 2, line 2, after the period insert:

“Sec. 3. [APPROPRIATION.]

*The sum of \$500,000 is appropriated from the general fund to the attorney general, to be available until expended to provide technical and computer assistance to the United States for implementing Laws 1984, chapter 539, section 1.”*

Renumber the remaining section

Page 2, line 4, after the period delete “Section 2 is” and insert “Sections 2 and 3 are”

Amend the title as follows:

Page 1, line 4, after the semicolon insert “appropriating money;”

With the recommendation that when so amended the bill pass.

The report was adopted.

Pursuant to rule 1.16, H. F. No. 2138 was re-referred to the Committee on Rules and Legislative Administration.

Forsythe from the Committee on Appropriations to which was referred:

H. F. No. 2260, A bill for an act relating to capital improvements; removing conditions for the construction of certain highway rest areas; amending Laws 1985, First Special Session chapter 15, section 9, subdivision 5.

Reported the same back with the following amendments:

Page 2, after line 20, insert:

"Sec. 2. [161.52] [TOURIST INFORMATION CENTERS.]

*For the fiscal year ending June 30, 1988, and subsequent years, the payment of the cost of staffing and operating tourist information centers located on trunk highways, including interstate highways, by the commissioner of transportation is subject to the following restrictions:*

*(a) For the fiscal year ending June 30, 1988, not more than two-thirds of the cost may be paid from the trunk highway fund.*

*(b) For the fiscal year ending June 30, 1989, not more than one-third of the cost may be paid from the trunk highway fund.*

*(c) For the fiscal year ending June 30, 1990, no part of the cost may be paid from the trunk highway fund.*

*That portion of the cost not paid from the trunk highway fund must be paid either by the commissioner from funds appropriated for that purpose from sources other than the trunk highway fund, or by local sources of funding."*

Amend the title as follows:

Page 1, line 5, after "5" insert "; proposing coding for new law in Minnesota Statutes, chapter 161"

With the recommendation that when so amended the bill pass.

The report was adopted.

Pursuant to rule 1.16, H. F. No. 2260 was re-referred to the Committee on Rules and Legislative Administration.

Forsythe from the Committee on Appropriations to which was referred:

H. F. No. 2356, A bill for an act relating to agricultural finance; renaming the agricultural resource loan guaranty board; providing powers; authorizing the board to participate in loans; amending Minnesota Statutes 1984, section 41A.02, subdivisions 3 and 6; Minnesota Statutes 1985 Supplement, sections 41A.01; 41A.02, subdivisions 4 and 11; and 41A.05, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 41A; repealing Minnesota Statutes 1984, section 41A.06, subdivision 2.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Pursuant to rule 1.16, H. F. No. 2356 was re-referred to the Committee on Rules and Legislative Administration.

Forsythe from the Committee on Appropriations to which was referred:

H. F. No. 1952, A bill for an act relating to education; vocational; specifying use of appropriation for firefighter training programs in AVTT's; amending Laws 1985, First Special Session chapter 11, section 4, subdivision 3.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Pursuant to rule 1.16, H. F. No. 1952 was re-referred to the Committee on Rules and Legislative Administration.

## SECOND READING OF SENATE BILLS

S. F. Nos. 2279, 1945, 1931, 2114, 1974, 1869, 2105, 2243, 1782, 2078, 2245, 1671, 912, 1993, 1912 and 1961 were read for the second time.

## INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Marsh introduced:

H. F. No. 2557, A bill for an act relating to commerce; requiring the filing and publication of certain organizational in-

formation of financial institutions and limited partnerships; requiring publication of notice of incorporation; amending Minnesota Statutes 1984, section 302A.111, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 47; 302A; and 322A.

The bill was read for the first time and referred to the Committee on Commerce and Economic Development.

Ogren; Sarna; Carlson, D.; Omann and Anderson, G., introduced:

H. F. No. 2558, A bill for an act relating to game and fish; authorizing the issuance of free deer licenses to persons 65 years or older; amending Minnesota Statutes 1984, section 98.47, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Staten introduced:

H. F. No. 2559, A bill for an act relating to taxation; individual income; eliminating the age restrictions on the pension income exclusion; modifying the income offset; amending Minnesota Statutes 1985 Supplement, section 290.08, subdivision 26.

The bill was read for the first time and referred to the Committee on Taxes.

Staten introduced:

H. F. No. 2560, A bill for an act relating to the legislature; requiring the establishment of an affirmative action plan for the legislature; creating a staff position of director of legislative equal employment opportunity; providing for immediate action to be taken in furtherance of equal employment opportunity; proposing coding for new law in Minnesota Statutes, chapter 3.

The bill was read for the first time and referred to the Committee on Rules and Legislative Administration.

**Staten introduced:**

H. F. No. 2561, A bill for an act relating to taxation; property; providing a state paid small business property tax credit; amending Minnesota Statutes 1985 Supplement, sections 273.13, subdivision 15a; 273.1392; and 276.04; proposing coding for new law in Minnesota Statutes, chapter 273.

The bill was read for the first time and referred to the Committee on Taxes.

**Staten introduced:**

H. F. No. 2562, A bill for an act relating to utilities; creating legislative utility rate study commission; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 3.

The bill was read for the first time and referred to the Committee on Regulated Industries and Energy.

**Staten introduced:**

H. F. No. 2563, A bill for an act relating to insurance; establishing the insurance consumers board; giving the board authority to collect and disseminate information; establishing a surcharge on insurance contracts; appropriating money collected by the surcharge to the board; proposing coding for new law in Minnesota Statutes, chapter 60A.

The bill was read for the first time and referred to the Committee on Financial Institutions and Insurance.

**Wenzel introduced:**

H. F. No. 2564, A bill for an act relating to taxation; sales; clarifying the definition of farm machinery; amending Minnesota Statutes 1985 Supplement, section 297A.01, subdivision 15.

The bill was read for the first time and referred to the Committee on Taxes.

Marsh, Hartinger, Kelly, Clausnitzer and Kiffmeyer introduced:

H. F. No. 2565, A bill for an act relating to crimes; authorizing upward departures from presumptive sentences in certain aggravated cases; extending the mandatory minimum sentencing law to certain controlled substance offenses; amending Minnesota Statutes 1984, sections 244.10, by adding a subdivision; and 609.11, subdivision 9.

The bill was read for the first time and referred to the Committee on Crime and Family Law.

Solberg, Ogren and Beard introduced:

H. F. No. 2566, A bill for an act relating to fishing licenses; prescribing a fee for a 14-day angling license; amending Minnesota Statutes 1985 Supplement, section 98.46, subdivision 14; S. F. No. 1526, 1986 Regular Session, article 1, section 68, subdivision 7, if enacted.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Kvam, Redalen, Dyke, Boerboom and Frederickson introduced:

H. F. No. 2567, A bill for an act relating to agriculture; requiring an appropriate committee of the legislature to conduct a study of the necessity for a central filing system for agricultural credit instruments.

The bill was read for the first time and referred to the Committee on Financial Institutions and Insurance.

Shaver, Osthoff, Scheid, Backlund and Fjoslien introduced:

H. F. No. 2568, A bill for an act relating to elections; requiring fair campaign practices; imposing penalties; amending Minnesota Statutes 1984, sections 123.015; 200.015; 201.275; 204C.-04; proposing coding for new law as Minnesota Statutes, chapters 211A and 211B; repealing Minnesota Statutes 1984, sections 210A.01 to 210A.44.

The bill was read for the first time and referred to the Committee on General Legislation and Veterans Affairs.

## HOUSE ADVISORIES

The following House Advisories were introduced:

Clark, Segal, Vellenga and Piper introduced:

H. A. No. 86, A proposal to study legislative responses to the problems of osteoporosis.

The advisory was referred to the Committee on Health and Human Services.

Jacobs introduced:

H. A. No. 87, A proposal to study the transferability of AVTI credits.

The advisory was referred to the Committee on Education.

## 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. 1897, A bill for an act relating to commerce; motor fuel franchises; extending the temporary prohibition on certain building alterations that eliminate service bays; amending Laws 1984, chapter 444, section 4.

H. F. No. 2236, A bill for an act relating to the city of Grand Rapids; permitting the creation of the Central School commission.

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. 2185, A bill for an act relating to state government; providing for the purchase, use, administration, or disposal of certain fees, services, and property within the jurisdiction of the commissioner of administration; amending Minnesota Statutes 1984, sections 16B.07, subdivisions 3 and 4; 16B.08,



subdivision 4; 16B.09, subdivision 1; and Minnesota Statutes 1985 Supplement, sections 16B.29; 16B.42, subdivision 4; and 16B.48, subdivision 2.

H. F. No. 2143, A bill for an act relating to utilities; permitting certain energy cost adjustments; amending Minnesota Statutes 1984, section 216B.16, subdivision 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. 2418, A bill for an act relating to Washington county; permitting the county to finance water systems on behalf of cities and towns in the county by the issuance of county general obligation bonds.

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. 1926, A bill for an act relating to state investments; establishing various accounts within the supplemental investment fund; providing for the administration of the accounts and for the investment and valuation of shares within each account; amending Minnesota Statutes 1984, sections 11A.17, subdivisions 1, 4, 9, and by adding a subdivision; 69.77, subdivision 2; 69.775; 352.96, subdivision 4; 352D.04, subdivision 1; Minnesota Statutes 1985 Supplement, section 11A.17, subdivision 13; and Laws 1969, chapter 950, section 3, as amended.

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. 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 Senate has appointed as such Committee Messrs. Merriam, Frederick and Ms. Berglin.

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. 2014, A bill for an act relating to elections; making changes in registration, caucuses, ballots, affidavits of candidacy and withdrawal, nominations, election certificates, and election judge qualifications; amending Minnesota Statutes 1984, sections 201.018, subdivision 2; 201.12, subdivision 2; 201.15, subdivision 1; 202A.11, subdivision 2; 202A.16, subdivision 1; 204B.03; 204B.06, subdivision 1; 204B.07, subdivision 4; 204B.09, subdivision 1; 204B.10, by adding a subdivision; 204B.12, subdivision 3; 204B.35, subdivision 2; 204C.40, subdivision 1; 204D.11, subdivisions 3, 5, and 6; 206.71, by adding a subdivision; and 208.03.

PATRICK E. FLAHAVEN, Secretary of the Senate

Backlund moved that the House refuse to concur in the Senate amendments to H. F. No. 2014, 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. 1824, A bill for an act relating to statutes; adopting as amended a gender neutral revision of Minnesota Statutes; providing for no substantive change; granting certain editorial authority to the revisor of statutes; amending Minnesota Statutes 1984, sections 3C.10, subdivision 1; and 645.44, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 645.

PATRICK E. FLAHAVEN, Secretary of the Senate

Bishop moved that the House refuse to concur in the Senate amendments to H. F. No. 1824, 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. 1782, A bill for an act relating to natural resources; enacting the lake improvement district act; providing for the creation, powers, and termination of lake improvement districts; amending Minnesota Statutes 1984, sections 378.41; 378.42; 378.43; 378.44; 378.46; 378.47; 378.51; 378.52; 378.55; 378.56; and 378.57; proposing coding for new law in Minnesota Statutes, chapter 378; repealing Minnesota Statutes 1984, sections 378.41, subdivision 3; 378.45; and 378.53.

PATRICK E. FLAHAVEN, Secretary of the Senate

Anderson, R., moved that the House refuse to concur in the Senate amendments to H. F. No. 1782, 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. 1664, A bill for an act relating to local government; regulating contracts for the purchase of fuel by a municipality required for generation of municipal power; amending Minnesota Statutes 1984, section 471.345, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Redalen moved that the House concur in the Senate amendments to H. F. No. 1664 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1664, A bill for an act relating to local government; regulating contracts for the purchase of fuel by a municipality required for generation of municipal power; allowing municipalities to contract to buy sheltered workshop products without getting competitive bids; amending Minnesota Statutes 1984, section 471.345, by adding subdivisions.

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 115 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Fjoslien	Marsh	Peterson	Skoglund
Anderson, R.	Frerichs	McEachern	Piepho	Solberg
Backlund	Greenfield	McKasy	Piper	Sparby
Battaglia	Gruenes	McLaughlin	Price	Stanius
Beard	Gutknecht	McPherson	Quinn	Staten
Becklin	Halberg	Metzen	Quist	Sviggum
Begich	Hartinger	Miller	Redalen	Thiede
Bennett	Hartle	Minne	Rees	Thorson
Bishop	Haukoos	Munger	Rest	Tjornhom
Boo	Jacobs	Murphy	Rice	Tomlinson
Brandl	Jennings, L.	Nelson, D.	Richter	Tompkins
Brinkman	Johnson	Nelson, K.	Riveness	Tunheim
Brown	Kahn	Neuenschwander	Rodosovich	Uphus
Carlson, D.	Kelly	Norton	Rose	Valento
Carlson, L.	Kiffmeyer	Ogren	Sarna	Vanasek
Clark	Knickerbocker	Olson, E.	Schafer	Vellenga
Clausnitzer	Knuth	Omann	Scheid	Voss
Cohen	Kostohryz	Onnen	Schoenfeld	Waltman
Dempsey	Krueger	Osthoff	Seaberg	Welle
Dimler	Kvam	Otis	Segal	Wenzel
Dyke	Levi	Ozment	Shaver	Wynia
Elioff	Lieder	Pappas	Sherman	Zaffke
Erickson	Long	Pauly	Simoneau	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. 1806, A bill for an act relating to financial institutions; permitting state banks and credit unions to offer self-directed individual retirement accounts; amending Minnesota Statutes 1984, section 48.15, by adding a subdivision; and Minnesota Statutes 1985 Supplement, section 52.04, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

## CONCURRENCE AND REPASSAGE

Rees moved that the House concur in the Senate amendments to H. F. No. 1806 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1806, A bill for an act relating to financial institutions; permitting state banks and credit unions to offer self-directed individual retirement accounts; removing loans made by the energy and economic development authority from a bank's lending limitations; amending Minnesota Statutes 1984, sections 48.15, by adding a subdivision; 48.24, subdivision 5; and Minnesota Statutes 1985 Supplement, section 52.04, 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 119 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Fjoslien	Lieder	Pauly	Skoglund
Anderson, R.	Forsythe	Long	Peterson	Solberg
Backlund	Frerichs	Marsh	Piepho	Sparby
Battaglia	Greenfield	McDonald	Piper	Stanius
Beard	Gruenes	McEachern	Price	Staten
Becklin	Gutknecht	McKasy	Quinn	Sviggum
Begich	Halberg	McLaughlin	Quist	Thiede
Bennett	Hartinger	McPherson	Redalen	Thorson
Bishop	Hartle	Miller	Rees	Tjornhom
Boo	Haukoos	Minne	Rest	Tomlinson
Brandl	Himle	Munger	Rice	Tompkins
Brinkman	Jacobs	Murphy	Richter	Tunheim
Brown	Jaros	Nelson, D.	Riveness	Uplus
Burger	Jennings, L.	Nelson, K.	Rodosovich	Valento
Carlson, D.	Johnson	Neuenschwander	Rose	Vanasek
Carlson, L.	Kahn	Norton	Sarna	Vellenga
Clark	Kelly	Ogren	Schafer	Voss
Clausnitzer	Kiffmeyer	Olson, E.	Scheid	Waltman
Cohen	Knickerbocker	Omann	Schoenfeld	Welle
Dempsey	Knuth	Onnen	Seaberg	Wenzel
Dimler	Kostohryz	Osthoff	Segal	Wynia
Dyke	Krueger	Otis	Shaver	Zaffke
Elioff	Kvam	Ozment	Sherman	Spk. Jennings, D.
Erickson	Levi	Pappas	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. 1185, A bill for an act relating to transportation; advertising devices; authorizing advertising on certain telephone booths; amending Minnesota Statutes 1984, section 160.27, subdivision 3.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Jacobs moved that the House concur in the Senate amendments to H. F. No. 1185 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1185, A bill for an act relating to transportation; advertising devices; authorizing advertising on certain telephone booths; amending Minnesota Statutes 1984, section 160.27, subdivision 3.

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 120 yeas and 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Anderson, G.

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. 1860, A bill for an act relating to metropolitan government; permitting the metropolitan mosquito control commission to issue certificates of indebtedness; amending Minnesota Statutes 1984, section 473.711, by adding a subdivision.

**PATRICK E. FLAHAVEN, Secretary of the Senate**

Forsythe moved that the House refuse to concur in the Senate amendments to H. F. No. 1860, 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. 1919, A bill for an act relating to education; imposing a limit on participation; eliminating state tuition reimbursement for courses taken for post-secondary credit; making other modifications to the post-secondary enrollment options program; providing options for swimming classes in junior high schools; amending Minnesota Statutes 1984, sections 123.35, by adding a subdivision; 124A.034, subdivisions 1 and 2; 363.03, subdivision 5; Minnesota Statutes 1985 Supplement, section 123.3514, subdivisions 3, 4, 5, 6, 8, and 10, and by adding subdivisions; and Laws 1985, First Special Session chapter 12, article 5, section 7; proposing coding for new law in Minnesota Statutes, chapter 126.

**PATRICK E. FLAHAVEN, Secretary of the Senate**

Levi moved that the House refuse to concur in the Senate amendments to H. F. No. 1919, 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. 1940, A bill for an act relating to Stearns county; authorizing the Stearns county board to designate the county auditor as the local registrar of the county.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Gruenes moved that the House concur in the Senate amendments to H. F. No. 1940 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1940, A bill for an act relating to Stearns county; authorizing the Stearns county board to designate the county auditor as the local registrar of the 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.	Frederick	Long	Peterson	Sparby
Anderson, R.	Frerichs	Marsh	Piepho	Stanius
Backlund	Greenfield	McDonald	Piper	Staten
Battaglia	Gruenes	McEachern	Price	Sviggum
Beard	Gutknecht	McKasy	Quinn	Thiede
Becklin	Halberg	McLaughlin	Quist	Thorson
Begich	Hartinger	McPherson	Redalen	Tjornhom
Bennett	Hartle	Metzen	Rees	Tomlinson
Bishop	Haukoos	Miller	Rest	Tompkins
Boo	Heap	Minne	Rice	Tunheim
Brandl	Himle	Munger	Richter	Uphus
Brinkman	Jacobs	Murphy	Riveness	Valento
Brown	Jaros	Nelson, D.	Rodosovich	Vanasek
Burger	Jennings, L.	Nelson, K.	Rose	Vellenga
Carlson, D.	Johnson	Neuenschwander	Sarna	Voss
Carlson, L.	Kahn	Norton	Schafer	Waltman
Clark	Kelly	Ogren	Scheid	Welle
Clausnitzer	Kiffmeyer	Olson, E.	Schoenfeld	Wenzel
Cohen	Knickerbocker	Omann	Seaberg	Wynia
Dempsey	Knuth	Onnen	Segal	Zaffke
Dimler	Kostohryz	Osthoff	Shaver	Spk. Jennings, D.
Dyke	Krueger	Otis	Sherman	
Elioff	Kvam	Ozment	Simoneau	
Erickson	Levi	Pappas	Skoglund	
Fjoslien	Lieder	Pauly	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. 1871, A bill for an act relating to veterans; clarifying certain terms; providing for payment of compensation to certain patients and residents of state institutions; amending Minnesota Statutes 1984, section 246.151; and Minnesota Statutes 1985 Supplement, section 136C.13, subdivision 4.

PATRICK E. FLAHAVER, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Fjoslien moved that the House concur in the Senate amendments to H. F. No. 1871 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1871, A bill for an act relating to veterans; providing for payment of compensation to certain patients and residents of state institutions; amending Minnesota Statutes 1984, section 246.151.

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 116 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dyke	Knickerbocker	Norton	Sarna
Anderson, R.	Elioff	Knuth	Ogren	Schafer
Backlund	Erickson	Kostohryz	Oison, E.	Scheid
Battaglia	Fjoslien	Krueger	Omann	Schoenfeld
Beard	Frederick	Kvam	Onnen	Seaberg
Becklin	Frerichs	Levi	Osthoff	Segal
Begich	Gruenes	Lieder	Otis	Shaver
Bennett	Gutknecht	Long	Ozment	Sherman
Bishop	Halberg	Marsh	Pappas	Simoneau
Boo	Hartinger	McEachern	Pauly	Skoglund
Brandl	Hartle	McKasy	Peterson	Solberg
Brinkman	Haukoos	McLaughlin	Piepho	Sparby
Brown	Heap	McPherson	Piper	Stanius
Burger	Himle	Metzen	Price	Staten
Carlson, D.	Jacobs	Miller	Quinn	Sviggum
Carlson, L.	Jaros	Minne	Quist	Thiede
Clark	Jennings, L.	Munger	Rest	Thorson
Clausnitzer	Johnson	Murphy	Rice	Tjornhom
Cohen	Kahn	Nelson, D.	Richter	Tomlinson
Dempsey	Kelly	Nelson, K.	Riveness	Tompkins
Dimler	Kiffmeyer	Neuenschwander	Rodosovich	Tunheim

Uphus  
Valento  
Vanasek

Vellenga  
Voss

Waltman  
Welle

Wenzel  
Wynia

Zaffke  
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 Senate File, herewith transmitted:

S. F. No. 1975.

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. 1725.

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. 164 and 2101.

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. 1868 and 2147.

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. 1814, 2054 and 2102.

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. 1515, 1745, 2014 and 2222.

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. 1702, 1966 and 2262.

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. 707, 1065 and 1930.

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. 2098 and 2135.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### FIRST READING OF SENATE BILLS

S. F. No. 1975, A bill for an act relating to venue of actions; modifying venue in actions to recover possession of personal property; amending Minnesota Statutes 1984, section 542.06.

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, Bishop moved that the rule therein be suspended and an urgency be declared so that S. F. No. 1975 be given

its second and third readings and be placed upon its final passage. The motion prevailed.

Bishop moved that the rules of the House be so far suspended that S. F. No. 1975 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 1975 was read for the second time.

S. F. No. 1975, A bill for an act relating to venue of actions; modifying venue in actions to recover possession of personal property; amending Minnesota Statutes 1984, section 542.06.

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

The bill was passed and its title agreed to.

#### FIRST READING OF SENATE BILLS, Continued

S. F. No. 1725, A bill for an act relating to the city of East Grand Forks; 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.

## SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Lieder moved that the rule therein be suspended and an urgency be declared so that S. F. No. 1725 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Lieder moved that the rules of the House be so far suspended that S. F. No. 1725 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 1725 was read for the second time.

Valento moved to amend S. F. No. 1725, as follows:

Page 2, after line 20, insert:

“Sec. 4. Minnesota Statutes 1984, section 116D.04, subdivision 1a, is amended to read:

Subd. 1a. For the purposes of sections 116D.01 to 116D.07, the following terms have the meanings given to them in this subdivision.

(a) “Natural resources” has the meaning given it in section 116B.02, subdivision 4.

(b) “Pollution, impairment or destruction” has the meaning given it in section 116B.02, subdivision 5.

(c) “Environmental assessment worksheet” means a brief document which is designed to set out the basic facts necessary to determine whether an environmental impact statement is required for a proposed action.

(d) “Governmental action” means activities, including projects wholly or partially conducted, permitted, assisted, financed, regulated or approved by units of government including the federal government.

(e) “Governmental unit” means any state agency and any general or special purpose unit of government in the state including, but not limited to, watershed districts organized under chapter 112, counties, towns, cities, port authorities (AND), housing authorities, and economic development authorities established under sections 17 to 37, but not including courts, school districts and regional development commissions other than the metropolitan council.

Sec. 5. Minnesota Statutes 1984, section 117.521, subdivision 3, is amended to read:

Subd. 3. The provisions of subdivisions 1 and 2 shall not apply to the acquisition of properties situated wholly or in part within any district for development authorized under Laws 1971, Chapters 548 or 677; or Laws 1973, Chapters 196, 761, or 764; or Laws 1974, Chapter 485; or Minnesota Statutes, Chapters 462, (OR) 458; or sections 17 to 37.

Sec. 6. Minnesota Statutes 1984, section 272.01, subdivision 2, is amended to read:

Subd. 2. (a) When any real or personal property which for any reason is exempt from ad valorem taxes, and taxes in lieu thereof, is leased, loaned, or otherwise made available and used by a private individual, association or corporation in connection with a business conducted for profit, there shall be imposed a tax, for the privilege of so using or possessing such real or personal property, in the same amount and to the same extent as though the lessee or user was the owner of such property.

(b) The tax imposed by this subdivision shall not apply to (1) property leased or used by way of a concession in or relative to the use in whole or part of a public park, market, fair grounds, port authority, *economic development authority established under sections 17 to 37*, municipal auditorium, airport owned by a city, town, county or group thereof but not the metropolitan airports commission, municipal museum or municipal stadium or (2) property constituting or used as a public pedestrian ramp, concourse, passenger check-in area or ticket sale counter, boarding area or luggage claim area in connection with a public airport; provided that real estate which is owned by a municipality in connection with the operation of a public airport and which is leased or used for agricultural purposes shall not be exempt.

(c) Taxes imposed by this subdivision shall be due and payable as in the case of personal property taxes and such taxes shall be assessed to such lessees or users of real or personal property in the same manner as taxes assessed to owners of real or personal property, except that such taxes shall not become a lien against the property. When due, the taxes shall constitute a debt due from the lessee or user to the state, township, city, county and school district for which the taxes were assessed and shall be collected in the same manner as personal property taxes. If property subject to the tax imposed by this subdivision is leased or used jointly by two or more persons, each lessee or user shall be jointly and severally liable for payment of the tax.

Sec. 7. Minnesota Statutes 1984, section 273.72, is amended to read:

## 273.72 [STATEMENT OF PURPOSE.]

The statutes governing the use of tax increment financing in Minnesota have evolved over a long period of time and exist in several different special and general laws. These laws are sometimes inconsistent and provide varying procedures which render them difficult to administer. It is the intent of the legislature, by enacting the Minnesota tax increment financing act, to ratify and confirm the findings, declarations and determinations made by the legislature in connection with chapters 362A, 458, *sections 17 to 37*, 462, 472A and 474 and to establish a uniform set of standards and procedures to be followed when using this method of financing.

Sec. 8. Minnesota Statutes 1984, section 273.73, subdivision 2, is amended to read:

Subd. 2. [AUTHORITY.] "Authority" means a rural development financing authority created pursuant to chapter 362A, a housing and redevelopment authority created pursuant to chapter 462; a port authority created pursuant to chapter 458; *an economic development authority created pursuant to sections 17 to 37*; a redevelopment agency as defined by chapter 474; a municipality which is administering a development district created pursuant to chapter 472A or any special law, a municipality which undertakes a project pursuant to chapter 474; or a municipality which exercises the powers of a port authority pursuant to any general or special law.

Sec. 9. Minnesota Statutes 1984, section 273.73, subdivision 8, is amended to read:

Subd. 8. [PROJECT.] "Project" means a project as defined in section 362A.01; an industrial development district as defined in section 458.191, subdivision 1; *an economic development district as defined in section 29, subdivision 1*; a project as defined in section 462.421, subdivision 14; a development district as defined in chapter 472A or any special law; or a project as defined in section 474.02, subdivisions 1, 1a or 1b.

Sec. 10. Minnesota Statutes 1985 Supplement, 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 an economic development authority to finance or otherwise pay the cost of redevelopment pursuant to sections 17 to 37, by a housing and redevelopment authority or economic development authority to finance or otherwise pay public redevelopment costs pursuant to chapter 462, by a municipality or economic development authority 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. Revenues derived from tax increment may be used to finance the costs of 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 only under the following conditions: (a) tax increments may not be collected for a program for a period in excess of 12 years after the date of the first interest rate reduction payment for the program, (b) tax increments may not be used for an interest reduction program, if the proceeds of bonds issued pursuant to section 273.77 after December 31, 1985, have been or will be used to provide financial assistance to the specific project which would receive the benefit of the interest reduction program, and (c) not more than 50 percent of the estimated tax increment derived from a project may be used to finance an interest reduction program for owner-occupied single-family dwellings unless a project is located either in an area which would qualify as a redevelopment district or within a city designated as an enterprise zone pursuant to section 273.1312, subdivision 4, clause (c)(3). 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.

Sec. 11. Minnesota Statutes 1984, section 273.86, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION.] A developer proposing to construct improvements on property located within an industrial development district as defined in section 458.191, subdivision 1;



*an economic development district as defined in section 29, subdivision 1; a development district as defined in section 472A.02, subdivision 3, or any special law; or a redevelopment project as defined in section 462.421, subdivision 14 may apply to the governing body of the city or municipality in which the property is located to obtain deferral of property tax on the improved property, stating the nature and location of the proposed improvement, its estimated cost, and the projected length of construction time. If the governing body finds that the proposed development is consistent with the requirements of the above referred sections, it may approve the application. If the application is approved by June 30, the tax exemption shall be in effect for taxes paid the following year; if it is approved later than June 30, the exemption shall be in effect for taxes paid in the second subsequent taxable year.*

Sec. 12. Minnesota Statutes 1985 Supplement, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. [INCLUDED EMPLOYEES.] The following persons are included in the meaning of "public employe":

(a) Elected or appointed officers and employees of elected officers.

(b) District court reporters.

(c) Officers and employees of the public employees retirement association.

(d) Employees of the League of Minnesota Cities.

(e) Officers and employees of public hospitals, owned or operated by or an integral part of, any governmental subdivision or governmental subdivisions.

(f) Employees of a school district who receive separate salaries for driving their own buses.

(g) Employees of the Association of Minnesota Counties.

(h) Employees of the Metropolitan Inter-County Association.

(i) Employees of the Minnesota Municipal Utilities Association.

(j) Employees of the metropolitan airports commission if employment initially commences on or after July 1, 1979.

(k) Employees of the Minneapolis employees retirement fund, if employment initially commences on or after July 1, 1979.

(l) Employees of the Range Association of Municipalities and Schools.

(m) Employees of the soil and water conservation districts.

(n) Employees of a county historical society.

(o) *Employees of an economic development authority created under sections 17 to 37.*

Sec. 13. Minnesota Statutes 1984, section 355.11, subdivision 5, is amended to read:

Subd. 5. "Employing unit" means any municipal housing and redevelopment authorities organized pursuant to sections 462.415 to 462.705 and any soil and water conservation district organized pursuant to chapter 40 or any port authority organized pursuant to chapter 458, or any economic development authority organized pursuant to sections 17 to 37, or any hospital district organized or reorganized pursuant to sections 447.31 to 447.37.

Sec. 14. Minnesota Statutes 1985 Supplement, section 395.08, is amended to read:

395.08 [ECONOMIC AND AGRICULTURAL DEVELOPMENT.]

A county board may appropriate not more than (\$25,000) \$50,000 annually out of the general revenue fund of the county to be paid to any incorporated development society or organization of this state which, in the board's opinion, will use the money for the best interests of the county in promoting, advertising, improving, or developing the economic and agricultural resources of the county.

Sec. 15. [458.091] [COMPLIANCE EXAMINATIONS; FINANCIAL AUDITS.]

*At the request of the city or upon the auditor's initiative, the state auditor may make a legal compliance examination of the authority for that city. Each authority examined must pay the total cost of the examination, 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 must be deposited in the revolving fund of the state auditor. Each authority shall hire a certified public accountant to annually audit the authority's financial statements. For purposes of this section "authority" includes a port authority created under chapter 458 or any other law and an economic development authority established under sections 17 to 37.*

**Sec. 16. [458.101] [NO STATE BAILOUT OF PORT AUTHORITIES.]**

*State appropriations or credit of the state must not be used to pay or guarantee the payment of the debt of a port authority.*

**Sec. 17. [458C.01] [DEFINITIONS.]**

*Subdivision 1. [TERMS.] In sections 17 to 37, the terms defined in this section have the meaning given them.*

*Subd. 2. [AUTHORITY.] "Authority" means an economic development authority, unless specified otherwise.*

*Subd. 3. [CITY.] "City" means a home rule charter or statutory city.*

*Subd. 4. [DEVELOPMENT.] "Development" includes redevelopment, and developing includes redeveloping.*

*Subd. 5. [COST OF REDEVELOPMENT.] "Cost of redevelopment" means, with respect to an economic development district project, the cost of*

*(a) acquiring property, whether by purchase, lease, condemnation, or otherwise;*

*(b) demolishing or removing structures or other improvements on acquired properties;*

*(c) correcting soil deficiencies necessary to develop or use the property for an appropriate use as determined by the authority;*

*(d) constructing or installing public improvements, including streets, roads, and utilities;*

*(e) providing relocation benefits to the occupants of acquired properties;*

*(f) planning, engineering, legal and other services necessary to carry out the functions listed in clauses (a) to (e); and*

*(g) the allocated administrative expenses of the authority for the project.*

**Sec. 18. [458C.03] [ECONOMIC DEVELOPMENT AUTHORITY; ESTABLISHMENT.]**

*A city may, by adopting an enabling resolution in compliance with the procedural requirements of section 20, establish an eco-*

conomic development authority that, subject to section 19, has the powers contained in sections 17 to 37 and a housing and redevelopment authority under chapter 462 or other law, and a city under chapter 472A or other law. If the economic development authority exercises the powers of a housing and redevelopment authority contained in chapter 462 or other law, the city shall exercise the powers relating to a housing and redevelopment authority granted to a city by chapter 462 or other law.

Sec. 19. [458C.04] [LIMIT OF POWERS.]

*Subdivision 1. [RESOLUTION.] The enabling resolution may impose the following limits upon the actions of the authority:*

(1) *that the authority must not exercise any specified powers contained in sections 17 to 37, chapters 462 and 472A or that the authority must not exercise any powers without the prior approval of the city council;*

(2) *that, except when previously pledged by the authority, the city council may, by resolution, require the authority to transfer any portion of the reserves generated by activities of the authority that the city council determines is not necessary for the successful operation of the authority, to the city general fund, to be used for any general purpose of the city;*

(3) *that the sale of all bonds or obligations issued by the authority be approved by the city council before issuance;*

(4) *that the 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 authority must be consistent with the adopted comprehensive plan of the city, and any official controls implementing the comprehensive plan;*

(6) *that the authority submit all planned activities for influencing the action of any other governmental agency, subdivision, or body to the city council for approval;*

(7) *that the authority submit its administrative structure and management practices to the city council for approval; and*

(8) *any other limitation or control established by the city council by the enabling resolution.*

*Subd. 2. [MODIFICATION OF RESOLUTION.] The enabling resolution may be modified at any time, subject to subdivision 5, and provided that any modification is made in accordance with section 20.*

*Subd. 3. [REPORT ON RESOLUTION.] Without limiting the right of the authority to petition the city council at any time, each year, within 60 days of the anniversary date of the first adoption of the enabling resolution, the authority shall submit to the city council a report stating whether and how the enabling resolution should be modified. Within 30 days of receipt of the recommendation, the city council shall review the enabling resolution, consider the recommendations of the authority, and make any modification it considers appropriate. Modifications must be made in accordance with the procedural requirements of section 20.*

*Subd. 4. [COMPLIANCE.] The city council's determination that the authority has complied with the limitations imposed under this section is conclusive.*

*Subd. 5. [LIMITS; SECURITY.] Limits imposed under this section must not be applied in a manner that impairs the security of any bonds issued or contracts executed before the limit is imposed. The city council must not modify any limit 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. 20. [458C.05] [PROCEDURAL REQUIREMENT.]**

*Subdivision 1. [ENABLING RESOLUTION.] The creation of an authority by a city must be by written resolution known as the enabling resolution. Before adopting the enabling resolution, the city council shall conduct a public hearing. Notice of the time and place of hearing, a statement of the purpose of the hearing, and a summary of the resolution must be published in a newspaper of general circulation within the city once a week for two consecutive weeks. The first publication must appear not more than 30 days from the date of the public hearing.*

*Subd. 2. [MODIFICATIONS.] All modifications to the enabling resolution must be by written resolution and must be adopted after notice is given and a public hearing conducted as required for the original adoption of the enabling resolution.*

**Sec. 21. [458C.06] [TRANSFER OF AUTHORITY.]**

*Subdivision 1. [ECONOMIC DEVELOPMENT, HOUSING, REDEVELOPMENT POWERS.] The city may, by ordinance, divide any economic development, housing, and redevelopment powers granted under chapter 462 and this chapter between the economic development authority and any other authority or commission established under statute or city charter for economic development, housing, or redevelopment.*

*Subd. 2. [PROJECT CONTROL, AUTHORITY, OPERATION.] The city may, by resolution, transfer the control, au-*

thority, and operation of any project as defined in section 273.73, subdivision 8, or any other program or project authorized by chapter 462 or 472A located within the city, from the governmental agency or subdivision that established the project to the economic development authority. The city council may also require acceptance of control, authority, and operation of the project by the economic development authority. The economic development authority may exercise all of the powers that the governmental unit establishing the project could exercise with respect to the project.

When a project or program is transferred to the economic development authority, the authority shall covenant and pledge to perform the terms, conditions, and covenants of the bond indenture or other agreements executed for the security of any bonds issued by the governmental subdivision that initiated the project or program. The economic development authority may exercise all of the powers necessary to perform the terms, conditions, and covenants of any indenture or other agreements executed for the security of the bonds and shall become obligated on the bonds when the project or program is transferred as provided in this subdivision.

Subd. 3. [TRANSFER OF PERSONNEL.] Notwithstanding any other law or charter provision to the contrary, the city council may, by resolution, place any employees of the housing and redevelopment authority under the direction, supervision, or control of the economic development authority. The placement of any employees under the direction, supervision, or control of the economic development authority does not affect the rights of any employees of the housing and redevelopment authority, including any rights existing under a collective bargaining agreement or fringe benefit plan. The employees shall become employees of the economic development authority.

Sec. 22. [458C.07] [ECONOMIC DEVELOPMENT AUTHORITY.]

An economic development authority is a public body corporate and politic and a political subdivision of the state with the right to sue and be sued in its own name. An authority carries out an essential governmental function when it exercises its power, but the authority is not immune from liability because of this.

Sec. 23. [458C.08] [COMMISSIONERS; APPOINTMENT, TERMS, VACANCIES, PAY, REMOVAL.]

Subdivision 1. [COMMISSIONERS.] Except as provided in subdivision 2, clause (d), an economic development authority shall consist of either three, five, or seven commissioners who shall be appointed after the enabling resolution provided for in section 14 becomes effective. The resolution must indicate the number of commissioners constituting the authority.

**Subd. 2. [APPOINTMENT, TERMS; VACANCIES.]** (a) *Three-member authority: the commissioners constituting a three-member authority, one of whom must be a member of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of two, four, and six years, respectively. Thereafter all commissioners shall be appointed for six-year terms.*

(b) *Five-member authority: the commissioners constituting a five-member authority, two of whom must be members of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of two, three, four, and five years respectively and one member for six years. Thereafter all commissioners shall be appointed for six-year terms.*

(c) *Seven-member authority: the commissioners constituting a seven-member authority, two of whom must be members of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of one, two, three, four, and five years respectively and two members for six years. Thereafter all commissioners shall be appointed for six-year terms.*

(d) *The enabling resolution may provide that the members of the city council shall serve as the commissioners.*

(e) *The enabling resolution may provide for the appointment of members of the city council in excess of the number required in clauses (a), (b) and (c).*

(f) *A vacancy is created in the membership of an authority when a city council member of the authority ends council membership. A vacancy for this or another reason must be filled for the balance of the unexpired term, in the manner in which the original appointment was made. The city council may set the term of the commissioners who are members of the city council to coincide with their term of office as members of the city council.*

**Subd. 3. [INCREASE IN COMMISSION MEMBERS.]** *An authority may be increased from three to five or seven members, or from five to seven members by a resolution adopted by the city council following the procedure provided for modifying the enabling resolution in section 20.*

**Subd. 4. [COMPENSATION AND REIMBURSEMENT.]** *A commissioner, including the president, shall be paid for attending each regular or special meeting of the authority in an amount to be determined by the city council. In addition to receiving pay for meetings, the commissioners may be reimbursed for actual expenses incurred in doing official business of the au-*

*thority. All money paid for compensation or reimbursement must be paid out of the authority's budget.*

*Subd. 5. [REMOVAL FOR CAUSE.] A commissioner may be removed by the city council for inefficiency, neglect of duty, or misconduct in office. A commissioner shall be removed only after a hearing. A copy of the charges must be given to the commissioner at least ten days before the hearing. The commissioner must be given an opportunity to be heard in person or by counsel at the hearing. When written charges have been submitted against a commissioner, the city council may temporarily suspend the commissioner. If the city council finds that those charges have not been substantiated, the commissioner shall be immediately reinstated. If a commissioner is removed, a record of the proceedings, together with the charges and findings, shall be filed in the office of the city clerk.*

**Sec. 24. [458C.09] [OFFICERS; DUTIES; ORGANIZATIONAL MATTERS.]**

*Subdivision 1. [BYLAWS, RULES, SEAL.] An authority may adopt bylaws and rules of procedure and shall adopt an official seal.*

*Subd. 2. [OFFICERS.] An authority shall elect a president, a vice-president, a treasurer, a secretary, and an assistant treasurer. The authority shall elect the president, treasurer, and secretary annually. A commissioner must not serve as president and vice-president at the same time. The other offices may be held by the same commissioner. The offices of secretary and assistant treasurer need not be held by a commissioner.*

*Subd. 3. [DUTIES AND POWERS.] The officers have the usual duties and powers of their offices. They may be given other duties and powers by the authority.*

*Subd. 4. [TREASURER'S DUTIES.] The treasurer:*

- (1) shall receive and is responsible for authority money;*
- (2) is responsible for the acts of the assistant treasurer;*
- (3) shall disburse authority money by check only;*
- (4) shall keep an account of the source of all receipts, and the nature, purpose, and authority of all disbursements; and*
- (5) shall file the authority's detailed financial statement with its secretary at least once a year at times set by the authority.*



*Subd. 5. [ASSISTANT TREASURER.] The assistant treasurer has the powers and duties of the treasurer if the treasurer is absent or disabled.*

*Subd. 6. [TREASURER'S BOND.] The treasurer shall give bond to the state conditioned for the faithful discharge of official duties. The bond must be approved as to form and surety by the authority and filed with the secretary. The bond must be for twice the amount of money probably on hand at any one time, as determined at least annually by the authority. However, the bond must not exceed \$300,000.*

*Subd. 7. [PUBLIC MONEY.] Authority money is public money.*

*Subd. 8. [CHECKS.] An authority check must be signed by the treasurer and one other officer named by the authority in a resolution. The check must state the name of the payee and the nature of the claim that the check is issued for.*

*Subd. 9. [FINANCIAL STATEMENT.] The authority's detailed financial statement must show all receipts and disbursements, their nature, the money on hand, the purposes to which the money on hand is to be applied, the authority's credits and assets, and its outstanding liabilities in a form required for the city's financial statements. The authority shall examine the statement together with the treasurer's vouchers. If the authority finds that the statement and vouchers are correct, it shall approve them by resolution and enter the resolution in its records.*

**Sec. 25. [458C.10] [EMPLOYEES; SERVICES; SUPPLIES.]**

*Subdivision 1. [EMPLOYEES.] An economic development authority may employ an executive director, a chief engineer, other technical experts and agents, and other employees as it may require, and determine their duties, qualifications, and compensation.*

*Subd. 2. [CONTRACT FOR SERVICES.] The authority may contract for the services of consultants, agents, public accountants, and other persons needed to perform its duties and exercise its powers.*

*Subd. 3. [LEGAL SERVICES.] The authority may use the services of the city attorney or hire a general counsel for its legal needs. The city attorney or general counsel, as determined by the authority, is its chief legal advisor.*

*Subd. 4. [SUPPLIES.] The authority may purchase the supplies and materials it needs to carry out sections 17 to 37.*

*Subd. 5. [CITY PURCHASING.] An authority may use the facilities of its city's purchasing department in connection with*

*construction work and to purchase equipment, supplies, or materials.*

*Subd. 6. [CITY FACILITIES, SERVICES.] A city may furnish offices, structures and space, and stenographic, clerical, engineering, or other assistance to its authority.*

*Subd. 7. [DELEGATION POWER.] The authority may delegate to one or more of its agents or employees powers or duties as it may deem proper.*

**Sec. 26. [458C.11] [CONFLICT OF INTEREST.]**

*Except as authorized in section 471.88 a commissioner, officer, or employee of an authority must not acquire any financial interest, direct or indirect, in any project or in any property included or planned to be included in any project, nor shall the person have any financial interest, direct or indirect, in any contract or proposed contract for materials or service to be furnished or used in connection with any project.*

**Sec. 27. [458C.12] [DEPOSITORIES; DEFAULT; COLLATERAL.]**

*Subdivision 1. [NAMED; BOND.] Every two years an authority shall name national or state banks within the state as depositories. Before acting as a depository, a named bank shall give the authority a bond approved as to form and surety by the authority. The bond must be conditioned for the safekeeping and prompt repayment of deposits. The amount of bond must be at least equal to the maximum sums expected to be deposited at any one time.*

*Subd. 2. [ONE BANK ACCOUNT.] An authority may deposit all its money from any source in one bank account.*

*Subd. 3. [DEFAULT; COLLATERAL.] When authority funds are deposited by the treasurer in a bonded depository, the treasurer and the surety on the treasurer's official bond are exempt from liability for the loss of the deposits because of the failure, bankruptcy, or other act or default of the depository. However, an authority may accept assignments of collateral from its depository to secure deposits just as assignments of collateral are permitted by law to secure deposits of the authority's city.*

**Sec. 28. [458C.13] [OBLIGATIONS.]**

*Subdivision 1. [TAXES AND ASSESSMENTS PROHIBITED.] An authority must not levy a tax or special assessment, except as otherwise provided in sections 17 to 37, pledge the credit of the state or the state's municipal corporations or other subdivisions, or incur an obligation enforceable on property not owned by the authority.*

*Subd. 2. [BUDGET TO CITY.] Annually, at a time fixed by charter, resolution, or ordinance of the city, an authority shall send its budget to its city's council. The budget must include a detailed written estimate of the amount of money that the authority expects to need from the city to do authority business during the next fiscal year. The needed amount is what is needed in excess of any expected receipts from other sources.*

*Subd. 3. [FISCAL YEAR.] The fiscal year of the authority must be the same as the fiscal year of its city.*

*Subd. 4. [REPORT TO CITY.] Annually, at a time and in a form fixed by the city council, the authority shall make a written report to the council giving a detailed account of its activities and of its receipts and expenditures during the preceding calendar year, together with additional matters and recommendations it deems advisable for the economic development of the city.*

*Subd. 5. [AUDITS.] The financial statements of the authority must be prepared, audited, filed, and published or posted in the manner required for the financial statements of the city that established the authority. The financial statements must permit comparison and reconciliation with the city's accounts and financial reports. The report must be filed with the state auditor by June 30 of each year. The auditor shall review the report and may accept it or, in the public interest, audit the books of the authority.*

**Sec. 29. [458C.14] [ECONOMIC DEVELOPMENT DISTRICTS; SCHEDULE OF POWERS.]**

*Subdivision 1. [ESTABLISHMENT.] An economic development authority may create and define the boundaries of economic development districts at any place or places within the city and may use the powers granted in sections 17 to 37 to carry out its purposes. First the authority must hold a public hearing on the matter. At least ten days before the hearing, the authority shall publish notice of the hearing in a daily newspaper of general circulation in the city. Also, the authority shall find that an economic development district is proper and desirable to establish and develop within the city.*

*Subd. 2. [ACQUIRE PROPERTY.] The economic development authority may acquire by lease, purchase, gift, devise, or condemnation proceedings the needed right, title, and interest in property to create economic development districts. It shall pay for the property out of money it receives under sections 17 to 37. It may hold and dispose of the property subject to the limits and conditions in sections 17 to 37. The title to property acquired by condemnation or purchase must be in fee simple, absolute. The authority may accept an interest in property acquired in another way subject to any condition of the grantor or donor. The condition must be consistent with the proper use of the property under*

sections 17 to 37. Property acquired, owned, leased, controlled, used, or occupied by the authority for any of the purposes of this section is for public governmental and municipal purposes and is exempt from taxation by the state or by its political subdivisions. The exemption applies only while the authority holds property for its own purpose. The exemption is subject to the provisions of section 272.02, subdivision 5. When property is sold it begins to be taxed again.

*Subd. 2a. [OPTIONS.] The economic development authority may sign options to purchase, sell, or lease property.*

*Subd. 3. [EMINENT DOMAIN.] The economic development authority may use eminent domain under chapter 117, or under its city's charter to acquire property it is authorized to acquire by condemnation. The authority may acquire in this way property acquired by its owner by eminent domain or property already devoted to a public use only if its city's council approves. The authority may possess property to be condemned after it files a petition in condemnation proceedings describing the property. The authority may abandon the condemnation before taking possession.*

*Subd. 4. [CONTRACTS.] The economic development authority may make contracts for the purpose of economic development within the powers given it in sections 17 to 37. The authority may contract or arrange with the federal government, or any of its departments, with persons, public corporations, the state, or any of its political subdivisions, commissions, or agencies, for separate or joint action, on any matter related to using the authority's powers or doing its duties. The authority may contract to purchase and sell real and personal property. However, an obligation or expense must not be incurred except when existing appropriations together with the reasonable expected revenue of the authority from other sources are sufficient to discharge the obligation or pay the expense when due. The state and its municipal subdivisions are not liable on the obligations.*

*Subd. 4a. [LIMITED PARTNER.] The economic development authority may be a limited partner in a partnership whose purpose is consistent with the authority's purpose.*

*Subd. 5. [RIGHTS; EASEMENTS.] The economic development authority may acquire rights or an easement for a term of years or perpetually for development of an economic development district.*

*Subd. 6. [SUPPLIES; MATERIALS.] The economic development authority may buy the supplies and materials it needs to carry out this section.*

*Subd. 7. [RECEIVE PUBLIC PROPERTY.] The economic development authority may accept land, money, or other assis-*

*tance, whether by gift, loan or otherwise, in any form from the federal or state government, or an agency of either, or a local subdivision of state government to carry out sections 17 to 37 and to acquire and develop an economic development district and its facilities under this section.*

**Subd. 8. [DEVELOPMENT DISTRICT AUTHORITY.]** *The economic development authority may sell or lease land held by it for economic development in economic development districts. The authority may, if proper in the public interest, build suitable buildings or structures on land owned by it. The authority may furnish capital equipment permanently or used exclusively on the lands or in the buildings if necessary to the purposes of the buildings or structures. The authority must intend that the buildings, structures, and equipment be leased or sold to private persons to further develop the economic development district.*

*The authority may acquire, develop, sell, or lease single or multiple tracts of land regardless of size, to be developed as a part of the economic development of the district under sections 17 to 37.*

**Subd. 9. [FOREIGN TRADE ZONE.]** *The economic development authority may apply to the board defined in United States Code, title 19, section 81a, for the right to use the powers provided in United States Code, title 19, sections 81a to 81u. If the right is granted, the authority may use the powers. One authority may apply with another authority.*

**Subd. 10. [RELATION TO CHAPTER 474.]** *The economic development authority may exercise powers and duties of a re-development agency under chapter 474, for a purpose in sections 17 to 37 or 462.411 to 462.705. The authority may also use the powers and duties in sections 17 to 37 and 462.411 to 462.705 for a purpose in chapter 474.*

**Subd. 11. [PUBLIC FACILITIES.]** *The authority may operate and maintain a public parking facility or other public facility to promote development in an economic development district.*

**Sec. 30. [458C.15] [GENERAL OBLIGATION BONDS.]**

**Subdivision 1. [AUTHORITY; PROCEDURE.]** *An economic development authority may issue general obligation bonds in the principal amount authorized by two-thirds majority vote of its city's council. The bonds may be issued in anticipation of income from any source. The bonds may be issued: (1) to secure funds needed by the authority to pay for acquired property or (2) for other purposes in sections 17 to 37. The bonds must be in the amount and form and bear interest at the rate set by the city council. The authority shall sell the bonds to the highest bidder. The authority shall publish notice of the time and the*

place for receiving bids, once at least two weeks before the bid deadline. Sections 17 to 37 govern issuance of the bonds. When those sections are silent, chapter 475 governs. The authority when issuing the bonds is a municipal corporation under chapter 475. No election shall be required to authorize the issuance of the bonds except as provided in subdivision 2.

**Subd. 2. [REFERENDUM ON PETITION.]** Before the issuance of the bonds, the city council shall publish in the official newspaper of the city an initial resolution authorizing the issuance of the bonds, and if within 21 days after the publication there is filed with the city clerk a petition requesting an election on the proposition of issuing the bonds signed by a number of qualified voters greater than ten percent of the number who voted in the city at the last general election, the bonds must not be issued until the proposition has been approved by a majority of the votes cast on it at a regular or special election.

**Subd. 3. [OUTSIDE DEBT LIMIT.]** Bonds issued by the authority must not be included in the net debt of its city. Money received under this section must not be included in a per person limit on taxing or spending in the city's charter. The authority is also exempt from the limit.

**Subd. 4. [DETAIL; MATURITY.]** The authority with the consent of its city's council shall set the date, denominations, place of payment, form, and details of the bonds. The bonds must mature serially. The first installment is due in not more than three years and the last in not more than 30 years from the date of issuance.

**Subd. 5. [SIGNATURES; COUPONS; LIABILITY.]** The bonds must be signed by the president of the authority, be attested by its secretary, and be countersigned by its treasurer; the signatures may be facsimile signatures. The interest coupons if any, must be attached to the bonds. The coupons must be executed and authenticated by the printed, engrossed, or lithographed facsimile signature of the authority's president and secretary. The bonds do not impose any personal liability on a member of the authority.

**Subd. 6. [PLEDGE.]** The bonds must be secured by the pledge of the full faith, credit, and resources of the issuing authority's city. The authority may pledge the full faith, credit, and resources of the city only if the city specifically authorizes the authority to do so. The city council must first decide whether the issuance of the bonds by the authority is proper in each case and if so, what amount of bonds to issue. The city council shall give specific consent in an ordinance to the pledge of the city's full faith, credit, and resources. The authority shall pay the principal amount of the bonds and the interest on it from taxes levied under this section to make the payment or from authority income from any source.

*Subd. 7. [TAX LEVY.] An authority that issues bonds under this section, shall, before issuing them, levy a tax for each year on the taxable property in the authority's city. The tax must be for at least five percent more than the amount required to pay the principal and interest on the bonds as the principal and interest mature. The tax must be levied annually until the principal and interest are paid in full. After the bonds have been delivered to the purchasers, the tax must not be repealed until the debt is paid. After the bonds are issued, the authority need not take any more action to authorize extending, assessing, and collecting the tax. The authority's secretary shall immediately send a certified copy of the levy to the county auditor. The secretary shall send with the copy full information on the bonds for which the tax is levied. The county auditor shall extend and assess the levied tax annually until the principal and interest are paid in full. The authority shall transfer the surplus from the excess levy in this section to a sinking fund after the principal and interest for which the tax was levied and collected is paid. The authority may direct its secretary to send a certificate to the county auditor before October 15 in a year. The certificate must state how much available income including the amount in the sinking fund the authority will use to pay principal or interest or both on each specified issue of the authority's bonds. The auditor shall then reduce the bond levy for that year by that amount. The authority shall then set aside the certified amount and may not use it for any purpose except to pay the principal and interest on the bonds. The taxes in this section shall be collected and sent to the authority by the county treasurer under the law on collection of other taxes. The taxes must be used only to pay the bonds when due.*

*Subd. 8. [AUTHORIZED SECURITIES.] Bonds legally issued under this chapter are authorized securities under section 50.14. A savings bank, trust company, or insurance company may invest in them. A public or municipal corporation may invest its sinking funds in them. The bonds may be pledged by a bank or trust company as security for the deposit of public money in place of a surety bond.*

*The authority's bonds are instrumentalities of a public governmental agency.*

**Sec. 31. [458C.16] [REVENUE BONDS; PLEDGE; COVENANTS.]**

*Subdivision 1. [AUTHORITY.] An economic development authority may decide by resolution to issue its revenue bonds either at one time or in series from time to time. The revenue bonds may be issued to provide money to pay to acquire land needed to operate the authority, to purchase or construct facilities, to purchase, construct, install, or furnish capital equipment to operate a facility for economic development of any kind within the city, or to pay to extend, enlarge, or improve a project under its control. The issued bonds may include the*

amount the authority considers necessary to establish an initial reserve to pay principal and interest on the bonds. The authority shall state in a resolution how the bonds and their attached interest coupons are to be executed.

*Subd. 2. [FORM.] The bonds of each series issued by the authority under this section shall bear interest at a rate or rates, shall mature at the time or times within 30 years from the date of issuance and shall be in the form, whether payable to bearer, registrable as to principal, or fully registrable, as may be determined by the authority. Section 30, subdivision 8, applies to all bonds issued under this section, and the bonds and their coupons, if any, when payable to bearer, shall be negotiable instruments.*

*Subd. 3. [SALE.] The sale of revenue bonds issued by the authority shall be at public or private sale. The bonds may be sold in the manner and for the price that the authority determines to be for the best interest of the authority. The bonds may be made callable, and if so issued, may be refunded.*

*Subd. 4. [AGREEMENTS.] The authority may by resolution make an agreement or covenant with the bondholders or their trustee. The authority must first decide that the agreement or covenant is needed or desirable to do what the authority may do under this section and to assure that the revenue bonds are marketable and promptly paid.*

*Subd. 5. [REVENUE PLEDGE.] In issuing general obligation or revenue bonds, the authority may secure the payment of the principal and the interest on the bonds by a pledge of and lien on authority revenue. The revenue must come from the facility to be acquired, constructed, or improved with the bond proceeds or from other facilities named in the bond-authorizing resolutions. The authority also may secure the payment with its promise to impose, maintain, and collect enough rentals, rates and charges, for the use and occupancy of the facilities and for services furnished in connection with the use and occupancy, to pay its current expenses to operate and maintain the named facilities, and to produce and put enough net revenue in a special fund to meet the interest and principal requirements of the bonds, and to collect and keep any more money required by the resolutions. The authority shall decide what is current expense under this subdivision based on what is normal and reasonable under accepted accounting principles. Revenues pledged by the authority must not be used or pledged for any other authority purpose or to pay any other bonds issued under this section or under section 30, unless the other use or pledge is specifically authorized in the bond-authorizing resolutions.*

*Subd. 6. [NOT CITY DEBT.] Revenue bonds issued under this section are not a debt of the authority's city nor a pledge of that city's full faith and credit. The bonds are payable only*



*from project revenue as described in this section. A revenue bond must contain on its face a statement to the effect that the economic development authority and its named city do not have to pay the bond or the interest on it except from revenue and that the faith, credit, and taxing power of the city are not pledged to pay the principal of or the interest on the bond.*

*Subd. 7. [NOT APPLICABLE.] Sections 474.01, subdivisions 7a, 7b, and 8 and 474.02, subdivision 1d, do not apply to revenue bonds issued under this section and chapter 474 if the interest on the revenue bonds is subject to both state and federal income tax or if the revenue bond proceeds are not loaned by the authority to a private person.*

*Subd. 8. [TAX INCREMENT BONDS.] Obligations secured or payable from tax increment revenues and issued pursuant to this section or section 30 are subject to the provisions of section 273.77.*

**Sec. 32. [458C.17] [SECTIONS THAT APPLY IF FEDERAL LIMIT APPLIES.]**

*Sections 474.16 to 474.23 apply to obligations issued under sections 17 to 37 that are limited by a federal limitation act defined in section 474.16, subdivision 5.*

**Sec. 33. [458C.18] [ADDITIONAL POWERS.]**

*Subdivision 1. [AS AGENT.] An economic development authority may cooperate with or act as agent for the federal or the state government, or a state public body, or an agency or instrumentality of a government or a public body to carry out sections 17 to 37 or any other related federal, state or local law in the area of economic development district improvement.*

*Subd. 2. [STUDIES, ANALYSIS, RESEARCH.] An authority may study and analyze economic development needs in the city, and ways to meet the needs. An authority may study the desirable patterns for land use for economic development and community growth and other factors affecting local economic development in the city and make the result of the studies available to the public and to industry in general. An authority may engage in research and give out information on economic development within the city.*

*Subd. 3. [PUBLIC RELATIONS.] To further an authorized purpose an authority may (1) join an official, industrial, commercial, or trade association, or another organization concerned with the purpose, (2) have a reception of officials who may contribute to advancing the city and its economic development, and (3) carry out other public relations activities to pro-*

*mote the city and its economic development. Activities under this subdivision have a public purpose.*

*Subd. 4. [ACCEPT PUBLIC LAND.] An authority may accept conveyances of land from all other public agencies, commissions or other units of government, if the land can be properly used by the authority in an economic development district, to carry out the purposes of sections 17 to 37.*

*Subd. 5. [ECONOMIC DEVELOPMENT.] An authority may carry out the law on economic development districts to develop and improve the lands in an economic development district to make it suitable and available for economic development uses and purposes. An authority may fill, grade, and protect the property and do anything necessary and expedient, after acquiring the property, to make it suitable and attractive as a tract for economic development. An authority may lease some or all of its lands or property and may set up local improvement districts in all or part of an economic development district.*

*In general, with respect to an economic development district, an authority may use all the powers given an economic development authority by law.*

*Subd. 6. [AS BORROWER.] An authority after authorizing bonds under section 30 or 31 may borrow to provide money immediately required for the bond purpose. The loans must not exceed the amount of the bonds. The authority shall by resolution decide the terms of the loans. The loans must be evidenced by negotiable notes due in not more than 12 months from the date of the loan payable to the order of the lender or to bearer, to be repaid with interest from the proceeds of the bonds when the bonds are issued and delivered to the bond purchasers. The loan must not be obtained from any commissioner of the authority or from any corporation, association, or other institution of which an authority commissioner is a stockholder or officer.*

*Subd. 7. [AS LENDER.] The proceeds of obligations issued by an authority under section 31 and temporary loans obtained under this section may be used to make or purchase loans for economic development facilities that the authority believes will require financing. To make or purchase the loans, the authority may enter into loan and related agreements, both before and after issuing the obligations, with persons, firms, public or private corporations, federal or state agencies, and governmental units under terms and conditions the authority considers appropriate. A governmental unit in the state may apply, contract for, and receive the loans. Chapter 475 does not apply to the loans.*

*Subd. 8. [MINED SPACE DEVELOPMENT.] Upon delegation by a municipality as provided in section 472B.08, an authority may exercise any of the delegated powers in connection*

*with mined underground space development under sections 472B.03 to 472B.07.*

*Subd. 9. [CITY FACILITIES, SERVICES.] An authority city may furnish offices, structures, and space, stenographic, clerical, engineering, or other assistance to its authority.*

**Sec. 34. [458C.19] [SALE OF PROPERTY.]**

*Subdivision 1. [POWER.] An economic development authority may sell and convey property owned by it within the city or an economic development district. First, the authority must decide that the sale and conveyance are in the best interests of the city or district and its people, and that the transaction furthers its general plan of economic development. This section is not limited by other law on powers of economic development authorities.*

*Subd. 2. [NOTICE; HEARING.] An authority shall hold a hearing on the sale. At the hearing a taxpayer may testify for or against the sale. At least ten, but not more than 20, days before the hearing the authority shall publish notice of the hearing on the proposed sale in a newspaper. The newspaper must be published and have general circulation in the authority's county and city. The notice must describe the property to be sold and state the time and place of the hearing. The notice must also state that the public may see the terms and conditions of the sale at the authority's office and that at the hearing the authority will meet to decide if the sale is advisable.*

*Subd. 3. [DECISION; APPEAL.] The authority shall make its findings and decision on whether the sale is advisable and enter its decision on its records within 30 days of the hearing. A taxpayer may appeal the decision. The appeal is made by filing a notice of appeal with the district court in the city or economic development district's county and serving the notice on the secretary of the authority, within 20 days after the decision is entered. The only ground for appeal is that the action of the authority was arbitrary, capricious, or contrary to law.*

*Subd. 4. [TERMS.] The terms and conditions of sale of the property must include the use that the bidder will be allowed to make of it. The authority may require the purchaser to file security to assure that the property will be given that use. In deciding the sale terms and conditions the authority may consider the nature of the proposed use and the relation of the use to the improvement of the authority's city and the business and the facilities of the authority in general. The sale must be made on the authority's terms and conditions. The authority may publish an advertisement for bids on the property at the same time and in the same manner as the notice of hearing required in this section. The authority may award the sale to*

*the bid considered by it to be most favorable considering the price and the specified intended use. The authority may also sell the property at private sale at a negotiated price if after its hearing the authority considers that sale to be in the public interest and to further the aims and purposes of sections 17 to 37.*

**Subd. 5. [ONE-YEAR DEADLINE.]** *The purchaser shall, within one year from the date of purchase, devote the property to its intended use, or shall begin work on the improvements to the property to devote it to that use. If the purchaser fails to do so, the authority may cancel the sale and title to the property shall return to it. The authority may extend the time to comply with a condition if the purchaser has good cause. The terms of sale may contain other provisions that the authority considers necessary and proper to protect the public interest. A purchaser must not transfer title to the property within one year of purchase without the consent of the authority.*

**Subd. 6. [COVENANT RUNNING WITH THE LAND.]** *A sale made under this section must incorporate in the deed as a covenant running with the land the conditions of sections 17 to 37 relating to the use of the land. If the covenant is violated the authority may declare a breach of the covenant and seek a judicial decree from the district court declaring a forfeiture and a cancellation of the deed.*

**Subd. 7. [PLANS; SPECIFICATIONS.]** *A conveyance must not be made until the purchaser gives the authority plans and specifications to develop the property sold. The authority must approve the plans and specifications in writing. The preparation of final plans and specifications before the hearing on the sale is not required by this subdivision but the authority may make that requirement.*

**Sec. 35. [458C.20] [ADVANCES BY AUTHORITY.]**

*An authority may advance its general fund money or its credit, or both, without interest, for the objects and purposes of sections 17 to 37. The advances must be repaid from the sale or lease, or both, of developed or redeveloped lands. If the money advanced for the development or redevelopment was obtained from the sale of the authority's general obligation bonds, then the advances must have not less than the average annual interest rate that is on the authority's general obligation bonds that are outstanding at the time the advances are made. The authority may advance repaid money for more objects and purposes of sections 17 to 37 subject to repayment in the same manner. The authority must still use rentals of lands acquired with advanced money to collect and maintain reserves to secure the payment of principal and interest on revenue bonds issued to finance economic development facilities, if the rentals have been pledged for that purpose under section 31. Advances made*

*to acquire lands and to construct facilities for recreation purposes if authorized by law need not be reimbursed under this section. Sections 17 to 37 do not exempt lands leased from the authority to a private person, or entity from assessments or taxes against the leased property while the lessee is liable for the assessments or taxes under the lease.*

**Sec. 36. [458C.22] [CITY MAY LEVY TAXES FOR ECONOMIC DEVELOPMENT AUTHORITY.]**

*Subdivision 1. [CITY TAX LEVY.] A city shall, at the request of the authority, levy a tax in any year for the benefit of the authority. The tax must be for not more than .75 mill times the assessed valuation of taxable property in the city. The tax may be levied beyond levy limits in law. The amount levied must be paid by the city treasurer to the treasurer of the authority, to be spent by the authority.*

*Subd. 2. [ADDITIONAL CITY TAX LEVY.] A city may levy an additional tax to be spent by and for its economic development authority. If levied, the tax must enable the authority to carry out efficiently and in the public interest sections 17 to 37 to create and develop economic development districts. The authority must request the tax levy. In any year the levy must not be for more than 7/60 of one mill on each dollar of assessed valuation of taxable property in the city. The county treasurer shall pay the money levied to the authority treasurer. The money may be spent by the authority to do its duties to create and develop economic development districts. In spending the money the authority must judge what best serves the public interest. The levy in this section is in addition to the levy in subdivision 1. The city may disregard any levy limit in law to make the levy in this section.*

*Subd. 3. [REVERSE REFERENDUM.] A city may increase its levy for economic development authority purposes under subdivision 1 in the following way. Its city council must first pass a resolution stating the proposed amount of levy increase. The city must then publish the resolution together with a notice of public hearing on the resolution for two successive weeks in its official newspaper or if none exists in a newspaper of general circulation in the city. The hearing must be held two to four weeks after the first publication. After the hearing, the city council may decide to take no action or may adopt a resolution authorizing the proposed increase or a lesser increase. A resolution authorizing an increase must be published in the city's official newspaper or if none exists in a newspaper of general circulation in the city. The resolution is not effective if a petition requesting a referendum on the resolution is filed with the city clerk within 30 days of publication of the resolution. The petition must be signed by voters equaling five percent of the votes cast in the city in the last general election.*

*Then the resolution is only effective if approved by a majority of those voting on the question. The commissioner of revenue shall prepare a suggested form of referendum question. The referendum must be held at a special or general election before October 1 of the year for which the levy increase is proposed.*

**Sec. 37. [458C.23] [SPECIAL LAW; OPTIONAL USE.]**

*A city that has established a port authority by special law or that has been granted the power to establish a port authority by special law, or a city whose city council has been authorized to exercise the powers of a port authority by special law may elect to use the powers granted in sections 17 to 37. If the election is made, the powers and duties set forth in sections 17 to 37 supersede the special law and the special law must not be used anymore. The use of powers under sections 17 to 37 by a city described in this section does not impair the security of any obligations issued or contracts or agreements executed under the special law. Control, authority, and operation of any project may be transferred to the authority in the manner provided in section 21.*

**Sec. 38. [LEGISLATIVE FINDINGS.]**

*The statement of policy and the findings of the legislature in enacting Laws 1957, chapter 812, are confirmed and apply equally to the exercise of powers by economic development authorities and statutory or home rule charter cities pursuant to sections 17 to 37.*

**Sec. 39.** Minnesota Statutes 1984, section 462C.02, subdivision 6, is amended to read:

**Subd. 6.** "City" means any statutory or home rule charter city, or any public body which (a) is the housing and redevelopment authority in and for a city, (OR) the port authority of a city, or an economic development authority of a city established under sections 17 to 37, and (b) is authorized by ordinance to exercise, on behalf of a city, the powers conferred by sections 462C.01 to 462C.08.

**Sec. 40.** Minnesota Statutes 1984, section 462C.02, subdivision 9, is amended to read:

**Subd. 9.** "Targeted area" means

(a) a development district established pursuant to section 472A.03,

(b) a development district established pursuant to Laws 1971, Chapter 677 as amended,

(c) a redevelopment project established pursuant to section 462.521,

(d) an industrial development district established pursuant to section 458.191,

(e) a census tract in which 70 percent or more of the families have income which is 80 percent or less of the statewide median family income as estimated by the United States department of housing and urban development, (OR)

(f) an area of chronic economic distress designated by the Minnesota housing finance agency, *or*

(g) *an economic development district established pursuant to section 29.*

Sec. 41. Minnesota Statutes 1985 Supplement, section 462C.12, subdivision 2, is amended to read:

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 this chapter and chapter 462 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 developments 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 *or economic development authority established under sections 17 to 37 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.

Sec. 42. Minnesota Statutes 1984, section 471.88, subdivision 1, is amended to read:

Subdivision 1. The governing body of any port authority, seaway port authority, *economic development authority*, town, school district, hospital district, county, or city, by unanimous vote, may contract for goods or services with an interested officer of the governmental unit in any of the following cases.

Sec. 43. Minnesota Statutes 1984, section 471.88, subdivision 9, is amended to read:

Subd. 9. When a port authority commissioner or *economic development authority commissioner* is engaged in or employed by a firm engaged in the business of importing or exporting or general trade, it shall be lawful for the authority to do business with the commissioner or his employer provided that in the fixing of any rates affecting shippers or users of the terminal facility, said commissioner shall not vote thereon.

Sec. 44. Minnesota Statutes 1984, section 471.88, subdivision 11, is amended to read:

Subd. 11. When a commissioner of any public housing (OR), port authority, or *economic development authority* is employed by a bank engaged in making loans or performing trust services involving real or personal property affected by any plan or such housing or port authority, no restriction shall apply to any such loans made or trust services performed by said bank if the commissioner shall disclose the nature of such loans or trust services of which he has personal knowledge, which disclosure shall be entered upon the minutes of such authority.

Sec. 45. Minnesota Statutes 1985 Supplement, section 472B.-04, is amended to read:

#### 472B.04 [POWERS OF MUNICIPALITY.]

A municipality may, to accomplish the purposes of this chapter:

(1) exercise any or all powers enumerated in chapter 458, but only if the municipality has been granted authority to



exercise the powers enumerated in *sections 17 to 37*, chapters 458, 462, 472, 472A, and 474, in conjunction with the powers granted by this chapter;

(2) provide public facilities pursuant to chapters 429, 430, and any charter provision or any special law;

(3) acquire, by lease, purchase, gift, condemnation, or otherwise, land or interests in land, and convey land or interests in land. A municipality is empowered to acquire by condemnation any property, property right or interest in property, corporate or incorporeal, within its boundaries which may be needed by it for a project, for access, including surface and subsurface access, for ventilation, or for any other purpose which it finds by resolution to be needed by it in connection with mined underground space development; and the fact that the property or interest in property so needed has been acquired by the owner under the power of eminent domain, or is already devoted to a public use, or is owned by the University of Minnesota, any city, county, school district, town, other municipality, or other governmental subdivision, railroad, or public or private utility, shall not prevent its acquisition by the municipality by the exercise of the right of eminent domain hereby conferred, provided the existing use thereof is not impaired; the necessity of the taking of any property or interest in property by the municipality shall be determined by resolution duly adopted by the governing body of the municipality, which shall describe the property or interest as nearly as it may be described and state the use and purpose to which it is to be devoted; except as otherwise provided in this chapter, the right of eminent domain shall be exercised in accordance with chapter 117, 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;

(4) acting alone or with others, acquire, purchase, construct, lease, mortgage, maintain, operate, and convey projects;

(5) borrow money to carry out the purposes of this chapter;

(6) enter into contracts, sue and be sued and do or accomplish all other acts and things necessary or convenient to carry out the purposes and policies of this chapter; and

(7) exercise bonding authority as provided in section 472B.-05.

Sec. 46. Minnesota Statutes 1984, section 474.02, subdivision 3, is amended to read:

Subd. 3. "Redevelopment agency" means any port authority referred to in chapter 458, or any city authorized by general or

special law to exercise the powers of a port authority; *any economic development authority referred to in sections 17 to 37*; any housing and redevelopment authority referred to in chapter 462 or any body authorized to exercise the powers of a housing and redevelopment authority; and any area or municipal redevelopment agency referred to in chapter 472.

Sec. 47. Minnesota Statutes 1984, section 474.16, subdivision 2, is amended to read:

Subd. 2. "Local issuer" means any home rule charter or statutory city, any town, any housing and redevelopment authority referred to in chapter 462 or any body authorized to exercise the powers of a housing and redevelopment authority, any port authority referred to in chapter 458, *any economic development authority referred to in sections 17 to 37*, or any body authorized to exercise the powers of a port authority, any area or municipal redevelopment agency referred to in chapter 472, any county, or any other municipal authority or agency established pursuant to special law other than the iron range resources and rehabilitation board, acting as an issuer of obligations pursuant to law.

Sec. 48. [EFFECTIVE DATE.]

*Sections 4 to 47 are effective the day following final enactment."*

Further, amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 1725, A bill for an act relating to the city of East Grand Forks; 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 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 116 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Brinkman	Dimler	Hartinger	Kelly
Backlund	Brown	Dyke	Hartle	Kiffmeyer
Battaglia	Burger	Elioff	Haukoos	Knickerbocker
Beard	Carlson, D.	Erickson	Heap	Knuth
Becklin	Carlson, L.	Fjoslien	Himle	Kostohryz
Begich	Clark	Frerichs	Jacobs	Krueger
Bennett	Clausnitzer	Greenfield	Jaros	Kvam
Bishop	Cohen	Gruenes	Jennings, L.	Levi
Boo	Dempsey	Gutknecht	Johnson	Lieder
Brandl	DenOuden	Halberg	Kahn	Long

Marsh	Olson, E.	Redalen	Simoneau	Valento
McEachern	Omann	Rest	Skoglund	Vanasek
McKasy	Onnen	Rice	Solberg	Vellenga
McLaughlin	Osthoff	Richter	Sparby	Voss
McPherson	Otis	Riveness	Stanius	Waltman
Metzen	Ozment	Rodosovich	Staten	Welle
Miller	Pappas	Rose	Sviggum	Wenzel
Minne	Pauly	Sarna	Thiede	Wynia
Munger	Peterson	Schafer	Thorson	Zaffke
Nelson, D.	Piepho	Scheid	Tjornhom	Spk. Jennings, D.
Nelson, K.	Piper	Seaberg	Tomlinson	
Neuenschwander	Price	Segal	Tompkins	
Norton	Quinn	Shaver	Tunheim	
Ogren	Quist	Sherman	Uphus	

Those who voted in the negative were:

Murphy

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

The Speaker called Halberg to the Chair.

#### FIRST READING OF SENATE BILLS, Continued

S. F. No. 164, A bill for an act relating to claims against the state; providing for payment of various claims; appropriating money.

The bill was read for the first time.

Valan moved that S. F. No. 164 and H. F. No. 1459, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2101, A bill for an act relating to state lands; authorizing an exchange of certain state lands with the city of Thomson in Carlton county and sale of certain state land in Lake of the Woods county.

The bill was read for the first time.

Murphy moved that S. F. No. 2101 and H. F. No. 2315, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1868, A bill for an act relating to human services; streamlining food and nutrition programs in the state; promotion of full participation in food assistance programs; establishing a coordinated nutrition data system; requiring the full expenditure of federal funds by agencies administering the special supplemental food program for women, infants, and children; requiring food stamps to be provided within 24 hours to persons eligible for expedited issuance; requiring the board on aging to pursue reimbursement of costs of home-delivered meals for the elderly; establishing a pilot school breakfast program; amending Minnesota Statutes 1984, sections 145.892, subdivision 2; 145.-

894; 256.975, by adding a subdivision; and 393.07, subdivision 10, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 124; 144; and 245.

The bill was read for the first time.

Clausnitzer moved that S. F. No. 1868 and H. F. No. 2093, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2147, A bill for an act relating to health; requiring transportation services involving the use of a stretcher to meet life support transportation licensing standards; amending Minnesota Statutes 1984, sections 144.801, subdivision 4; and 174.29, subdivision 1.

The bill was read for the first time.

Frerichs moved that S. F. No. 2147 and H. F. No. 2297, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1814, A bill for an act relating to health and human services; establishing a task force on long-term care planning; requiring the commissioner of health to monitor transitional care; authorizing use of swing beds by patients transferred from hospitals located outside of the patient's community; modifying the preadmission screening program; changing financial statement certification requirements for nursing homes that are phasing out of the medical assistance program; establishing requirements for medical assistance rate appeals procedures for intermediate care facilities; requiring a study of geographic groupings of nursing homes; amending Minnesota Statutes 1984, section 251.011, subdivision 4; and Minnesota Statutes 1985 Supplement, sections 144.562, subdivision 3; 144.563; 256B.091, subdivisions 2, 4, 5, and 8; 256B.48, subdivision 1b; and 256B.501, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 144 and 144A.

The bill was read for the first time.

Onnen moved that S. F. No. 1814 and H. F. No. 1932, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2054, A bill for an act relating to taxation; sales; clarifying the application of the exemption for certain fundraising activities to certain school organizations; defining registered combined charitable organization; amending Minnesota Statutes 1985 Supplement, section 297A.256.

The bill was read for the first time.

Quinn moved that S. F. No. 2054 and H. F. No. 2206, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2102, A bill for an act relating to marriage dissolution and legal separation; requiring appointment of guardians ad litem in certain child custody proceedings; amending Minnesota Statutes 1984, section 518.165.

The bill was read for the first time.

Clausnitzer moved that S. F. No. 2102 and H. F. No. 2243, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1515, 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; providing for an appointed county abstract clerk; proposing coding for new law in Minnesota Statutes, chapter 383A; repealing Minnesota Statutes 1984, section 383A.38.

The bill was read for the first time.

Knuth moved that S. F. No. 1515 and H. F. No. 1611, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1745, A bill for an act relating to state lands; authorizing sale of Pearl Lake lakeshore parcel in Stearns county.

The bill was read for the first time.

Brinkman moved that S. F. No. 1745 and H. F. No. 2200, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2014, A bill for an act relating to game and fish; designation and use of waterfowl feeding or resting areas; amending Minnesota Statutes 1984, section 99.26, subdivision 5; and article 1, section 18, subdivision 2 of S. F. No. 1526, if enacted.

The bill was read for the first time.

Rose moved that S. F. No. 2014 and H. F. No. 2137, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2222, A bill for an act relating to education; vocational; specifying use of appropriation for firefighter training

programs in AVTI's; amending Laws 1985, First Special Session chapter 11, section 4, subdivision 3.

The bill was read for the first time and referred to the Committee on Rules and Legislative Administration.

S. F. No. 1702, A bill for an act relating to local government; granting the city of Brainerd 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.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

S. F. No. 1966, A bill for an act relating to the city of St. Cloud; authorizing the city to impose certain taxes to construct, operate, and promote a convention center facility.

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, Gruenes moved that the rule therein be suspended and an urgency be declared so that S. F. No. 1966 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Gruenes moved that the rules of the House be so far suspended that S. F. No. 1966 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 1966 was read for the second time.

#### CALL OF THE HOUSE

On the motion of Sviggum and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Anderson, G.	Bennett	Carlson, D.	Elioff	Gutknecht
Anderson, R.	Bishop	Carlson, L.	Erickson	Halberg
Backlund	Blatz	Clark	Fjoslien	Hartinger
Battaglia	Boo	Clausnitzer	Frederick	Hartle
Beard	Brandl	Cohen	Frerichs	Haukoos
Becklin	Brinkman	Dimler	Greenfield	Heap
Begich	Burger	Dyke	Gruenes	Himle

Jacobs	McEachern	Otis	Rose	Thorson
Jaros	McKasy	Pappas	Sarna	Tjornhom
Jennings, L.	McLaughlin	Pauly	Schafer	Tomlinson
Johnson	McPherson	Peterson	Scheid	Tompkins
Kahn	Metzen	Piepho	Schoenfeld	Tunheim
Kalis	Miller	Piper	Seaberg	Uphus
Kelly	Minne	Poppenhagen	Segal	Valento
Kiffmeyer	Murphy	Price	Shaver	Vanasek
Knickerbocker	Nelson, D.	Quinn	Sherman	Voss
Knuth	Nelson, K.	Quist	Simoneau	Waltman
Kostohryz	Norton	Redalen	Skoglund	Welle
Krueger	Ogren	Rees	Solberg	Wenzel
Kvam	Olsen, S.	Rest	Sparby	Wynia
Levi	Olson, E.	Rice	Stanius	Zaffke
Lieder	Omann	Richter	Staten	
Long	Onnen	Riveness	Sviggum	
Marsh	Osthoff	Rodosovich	Thiede	

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. 1966, A bill for an act relating to the city of St. Cloud; authorizing the city to impose certain taxes to construct, operate, and promote a convention center facility.

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 97 yeas and 23 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Forsythe	Long	Ozment	Shaver
Backlund	Frerichs	Marsh	Pappas	Sherman
Battaglia	Greenfield	McDonald	Pauly	Simoneau
Beard	Gruenes	McEachern	Peterson	Solberg
Becklin	Gutknecht	McKasy	Piepho	Sparby
Begich	Hartinger	McLaughlin	Piper	Staten
Bennett	Hartle	McPherson	Poppenhagen	Thiede
Bishop	Haukoos	Metzen	Price	Thorson
Blatz	Himle	Miller	Quinn	Tomlinson
Boo	Jacobs	Minne	Redalen	Tompkins
Brinkman	Jaros	Murphy	Rees	Tunheim
Carlson, D.	Jennings, L.	Nelson, K.	Rest	Uphus
Carlson, J.	Kahn	Neuenschwander	Rice	Valento
Carlson, L.	Kelly	Ogren	Richter	Waltman
Clark	Kiffmeyer	Olsen, S.	Riveness	Welle
Clausnitzer	Knickerbocker	Olson, E.	Rodosovich	Wenzel
Dempsey	Knuth	Omann	Rose	Spk. Jennings, D.
Dyke	Krueger	Onnen	Schafer	
Elioff	Kvam	Osthoff	Seaberg	
Erickson	Lieder	Otis	Segal	

Those who voted in the negative were:

Anderson, G.	Dimler	Nelson, D.	Stanius	Voss
Brandl	Fjoslien	Norton	Sviggum	Wynia
Burger	Frederick	Quist	Tjornhom	Zaifke
Cohen	Kalis	Schoenfeld	Vanasek	
DenOuden	Kostohryz	Skoglund	Vellenga	

The bill was passed and its title agreed to.

#### CALL OF THE HOUSE LIFTED

Frerichs moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

#### FIRST READING OF SENATE BILLS, Continued

S. F. No. 2262, A bill for an act relating to Winona county; permitting the county to convey certain real estate to a county agricultural society.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

S. F. No. 707, A bill for an act relating to retirement; public plans generally; providing health insurance benefits for certain retired teachers; changing eligibility requirements for surviving spouse benefits; regulating coverage under the unclassified employees retirement program; amending Minnesota Statutes 1984, sections 62E.14, subdivision 1; 352.12, subdivision 2; 352D.01; 352D.015, subdivision 5; 352D.02, as amended; 352D.06, subdivision 1; 352D.065, subdivision 5; 352D.085, subdivision 1; 353.32, subdivision 1a; 354.05, subdivisions 2 and 26; 354.44, subdivision 4; 354.46, subdivision 2; and 354A.35, subdivision 2; Minnesota Statutes 1985 Supplement, sections 136C.50, subdivision 7; 353.657, subdivision 2a; 354.55, subdivision 11; and 356.215, subdivision 4d; proposing coding for new law in Minnesota Statutes, chapter 62E.

The bill was read for the first time.

Knickerbocker moved that S. F. No. 707 and H. F. No. 1007, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1065, A bill for an act relating to transportation; regulating recreational vehicles; regulating all-terrain vehicles; regulating routes to the trunk highway system; 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, subdivisions 1, 2, 3, 4, and 5; 100.273, subdivision 9; 161.117; 168.012, subdivision 3a; 169.045; and 296.16, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 84.

The bill was read for the first time.



Carlson, D., moved that S. F. No. 1065 and H. F. No. 1015, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1930, A bill for an act relating to real estate; providing for cancellation of real estate contract depending upon when contract was executed; providing for determination of purchase price; appropriating money; amending Minnesota Statutes 1984, section 559.21, by adding subdivisions; and Minnesota Statutes 1985 Supplement, section 559.21, subdivisions 2a, 3, 4, and 6.

The bill was read for the first time.

Bishop moved that S. F. No. 1930 and H. F. No. 2078, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2098, A bill for an act relating to public safety; providing for the mandatory surrender of registration plates and certificates on motor vehicles operated by repeat DWI offenders; clarifying the evidentiary use of partial alcohol concentration breath tests; imposing mandatory minimum penalties on habitual DWI offenders; providing for proof of increased insurance coverage before reinstatement of driver's license following its revocation due to DWI conviction; expanding the crime of driving a motor vehicle while under the influence of alcohol or certain substances; amending Minnesota Statutes 1984, sections 168.041; 169.121, subdivisions 2 and 6, and by adding subdivisions; 169.123, subdivisions 2a, 3, 4, and 6; and 361.12, subdivision 1; Minnesota Statutes 1985 Supplement, sections 169.121, subdivision 1; and 169.123, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 171.

The bill was read for the first time.

Rest moved that S. F. No. 2098 and H. F. No. 2339, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2135, A bill for an act relating to liability; limiting the civil liability of practitioners for the violent acts of patients; providing immunity from liability for disclosure; amending Minnesota Statutes 1985 Supplement, section 626.556, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 148.

The bill was read for the first time.

Stanius moved that S. F. No. 2135 and H. F. No. 2392, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

## MOTION FOR RECONSIDERATION

Greenfield moved that the vote whereby H. F. No. 2123 was not passed on Special Orders on Wednesday, March 12, 1986, be now reconsidered.

## CALL OF THE HOUSE

On the motion of Himle and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Anderson, C.	Forsythe	Kvam	Pauly	Solberg
Backlund	Frederick	Levi	Peterson	Sparby
Battaglia	Frerichs	Lieder	Piepho	Stanius
Beard	Greenfield	Long	Piper	Staten
Becklin	Gruenes	Marsh	Poppenhagen	Sviggunn
Begich	Gutknecht	McEachern	Price	Thiede
Bennett	Halberg	McKasy	Quinn	Thorson
Bishop	Hartinger	McLaughlin	Quist	Tjornhorn
Brandl	Hartle	McPherson	Redalen	Tomlinson
Brinkman	Haukoos	Miller	Rees	Tompkins
Brown	Heap	Minne	Rest	Tunheim
Carlson, D.	Himle	Murphy	Rice	Uphus
Carlson, L.	Jaros	Nelson, D.	Riveness	Valento
Clark	Jennings, L.	Neuenschwander	Rodosovich	Vanasek
Clausnitzer	Johnson	Norton	Rose	Vellenga
Cohen	Kahn	Ogren	Sarna	Voss
Dempsey	Kalis	Olsen, S.	Schafer	Waltman
DenOuden	Kelly	Olson, E.	Scheid	Welle
Dimler	Kiffmeyer	Omann	Schoenfeld	Wenzel
Dyke	Knickerbocker	Onnen	Seaberg	Wynia
Elioff	Knuth	Osthoff	Segal	
Erickson	Kostohryz	Otis	Shaver	
Fjoslien	Krueger	Pappas	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 Speaker resumed the Chair.

The question recurred on the Greenfield motion to reconsider the vote whereby H. F. No. 2123 was not passed on Special Orders on Wednesday, March 12, 1986. The motion prevailed.

H. F. No. 2123 was reported to the House.

H. F. No. 2123, A bill for an act relating to the city of Bloomington; authorizing the city to impose certain taxes; increasing the distribution levy from the metropolitan revenue distribution for the city for a specific time period; permitting the city to establish a special taxing district; authorizing the port authority of the city to pledge certain tax revenues to pay certain bonds and permitting it to develop leased land; authorizing development in accordance with the Generic EIS and Generic Indirect Source Permit; amending Minnesota Statutes 1984, section 473F.08, 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 69 yeas and 63 nays as follows:

Those who voted in the affirmative were:

Battaglia	Frederick	Kahn	Neuenschwander	Schafer
Begich	Frederickson	Kelly	Ogren	Schreiber
Bishop	Frerichs	Kiffmeyer	Olsen, S.	Seaberg
Blatz	Greenfield	Knickerbocker	Omann	Shaver
Boerboom	Gruenes	Kvam	Onnen	Solberg
Boo	Gutknecht	Levi	Otis	Thorson
Burger	Halberg	Lieder	Ozment	Tompkins
Carlson, D.	Hartle	Marsh	Pauly	Tunheim
Carlson, J.	Haukoos	McDonald	Piepho	Uphus
Dempsey	Heap	McKasy	Poppenhagen	Valan
Dyke	Himle	Metzen	Redalen	Waltman
Elioff	Jaros	Minne	Rees	Zaffike
Erickson	Jennings, L.	Munger	Rice	Spk. Jennings, D.
Forsythe	Johnson	Murphy	Riveness	

Those who voted in the negative were:

Anderson, G.	DenOuden	Miller	Richter	Sviggum
Anderson, R.	Dimler	Nelson, D.	Rodosovich	Thiede
Backlund	Fjoslien	Nelson, K.	Rose	Tjornhom
Beard	Hartinger	Norton	Sarna	Tomlinson
Becklin	Jacobs	Olson, E.	Scheid	Valento
Bennett	Kalis	Osthoff	Schoenfeld	Vanasek
Brandl	Knuth	Pappas	Segal	Vellenga
Brinkman	Kostohryz	Peterson	Sherman	Voss
Brown	Krueger	Piper	Simoneau	Welle
Carlson, L.	Long	Price	Skoglund	Wenzel
Clark	McEachern	Quinn	Sparby	Wynia
Clausnitzer	McLaughlin	Quist	Stanius	
Cohen	McPherson	Rest	Staten	

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.

#### SPECIAL ORDERS

S. F. No. 1619 was reported to the House.

McKasy moved to amend S. F. No. 1619, as follows:

Delete everything after the enacting clause and insert:

"Section 1. [148A.01] [DEFINITIONS.]

*Subdivision 1. [GENERAL.] The definitions in this section apply to sections 1 to 6.*

*Subd. 2. [EMOTIONALLY DEPENDENT.] "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 psychotherapist knows or has reason to believe that the patient or former patient is unable to withhold consent to sexual contact by the psychotherapist.*

*Subd. 3. [FORMER PATIENT.] "Former patient" means a person who was given psychotherapy within two years prior to sexual contact with the psychotherapist.*

*Subd. 4. [PATIENT.] "Patient" means a person who seeks or obtains psychotherapy.*

*Subd. 5. [PSYCHOTHERAPIST.] "Psychotherapist" means a physician, psychologist, nurse, chemical dependency counselor, social worker, member of the clergy, or other person, whether or not licensed by the state, who performs or purports to perform psychotherapy.*

*Subd. 6. [PSYCHOTHERAPY.] "Psychotherapy" means the professional treatment, assessment, or counseling of a mental or emotional illness, symptom, or condition.*

*Subd. 7. [SEXUAL CONTACT.] "Sexual contact" means any of the following, whether or not occurring with the consent of a patient or former patient:*

*(1) sexual intercourse, cunnilingus, fellatio, anal intercourse or any intrusion, however slight, into the genital or anal openings of the patient's or former patient's body by any part of the psychotherapist's body or by any object used by the psychotherapist for this purpose, or any intrusion, however slight, into the genital or anal openings of the psychotherapist's body by any part of the patient's or former patient's body or by any object used by the patient or former patient for this purpose, if agreed to by the psychotherapist;*

*(2) kissing of, or the intentional touching by the psychotherapist of the patient's or former patient's genital area, groin, inner thigh, buttocks, or breast or of the clothing covering any of these body parts;*

*(3) kissing of, or the intentional touching by the patient or former patient of the psychotherapist's genital area, groin, inner*

*thigh, buttocks, or breast or of the clothing covering any of these body parts if the psychotherapist agrees to the kissing or intentional touching.*

*“Sexual contact” includes requests by the psychotherapist for conduct described in clauses (1) to (3).*

*“Sexual contact” does not include conduct described in clause (1) or (2) that is a part of standard medical treatment of a patient.*

*Subd. 9. [THERAPEUTIC DECEPTION.] “Therapeutic deception” means a representation by a psychotherapist that sexual contact with the psychotherapist is consistent with or part of the patient’s or former patient’s treatment.*

**Sec. 2. [148A.02] [CAUSE OF ACTION FOR SEXUAL EXPLOITATION.]**

*A cause of action against a psychotherapist for sexual exploitation exists for a patient or former patient for injury caused by sexual contact with the psychotherapist, if the sexual contact occurred:*

*(1) during the period the patient was receiving psychotherapy from the psychotherapist; or*

*(2) after the period the patient received psychotherapy from the psychotherapist if (a) the former patient was emotionally dependent on the psychotherapist; or (b) the sexual contact occurred by means of therapeutic deception.*

*The patient or former patient may recover damages from a psychotherapist who is found liable for sexual exploitation. It is not a defense to the action that sexual contact with a patient occurred outside a therapy or treatment session or that it occurred off the premises regularly used by the psychotherapist for therapy or treatment sessions.*

**Sec. 3. [148A.03] [LIABILITY OF EMPLOYER.]**

*(a) An employer of a psychotherapist may be liable under section 2 if:*

*(1) the employer fails or refuses to take reasonable action when the employer knows or has reason to know that the psychotherapist engaged in sexual contact with the plaintiff or any other patient or former patient of the psychotherapist; or*

*(2) the employer fails or refuses to make inquiries of an employer or former employer, whose name and address have been disclosed to the employer and who employed the psychotherapist*

*as a psychotherapist within the last five years, concerning the occurrence of sexual contacts by the psychotherapist with patients or former patients of the psychotherapist.*

*(b) An employer or former employer of a psychotherapist may be liable under section 2 if the employer or former employer:*

*(1) knows of the occurrence of sexual contact by the psychotherapist with patients or former patients of the psychotherapist;*

*(2) receives a specific written request by another employer or prospective employer of the psychotherapist, engaged in the business of psychotherapy, concerning the existence or nature of the sexual contact; and*

*(3) fails or refuses to disclose the occurrence of the sexual contacts.*

*(c) An employer or former employer may be liable under section 2 only to the extent that the failure or refusal to take any action required by paragraph (a) or (b) was a proximate and actual cause of any damages sustained.*

*(d) No cause of action arises, nor may a licensing board in this state take disciplinary action, against a psychotherapist's employer or former employer who in good faith complies with section 3.*

#### Sec. 4. [148A.04] [SCOPE OF DISCOVERY.]

*In an action for sexual exploitation, evidence of the plaintiff's sexual history is not subject to discovery except when the plaintiff claims damage to sexual functioning; or*

*(1) the defendant requests a hearing prior to conducting discovery and makes an offer of proof of the relevancy of the history; and*

*(2) the court finds that the history is relevant and that the probative value of the history outweighs its prejudicial effect.*

*The court shall allow the discovery only of specific information or examples of the plaintiff's conduct that are determined by the court to be relevant. The court's order shall detail the information or conduct that is subject to discovery.*

#### Sec. 5. [148A.05] [ADMISSION OF EVIDENCE.]

*In an action for sexual exploitation, evidence of the plaintiff's sexual history is not admissible except when:*

(1) *the defendant requests a hearing prior to trial and makes an offer of proof of the relevancy of the history; and*

(2) *the court finds that the history is relevant and that the probative value of the history outweighs its prejudicial effect.*

*The court shall allow the admission only of specific information or examples of the plaintiff's conduct that are determined by the court to be relevant. The court's order shall detail the information or conduct that is admissible and no other such evidence may be introduced.*

*Violation of the terms of the order may be grounds for a new trial.*

#### Sec. 6. [148A.06] [LIMITATION PERIOD.]

*An action for sexual exploitation shall be commenced within five years after the cause of action arises.*

#### Sec. 7. [EFFECTIVE DATE; APPLICATION.]

*Sections 1 to 6 are effective August 1, 1986, and apply to causes of action arising on or after that date."*

A roll call was requested and properly seconded.

The question was taken on the McKasy amendment and the roll was called. There were 95 yeas and 17 nays as follows:

Those who voted in the affirmative were:

Battaglia	Haukoos	McPherson	Poppenhagen	Solberg
Beard	Himle	Metzen	Price	Sparby
Begich	Jacobs	Minne	Quist	Stanius
Bennett	Jaros	Munger	Redalen	Staten
Blatz	Jennings, L.	Murphy	Rees	Sviggum
Boo	Johnson	Nelson, D.	Rest	Thiede
Brown	Kahn	Neuenschwander	Rice	Thorson
Carlson, L.	Kalis	Ogren	Richter	Tjornhom
Clark	Kelly	Olson, E.	Riveness	Tomlinson
Dempsey	Kiffmeyer	Omann	Rodosovich	Uphus
Dimler	Knickerbocker	Onnen	Rose	Valento
Dyke	Krueger	Osthoff	Sarna	Vanasek
Elioff	Levi	Otis	Schafer	Vellenga
Ellingson	Lieder	Ozment	Scheid	Waltman
Frederick	Long	Pappas	Schreiber	Welle
Frederickson	Marsh	Pauly	Segal	Wenzel
Greenfield	McEachern	Peterson	Shaver	Wynia
Gruenes	McKasy	Piepho	Sherman	Zaffke
Hartle	McLaughlin	Piper	Skoglund	Spk. Jennings, D.

Those who voted in the negative were:

Anderson, G.	Becklin	Brandl	Burger	Fjoslien
Anderson, R.	Bishop	Brinkman	Clausnitzer	Frerichs

Kostohryz  
KvamMiller  
Norton

Quinn

Tunheim

Voss

The motion prevailed and the amendment was adopted.

Kelly moved to amend S. F. No. 1619, as amended, as follows:

Page 4, of the McKasy amendment, after line 24, insert:

"Sec. 5. Minnesota Statutes 1984, section 609.135, is amended by adding a subdivision to read:

*Subd. 1a. [FAILURE TO PAY RESTITUTION.] If the court orders payment of restitution as a condition of probation and if the defendant fails to pay the restitution ordered prior to 60 days before the term of probation expires, the defendant's probation officer shall ask the court to hold a hearing to determine whether or not the conditions of probation should be changed or probation should be revoked. The court shall schedule and hold this hearing and take appropriate action before the defendant's term of probation expires."*

Renumber the remaining section

Page 4, line 30, delete "4" and insert "5" and before "apply" insert "sections 1 to 5"

Amend the title as follows:

Page 1, line 2, after "civil" insert "and criminal"

Page 1, line 3, after the semicolon, insert "providing new procedures for enforcing restitution orders; amending Minnesota Statutes 1984, section 609.135, by adding a subdivision;"

The motion prevailed and the amendment was adopted.

S. F. No. 1619, A bill for an act relating to civil actions; providing a cause of action for sexual exploitation; proposing coding for new law as Minnesota Statutes, chapter 148A.

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 99 yeas and 14 nays as follows:

Those who voted in the affirmative were:

Anderson, R.  
Battaglia  
BeardBecklin  
Begich  
BennettBlatz  
Boo  
BrownBurger  
Carlson, L.  
ClarkClausnitzer  
Dempsey  
Dimler



Dyke	Johnson	Nelson, K.	Rest	Sviggum
Elioff	Kahn	Neuenschwander	Rice	Thiede
Ellingson	Kelly	Ogren	Richter	Thorson
Fjoslien	Kiffmeyer	Omann	Riveness	Tjornhom
Forsythe	Knickerbocker	Osthoff	Rodosovich	Tomlinson
Frederick	Krueger	Oris	Rose	Tunheim
Frederickson	Levi	Ozment	Sarna	Uphus
Greenfield	Lieder	Pappas	Schafer	Valan
Gruenes	Long	Pauly	Scheid	Valento
Gutknecht	Marsh	Peterson	Seaberg	Vanasek
Halberg	McEachern	Piepho	Segal	Vellenga
Hartle	McKasy	Piper	Shaver	Waltman
Haukoos	McLaughlin	Poppenhagen	Sherman	Wenzel
Himle	McPherson	Price	Skoglund	Wynia
Jacobs	Minne	Quist	Solberg	Zaffke
Jaros	Murphy	Redalen	Sparby	Spk. Jennings, D.
Jennings, L.	Nelson, D.	Rees	Stanius	

Those who voted in the negative were :

Anderson, G.	Brinkman	Kostohryz	Norton	Voss
Backlund	Frerichs	Miller	Quinn	Welle
Bishop	Kalis	Munger	Simoneau	

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

H. F. No. 2210 was reported to the House.

Kvam moved to amend H. F. No. 2210, the first engrossment, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 268.06, subdivision 5, is amended to read:

Subd. 5. [BENEFITS CHARGED AS AND WHEN PAID.] Benefits paid to an individual pursuant to a valid claim shall be charged against the account of his employer as and when paid, except that benefits paid to an individual who earned base period wages for part-time employment shall not be charged to an employer that is liable for payments in lieu of contributions or to the experience rating account of an employer if the employer: (1) provided weekly base period part-time employment; (2) continues to provide weekly employment equal to at least 90 percent of the part-time employment provided in the base period; and (3) is an interested party because of the individual's loss of other employment. The amount of benefits so chargeable against each base period employer's account shall bear the same ratio to the total benefits paid to an individual as the base period wage credits of the individual earned from such employer bear to the total amount of base period wage credits of the individual earned from all his base period employers.

In making computations under this provision, the amount of wage credits if not a multiple of \$1, shall be computed to the nearest multiple of \$1.

Benefits shall not be charged to an employer that is liable for payments in lieu of contributions or to the experience rating account of an employer for unemployment (1) that is directly caused by a major natural disaster declared by the president pursuant to section 102(2) of the Disaster Relief Act of 1974 (42 United States Code 5122(2)), if the unemployed individual would have been eligible for disaster unemployment assistance with respect to that unemployment but for the individual's receipt of unemployment insurance benefits, or (2) that is directly caused by a fire, flood, or act of God where 70 percent or more of the employees employed in the affected location become unemployed as a result and the employer substantially reopens its operations in that same area within 360 days of the fire, flood, or act of God. Benefits shall be charged to the employer's account where the unemployment is caused by the willful act of the employer or a person acting on behalf of the employer.

**Sec. 2. [CITY OF LITCHFIELD; TAX INCREMENT FINANCING.]**

*Notwithstanding any other provision of law, the city council of the city of Litchfield may require the Meeker county auditor to reduce the original assessed value of a tax increment financing district in the city. The reduction shall be in an amount equal to the difference between the assessed value at the time of the certification of the district of a parcel, improvements to which were substantially destroyed by a fire occurring within 30 days after the January 2, 1986, assessment date, and the value of that parcel after the destruction of the improvements. In no case may the reduction result in an original assessed value for the district that is less than the assessed value of the district determined immediately after the date of the fire.*

**Sec. 3. [EFFECTIVE DATE.]**

*Section 1 is effective retroactively to January 1, 1986.*

*Section 2 is effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to public disasters; providing for certain unemployment compensation liability; providing for certain valuation in the city of Litchfield; amending Minnesota Statutes 1984, section 268.06, subdivision 5."

The motion prevailed and the amendment was adopted.

Vanasek and Schoenfeld offered an amendment to H. F. No. 2210, the first engrossment, as amended.

## POINT OF ORDER

Schreiber raised a point of order pursuant to rule 5.10 that the amendment was out of order. The Speaker ruled the point of order well taken and the amendment out of order.

H. F. No. 2210, A bill for an act relating to public disasters; providing for certain unemployment compensation liability; providing for certain valuation in the city of Litchfield; amending Minnesota Statutes 1984, section 268.06, 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. There were 120 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

The Speaker called Kvam to the Chair.

S. F. No. 1823, A bill for an act relating to financial institutions; providing for open end loan account arrangements; modifying permissible finance charges and annual charges; eliminating alternative credit card plan requirements; amending Minnesota Statutes 1984, section 48.185, subdivisions 1, 3, and 4; repealing Minnesota Statutes 1984, section 48.185, subdivision 4a.

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 99 yeas and 13 nays as follows:

Those who voted in the affirmative were:

Backlund	Ellingson	Krueger	Ozment	Sherman
Battaglia	Erickson	Kvam	Pappas	Stanius
Beard	Forsythe	Levi	Pauly	Swiggum
Becklin	Frederick	Lieder	Piepho	Thiede
Begich	Frerichs	Long	Piper	Thorson
Bennett	Gruenes	Marsh	Poppenhagen	Tjornhom
Bishop	Gutknecht	McEachern	Price	Tomlinson
Blatz	Halberg	McKasy	Quinn	Tompkins
Boo	Hartinger	McPherson	Quist	Tunheim
Brandl	Hartle	Metzen	Redalen	Uphus
Brown	Haukoos	Miller	Rees	Valento
Burger	Heap	Minne	Rest	Vanasek
Carlson, D.	Jacobs	Murphy	Richter	Vellenga
Carlson, L.	Jaros	Nelson, D.	Riveness	Voss
Clausnitzer	Johnson	Nelson, K.	Rodosovich	Waltman
Cohen	Kelly	Neuenschwander	Rose	Welle
Dempsey	Kiffmeyer	Norton	Sarna	Wenzel
Dimler	Knickerbocker	Ogren	Schafer	Wynia
Dyke	Knuth	Omann	Scheid	Zaffke
Elioff	Kostohryz	Osthoff	Seaberg	

Those who voted in the negative were:

Anderson, G.	Kahn	Rice	Simoneau	Sparby
Fjoslien	McLaughlin	Schoenfeld	Skoglund	Staten
Greenfield	Peterson	Segal		

The bill was passed and its title agreed to.

S. F. No. 1914, A bill for an act relating to crimes; providing that violations involving theft of services may be aggregated for purposes of criminal prosecution; amending Minnesota Statutes 1984, section 609.52, 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 120 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Burger	Forsythe	Jacobs	Kvam
Backlund	Carlson, D.	Frederick	Jaros	Levi
Battaglia	Carlson, L.	Frerichs	Jennings, L.	Lieder
Beard	Cohen	Greenfield	Johnson	Long
Becklin	Dempsey	Gruenes	Kahn	Marsh
Begich	DenOuden	Gutknecht	Kalis	McDonald
Bennett	Dimler	Halberg	Kelly	McEachern
Bishop	Dyke	Hartinger	Kiffmeyer	McKasy
Blatz	Elioff	Hartle	Knickerbocker	McLaughlin
Boo	Ellingson	Haukoos	Knuth	McPherson
Brandl	Erickson	Heap	Kostohryz	Metzen
Brown	Fjoslien	Himle	Krueger	Miller

Minne	Osthoff	Rest	Sherman	Tompkins
Munger	Ozment	Rice	Simoneau	Tunheim
Murphy	Pappas	Richter	Skoglund	Uphus
Nelson, D.	Pauly	Riveness	Solberg	Valento
Nelson, K.	Piepho	Rodosovich	Sparby	Vanasek
Neuenschwander	Piper	Rose	Stanius	Vallenga
Norton	Poppenhagen	Sarna	Staten	Voss
Ogren	Price	Schafer	Sviggum	Waltman
Olsen, S.	Quinn	Scheid	Thiede	Welle
Olson, E.	Quist	Schoenfeld	Thorson	Wenzel
Omann	Redalen	Seaberg	Tjornhom	Wynia
Onnen	Rees	Segal	Tomlinson	Zafike

The bill was passed and its title agreed to.

H. F. No. 1873 was reported to the House.

Sviggum moved to amend H. F. No. 1873, the first engrossment, as follows:

Page 10, line 12, after "*liability*" insert "*in bad faith*"

Page 10, line 27, strike "or the injured employee's"

Page 10, line 28, delete all new language and strike "weekly" and "whichever is"

Page 24, after line 4, insert "*An impairment to a member is automatically registered where it results in a disability rating of at least ten percent of the whole body and workers' compensation payments for that disability were or are being paid for that rating.*"

Page 24, line 28, after "employee" insert "*, whose injury occurred after October 1, 1975,*"

Page 27, delete line 26

Page 27, line 27, delete "*176.271, subdivision 2, or*"

Page 27, line 32, delete "*, prepared*"

Page 27, delete line 33

Page 27, line 34, delete "*item D,*"

Page 27, line 35, delete everything after "*the*" and insert "*claim petition.*"

Page 28, line 16, delete "*In cases involving occupational disease,*"

Page 28, line 18, after "*insurer*" insert "*, on motion,*"

Page 28, line 23, after "*particular*" insert "*injury or*"

Page 28, line 23, after "disease" insert "*, or that the extension is necessary due to the complexity of the medical issues, or other good cause directly related to the issues in the case.*"

*Absent an extension by the commissioner, where the adverse examination is not completed and the report is not served and filed within 90 days following the filing of the claim petition through no fault of the employee, the commissioner shall order the employer, when self-insured, or the insurer to immediately pay a penalty of \$500 to the employee. No attorney's fees shall be paid from this penalty"*

Page 28, delete lines 24 to 29

Page 29, line 29, delete "All reports shall substantially"

Page 29, delete lines 30 and 31

Page 35, line 4, after "1" insert "*, except in cases where an employer or insurer has filed a denial of primary liability,*"

Page 35, line 8, after the period insert "*No notice is required when the employer or insurer has filed a denial of primary liability.*"

Page 35, line 8, before "shall" insert "*, when necessary,*"

Page 35, after line 26, insert:

"Sec. 49. Minnesota Statutes 1984, section 176.275, is amended to read:

176.275 [FILING OF PAPERS.]

The workers' compensation division, *the office of administrative hearings*, and the workers' compensation court of appeals shall file any paper which has been delivered to it for filing immediately upon its receipt (IN THE OFFICE OF THE COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY. THE COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY SHALL FILE ANY PAPER WHICH HAS BEEN DELIVERED TO HIM FOR FILING IMMEDIATELY UPON ITS RECEIPT) *if the paper to be filed complies with all requirements of law and rule.*"

Page 35, line 33, strike "present" and insert "*serve on all other parties and file*"

Page 35, line 33, strike "to" and insert "*with*"

Page 35, line 36, after "state" insert "*and include, where applicable*"

Page 36, line 1, after "residence" insert "*or business address*"

Page 36, line 8, after "all" insert "*known*"

Page 36, after line 12, insert:

*"(9) a list of all health care providers who have treated or examined the employee for the injuries or disease alleged in the petition or who have treated or examined the employee in the past for similar conditions, together with authorizations for the release of medical information from all of the health care providers listed;*

*(10) a list of all known third parties, including the departments of human services and jobs and training, who may have paid any medical bills or other benefits to the employee for the injuries or disease alleged in the petition or for the time the employee was unable to work due to the injuries or disease, together with a listing of the amounts paid by each;"*

Page 36, line 13, delete "(9)" and insert "(11)"

Page 36, line 14, delete "(10)" and insert "(12)"

Page 36, line 21, after "judge" insert "*, provided that no order shall be required to add the name and address of any witness, up to the date of the settlement conference, if the claimant was not previously aware of the witness*"

Page 36, line 27, before "notice" delete "the" and insert "any"

Page 36, line 34, strike "60" and insert "100"

Page 37, line 4, after "days." insert "*The time limits imposed by this subdivision may be extended only where the claim petition has been stricken pursuant to section 176.155, subdivision 1.*"

Page 37, after line 11, insert:

*"Where a settlement conference resolves some, but not all, of the issues, the settlement judge, prior to referring the matter to the chief administrative law judge, shall issue an order specifying the issues settled and those remaining to be resolved by hearing. The order shall also state the length of time that the parties agree is necessary for a hearing to resolve all remaining issues."*

Page 37, after line 23, insert:

"Sec. 53. Minnesota Statutes 1984, section 176.306, subdivision 1, is amended to read:

Subdivision 1. [CHIEF ADMINISTRATIVE LAW JUDGE.] The chief administrative law judge shall schedule workers' compensation hearings on as regular a schedule as may be practicable in no fewer than six widely separated locations throughout the state, including at least four locations outside of the seven county metropolitan area and Duluth, for the purpose of providing a convenient forum for parties to a compensation hearing and shall maintain a permanent office in Duluth staffed by at least one compensation judge. *Continuances of the scheduled hearing date may be granted only pursuant to section 176.341, subdivision 4.*"

Page 37, after line 29, insert:

"Sec. 55. Minnesota Statutes 1984, section 176.312, is amended to read:

**176.312 [(AFFIDAVIT) AFFIDAVITS OF PREJUDICE AND PETITIONS FOR REASSIGNMENT.]**

An affidavit of prejudice for cause may be filed by a party to the claim against a compensation judge (**IN THE SAME MANNER AS AN AFFIDAVIT OF PREJUDICE IS FILED PURSUANT TO LAW OR RULE OF DISTRICT COURT**) *pursuant to rules adopted by the chief administrative law judge.* The filing of an affidavit of prejudice for cause against a compensation judge has the same effect and shall be treated in the same manner as in district court.

*A petition for reassignment of a case to a different compensation judge may be filed once, in any case, by a party to the claim within ten days after the filing party has received notice of the assigned judge. Upon receipt of a timely petition for reassignment, the chief administrative law judge shall assign the case to another judge.*

*An affidavit of prejudice or a petition for reassignment shall be filed with the chief administrative law judge and shall not result in the continuance or delay of hearings scheduled pursuant to section 176.341.*

*For the purpose of this section, in cases involving multiple employers or insurers, all shall be considered as one party."*

Page 38, line 5, after "all" insert "known"

Page 38, line 12, after "judge" insert "*, provided that no order shall be required to add the name and address of any witness, up to the date of the settlement conference, if the party was not previously aware of the witness*"

Page 38, line 23, delete "*certified by the commissioner, which*" and insert "*that*"



Page 38, line 24, after "be" insert "*immediately certified to the chief administrative law judge and the case shall be*"

Page 38, after line 25, insert:

"Sec. 58. Minnesota Statutes 1984, section 176.331, is amended to read:

176.331 [(AWARD BY DEFAULT) HEARINGS.]

If an adverse party fails to file and serve an answer (AND THE PETITIONER PRESENTS PROOF OF THIS FACT, THE COMMISSIONER OR COMPENSATION JUDGE MAY ENTER WHATEVER AWARD OR ORDER TO WHICH THE PETITIONER IS ENTITLED ON THE BASIS OF THE FACTS ALLEGED IN THE PETITION, BUT THE COMPENSATION JUDGE MAY REQUIRE PROOF OF AN ALLEGED FACT. IF THE COMMISSIONER REQUIRES PROOF), the commissioner shall (REQUEST) *immediately certify the case to the chief administrative law judge (TO) who shall assign the matter to a compensation judge for (AN IMMEDIATE) a hearing (AND PROMPT AWARD OR OTHER ORDER) at the first available date which is agreeable to the petitioner. The adverse party that failed to file an answer may appear at the hearing, present evidence and question witnesses, but shall not be granted a continuance for any reason.*

(WHERE IN A DEFAULT CASE THE PETITION DOES NOT STATE FACTS SUFFICIENT TO SUPPORT AN AWARD, THE COMPENSATION JUDGE SHALL GIVE THE PETITIONER OR THE PETITIONER'S ATTORNEY WRITTEN NOTICE OF THIS DEFICIENCY. THE PETITIONER MAY THEREUPON SERVE AND FILE ANOTHER PETITION AS IN THE CASE OF AN ORIGINAL PETITION.)"

Page 38, line 30, delete "*provided that no continuance may be granted for*"

Page 38, line 31, delete "*longer than 120 days*"

Page 39, line 1, delete "*surprise*" and insert "*good cause*"

Page 39, line 6, after "*fees*" insert "*, but not including information or evidence relating to taxation of costs*"

Page 43, line 19, delete "*60*" and insert "*90*"

Page 43, line 22, after the period insert "*Discovery after the 90-day limit imposed by this subdivision may be allowed only upon order of a settlement judge or a compensation judge and only upon a showing of good cause.*"

Page 44, delete section 63

Page 169, line 14, delete "*Section*" and insert "*Sections 23, 35 and*"

Page 169, line 14, delete "*is*" and insert "*are*"

Renumber sections accordingly

Further, amend the title as follows:

Page 1, line 33, after "176.271;" insert "176.275;"

Page 1, line 35, after "176.306," insert "subdivision 1, and"

Page 1, line 36, before "176.321" insert "176.312;"

Page 1, line 36, after "3;" insert "176.331;"

Page 1, line 39, delete "176.461;"

The motion prevailed and the amendment was adopted.

Bishop, Piper, and Schoenfeld were excused while in conference.

Krueger moved to amend H. F. No. 1873, the first engrossment, as amended, as follows:

Page 22, delete section 30

Page 33, delete section 45

Renumber the sections accordingly

Amend the title as follows:

Page 1, line 28, delete ", and by adding a subdivision"

Page 1, line 32, delete ", and by"

Page 1, line 33, delete "adding a subdivision"

A roll call was requested and properly seconded.

The question was taken on the Krueger amendment and the roll was called. There were 76 yeas and 39 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Halberg	Metzen	Piper	Solberg
Anderson, R.	Hartinger	Minne	Price	Sparby
Backlund	Jacobs	Munger	Quinn	Stanius
Battaglia	Jaros	Murphy	Rest	Staten
Beard	Jennings, L.	Nelson, D.	Rice	Tomlinson
Becklin	Kahn	Nelson, K.	Riveness	Tunheim
Begich	Kalis	Neuenschwander	Rodosovich	Vanasek
Brandl	Kelly	Norton	Sarna	Vellenga
Brinkman	Knuth	Ogren	Schafer	Voss
Brown	Kostohryz	Olson, E.	Scheid	Welle
Carlson, L.	Krueger	Onnen	Schoenfeld	Wenzel
Clark	Levi	Osthoff	Segal	Wynia
Cohen	Lieder	Otis	Shaver	
Elioff	Long	Ozment	Sherman	
Ellingson	McEachern	Pappas	Simoneau	
Greenfield	McLaughlin	Peterson	Skoglund	

Those who voted in the negative were:

Bishop	Frerichs	Knickerbocker	Quist	Thorson
Blatz	Gruenes	Marsh	Redalen	Tjornhom
Burger	Gutknecht	McKasy	Rees	Tompkins
Clausnitzer	Hartle	McPherson	Richter	Uphus
Dyke	Haukoos	Miller	Rose	Valento
Erickson	Heap	Omann	Seaberg	Waltman
Fjoslien	Himle	Pauly	Sviggum	Zaffke
Frederick	Kiffmeyer	Poppenhagen	Thiede	

The motion prevailed and the amendment was adopted.

Begich and Rice moved to amend H. F. No. 1873, the first engrossment, as amended, as follows:

Pages 2 and 3, delete sections 2 and 3

Page 10, delete section 14

Page 11, lines 1 to 4, reinstate the stricken language and delete the new language

Page 12, lines 4 and 5, reinstate the stricken language and delete the new language

Pages 16 and 17, delete section 22

Page 24, delete section 34

Pages 45 and 46, delete section 67

Page 169, line 14, delete "70" and insert "64"

Re-number the sections in sequence

Amend the title as follows:

Page 1, lines 5 and 6, delete "defining spendable weekly earnings;"

Page 1, lines 10 and 11, delete "postponing initial adjustment of certain benefits;"

Page 1, line 20, delete "subdivision"

Page 1, line 21, delete "13, and by adding subdivisions" and insert "by adding a subdivision"

Page 1, line 24, delete "1" and "and 4,"

Page 1, line 29, delete "176.132, subdivision 1;"

Page 1, line 40, delete "176.645,"

Page 1, line 41, delete "subdivision 2;"

A roll call was requested and properly seconded.

#### CALL OF THE HOUSE

On the motion of Sviggum and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

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

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 was taken on the Begich and Rice amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 49 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Battaglia	Harterger	Minne	Pappas	Simoneau
Beard	Jacobs	Munger	Peterson	Skoglund
Begich	Jaros	Murphy	Piper	Solberg
Brandl	Kahn	Nelson, D.	Price	Staten
Carlson, L.	Kelly	Nelson, K.	Quinn	Tomlinson
Clark	Knuth	Neuenschwander	Rest	Vellenga
Cohen	Kostohryz	Norton	Rice	Voss
Elioff	McEachern	Ogren	Sarna	Wenzel
Ellingson	McLaughlin	Osthoff	Scheid	Wynia
Greenfield	Metzen	Otis	Segal	

Those who voted in the negative were:

Anderson, G.	Dyke	Knickerbocker	Piepho	Stanius
Anderson, R.	Erickson	Krueger	Poppenhagen	Sviggum
Backlund	Fjoslien	Kvam	Quist	Thiede
Becklin	Frederick	Levi	Redalen	Thorson
Bennett	Gruenes	Lieder	Rees	Tjornhom
Bishop	Gutknecht	Marsh	Richter	Tompkins
Blatz	Halberg	McDonald	Rodosovich	Tunheim
Boerboom	Hartle	McPherson	Rose	Uphus
Brinkman	Haukoos	Miller	Schafer	Valento
Brown	Heap	Olsen, S.	Schoenfeld	Waltman
Burger	Himle	Olsen, E.	Schreiber	Welle
Clausnitzer	Jennings, L.	Omann	Seaberg	Zaffke
Dempsey	Johnson	Onnen	Shaver	
DenOuden	Kalis	Ozment	Sherman	
Dimler	Kiffmeyer	Pauly	Sparby	

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

Rice moved to amend H. F. No. 1873, the first engrossment, as amended, as follows:

Page 2, after line 9, insert:

"Sec. 2. Minnesota Statutes 1984, section 79.60, subdivision 1, is amended to read:

Subdivision 1. [REQUIRED ACTIVITY.] Each insurer shall perform the following activities:

(a) Maintain membership in and report loss experience data to a licensed data service organization in accordance with the statistical plan and rules of the organization as approved by the commissioner;

(b) Establish a plan for merit rating which shall be consistently applied to all insureds, provided that members of a data service organization may use merit rating plans developed by that data service organization;

(c) Provide an annual report to the commissioner containing the information and prepared in the form required by the commissioner; and

(d) Keep a record of the premiums and losses paid under each workers' compensation policy written in Minnesota in the form required by the commissioner;

(e) *Keep a record and report losses incurred as the result of claims of injured workers claiming benefits under Minnesota law for which a policy was issued and premiums paid in another state; and*

(f) *Keep a record and report investment income earned on premiums and reserves attributable to Minnesota business.*

*"Loss experience data" for the purpose of clause (a) are incurred losses less an insurer's claims for reimbursement from the reinsurance association, second injury fund, and subrogation.*

Sec. 3. Minnesota Statutes 1984, section 79.61, subdivision 1, is amended to read:

**79.61 [DATA SERVICE ORGANIZATIONS; REQUIRED AND PERMITTED ACTIVITY.]**

Subdivision 1. [REQUIRED ACTIVITY.] Any data service organization shall perform the following activities:

(a) File statistical plans, including classification definitions, amendments to the plans, and definitions, with the commissioner for approval, and assign each compensation risk written by its members to its approved classification for reporting purposes;

(b) Establish requirements for data reporting and monitoring methods to maintain a high quality data base;

(c) Prepare and distribute a periodic report, in a form prescribed by the commissioner, on ratemaking including, but not limited to the following elements:

(i) development factors and alternative derivations;

(ii) trend factors and alternative derivations and applications;

(iii) pure premium relativities for the approved classification system for which data are reported *shall be reported accurately on the basis of actual classes written*, provided that the relativities for insureds engaged in similar occupations and presenting substantially similar risks shall, if different, differ by at least ten percent; and

(iv) an evaluation of the effects of changes in law on loss data.

The report shall also include explicit discussion and explanation of methodology, alternatives examined, assumptions adopted, and areas of judgment and reasoning supporting judgments entered into, and the effect of various combinations of these elements on indications for modification of an overall pure premium rate level change. The pure premium relativities *shall be based on verified reports of insurer's payrolls and losses*, and rate level indications shall not include a loading for expenses or profit and no expense or profit data or recommendations relating to expense or profit shall be included in the report or collected by a data service organization. *Losses are net losses after deductions for reimbursable losses from reinsurance, second injury fund, and subrogation;*

(d) Collect, compile, summarize, and distribute data from members or other sources pursuant to a statistical plan approved by the commissioner. *All data collected from members shall be subject to regular and routine audit for accuracy and completeness. All compilations, summaries, or reports shall be issued only when the accuracy has been confirmed and sworn to under oath by the issuing data service organization as accurate and complete;*

(e) Prepare merit rating plan and calculate any variable factors necessary for utilization of the plan. Such a plan may be used by any of its members, at the option of the member provided that the application of a plan shall not result in rates that are unfairly discriminatory;

(f) Provide loss data specific to an insured to the insured at a reasonable cost;

(g) Distribute information to an insured or interested party that is filed with the commissioner and is open to public inspection; and

(h) Assess its members for operating expenses on a fair and equitable basis."

Page 169, line 14, delete "70" and insert "72"

Renumber the sections in order

Amend the title as follows:

Page 1, line 20, after "sections" insert "79.60, subdivision 1; 79.61, subdivision 1;"

A roll call was requested and properly seconded.

The Speaker resumed the Chair.

The question was taken on the Rice amendment and the roll was called. There were 63 yeas and 65 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
Brown	Knuth	Neuenschwander	Rivness	Vanasek
Carlson, D.	Kostohryz	Norton	Rodosovich	Vellenga
Carlson, L.	Krueger	Ogren	Sarna	Voss
Clark	Lieder	Olson, E.	Scheid	Welle
Elioff	Long	Osthoff	Schoenfeld	Wenzel
Ellingson	McEachern	Otis	Segal	Wynia
Greenfield	McLaughlin	Pappas	Simoneau	
Hartinger	Metzen	Peterson	Skoglund	

Those who voted in the negative were:

Anderson, R.	Dimler	Himle	Onnen	Shaver
Backlund	Dyke	Johnson	Ozment	Sherman
Becklin	Erickson	Kalis	Pauly	Stanius
Bennett	Fjoslien	Kiffmeyer	Piepho	Sviggum
Bishop	Forsythe	Knickerbocker	Poppenhagen	Thiede
Blatz	Frederick	Kvam	Quist	Thorson
Boo	Frederickson	Levi	Redalen	Tjornhom
Brinkman	Frerichs	Marsh	Rees	Tompkins
Burger	Gruenes	McDonald	Richter	Uphus
Carlson, J.	Gutknecht	McPherson	Rose	Valento
Clausnitzer	Hartle	Miller	Schafer	Waltman
Dempsey	Haukoos	Olsen, S.	Schreiber	Zaffke
DenOuden	Heap	Omann	Seaberg	Spk. Jennings, D.

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

Rice moved to amend H. F. No. 1873, the first engrossment, as amended, as follows:

Page 2, after line 9, insert:

"Sec. 2. Minnesota Statutes 1984, section 79.58, is amended by adding a subdivision to read:

*Subd. 3. [EXPERIENCE RATING PLANS.] The commissioner shall disapprove any experience rating plan of a data ser-*



*vice organization or insurer that establishes an annual premium requirement in excess of \$1,000."*

Page 169, line 14, delete "70" and insert "71"

Renumber the sections in order

Amend the title as follows:

Page 1, line 20, after "sections" insert "79.58, by adding a subdivision;"

A roll call was requested and properly seconded.

The question was taken on the Rice amendment and the roll was called. There were 55 yeas and 56 nays as follows:

Those who voted in the affirmative were:

Battaglia	Greenfield	Munger	Piper	Skoglund
Beard	Hartinger	Nelson, D.	Price	Solberg
Begich	Jaros	Nelson, K.	Quinn	Sparby
Bennett	Kahn	Neuenschwander	Rest	Stanius
Blatz	Kelly	Norton	Rice	Staten
Brandl	Knuth	Ogren	Riveness	Tomlinson
Brown	Kostohryz	Olson, E.	Rodosovich	Vanasek
Carlson, L.	Krueger	Osthoff	Sarna	Vellenga
Clark	Lieder	Otis	Scheid	Voss
Elioff	McLaughlin	Pappas	Segal	Welle
Ellingson	Metzen	Peterson	Simoneau	Wynia

Those who voted in the negative were:

Anderson, R.	Forsythe	Knickerbocker	Poppenhagen	Tunheim
Backlund	Frederick	Kvam	Quist	Uphus
Becklin	Frederickson	Marsh	Rees	Valan
Bishop	Gruenes	McDonald	Richter	Valento
Brinkman	Gutknecht	McPherson	Rose	Waltman
Burger	Hartle	Miller	Schafer	Wenzel
Carlson, J.	Haukoos	Olsen, S.	Shaver	Zaffke
Clausnitzer	Heap	Omann	Sherman	Spk. Jennings, D.
Dempsey	Jennings, L.	Onnen	Sviggum	
Dyke	Johnson	Ozment	Thiede	
Erickson	Kalis	Pauly	Thorson	
Fjoslien	Kiffmeyer	Piepho	Tompkins	

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

Rice moved to amend H. F. No. 1873, the first engrossment, as amended, as follows:

Page 2, after line 9, insert:

"Sec. 2. Minnesota Statutes 1984, section 79.251, subdivision 3, is amended to read:

Subd. 3. [RATES.] (INSURED SERVED BY THE ASSIGNED RISK PLAN SHALL BE CHARGED PREMIUMS BASED UPON A RATING PLAN, INCLUDING A MERIT RATING PLAN ADOPTED BY THE COMMISSIONER BY RULE. THE COMMISSIONER SHALL ANNUALLY, NOT LATER THAN JANUARY 1 OF EACH YEAR, ESTABLISH THE SCHEDULE OF RATES APPLICABLE TO ASSIGNED RISK PLAN BUSINESS. ASSIGNED RISK PREMIUMS SHALL NOT BE LOWER THAN RATES GENERALLY CHARGED BY INSURERS FOR THE BUSINESS. THE COMMISSIONER SHALL FIX THE COMPENSATION RECEIVED BY THE AGENT OF RECORD. THE ESTABLISHMENT OF THE ASSIGNED RISK PLAN RATES AND AGENT FEES ARE NOT SUBJECT TO CHAPTER 14.) *The commissioner shall adopt a schedule of workers' compensation insurance rates for use in this state for each classification under which assigned risk plan insurance is written. The schedule of rates shall not be excessive, inadequate, or unfairly discriminatory. In adopting a schedule of rates, the commissioner may act on the written petition of any insurer writing contracts of insurance under the assigned risk plan, or an insured subject to the assigned risk plan, or other interested party requesting that a hearing be held for modification of the schedule of rates. The commissioner may include the expense of a reasonable charge for the services of an agent of record.*

*Upon receipt of a petition for an increase in the existing schedule of rates, the commissioner shall determine whether the petition sets forth facts that show the existing schedule of rates is inadequate and in need of modification so as to indicate a need to hold a hearing. The commissioner may decline to grant a hearing if the insurer petitioner has failed to provide adequate information, as required by the commissioner or as requested upon receipt of a petition. The commissioner rejecting a petition for a hearing shall give notice of that determination to the petitioning party within 30 days of receipt of the petition and state the reasons for the rejection.*

*If the commissioner accepts the petition, the commissioner shall order a hearing on matters set forth in the petition requesting a modification of the schedule of rates. The hearing shall be held pursuant to the contested case procedures in chapter 14. The burden of proof shall be on the petitioning party."*

Page 169, line 14, delete "70" and insert "71"

Renumber the sections in order

Amend the title as follows:

Page 1, line 20, after "sections" insert "79.251, subdivision 3;"

A roll call was requested and properly seconded.

The question was taken on the Rice amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 49 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Metzen	Otis	Schoenfeld
Battaglia	Hartinger	Minne	Peterson	Skoglund
Beard	Jacobs	Munger	Piper	Solberg
Begich	Jaros	Murphy	Price	Staten
Brown	Kahn	Nelson, D.	Quinn	Tomlinson
Carlson, L.	Kelly	Nelson, K.	Rest	Vanasek
Clark	Kostohryz	Neuenschwander	Rice	Voss
Cohen	Krueger	Norton	Rodosovich	Wenzel
Elioff	McEachern	Ogren	Sarna	Wynia
Ellingson	McLaughlin	Osthoff	Scheid	

Those who voted in the negative were:

Anderson, R.	Frederick	Knuth	Poppenhagen	Thorson
Backlund	Frederickson	Kvam	Quist	Tjornhom
Becklin	Frerichs	Levi	Rees	Tompkins
Bennett	Gruenes	Lieder	Richter	Tunheim
Brandl	Gutknecht	McDonald	Rose	Uphus
Brinkman	Halberg	McPherson	Schafer	Valan
Burger	Hartle	Miller	Seaberg	Valento
Carlson, J.	Haukoos	Olsen, S.	Shaver	Vellenga
Clausnitzer	Heap	Olson, E.	Sherman	Waltman
Dempsey	Himle	Onnen	Simoneau	Welle
Dimler	Johnson	Ozment	Sparby	Zaffke
Dyke	Kalis	Pappas	Stanius	Spk. Jennings, D.
Erickson	Kiffmeyer	Pauly	Sviggum	
Fjoslien	Knickerbocker	Piepho	Thiede	

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

Rice moved to amend H. F. No. 1873, the first engrossment, as amended, as follows:

Page 30, after line 22, insert:

"Sec. 41. Minnesota Statutes 1984, section 176.181, subdivision 2, is amended to read:

Subd. 2. [COMPULSORY INSURANCE; SELF-INSURERS.] (1) Every employer, except the state and its municipal subdivisions, liable under this chapter to pay compensation shall insure payment of compensation with some insurance carrier authorized to insure workers' compensation liability in this state, or obtain a written order from the commissioner of commerce exempting the employer from insuring his liability for compensation and permitting him to self-insure the liability. The terms,

conditions and requirements governing self-insurance shall be established by the commissioner pursuant to chapter 14. The commissioner of commerce shall also adopt, pursuant to clause (2) (c), rules permitting two or more employers, whether or not they are in the same industry, to enter into agreements to pool their liabilities under this chapter for the purpose of qualifying as group self-insurers. With the approval of the commissioner of commerce, any employer may exclude medical, chiropractic and hospital benefits as required by this chapter. An employer conducting distinct operations at different locations may either insure or self-insure the other portion of his operations as a distinct and separate risk. An employer desiring to be exempted from insuring his liability for compensation shall make application to the commissioner of commerce, showing his financial ability to pay the compensation, whereupon by written order the commissioner of commerce may make an exemption as he deems proper. The commissioner of commerce may require further statements of financial ability of the employer to pay compensation. Upon ten days written notice the commissioner of commerce may revoke his order granting an exemption, in which event the employer shall immediately insure his liability. As a condition for the granting of an exemption the commissioner of commerce may require the employer to furnish security the commissioner of commerce considers sufficient to insure payment of all claims under this chapter. If the required security is in the form of currency or negotiable bonds, the commissioner of commerce shall deposit it with the state treasurer. In the event of any default upon the part of a self-insurer to abide by any final order or decision of the commissioner of labor and industry directing and awarding payment of compensation and benefits to any employee or the dependents of any deceased employee, then upon at least ten days notice to the self-insurer, the commissioner of commerce may by written order to the state treasurer require him to sell the pledged and assigned securities or a part thereof necessary to pay the full amount of any such claim or award with interest thereon. This authority to sell may be exercised from time to time to satisfy any order or award of the commissioner of labor and industry or any judgment obtained thereon. When securities are sold the money obtained shall be deposited in the state treasury to the credit of the commissioner of commerce and awards made against any such self-insurer by the commissioner of commerce shall be paid to the persons entitled thereto by the state treasurer upon warrants prepared by the commissioner of commerce and approved by the commissioner of finance out of the proceeds of the sale of securities. Where the security is in the form of a surety bond or personal guaranty the commissioner of commerce, at any time, upon at least ten days notice and opportunity to be heard, may require the surety to pay the amount of the award, the payments to be enforced in like manner as the award may be enforced.

(2) (a) No association, corporation, partnership, sole proprietorship, trust or other business entity shall provide services

in the design, establishment or administration of a group self-insurance plan under rules adopted pursuant to this subdivision unless it is licensed to do so by the commissioner of commerce. An applicant for a license shall state in writing the type of activities it seeks authorization to engage in and the type of services it seeks authorization to provide. The license shall be granted only when the commissioner of commerce is satisfied that the entity possesses the necessary organization, background, expertise, and financial integrity to supply the services sought to be offered. The commissioner of commerce may issue a license subject to restrictions or limitations, including restrictions or limitations on the type of services which may be supplied or the activities which may be engaged in. The license is for a two year period.

(b) To assure that group self-insurance plans are financially solvent, administered in a fair and capable fashion, and able to process claims and pay benefits in a prompt, fair and equitable manner, entities licensed to engage in such business are subject to supervision and examination by the commissioner of commerce.

(c) To carry out the purposes of this subdivision, the commissioner of commerce may promulgate administrative rules, including emergency rules, pursuant to sections 14.01 to 14.70. These rules may:

(i) establish reporting requirements for administrators of group self-insurance plans;

(ii) establish standards and guidelines to assure the adequacy of the financing and administration of group self-insurance plans;

(iii) establish bonding requirements or other provisions assuring the financial integrity of entities administering group self-insurance plans;

(iv) establish standards, including but not limited to minimum terms of membership in self-insurance plans, as necessary to provide stability for those plans;

(v) establish standards or guidelines governing the formation, operation, administration and dissolution of self-insurance plans; and

(vi) establish other reasonable requirements to further the purposes of this subdivision.

(d) *To provide small businesses with the opportunity to self-insure on a group basis, the commissioner of commerce shall promulgate group self-insurance plan rules, under chapter 14, for*

*groups of employers whose total earned premium prior to entering into a group self-insurance plan is not less than \$100,000. The rules shall provide:*

*(i) a waiver of joint and several liability requirements of the employers in the group of self-insurance plan where adequate alternative insurance or security is provided to insure payment of all claims;*

*(ii) a method to assist small business group self-insurance plans to obtain alternative insurance or security;*

*(iii) procedures by which the workers' compensation reinsurance association shall provide alternative insurance or security and the rates and charges for the insurance or security. No application for alternative insurance or security coverage shall be accepted for coverage unless the group self-insurance plan has been refused by at least two reinsurance or excess insurance insurers; and*

*(iv) for midterm termination of existing workers compensation insurance contracts without penalty in order to expedite creation of a group self-insurance plan."*

Page 169, line 14, delete "70" and insert "71"

Renumber the sections in order

Amend the title as follows:

Page 1, line 31, after "176.179;" insert "176.181, subdivision 2;"

A roll call was requested and properly seconded.

The question was taken on the Rice amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 66 yeas and 66 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Carlson, L.	Jennings, L.	Long	Nelson, K.
Anderson, R.	Clark	Kahn	McEachern	Ncuenschwander
Battaglia	Elioff	Kalis	McLaughlin	Norton
Beard	Ellingson	Kelly	Metzen	Ogren
Begich	Greenfield	Knuth	Minne	Olson, E.
Brandl	Hartinger	Kostohryz	Munger	Osthoff
Brinkman	Jacobs	Krueger	Murphy	Otis
Brown	Jaros	Lieder	Nelson, D.	Ozment

Pappas	Rice	Schoenfeld	Stanius	Vellenga
Peterson	Riveness	Segal	Staten	Voss
Piper	Rodosovich	Skoglund	Tomlinson	Welle
Price	Sarna	Solberg	Tunheim	Wenzel
Quinn	Scheid	Sparby	Vanasek	Wynia
Rest				

Those who voted in the negative were :

Backlund	Dyke	Johnson	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, J.	Gutknecht	McPherson	Schreiber	Zaffke
Clausnitzer	Halberg	Miller	Seaberg	Spk. Jennings, D.
Cohen	Hartle	Olsen, S.	Shaver	
Dempsey	Haukoos	Omann	Sherman	
DenOuden	Heap	Onnen	Simoneau	
Dimler	Himle	Pauly	Sviggum	

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

Ellingson was excused between the hours of 6:00 p.m. and 9:00 p.m.

Begich and Rice moved to amend H. F. No. 1873, the first engrossment, as amended, as follows :

Page 10, line 18, delete "80" and insert "85"

Page 11, line 1, delete "80" and insert "85"

Page 12, line 4, delete "80" and insert "85"

Page 16, line 27, delete "80" and insert "85"

A roll call was requested and properly seconded.

The question was taken on the Begich and Rice amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 60 yeas and 62 nays as follows :

Those who voted in the affirmative were :

Anderson, G.	Begich	Brown	Cohen	Jaros
Battaglia	Boo	Carlson, L.	Elioff	Jennings, L.
Beard	Brandl	Clark	Greenfield	Kahn

Kelly	Minne	Otis	Rodosovich	Staten
Knuth	Munger	Pappas	Sarna	Tomlinson
Kostohryz	Murphy	Peterson	Scheid	Tunheim
Krueger	Nelson, D.	Piper	Schoenfeld	Vanasek
Lieder	Nelson, K.	Price	Segal	Vellenga
Long	Neuenschwander	Quinn	Simoneau	Voss
McEachern	Norton	Rest	Skoglund	Welle
McLaughlin	Olson, E.	Rice	Solberg	Wenzel
Metzen	Osthoff	Riveness	Starby	Wynia

**Those who voted in the negative were:**

Anderson, R.	Erickson	Kiffmeyer	Poppenhagen	Thiede
Backlund	Fjoslien	Knickerbocker	Quist	Thorson
Becklin	Forsythe	Kvam	Redalen	Tjornhom
Bennett	Frederick	Levi	Rees	Tompkins
Bishop	Frederickson	Marsh	Richter	Uphus
Blatz	Frerichs	McDonald	Rose	Valan
Burger	Gruenes	McPherson	Schafer	Valento
Carlson, J.	Hartle	Miller	Schreiber	Waltman
Clausnitzer	Haukoos	Olsen, S.	Seaberg	Zaffke
Dempsey	Heap	Omann	Shaver	Spk. Jennings, D.
DenOuden	Jacobs	Onnen	Sherman	
Dimler	Johnson	Pauly	Stanius	
Dyke	Kalis	Piepho	Sviggun	

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

H. F. No. 1873, A bill for an act relating to workers' compensation; regulating the obligations and administration of the special compensation fund; restricting liability for out-of-state injuries; defining spendable weekly earnings; changing basis for calculating certain benefits; providing disability rating for certain losses; regulating the payment and right to benefits; eliminating minimum compensation in certain cases; compensation court of appeals; postponing initial adjustment of certain benefits; regulating attorneys' fees; relating to jurisdiction of issues of medical causation; providing for the administration of claims; providing for fees from state insurance fund; authorizing use of fees for administrative conferences; providing penalties; codifying regulations relating to permanent partial disability schedules and to independent contractors; eliminating supplementary benefits for new claims; amending Minnesota Statutes 1984, sections 176.011, subdivision 18, and by adding subdivisions; 176.012; 176.021, subdivision 1; 176.041, subdivisions 1, 2, 3, 4, and by adding a subdivision; 176.081, subdivisions 1 and 7; 176.101, subdivisions 1, 2, 3a, 3b, 3f, and 4, and by adding a subdivision; 176.103, subdivision 2; 176.104, subdivision 1; 176.105, subdivision 4; 176.111, subdivisions 6, 12, 15, and 20; 176.129, subdivision 8; 176.131, subdivisions 1a and 3; 176.132, subdivision 1; 176.135, subdivisions 1 and 1a; 176.155, subdivisions 1 and 5; 176.179; 176.225, subdivision 1; 176.231, subdivisions 1 and 10; 176.242, subdivision 2; 176.243, subdivision 3; 176.271; 176.275; 176.291; 176.305, subdivision 1, and by adding a subdivision; 176.306, subdivision 1,



and by adding a subdivision; 176.312; 176.321, subdivisions 2 and 3; 176.331; 176.341, by adding subdivisions; 176.351, subdivision 2; 176.361, subdivisions 1 and 2; 176.371; 176.411, subdivision 2; 176.421, subdivision 6; 176.521, subdivision 3; 176.603; 176.611, subdivision 2; 176.645, subdivision 2; 176.83, subdivisions 2 and 11; 268.08, subdivision 3; Minnesota Statutes 1985 Supplement, section 176.101, subdivisions 3e and 3t; and 176.138; proposing coding for new law in Minnesota Statutes, chapters 79 and 176; proposing coding for new law as Minnesota Statutes, chapters 176B and 176C; repealing Minnesota Statutes 1984, sections 176.105, subdivisions 1, 2, and 3; 176.265; 176.431; 176.441; and 176.611, subdivisions 3 and 4.

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 75 yeas and 51 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	DenOuden	Jennings, L.	Onnen	Shaver
Anderson, R.	Dimler	Johnson	Ozment	Sherman
Backlund	Dyke	Kalis	Pauly	Sparby
Becklin	Erickson	Kiffmeyer	Piepho	Stanius
Bennett	Fjoslien	Knickerbocker	Poppenhagen	Thiede
Bishop	Forsythe	Kvam	Quist	Thorson
Blatz	Frederick	Levi	Redalen	Tjornhom
Boerboom	Frederickson	Lieder	Rees	Tompkins
Boo	Frerichs	Marsh	Richter	Tunheim
Brinkman	Gruenes	McDonald	Rose	Uphus
Brown	Gutknecht	McPherson	Schafer	Valan
Burger	Hartle	Miller	Schoenfeld	Valento
Carlson, J.	Haukoos	Olsen, S.	Schreiber	Waltman
Clausnitzer	Heap	Olson, E.	Seaberg	Zaffke
Dempsey	Himle	Omann	Segal	Spk. Jennings, D.

Those who voted in the negative were:

Battaglia	Kahn	Murphy	Price	Tomlinson
Beard	Kelly	Nelson, D.	Quinn	Vanasek
Begich	Knuth	Nelson, K.	Rest	Vellenga
Brandl	Kostohryz	Neuenschwander	Rice	Voss
Carlson, L.	Krueger	Norton	Riveness	Welle
Clark	Long	Ogren	Rodosovich	Wenzel
Cohen	McEachern	Osthoff	Sarna	Wynia
Elioff	McLaughlin	Otis	Scheid	
Greenfield	Metzen	Pappas	Skoglund	
Jacobs	Minne	Peterson	Solberg	
Jaros	Munger	Piper	Staten	

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

## ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1793:

Ogren, Boo and Becklin.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1950:

Bishop, Blatz and Scheid.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 2014.

Backlund, Osthoff and Shaver.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1782:

Anderson, R.; Becklin and Jennings, L.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1824:

Bishop, Piper and Backlund.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1860:

Forsythe, Stanius and Tomlinson.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1919:

Levi, Erickson and Haukoos.

There being no objection the order of business reverted to Messages from the Senate.

## 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. 2195, A bill for an act relating to the city of McIntosh; authorizing the city to issue bonds in excess of its net debt limitations.

H. F. No. 2464, A bill for an act relating to the city of Bowlius; permitting the city to exceed its debt limit for a firehall.

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. 2427, A bill for an act relating to state lands; authorizing exchange of state property with Minnesota transportation museum property.

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. 1886, A bill for an act relating to local government; changing the notice requirements for special assessments; amending Minnesota Statutes 1984, section 429.061, subdivision 2; Minnesota Statutes 1985 Supplement, section 429.061, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

Frederickson moved that the House refuse to concur in the Senate amendments to H. F. No. 1886, 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. 2331, A bill for an act relating to taxation; providing for the taxation of lawful gambling; providing for identification cards for employees of distributors of gambling equipment; providing for the registration of manufacturers of gambling equipment; providing for maximum prizes for pull-tabs; allowing local investigation fees; making unlicensed wholesaling of gambling equipment a felony; regulating off-track betting; exempting certain lawful gambling from licensing and taxation; providing for notification to town boards of license applications; providing a penalty; amending Minnesota Statutes 1984, sections 240.25, subdivision 2; 240.26, subdivisions 1 and 2; 349.12, by adding a subdivision; 349.161, by adding subdivisions; 349.19, subdivision 5; 349.211, by adding a subdivision; 349.212, by adding a subdivision; 349.213, subdivision 2; 349.214, subdivision 2, and by adding a subdivision; 349.22; 349.31, subdivision 1; and 609.761; Minnesota Statutes 1985 Supplement, section 349.212, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 349.

PATRICK E. FLAHAVEN, Secretary of the Senate

Shaver moved that the House refuse to concur in the Senate amendments to H. F. No. 2331, 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. 2294, A bill for an act relating to labor; independent school district No. 709, Duluth; removing certain educational assistants from civil service; amending Laws 1967, chapter 252, section 2, as amended.

PATRICK E. FLAHAVEN, Secretary of the Senate

Jaros moved that the House refuse to concur in the Senate amendments to H. F. No. 2294, that the Speaker appoint a Con-

ference 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. 1730, A bill for an act relating to crime; correcting certain erroneous, omitted and obsolete references in and to the criminal sexual conduct statutes; amending Minnesota Statutes 1984, sections 253B.02, subdivision 4a; 260.015, subdivision 24; 494.03; 518B.01, subdivision 2; 609.11, subdivision 9; 609.341, subdivision 3; 609.347, subdivision 3; 609.348; 609.349; 609.35; 611A.03, subdivision 3; and 628.26; and Minnesota Statutes 1985 Supplement, sections 609.341, subdivision 11; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivisions 2 and 3; 609.3471; 609.531, subdivision 1; 626.556, subdivision 2; and 631.045.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Blatz moved that the House concur in the Senate amendments to H. F. No. 1730 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1730, A bill for an act relating to crime; correcting certain erroneous, omitted and obsolete references in and to the criminal sexual conduct statutes; clarifying requirements in investigation of child abuse; amending Minnesota Statutes 1984, sections 253B.02, subdivision 4a; 260.015, subdivision 24; 494.03; 518B.01, subdivision 2; 609.11, subdivision 9; 609.341, subdivision 3; 609.347, subdivision 3; 609.348; 609.349; 609.35; 611A.03, subdivision 3; and 628.26; and Minnesota Statutes 1985 Supplement, sections 609.341, subdivision 11; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivisions 2 and 3; 609.3471; 609.531, subdivision 1; 626.556, subdivisions 2 and 10b; and 631.045.

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

S. F. No. 31, A bill for an act relating to motorboat safety; requiring liability insurance on watercraft; strengthening prohibitions and penalties regarding operation of motorboat while under the influence of alcohol or a controlled substance; providing a penalty; amending Minnesota Statutes 1984, sections 361.02, subdivision 9; 361.03, by adding subdivisions; and 361.12; proposing coding for new law in Minnesota Statutes, chapter 361.

And the Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee Messrs. Diessner, Merriam and Spear.

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

Blatz 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. 31. The motion prevailed.

**Mr. Speaker:**

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 1956, 2067 and 2255.

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. 1648, 1734 and 1744.

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. 2153 and 2127.

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. 2171 and 2129.

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. 1151, 1584 and 1703.

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. 2280.

PATRICK E. FLAHAVERN, Secretary of the Senate

### FIRST READING OF SENATE BILLS

S. F. No. 1956, A bill for an act relating to the city of Plymouth; authorizing establishment of a capital improvement reserve fund.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

S. F. No. 2067, A bill for an act relating to local government; permitting the establishment of special service districts in the city of Mendota Heights; providing taxing and other financial authority for the city.

The bill was read for the first time.

Seaberg moved that S. F. No. 2067 and H. F. No. 2131, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2255, A bill for an act relating to the city of Cloquet; 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. 1648, A bill for an act relating to firearms; permitting certain licensed dealers and manufacturers to own or possess machine guns and short-barreled shotguns for certain purposes; amending Minnesota Statutes 1984, section 609.67, subdivisions 3 and 4.

The bill was read for the first time.

Blatz moved that S. F. No. 1648 and H. F. No. 1732, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.



S. F. No. 1734, A resolution relating to education; memorializing the President and Congress of the United States to take action to officially commend those who have assisted the educational process of this country by operating the country's school buses.

The bill was read for the first time.

Anderson, R., moved that S. F. No. 1734 and H. F. No. 1762, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1744, A bill for an act relating to motor vehicles; providing for special license plates for Vietnam era veterans, national guard members, and former prisoners of war; amending Minnesota Statutes 1984, section 168.12, subdivision 2c; repealing Minnesota Statutes 1984, section 168.125, subdivision 1.

The bill was read for the first time and referred to the Committee on Transportation.

S. F. No. 2153, A bill for an act relating to agricultural finance; renaming the agricultural resource loan guaranty board; authorizing the board to participate in loans; amending Minnesota Statutes 1984, section 41A.02, subdivisions 3 and 6; Minnesota Statutes 1985 Supplement, sections 41A.01; 41A.02, subdivision 11; and 41A.05, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 41A; repealing Minnesota Statutes 1984, section 41A.06, subdivision 2.

The bill was read for the first time and referred to the Committee on Rules and Legislative Administration.

S. F. No. 2127, A bill for an act relating to the city of Cologne; exempting certain general obligation bonds and tax levies from debt and levy limitations.

The bill was read for the first time.

McDonald moved that S. F. No. 2127 and H. F. No. 2328, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2171, A bill for an act relating to health; providing exemptions for certain air ambulance services; allowing first responders to drive life support transportation service vehicles

under certain conditions; amending Minnesota Statutes 1984, sections 144.802, subdivision 5, and by adding a subdivision; and 144.804, subdivision 3, and by adding a subdivision.

The bill was read for the first time.

Frerichs moved that S. F. No. 2171 and H. F. No. 2350, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2129, A bill for an act relating to the city of St. Paul; permitting the imposition of an additional tax on transient lodging; providing for the redesign, reconstruction and widening of Lexington avenue south of Larpenteur avenue; amending Laws 1977, chapter 402, section 2.

The bill was read for the first time.

Kelly moved that S. F. No. 2129 and H. F. No. 2248, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1151, A bill for an act relating to elections; adopting the court-ordered congressional redistricting plan, but changing Ottawa township in LeSueur county from the second to the first congressional district; repealing Minnesota Statutes 1984, sections 2.741 to 2.811.

The bill was read for the first time.

Quist moved that S. F. No. 1151 and H. F. No. 1247, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1584, A bill for an act relating to taxation; providing that nonresident athletes and entertainers are exempt from the income tax; imposing an alternative tax on their income; amending Minnesota Statutes 1984, section 290.92, subdivision 4a; and Minnesota Statutes 1985 Supplement, section 290.17, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 290.

The bill was read for the first time and referred to the Committee on Taxes.

S. F. No. 1703, A bill for an act relating to commerce; regulating those who package soft drinks and other nonalcoholic beverages; increasing certain vending machine inspection fees;

clarifying authority to inspect vending machines; clarifying rulemaking authority of commissioner of agriculture; amending Minnesota Statutes 1984, sections 28A.05; 28A.09, subdivision 1; 34.03; and 34.09; repealing Minnesota Statutes 1984, section 34.05.

The bill was read for the first time.

Bennett moved that S. F. No. 1703 and H. F. No. 1852, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2280, A bill for an act relating to taxation; imposing levy limits on certain towns and cities; altering provisions governing distribution of certain taconite tax proceeds; reducing the taconite railroad gross earnings tax rate; reducing occupation and royalty tax rates; providing for the deduction of taconite production taxes and transportation costs; appropriating money; amending Minnesota Statutes 1984, sections 275.125, subdivision 9; 275.50, subdivision 2; 275.51, subdivision 3f; 298.225, by adding a subdivision; and 298.24, subdivision 1; Minnesota Statutes 1985 Supplement, sections 294.22; 298.01, subdivision 1; 298.03; 298.225, subdivision 1; 298.28, subdivision 1; and 299.01, subdivision 1.

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, Begich moved that the rule therein be suspended and an urgency be declared so that S. F. No. 2280 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Begich moved that the rules of the House be so far suspended that S. F. No. 2280 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 2280 was read for the second time.

McKasy moved to amend S. F. No. 2280, as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1985 Supplement, 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) 3.75 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 rate 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. 2. Minnesota Statutes 1984, section 294.23, is amended to read:

## 294.23 [COMPANIES LIABLE FOR TAX.]

If a company producing concentrates from taconite shall transport the taconite in the course of the concentrating process and before such concentrating process is completed to a concentrating plant located within the state over a railroad which is not a common carrier and shall not use a common carrier or taconite railroad company as defined in section 294.21 for the movement of the concentrate to a point of consumption or port for shipment beyond the state, then such company nevertheless shall pay annually into the state treasury a tax equal to (FIVE) 3.75 percent of the amount which would be charged for the transportation of such concentrates produced by such taconite company as if such concentrates were transported by a common carrier under established tariffs of common carriers from the Mesabi Range or other iron range point nearest to the mine at which such taconite is quarried to ports at the head of Lake Superior, including established charges for loading such ore on boats. For the purposes of sections 294.24 to 294.28, such a company shall be considered a taconite railroad company.

Sec. 3. Minnesota Statutes 1985 Supplement, section 298.01, subdivision 1, is amended to read:

Subdivision 1. Every person engaged in the business of mining or producing iron ore or other ores in this state shall pay to the state of Minnesota an occupation tax equal to (15 PERCENT OF THE VALUATION OF ALL ORES MINED OR PRODUCED BEFORE JANUARY 1, 1986,) 14.5 percent of the valuation of all ores produced after December 31, 1985 and before January 1, 1987, (AND) 14 percent of the valuation of all ores produced after December 31, 1986 and before January 1, 1988, 13 percent of the valuation of all ore produced after December 31, 1987, and before January 1, 1989, and 12 percent of the valuation of all ore produced after December 31, 1988. Said tax shall be in addition to all other taxes provided for by law and shall be due and payable from such person on or before June 15 of the year next succeeding the calendar year covered by the report thereon to be filed as hereinafter provided.

Sec. 4. Minnesota Statutes 1985 Supplement, section 298.03, is amended to read:

298.03 [VALUE OF ORE; HOW ASCERTAINED.]

*Subdivision 1.* [GENERALLY.] The valuation of iron or other ores for the purposes of determining the amount of tax to be paid under the provisions of section 298.01 shall be ascertained by subtracting from the value of such ore, at the place where the same is brought to the surface of the earth, such value to be determined by the commissioner of revenue:

(1) the reasonable cost of supplies used and labor performed at the mine in separating the ore from the ore body, including hoisting, elevating, or conveying the same to the surface of the earth;

(2) if the ore is taken from an open pit mine, an amount for each ton of ore mined or produced during the year equal to the cost of removing the overburden, divided by the number of tons of ore uncovered, the number of tons of ore uncovered in each case to be determined by the commissioner of revenue;

(3) if the ore is taken from an underground mine, an amount for each ton of ore mined or produced during the year equal to the cost of sinking and constructing shafts and running drifts, divided by the number of tons of ore that can be advantageously taken out through such shafts and drifts, the number of tons of ore that can be advantageously taken out in each case to be determined by the commissioner of revenue;

(4) the amount of royalties paid on the ore mined or produced during the year;

(5) for persons mining or producing iron ore the mining or production of which is subject to the occupation tax imposed by

section 298.01, subdivision 1, the amount of the ad valorem taxes levied and paid for the year against the realty in which the ore is deposited; for all others a percentage of the ad valorem taxes levied and paid for such year against the realty in which the ore is deposited equal to the percentage that the tons mined or produced during such year bears to the total tonnage in the mine;

(6) in the case of taconite, semitaconite and iron sulphide operations, the tax payable under section 298.24 (, BUT NOT EXCEEDING 25 CENTS PER TAXABLE TON,) and that payable under section 298.35, on the concentrates produced in said year and any taxes paid under Laws 1955, chapter 391, 429, 514, 576 or 540, or any other law imposing on such taconite operations a specific tax for school or other governmental purposes;

(7) the amount or amounts of all the foregoing subtractions shall be ascertained and determined by the commissioner of revenue. Deductions for interest on plant investment shall not exceed the greater of (a) four percent of book value, or (b) the amount actually paid but not exceeding six percent of book value. No subtraction shall be allowed for shrinkage of iron ore.

*Subd. 2. [SPECIAL TRANSPORTATION COSTS.] If the ore is not transported using the Great Lakes Seaway system, the commissioner must allow, as a deduction in computing the valuation of the ore, the reasonable cost of transportation of the ore to its destination. This subdivision does not affect the valuation of ore shipped using the Great Lakes Seaway system.*

Sec. 5. Minnesota Statutes 1984, section 298.24, subdivision 1, is amended to read:

Subdivision 1. (a) There is hereby imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of (\$1.25) \$1.90 cents per gross ton of merchantable iron ore concentrate produced therefrom. (THE TAX ON CONCENTRATES PRODUCED IN 1978 AND SUBSEQUENT YEARS PRIOR TO 1985 SHALL BE EQUAL TO \$1.25 MULTIPLIED BY THE STEEL MILL PRODUCTS INDEX DURING THE PRODUCTION YEAR, DIVIDED BY THE STEEL MILL PRODUCTS INDEX IN 1977. THE INDEX STATED IN CODE NUMBER 1013, OR ANY SUBSEQUENT EQUIVALENT, AS PUBLISHED BY THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS WHOLESALe PRICES AND PRICE INDEXES FOR THE MONTH OF JANUARY OF THE YEAR IN WHICH THE CONCENTRATE IS PRODUCED SHALL BE THE INDEX USED IN CALCULATING THE TAX IMPOSED HEREIN. IN NO EVENT SHALL THE TAX BE LESS THAN \$1.25 PER GROSS TON OF MERCHANTABLE IRON ORE CONCENTRATE. THE TAX ON

CONCENTRATES PRODUCED IN 1985 AND 1986 SHALL BE AT THE RATE DETERMINED FOR 1984 PRODUCTION. FOR CONCENTRATES PRODUCED IN 1987 AND SUBSEQUENT YEARS, THE TAX SHALL BE EQUAL TO THE PRECEDING YEAR'S TAX PLUS AN AMOUNT EQUAL TO THE PRECEDING YEAR'S TAX MULTIPLIED BY THE PERCENTAGE INCREASE IN THE IMPLICIT PRICE DEFLATOR FROM THE FOURTH QUARTER OF THE SECOND PRECEDING YEAR TO THE FOURTH QUARTER OF THE PRECEDING YEAR. "IMPLICIT PRICE DEFLATOR" MEANS THE IMPLICIT PRICE DEFLATOR PREPARED BY THE BUREAU OF ECONOMIC ANALYSIS OF THE UNITED STATES DEPARTMENT OF COMMERCE.)

(b) (ON CONCENTRATES PRODUCED IN 1984, AN ADDITIONAL TAX IS IMPOSED EQUAL TO EIGHT-TENTHS OF ONE PERCENT OF THE TOTAL TAX IMPOSED BY CLAUSE (A) PER GROSS TON FOR EACH ONE PERCENT THAT THE IRON CONTENT OF SUCH PRODUCT EXCEEDS 62 PERCENT, WHEN DRIED AT 212 DEGREES FAHRENHEIT.)

((C) THE TAX IMPOSED BY THIS SUBDIVISION ON CONCENTRATES PRODUCED IN 1984 SHALL BE COMPUTED ON THE PRODUCTION FOR THE CURRENT YEAR. THE TAX ON CONCENTRATES PRODUCED IN 1985 SHALL BE COMPUTED ON THE AVERAGE OF THE PRODUCTION FOR THE CURRENT YEAR AND THE PREVIOUS YEAR.) The tax on concentrates (PRODUCED IN 1986 AND THEREAFTER) shall be the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.

((D)) (c) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of \$1.25 per gross ton of merchantable iron ore concentrate produced shall be imposed.

#### Sec. 6. [EFFECTIVE DATE.]

*Sections 1 and 2 are effective January 1, 1987. Section 4 is effective for the value of ore produced after June 30, 1986. Section 5 is effective for the value of ore produced after January 1, 1986."*

Delete the title and insert:

"A bill for an act relating to taxation; decreasing the gross earnings tax rate for certain railroads; reducing the occupation

tax rate; allowing full deduction of the production tax and certain transportation expenses in calculating the occupation tax; decreasing the production tax rate; eliminating the indexed increases in the taconite production tax rate; amending Minnesota Statutes 1984, sections 294.23; and 298.24, subdivision 1; Minnesota Statutes 1985 Supplement, sections 294.22; 298.01, subdivision 1; and 298.03."

The motion prevailed and the amendment was adopted.

S. F. No. 2280, A bill for an act relating to taxation; imposing levy limits on certain towns and cities; altering provisions governing distribution of certain taconite tax proceeds; reducing the taconite railroad gross earnings tax rate; reducing occupation and royalty tax rates; providing for the deduction of taconite production taxes and transportation costs; appropriating money; amending Minnesota Statutes 1984, sections 275.125, subdivision 9; 275.50, subdivision 2; 275.51, subdivision 3f; 298.225, by adding a subdivision; and 298.24, subdivision 1; Minnesota Statutes 1985 Supplement, sections 294.22; 298.01, subdivision 1; 298.03; 298.225, subdivision 1; 298.28, subdivision 1; and 299.01, 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 0 nays as follows:

Those who voted in the affirmative were:

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

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



## SPECIAL ORDERS, Continued

H. F. No. 1968 was reported to the House.

Rose moved to amend H. F. No. 1968, the second engrossment, as follows:

Page 3, delete lines 26 to 29 and insert:

*"Subd. 14. [NONHAZARDOUS AND INDUSTRIAL WASTE; EVALUATION OF WASTE MANAGEMENT.] The board may evaluate and make recommendations for the management of waste rendered nonhazardous and industrial waste that should be managed separately from mixed municipal solid waste, and may provide technical and planning assistance to political subdivisions, waste generators, and others for the purpose of identifying, developing, and implementing alternative management methods for those wastes."*

Page 4, line 10, delete everything after the comma

Page 4, line 11, delete "*consideration*"

Page 4, line 12, before the period insert "*are dismissed from further consideration as candidate sites for hazardous waste facilities*"

Page 10, line 11, after "*management*" insert "*by July 1, 1988, and*"

The motion prevailed and the amendment was adopted.

Tompkins, Rees and Rose moved to amend H. F. No. 1968, the second engrossment, as amended, as follows:

Page 20, after line 7, insert:

"Sec. 20. Minnesota Statutes 1985 Supplement, section 473.153, subdivision 1, is amended to read:

Subdivision 1. [FACILITIES REQUIRED.] Except as provided in subdivision 7 and section 115A.33, all 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) *acquire and own all of the facilities needed for the disposal of (SOLID WASTE) the sludge ash generated by the commission. The (COUNCIL AND THE) commission shall acquire and establish at least one facility for sludge ash disposal at a site selected by the council under this section, unless the council and the agency determine under section 23 that the facility is not needed.*

Sec. 21. Minnesota Statutes 1984, section 473.153, subdivision 3, is amended to read:

Subd. 3. [MORATORIUM.] In order to permit the comparative evaluation of sites and the participation of affected localities in decisions about the use of sites, a moratorium is hereby imposed as provided in this subdivision on development within the area of each candidate site and buffer area selected by the council. The moratorium shall extend until six months following the council's decision under subdivision 6 *or until the sites are dismissed from consideration pursuant to section 23*. No development shall be allowed to occur within the area of a site or buffer area during the period of the moratorium without the approval of the council. No county, city, or town land use control shall permit development which has not been approved by the council, nor shall any county, city, or town sanction or approve any subdivision, permit, license, or other authorization which would allow development to occur which has not been approved by the council. The council shall not approve actions which would jeopardize the availability of a candidate site for use as a solid waste facility. The council may establish guidelines for reviewing requests for approval under this subdivision. Requests for approval shall be submitted in writing to the chairman of the council and shall be deemed to be approved by the council unless the chairman otherwise notifies the submitter in writing within 15 days.

Sec. 22. Minnesota Statutes 1985 Supplement, section 473.153, subdivision 5, is amended to read:

Subd. 5. [ENVIRONMENTAL REVIEW.] *Unless the council and the agency determine under section 23 that the sludge ash disposal facility required by subdivision 1 is not needed*, 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 subject to decision by the council pursuant to subdivision 6b.

Sec. 23. Minnesota Statutes 1984, section 473.153, is amended by adding a subdivision to read:

Subd. 4a. [NEED FOR FACILITY; OPTION TO TERMINATE SITING.] *The council may determine, by resolution following a public hearing, that the new sludge ash disposal facility to be acquired and established under this section, as required by subdivision 1, is not needed, because the council finds that permitted management methods other than land disposal, together with land disposal of ash on property owned by the commission prior to March 1, 1986, will be sufficient to accommodate all of the commission's ash without the acquisition and establishment*

*of a new facility. A determination of the council that the facility is not needed is subject to review and approval by the pollution control agency. If the agency disapproves, the council and the commission shall proceed to site, acquire, and establish the facility as required by this section. If the agency approves, the council shall terminate the siting process established by this section and permanently dismiss the candidate sites from further consideration as sites for the facility.*

Sec. 24. Minnesota Statutes 1985 Supplement, section 473.-153, subdivision 6b, is amended to read:

Subd. 6b. [CERTIFICATION OF NEED.] (NO NEW FACILITY FOR DISPOSING OF) *The disposal of sludge ash (AND OTHER WASTE) generated by the commission (SHALL BE) is not 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 (ADDITIONAL) ash disposal (CAPACITY) is (NEEDED) *necessary.*

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 ash disposal, 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 subdivision 2.

Sec. 25. Minnesota Statutes 1984, section 473.516, is amended by adding a subdivision to read:

*Subd. 5. Notwithstanding section 473.523, the commission may enter into a negotiated contract with a private person to use the sludge ash generated by the commission in a manufacturing process. The contract may not exceed 30 years."*

Page 22, line 15, delete "24" and insert "30"

Re-number the sections in sequence

Correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Rose; Ogren; Olsen, S.; McDonald; Stanius; Carlson, D.; Long; Uphus; Nelson, D.; Backlund; Neuenschwander; Brown; Fjoslien; Schoenfeld; Vanasek; Krueger; Pauly; Rees; Jennings, L.; Piepho; Lieder; DenOuden; Olson, E.; Ozment; Wynia; Becklin; Battaglia; Kahn; Schafer; Omann; Quist; Munger; Anderson, R.; Sparby and Simoneau moved to amend H. F. No. 1968, the second engrossment, as amended, as follows:

Page 1, after line 17, insert:

“Section 1. Minnesota Statutes 1984, section 115.01, is amended by adding a subdivision to read:

*Subd. 18. [HAZARDOUS WASTE.] “Hazardous waste” means waste as defined in section 116.06, subdivision 13.*

Sec. 2. Minnesota Statutes 1984, section 115.01, is amended by adding a subdivision to read:

*Subd. 19. [RADIOACTIVE WASTE.] “Radioactive waste” means high level radioactive waste as defined in section 116C.71, subdivision 17, and low level radioactive waste as defined in article II of the Midwest Interstate Low-Level Radioactive Waste Compact, as enacted by section 116C.831.*

Sec. 3. Minnesota Statutes 1984, section 115.01, is amended by adding a subdivision to read:

*Subd. 20. [DEPOSITORY.] “Depository” means: (a) a disposal facility or stabilization and containment facility for hazardous waste as defined in section 115A.03; and (b) a radioactive waste management facility as defined in section 116C.71, subdivision 7.*

Sec. 4. Minnesota Statutes 1984, section 115.01, is amended by adding a subdivision to read:

*Subd. 21. [POTABLE WATER.] “Potable water” means water which is or may be used as a source of supply for human consumption including drinking, culinary use, food processing, and other similar purposes, and which is suitable for such uses in its untreated state or when treated using generally recognized treatment methods.*

Sec. 5. Minnesota Statutes 1984, section 115.01, is amended by adding a subdivision to read:

*Subd. 22. [GROUND WATER.] "Ground water" means water contained below the surface of the earth in the saturated zone including, without limitation, all waters whether under confined, unconfined, or perched conditions, in near-surface unconsolidated sediment or regolith, or in rock formations deeper underground.*

**Sec. 6. [115.063] [HAZARDOUS AND RADIOACTIVE WASTE; STATE POTABLE WATER PROTECTION POLICY.]**

*The legislature finds that:*

*(1) the waters of the state, because of their abundant quantity and high natural quality, constitute a unique natural resource of immeasurable value which must be protected and conserved for the benefit of the health, safety, welfare, and economic well-being of present and future generations of the people of the state;*

*(2) the actual or potential use of the waters of the state for potable water supply is the highest priority use of that water and deserves maximum protection by the state; and*

*(3) the disposal of hazardous waste and radioactive waste in Minnesota may pose a serious risk of pollution of the waters of the state, particularly potable water.*

*It is therefore the policy of the state of Minnesota, consistent with the state's primary responsibility and rights to prevent, reduce, and eliminate water pollution and to plan for the preservation of water resources, that depositories for hazardous waste or radioactive waste should not be located in any place or be constructed or operated in any manner that can reasonably be expected to cause pollution of potable water.*

**Sec. 7. [115.065] [PROHIBITION.]**

*The location, construction, or operation of any depository for hazardous waste or radioactive waste, whether generated within or outside of the state, in any place or in any manner that can reasonably be expected to cause the pollution of potable water is prohibited.*

**Sec. 8. [115.067] [BELOW GRADE DEPOSITORY; PROHIBITION; EXCEPTION.]**

*The construction or operation of a depository for hazardous waste or radioactive waste in whole or in part below the natural grade of the land where it is located is prohibited unless the person proposing to construct or operate the depository demonstrates that the depository cannot reasonably be expected to cause the pollution of potable water.*

**Sec. 9. [115.069] [RADIONUCLIDE POLLUTION; HIGH LEVEL NUCLEAR WASTE DEPOSITORY.]**

*The determination of whether the location, construction, or operation of a high level radioactive waste depository can reasonably be expected to cause radionuclide pollution of potable ground water in violation of section 7 shall be made in accordance with the provisions of section 26."*

Page 11, after line 35, insert:

**"Sec. 25. [116C.75] [DEFINITIONS.]**

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 25 and 26.*

*Subd. 2. [GROUND WATER.] "Ground water" means the water contained below the surface of the earth in the saturated zone including, without limitation, all waters whether under confined, unconfined, or perched conditions, in near surface unconsolidated sediment or regolith, or in rock formations deeper underground.*

*Subd. 3. [UNDISTURBED PERFORMANCE.] "Undisturbed performance" means the predicted behavior of a radioactive waste management facility including consideration of the uncertainties in predicted behavior, if the radioactive waste management facility is not disrupted by human intrusion or unlikely natural events.*

**Sec. 26. [116C.76] [NUCLEAR WASTE DISPOSAL SYSTEM RELEASE INTO GROUND WATER.]**

*Subdivision 1. [RADIONUCLIDE RELEASE LEVELS.] Radioactive waste management facilities for high level radioactive wastes must be designed to provide a reasonable expectation that the undisturbed performance of the facility will not cause the radionuclide concentrations, averaged over any year, in ground water to exceed:*

- (1) five picocuries per liter of radium-226 and radium-228;*
- (2) 15 picocuries per liter of alpha-emitting radionuclides including radium-226 and radium-228, but excluding radon; or*
- (3) the combined concentrations of radionuclides that emit either beta or gamma radiation that would produce an annual dose equivalent to the total body of any internal organ greater than four millirems per year if an individual consumed two liters per day of drinking water from the ground water.*

*Subd. 2. [DISPOSAL RESTRICTED.] The location or construction of a radioactive waste management facility for high*

*level radioactive waste is prohibited where the average annual radionuclide concentrations in ground water before construction of the facility exceed the limits in subdivision 1.*

*Subd. 3. [PROTECTION AGAINST RADIONUCLIDE RE-LEASE.] Radioactive waste management facilities for high level radioactive waste must be selected, located, and designed to keep any allowable radionuclide releases to the ground water as low as reasonably achievable."*

Renumber sections

Amend the title accordingly

A roll call was requested and properly seconded.

The Speaker called Halberg to the Chair.

The question was taken on the Rose et al., amendment and the roll was called. There were 124 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The motion prevailed and the amendment was adopted.

Begich and Rose moved to amend H. F. No. 1968, the second engrossment, as amended, as follows:

Page 22, after line 2, insert:

"Sec. 23. [CITY OF BABBITT; SOLID WASTE MANAGEMENT EXPENDITURES.]

*Notwithstanding the provisions of any law or rule to the contrary, the council of the city of Babbitt may by resolution authorize expenditure of funds from any source, including a permanent improvement and replacement fund created under Minnesota Statutes, section 471.571, for any solid waste management purpose, including waste tire recycling. The city may exercise by resolution the powers of a corporation set forth in Minnesota Statutes, section 301.75, to assist and encourage the creation and operation of solid waste management facilities, and may by resolution grant, give, convey, guarantee, or loan funds or property from any source for any solid waste management purpose and may enter into agreements and do all things necessary or convenient to further its solid waste management purpose.*

**Sec. 24. [ST. LOUIS COUNTY; JOINT POWERS AGREEMENT.]**

*Notwithstanding any other law to the contrary, the board of commissioners of St. Louis county may by resolution enter into a joint powers agreement with the city of Babbitt by which the county may exercise the powers and authority enumerated in section 23."*

Page 22, line 15, delete "24" and insert "26"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "authorizing the city of Babbitt to exercise certain powers for solid waste management purposes; authorizing St. Louis county to enter into joint powers agreements with the city of Babbitt;"

The motion prevailed and the amendment was adopted.

Olsen, S., moved to amend H. F. No. 1968, the second engrossment, as amended, as follows:

Page 11, after line 35, insert:

"Sec. 16. Minnesota Statutes 1984, section 116.07, is amended by adding a subdivision to read:

*Subd. 4j. [PERMITS; WASTE FACILITIES.] The agency may not issue a permit for a new solid waste transfer station within 1/4 mile of a non-retail food warehousing or non-retail food manufacturing facility in excess of 100,000 square feet, unless the facility owner consents."*



Renumber the remaining sections

Amend the title as follows:

Page 1, line 4, after the semicolon insert "restricting location of solid waste transfer stations;"

Page 1, line 8, after "subdivision 6;" insert "116.07, by adding a subdivision;"

A roll call was requested and properly seconded.

#### POINT OF ORDER

Skoglund raised a point of order pursuant to rule 3.9 that the amendment was not in order. The Speaker pro tempore Halberg ruled the point of order not well taken and the amendment in order.

Segal moved to amend the Olsen, S., amendment to H. F. No. 1968, the second engrossment, as amended, as follows:

In the Olsen, S., amendment line 7, delete "1/4" and insert "1/2"

Line 9, after "*facility*" insert "*or hospital*"

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called.

Himle moved that those not voting be excused from voting. The motion prevailed.

There were 25 yeas and 84 nays as follows:

Those who voted in the affirmative were:

Brandl	Jaros	Munger	Piper	Segal
Burger	Kostohryz	Nelson, K.	Rice	Skoglund
Carlson, L.	McDonald	Ogren	Riveness	Staten
Hartinger	McEachern	Olsen, S.	Rodosovich	Vanasek
Heap	Metzen	Onnen	Scheid	Voss

Those who voted in the negative were:

Anderson, C.	Beard	Blatz	Cohen	Elioff
Anderson, R.	Becklin	Boerboom	Dempsey	Erickson
Backlund	Begich	Brinkman	Dimler	Fjoslien
Battaglia	Bennett	Brown	Dyke	Frederick

Frederickson	Krueger	Omann	Richter	Tompkins
Frerichs	Kvam	Otis	Rose	Tunheim
Gruenes	Lieder	Ozment	Sarna	Uphus
Gutknecht	Marsh	Pappas	Schafer	Valan
Halberg	McKasy	Peterson	Schoenfeld	Valento
Hartle	McLaughlin	Piepho	Schreiber	Vellenga
Himle	McPherson	Poppenhagen	Shaver	Waltman
Jacobs	Miller	Price	Solberg	Welle
Kahn	Murphy	Quinn	Stanius	Wenzel
Kelly	Nelson, D.	Quist	Sviggum	Wynia
Kiffmeyer	Neuenschwander	Redalen	Thiede	Zaifke
Knickerbocker	Norton	Rees	Tjornhom	Spk. Jennings, D.
Knuth	Olson, E.	Rest	Tomlinson	

The motion did not prevail and the amendment to the amendment was not adopted.

The question recurred on the Olsen, S., amendment and the roll was called.

Himle moved that those not voting be excused from voting. The motion prevailed.

There were 32 yeas and 81 nays as follows:

Those who voted in the affirmative were:

Becklin	Forsythe	Johnson	Ozment	Thiede
Bennett	Frederick	Knickerbocker	Piepho	Valan
Blatz	Gruenes	McDonald	Poppenhagen	Valento
Burger	Hartinger	McKasy	Rees	Waltman
Dempsey	Haukoos	McPherson	Richter	
Dyke	Heap	Olsen, S.	Schafer	
Erickson	Himle	Onnen	Sviggum	

Those who voted in the negative were:

Anderson, G.	Hartle	Munger	Rice	Thorson
Battaglia	Jacobs	Murphy	Riveness	Tjornhom
Beard	Jennings, L.	Nelson, D.	Rodosovich	Tomlinson
Begich	Kahn	Nelson, K.	Rose	Tompkins
Brandl	Kalis	Neuenschwander	Sarna	Tunheim
Brinkman	Kelly	Norton	Scheid	Uphus
Brown	Kiffmeyer	Ogren	Schoenfeld	Vanasek
Carlson, L.	Knuth	Olson, E.	Schreiber	Vellenga
Clark	Kostohryz	Omann	Seaberg	Voss
Clausnitzer	Krueger	Osthoff	Segal	Welle
Cohen	Lieder	Otis	Sherman	Wenzel
Dimler	Long	Pappas	Simoneau	Wynia
Elioff	McEachern	Peterson	Skoglund	Spk. Jennings, D.
Fjoslien	McLaughlin	Piper	Solberg	
Frerichs	Metzen	Price	Sparby	
Greenfield	Miller	Quinn	Stanius	
Gutknecht	Minne	Rest	Staten	

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

Hartle and Haukoos moved to amend H. F. No. 1968, the second engrossment, as amended, as follows:

Page 3, line 6, delete "*that date*" and insert "*January 1, 1987*"

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

Sherman moved to amend H. F. No. 1968, the second engrossment, as amended, as follows:

Page 22, after line 2, insert:

**"Sec. 23. [CERTIFICATION EXEMPTION.]**

*Winona county is exempt until September 1, 1988 from the pollution control agency requirement for a certificate of need under Minnesota Statutes, section 115A.917.*

**Sec. 24. [RULES EXEMPTION.]**

*Winona county is exempt until September 1, 1988 from any further rules adopted by the Minnesota pollution control agency that are more restrictive than any rules presently in effect pertaining to solid waste landfill sites.*

**Sec. 25. [PLAN SUBMISSION.]**

*Winona county shall submit a plan of action by July 1, 1986 for interim solid waste management to the Minnesota pollution control agency for approval regarding sections 23 and 24 of this act.*

**Sec. 26. [COUNTY PLAN.]**

*Winona county shall develop a plan of action and provide for the cleanup of the hazardous waste site located in section 9 of Wilson Township in Winona county in accordance with the rules of the pollution control agency."*

Page 22, line 15, delete "24" and insert "22, 27 and 28"

Page 22, line 16, after the period insert:

*"Sections 23 to 26 are effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the county board of Winona county."*

Renumber sections

Amend the title as follows:

Page 1, line 4, after the semicolon insert "deferring the application of certain Minnesota pollution control agency rules and requiring a plan for waste management for Winona County;"

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

Voss moved to amend H. F. No. 1968, the second engrossment, as amended, as follows:

Page 4, line 29, after the semicolon insert "and"

Page 4, line 30, delete "; and" and insert a period

Page 4, delete lines 31 to 36

Page 5, delete lines 1 to 10

Page 5, line 13, delete "The demonstration"

Page 5, delete lines 14 to 18

A roll call was requested and properly seconded.

The Speaker resumed the Chair.

Kvam was excused for the remainder of today's session.

The question was taken on the Voss amendment and the roll was called.

Himle moved that those not voting be excused from voting. The motion prevailed.

There were 30 yeas and 89 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jaros	Murphy	Peterson	Schoenfeld
Beard	Kostohryz	Norton	Price	Solberg
Brown	Krueger	Ogren	Quinn	Tunheim
DenOuden	McEachern	Olson, E.	Rees	Vanasek
Hartinger	Metzen	Omann	Rodosovich	Voss
Hartle	Minne	Ozment	Sarna	Welle

Those who voted in the negative were:

Anderson, R.	Bishop	Clark	Elioff	Greenfield
Backlund	Blatz	Clausnitzer	Erickson	Gruenes
Battaglia	Brandl	Cohen	Fjoshten	Gutknecht
Becklin	Brinkman	Dempsey	Forsythe	Halberg
Begich	Burger	Dimler	Frederick	Haukoos
Bennett	Carlson, L.	Dyke	Frerichs	Heap

Himle	McLaughlin	Piper	Seaberg	Tjornhom
Jacobs	McPherson	Poppenhagen	Segal	Tomlinson
Jennings, L.	Miller	Quist	Shaver	Tompkins
Kahn	Nelson, D.	Redalen	Sherman	Uphus
Kalis	Nelson, K.	Rest	Simoneau	Valento
Kelly	Neuenschwander	Rice	Skoglund	Vellenga
Kiffmeyer	Olsen, S.	Richter	Sparby	Waltman
Knuth	Onnon	Riveness	Stanius	Wenzel
Levi	Osthoff	Rose	Staten	Wynia
Lieder	Otis	Schafer	Svigum	Zaffke
Long	Pappas	Scheid	Thiede	Spk. Jennings, D.
Marsh	Piepho	Schreiber	Thorson	

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

H. F. No. 1968, A bill for an act relating to environment; providing for the selection of locations for and developers of hazardous waste stabilization and containment facilities; authorizing the city of Babbitt to exercise certain powers for solid waste management purposes; authorizing St. Louis County to enter into joint powers agreements with the city of Babbitt; amending Minnesota Statutes 1984, sections 115.01, by adding subdivisions; 115A.03, subdivision 1, and by adding subdivisions; 115A.05, subdivision 2; 115A.06, by adding a subdivision; 115A.13; 115A.14, subdivision 6; 400.08; 400.11; 473.153, subdivision 3, and by adding a subdivision; 473.516, by adding a subdivision; 473.811, subdivision 2, and by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 275.50, subdivision 5; 473.153, subdivisions 1, 5, and 6b; 477A.012; proposing coding for new law in Minnesota Statutes, chapters 115; 115A; 116C; and 400; repealing Minnesota Statutes 1984, sections 115A.17; 400.05; and 400.10; Minnesota Statutes 1985 Supplement, section 473.811, subdivision 11.

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 125 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Brown	Erickson	Hcap	Kostohryz
Backlund	Burger	Forsythe	Himle	Krueger
Battaglia	Carlson, D.	Frederick	Jacobs	Levi
Beard	Carlson, L.	Frederickson	Jaros	Lieder
Becklin	Clark	Frerichs	Jennings, L.	Long
Begich	Clausnitzer	Greenfield	Johnson	Marsh
Bennett	Cohen	Gruenes	Kahn	McDonald
Bishop	Dempsey	Gutknecht	Kalis	McEachern
Blatz	DenOuden	Halberg	Kelly	McKasy
Boo	Dimler	Hartinger	Kiffmeyer	McLaughlin
Brandl	Dyke	Hartle	Knickerbocker	McPherson
Brinkman	Eloff	Haukoos	Knuth	Metzen

Miller	Osthoff	Rees	Segal	Tomlinson
Minne	Otis	Rest	Shaver	Tompkins
Munger	Ozment	Rice	Sherman	Tunheim
Murphy	Pappas	Richter	Simoneau	Uphus
Nelson, D.	Pauly	Riveness	Skoglund	Valento
Nelson, K.	Peterson	Rodosovich	Solberg	Vanasek
Neuenschwander	Piepho	Rose	Sparby	Vellenga
Norton	Piper	Sarna	Stanius	Waltman
Ogren	Poppenhagen	Schafer	Staten	Welle
Olsen, S.	Price	Scheid	Sviggum	Wenzel
Olson, E.	Quinn	Schoenfeld	Thiede	Wynia
Omann	Quist	Schreiber	Thorson	Zaffke
Onnen	Redalen	Seaberg	Tjornhom	Spk. Jennings, D.

Those who voted in the negative were:

Voss

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

The Speaker called Tomlinson to the Chair.

S. F. No. 1441, A bill for an act relating to human services; providing for computer services to comply with long-term sheltered employment program evaluation criteria and for training and employment of persons with disabilities; amending Minnesota Statutes 1984, section 129A.08, 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 121 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Clark	Haukoos	McDonald	Onnen
Anderson, R.	Clausnitzer	Himle	McEachern	Osthoff
Backlund	Cohen	Jacobs	McLaughlin	Otis
Battaglia	Dempsey	Jaros	McPherson	Ozment
Beard	DenOuden	Jennings, L.	Metzen	Pappas
Bocklin	Dimler	Johnson	Miller	Pauly
Begich	Dyke	Kahn	Minne	Peterson
Bennett	Elioff	Kelly	Munger	Piepho
Bishop	Erickson	Kiffmeyer	Murphy	Piper
Blatz	Fjoslien	Knickerbocker	Nelson, D.	Poppenhagen
Boo	Frederick	Knuth	Nelson, K.	Price
Brandl	Frerichs	Kostohryz	Neuenschwander	Quinn
Brinkman	Greenfield	Krueger	Norton	Quist
Brown	Gruenes	Levi	Ogren	Redalen
Burger	Gutknecht	Lieder	Olsen, S.	Rees
Carlson, D.	Hartering	Long	Olson, E.	Rest
Carlson, L.	Hartle	Marsh	Omann	Rice

Richter	Schreiber	Sparby	Tompkins	Welle
Riveness	Seaberg	Stanius	Tunheim	Wenzel
Rodosovich	Segal	Staten	Uphus	Wynia
Rose	Shaver	Sviggum	Valan	Zaffke
Sarna	Sherman	Thiede	Valento	
Schafer	Simoneau	Thorson	Vanasek	
Scheid	Skoglund	Tjornhom	Vellenga	
Schoenfeld	Solberg	Tomlinson	Voss	

The bill was passed and its title agreed to.

H. F. No. 2154, A bill for an act relating to taxation; sales and use; exempting materials consumed in certain manufacturing construction in distressed counties; amending Minnesota Statutes 1985 Supplement, sections 297A.15, subdivision 5; and 297A.257, 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 116 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

S. F. No. 1910 was reported to the House.

Ozment moved to amend S. F. No. 1910, the unofficial engrossment, as follows:

Page 8, line 24, delete the blank space

Page 8, line 25 delete "percent of"

The motion prevailed and the amendment was adopted.

Dimler moved to amend S. F. No. 1910, the unofficial engrossment, as amended, as follows:

Page 6, after line 19, insert:

"Sec. 6. Minnesota Statutes 1984, section 169.99, is amended by adding a subdivision to read:

*Subd. 1b. The uniform traffic ticket must provide a blank or space wherein an officer who issues a citation for a violation of section 169.141 must specify whether the speed was greater than ten miles per hour in excess of the speed designated under that section.*

Sec. 7. Minnesota Statutes 1984, section 171.12, is amended by adding a subdivision to read:

*Subd. 6. [CERTAIN CONVICTIONS NOT RECORDED.] The department shall not keep on the record of a driver any conviction for a violation of section 169.141 unless the violation consisted of a speed greater than ten miles per hour in excess of the lawful speed designated under that section."*

Renumber the remaining sections

Correct internal cross references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Dimler amendment and the roll was called.

Kelly moved that those not voting be excused from voting. The motion prevailed.

There were 79 yeas and 21 nays as follows:



Those who voted in the affirmative were:

Anderson, G.	Frerichs	Miller	Rees	Stanius
Anderson, R.	Gutknecht	Minne	Rest	Sviggum
Backlund	Hartinger	Murphy	Rice	Thiede
Battaglia	Hartle	Neuenschwander	Richter	Thorson
Beard	Haukoos	Ogren	Rodosovich	Tjornhom
Begich	Jacobs	Olson, E.	Rose	Tomlinson
Bishop	Johnson	Omann	Sarna	Tompkins
Blatz	Kelly	Ozment	Schafer	Tunheim
Brown	Knuth	Pappas	Schoenfeld	Uphus
Burger	Krueger	Pauly	Seaberg	Valan
Carlson, L.	Lieder	Peterson	Segal	Valento
Dimler	Long	Piepho	Shaver	Vanasek
Dyke	Marsh	Piper	Sherman	Waltman
Elioff	McEachern	Price	Simoneau	Welle
Erickson	McKasy	Quinn	Solberg	Wenzel
Frederick	Metzen	Redalen	Sparby	

Those who voted in the negative were:

Brandl	Greenfield	Kostohryz	Onnen	Vellenga
Clark	Gruenes	McLaughlin	Quist	Voss
Cohen	Kahn	Nelson, K.	Skoglund	Wynia
Dempsey	Kiffmeyer	Norton	Staten	Zaffke
Ellingson				

The motion prevailed and the amendment was adopted.

Blatz moved to amend S. F. No. 1910, the unofficial engrossment, as amended, as follows:

Page 8, after line 1, insert:

"Sec. 8. Laws 1985, chapter 299, section 40, is amended to read:

Sec. 40. [SPECIAL PERMIT.]

Subdivision 1. [PERMIT TO BE ISSUED.] Notwithstanding any law to the contrary the commissioner of transportation shall issue one special permit authorizing the operation for testing purposes of a three vehicle combination consisting of a motor vehicle, a "motorized hitch" and a trailer. The permit is valid for one year from the date of issuance. The annual fee for the permit is \$30. The permit is subject to all applicable provisions of Minnesota Statutes 1984, section 169.86, except as otherwise provided in this subdivision. The holder of the permit is responsible for all liability for personal injury, property damage or time lost, which may occur as a result of the operation of the combination for which the permit is issued, and must, if a claim is made against the state or a department, division officer or employee thereof arising from such operation, defend, indemnify and hold them harmless.

Subd. 2. [REPEALER.] This section is repealed July 31, (1986) 1987."

Renumber the remaining sections

Page 8, line 31, delete "and 9" and insert "9 and 10"

The motion prevailed and the amendment was adopted.

Dyke, Gruenes, Johnson and Sarna moved to amend S. F. No. 1910, the unofficial engrossment, as amended, as follows:

Page 5, after line 16, insert:

"Sec. 4. [161.52] [TOURIST INFORMATION CENTERS.]

*For the fiscal year ending June 30, 1988, and subsequent years, the payment of the cost of staffing and operating tourist information centers located on trunk highways, including interstate highways, by the commissioner of transportation is subject to the following restrictions:*

- (a) For the fiscal year ending June 30, 1988, not more than two-thirds of the cost may be paid from the trunk highway fund.*
- (b) For the fiscal year ending June 30, 1989, not more than one-third of the cost may be paid from the trunk highway fund.*
- (c) For the fiscal year ending June 30, 1990, no part of the cost may be paid from the trunk highway fund.*

*That portion of the cost not paid from the trunk highway fund must be paid either by the commissioner from funds appropriated for that purpose from sources other than the trunk highway fund, or by local sources of funding."*

Page 8, after line 29, insert:

"Sec. 12. Laws 1985, First Special Session chapter 15, section 9, subdivision 5, is amended to read:

Subd. 5. Construct rest areas near the cities listed in this subdivision . . . . .	\$4,099,000
--	-------------

- (a) Baptism River, on trunk highway 61 156,000

This appropriation is added to the appropriation in Laws 1983, chapter 344, section 6, subdivision 8, as amended by Laws 1984, chapter 597, section 54.

(b) Bigelow, on trunk highway 60, including a travel information center . . . . . 1,191,000

(ONE-HALF THE COST OF STAFFING AND OPERATING THE TRAVEL INFORMATION CENTER MUST BE PAID FROM SOURCES OTHER THAN THE TRUNK HIGHWAY FUND. THE COMMISSIONER MAY PROCEED WITH CONSTRUCTION ONLY AFTER AGREEMENTS TO PROVIDE THIS FUNDING ARE OBTAINED.)

(c) Orr, on trunk highway 53, including a travel information center . . . . . 573,000

\$341,000 is for construction of parking spaces.

\$232,000 is for a grant to the city of Orr for site acquisition and development and construction of a travel information center.

The costs of maintaining, staffing, and operating the rest area and travel information center must not be paid from the trunk highway fund.

(d) St. Cloud, on trunk highway 10, including a travel information center . . . . . 1,145,000

(ONE-HALF THE COST OF STAFFING AND OPERATING THE TRAVEL INFORMATION CENTER MUST BE PAID FROM SOURCES OTHER THAN THE TRUNK HIGHWAY FUND. THE COMMISSIONER MAY PROCEED WITH CONSTRUCTION ONLY AFTER AGREEMENTS TO PROVIDE THIS FUNDING ARE OBTAINED.)

(e) St. Peter, on trunk highway 169 . . . . . 1,034,000"

Page 8, line 31, delete "7, 8, and 9" and insert "8, 9, and 10"

Renumber the remaining sections

Amend the title as follows:

Page 1, line 9, after the semicolon, insert "providing funding for tourist information centers;"

Page 1, line 18, after the semicolon insert "removing conditions for the construction of certain highway rest areas;"

Page 1, line 23, delete "and"

Page 1, line 24, after the semicolon, insert "and Laws 1985, First Special Session chapter 15, section 9, subdivision 5;"

The motion prevailed and the amendment was adopted.

Uphus and Waltman offered an amendment to S. F. No. 1910, the unofficial engrossment, as amended.

#### POINT OF ORDER

Minne raised a point of order pursuant to rule 5.7 relating to bills carrying an appropriation. The Speaker pro tempore Tomlinson ruled the point of order not well taken and the Uphus and Waltman amendment in order.

#### POINT OF ORDER

Ozment raised a point of order pursuant to rule 5.10 that the Uphus and Waltman amendment was out of order. The Speaker pro tempore Tomlinson ruled the point of order well taken and the Uphus and Waltman amendment out of order.

Marsh moved to amend S. F. No. 1910, the unofficial engrossment, as amended, as follows:

Page 8, after line 29, insert:

#### "Sec. 11. [RECONVEYANCE.]

*Notwithstanding any other law, the proceeds from the conveyance of excess real estate in the city of St. Cloud that was acquired for the improvement of marked trunk highway no. 15 in the St. Cloud metropolitan area must be placed by the state treasurer in a separate account if the excess real estate is conveyed before the improvement is completed. All money in this account is hereby appropriated to the commissioner for expenditure only to pay the costs of completing the improvement of marked trunk highway no. 15 in the St. Cloud metropolitan area. The commissioner shall pay any money so appropriated which is in excess of the amount required to complete the improvement to the state treasurer for deposit in the trunk highway fund. For purposes of this section "St. Cloud metropolitan area" means the cities of St. Cloud, St. Joseph, Sauk Rapids, Waite Park and Sartell and all towns contiguous to those cities. For purposes of this section, "improvement" means the segment of trunk highway no. 15 between county road 137 in St. Cloud and Benton Drive in Sauk Rapids."*

Renumber section 11 as section 12

Page 8, line 31, delete "and 9" and insert "9 and 11"

Amend the title as follows:

Page 1, line 18, after the semicolon insert "providing for the expenditure of the proceeds from the conveyance of certain real property;"

The motion prevailed and the amendment was adopted.

Thiede, Johnson and Lieder moved to amend S. F. No. 1910, the unofficial engrossment, as amended, as follows:

Page 5, after line 16, insert:

"Sec. 4. [163.161] [IMPASSABLE CITY THROUGH-FARES.]

*When a written complaint signed by five or more freeholders of a statutory city is presented to the county board stating that a city throughfare has not been properly maintained and because of the improper maintenance is not reasonably passable the county board shall consider and act upon the complaint in the same manner provided for a complaint under section 163.16."*

Renumber the sections in order

Correct all internal cross references

Amend the title accordingly

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

Tjornhom and Riveness moved to amend S. F. No. 1910, the unofficial engrossment, as amended, as follows:

Page 5, after line 16, insert:

"Sec. 4. Minnesota Statutes 1984, section 162.14, subdivision 2, is amended to read:

Subd. 2. [PURPOSES FOR WHICH MONEY IS APPORTIONED.] Money so apportioned to each such city shall be used for aid in the establishment, location, construction, reconstruction, improvement, and maintenance of the municipal state-aid street system within each city including the expense of sidewalks, signals and safety devices, *including systems that permit an emergency vehicle operator to activate a green traffic signal for the emergency vehicle*, on such system approved by the commissioner, provided that in the event of hardship or in the event that

the municipal state-aid street system of any municipality is improved to the standards set forth in the commissioner's rules and regulations, and subject to the consent of the commissioner and under rules and regulations of the commissioner, a portion of the money so apportioned may be used on other streets or roads within the city. The governing body of any such city may, subject to the consent of the commissioner, and under the rules and regulations of the commissioner, use a portion of the money so apportioned on any state trunk highway or county state-aid highway within the city. The amount of money to be appropriated by such cities from other funds for use in the establishment, location, construction, reconstruction, improvement, and maintenance of the municipal state-aid street system within the city is hereby left to the direction of the individual governing bodies of the cities."

Renumber the sections

Amend the title as follows:

Page 1, line 18, after the semicolon insert "authorizing cities to use municipal state-aid funds to purchase emergency traffic light systems;"

Page 1, line 19, after "sections" insert "162.14, subdivision 2;"

The motion prevailed and the amendment was adopted.

The Speaker resumed the Chair.

Redalen moved to amend S. F. No. 1910, the unofficial engrossment, as amended, as follows:

Page 8, after line 29, insert:

"Sec. 11. [FORESTVILLE STATE PARK ROADS.]

*Up to \$1,000 of the cost incurred in the biennium ending June 30, 1987, by Fillmore county in maintaining roads that provide access to Forestville state park shall be reimbursed from the state park road account created by Minnesota Statutes 1984, section 162.06, subdivision 5."*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Uphus moved to amend the Redalen amendment to S. F. No. 1910, the unofficial engrossment, as amended, as follows:

After line 8, insert:

“Sec. 12. [TOWN ROAD.]

*Notwithstanding any law to the contrary, after June 30, 1986, the department of natural resources shall assume the responsibility to maintain, repair, improve, and reconstruct the town road right-of-way named T904, key no. 647, located in Stearns county and described approximately as follows:*

*Commencing at the intersection of County State-Aid Highway 17 with the south section line of Section 1, Township 126 North Range 33 West in Stearns county thence extending in a northerly direction for approximately 1.0 mile to the north section line of Section 1 thence extending in a westerly direction along said line to the Northwest corner of Section 1 thence extending in a northerly direction along the west section line of Section 36 Township 127 North Range 33 West of Stearns county to the northwest corner of said Section 36 to the north section line of Section 36.”*

#### POINT OF ORDER

Rodosovich raised a point of order pursuant to rule 5.10 that the Uphus amendment to the Redalen amendment was out of order. The Speaker ruled the point of order not well taken and the Uphus amendment to the Redalen amendment in order.

#### POINT OF ORDER

Rice raised a point of order pursuant to rule 3.9 that the Redalen amendment and the Uphus amendment to the Redalen amendment were not in order. The Speaker ruled the point of order not well taken and the amendment and the amendment to the amendment in order.

Ozment moved that S. F. No. 1910, as amended, be continued on Special Orders for one day. The motion prevailed.

S. F. No. 1642, A bill for an act relating to commerce; regulating electricians; amending Minnesota Statutes 1984, sections 326.01, by adding a subdivision; 326.245; 326.248; Minnesota Statutes 1985 Supplement, sections 326.01, subdivision 5; 326.242, subdivisions 1, 2, 6, and 12; 326.2421, subdivision 3; 326.244, subdivisions 2 and 5; and 326.246.

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 115 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

#### ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 2294:

Jaros, Boo and Erickson.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 2331:

Shaver, Quinn and Gutknecht.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 31:

Blatz, Frerichs and Kelly.

There being no objection the order of business reverted to Messages from the Senate.



## MESSAGES FROM THE SENATE

The following messages were received from 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. 1824, A bill for an act relating to statutes; adopting as amended a gender neutral revision of Minnesota Statutes; providing for no substantive change; granting certain editorial authority to the revisor of statutes; amending Minnesota Statutes 1984, sections 3C.10, subdivision 1; and 645.44, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 645.

The Senate has appointed as such Committee Ms. Reichgott, Mrs. Lantry and Mr. Pogemiller.

Said House File is herewith returned to the House.

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. 1860, A bill for an act relating to metropolitan government; permitting the metropolitan mosquito control commission to issue certificates of indebtedness; amending Minnesota Statutes 1984, section 473.711, by adding a subdivision.

The Senate has appointed as such Committee Messrs. Diessner, Wegscheid and Knaak.

Said House File is herewith returned to the House.

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. 1782, A bill for an act relating to natural resources; enacting the lake improvement district act; providing for the

creation, powers, and termination of lake improvement districts; amending Minnesota Statutes 1984, sections 378.41; 378.42; 378.43; 378.44; 378.46; 378.47; 378.51; 378.52; 378.55; 378.56; and 378.57; proposing coding for new law in Minnesota Statutes, chapter 378; repealing Minnesota Statutes 1984, sections 378.41, subdivision 3; 378.45; and 378.53.

The Senate has appointed as such Committee Messrs. Peterson, C. C.; Merriam and Bernhagen.

Said House File is herewith returned to the House.

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. 1919, A bill for an act relating to education; imposing a limit on participation; eliminating state tuition reimbursement for courses taken for post-secondary credit; making other modifications to the post-secondary enrollment options program; providing options for swimming classes in junior high schools; amending Minnesota Statutes 1984, sections 123.35, by adding a subdivision; 124A.034, subdivisions 1 and 2; 363.03, subdivision 5; Minnesota Statutes 1985 Supplement, section 123.3514, subdivisions 3, 4, 5, 6, 8, and 10, and by adding subdivisions; and Laws 1985, First Special Session chapter 12, article 5, section 7; proposing coding for new law in Minnesota Statutes, chapter 126.

The Senate has appointed as such Committee Mr. Nelson, and Mrs. Olson and Ms. Peterson, D. C.

Said House File is herewith returned to the House.

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. 2014, A bill for an act relating to elections; making changes in registration, caucuses, ballots, affidavits of candidacy and withdrawal, nominations, election certificates, and election

judge qualifications; amending Minnesota Statutes 1984, sections 201.018, subdivision 2; 201.12, subdivision 2; 201.15, subdivision 1; 202A.11, subdivision 2; 202A.16, subdivision 1; 204B.03; 204B.06, subdivision 1; 204B.07, subdivision 4; 204B.09, subdivision 1; 204B.10, by adding a subdivision; 204B.12, subdivision 3; 204B.35, subdivision 2; 204C.40, subdivision 1; 204D.11, subdivisions 3, 5, and 6; 206.71, by adding a subdivision; and 208.03.

The Senate has appointed as such Committee Messrs. Hughes and Johnson, D. E., and Ms. Peterson, D. C.

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. 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.

PATRICK E. FLAHAVEN, Secretary of the Senate

Marsh moved that the House refuse to concur in the Senate amendments to H. F. No. 654, 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. 2169, A bill for an act relating to public lands; providing for a procedure to sell state leased lands; providing for maximum lease rates; providing for an endowment fund and the disposition of proceeds of the land acquisition account; per-

mitting Winona county to convey certain real estate to a county agricultural society; proposing coding for new law in Minnesota Statutes, chapter 92.

PATRICK E. FLAHAVEN, Secretary of the Senate

Minne moved that the House refuse to concur in the Senate amendments to H. F. No. 2169, 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 has concurred in and adopted the report of the Conference Committee on:

S. F. No. 5, A bill for an act relating to alcoholic beverages; increasing the age for licensing, sale, purchase, consumption, possession, and furnishing of alcoholic beverages; establishing programs for education on avoidable health risks related to alcohol and other drugs; increasing the fee for the reinstatement of drivers licenses revoked for alcohol-related violations; appropriating money; amending Minnesota Statutes 1984, sections 171.29, subdivision 2; 340.02, subdivision 8; 340.035, subdivision 1; 340.039; 340.119, subdivision 2; 340.13, subdivision 12; 340.403, subdivision 3; 340.73, subdivision 1; 340.731; 340.732; 340.79; and 340.80.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

The Speaker called Halberg to the Chair.

#### CONFERENCE COMMITTEE REPORT ON S. F. NO. 5

A bill for an act relating to alcoholic beverages; increasing the age for licensing, sale, purchase, consumption, possession, and furnishing of alcoholic beverages; establishing programs for education on avoidable health risks related to alcohol and other drugs; increasing the fee for the reinstatement of drivers licenses revoked for alcohol-related violations; appropriating money; amending Minnesota Statutes 1984, sections 171.29, subdivision 2; 340.02, subdivision 8; 340.035, subdivision 1;

340.039; 340.119, subdivision 2; 340.13, subdivision 12; 340.403, subdivision 3; 340.73, subdivision 1; 340.731; 340.732; 340.79; and 340.80.

March 12, 1986

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable David M. Jennings  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 5, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 5 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 171.06, subdivision 3, is amended to read:

Subd. 3. [CONTENTS OF APPLICATION.] Every application shall state the full name, date of birth, sex and residence address of the applicant, a description of the applicant in such manner as the commissioner may require, and shall state whether or not the applicant has theretofore been licensed as a driver; and, if so, when and by what state or country and whether any such license has ever been suspended or revoked, or whether an application has ever been refused; and, if so, the date of and reason for such suspension, revocation, or refusal, together with such facts pertaining to the applicant and his ability to operate a motor vehicle with safety as may be required by the commissioner. The application form shall contain a notification to the applicant of the availability of the donor document provided pursuant to section 171.07, subdivision 5, and shall contain spaces where the applicant must indicate a desire to receive or not to receive the donor document. The application shall be in the form prepared by the commissioner.

*The application form must be accompanied by a pamphlet containing relevant facts relating to:*

- (1) *the effect of alcohol on driving ability;*
- (2) *the effect of mixing alcohol with drugs;*
- (3) *the laws of Minnesota relating to operation of a motor vehicle while under the influence of alcohol or a controlled substance; and*

(4) *the levels of alcohol-related fatalities and accidents in Minnesota and of arrests for alcohol-related violations.*

Sec. 2. Minnesota Statutes 1984, section 171.13, is amended by adding a subdivision to read:

*Subd. 1b. [DRIVER'S MANUAL.] The commissioner shall include in each edition of the driver's manual published by the department a chapter relating to the effect of alcohol consumption on highway safety and on the ability of drivers to safely operate motor vehicles and a summary of the laws of Minnesota on operating a motor vehicle while under the influence of alcohol or a controlled substance.*

Sec. 3. Minnesota Statutes 1985 Supplement, section 171.29, subdivision 2, is amended to read:

Subd. 2. (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 \$150 fee before his or her drivers license is reinstated (;) *to be credited as follows:*

(1) 50 percent (OF THIS FEE) shall be credited to the trunk highway fund (AND 50);

(2) 25 percent shall be credited to a separate account to be known as the county probation reimbursement account. Money in this account is appropriated to the commissioner of corrections for the costs that counties assume under Laws 1959, chapter 698, of providing probation and parole services to wards of the commissioner of corrections. This money is provided in addition to any money which the counties currently receive under section 260.311, subdivision 5; *and*

(3) 25 percent shall be credited to a separate account to be known as the alcohol impaired driver education account. Money in the account is appropriated to the commissioner of education for grants to develop alcohol impaired driver education programs in elementary, secondary, and post-secondary schools. The state board of education shall establish guidelines for the distribution of the grants. The commissioner of education shall report to the legislature by January 15, 1988, on the expenditure of grant funds under this clause.

Sec. 4. Minnesota Statutes 1985 Supplement, section 340A.-301, subdivision 2, is amended to read:

Subd. 2. [PERSONS ELIGIBLE.] Licenses under this section may be issued only to a person who:

- (1) is a citizen of the United States or a resident alien;
- (2) is of good moral character and repute;
- (3) is (19) 21 years of age or older;

(4) has not had a license issued under this chapter revoked within five years of the date of license application, or to any person who at the time of the violation owns any interest, whether as a holder of more than five percent of the capital stock of a corporation licensee, as a partner or otherwise, in the premises or in the business conducted thereon, or to a corporation, partnership, association, enterprise, business, or firm in which any such person is in any manner interested; and

(5) has not been convicted within five years of the date of license application of a felony, or of a willful violation of a federal or state law, or local ordinance governing the manufacture, sale, distribution, or possession for sale or distribution of alcoholic beverages.

Sec. 5. Minnesota Statutes 1985 Supplement, section 340A.402, is amended to read:

340A.402 [PERSONS ELIGIBLE.]

No retail license may be issued to:

- (1) a person not a citizen of the United States or a resident alien;
- (2) a person under (19) 21 years of age;

(3) a person who within five years of the license application has been convicted of a willful violation of a federal or state law or local ordinance governing the manufacture, sale, distribution, or possession for sale or distribution, of intoxicating or nonintoxicating malt liquors;

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

- (5) a person not of good moral character and repute.

Sec. 6. Minnesota Statutes 1985 Supplement, section 340A.503, is amended to read:

**340A.503 [PERSONS UNDER (19) 21; ILLEGAL ACTS.]**

**Subdivision 1. [CONSUMPTION.]** It is unlawful for any:

(1) retail intoxicating liquor or nonintoxicating liquor licensee or bottle club permit holder under section 340A.414, to permit any person under the age of (19) 21 years to consume alcoholic beverages on the licensed premises; or

(2) person under the age of (19) 21 years to consume any alcoholic beverages unless in the household of the person's parent or guardian and with the consent of the parent or guardian.

**Subd. 2. [PURCHASING.]** It is unlawful for any person:

(1) to sell, barter, furnish, or give alcoholic beverages to a person under (19) 21 years of age, except that a parent or guardian of a person under the age of (19) 21 years may give or furnish alcoholic beverages to that person solely for consumption in the household of the parent or guardian;

(2) under the age of (19) 21 years to purchase or attempt to purchase any alcoholic beverage; or

(3) to induce a person under the age of (19) 21 years to purchase or procure any alcoholic beverage.

**Subd. 3. [POSSESSION.]** It is unlawful for a person under the age of (19) 21 years to possess any alcoholic beverage with the intent to consume it at a place other than the household of the person's parent or guardian. Possession at a place other than the household of the parent or guardian is prima facie evidence of intent to consume it at a place other than the household of the parent or guardian.

**Subd. 4. [ENTERING LICENSED PREMISES.]** (a) It is unlawful for a person under the age of (19) 21 years to enter an establishment licensed for the sale of alcoholic beverages or any municipal liquor store for the purpose of purchasing or having served or delivered any alcoholic beverage.

(b) *Notwithstanding section 340A.509, no ordinance enacted by a statutory or home rule charter city may prohibit a person 18, 19, or 20 years old from entering an establishment licensed under this chapter to:*

(1) *perform work for the establishment, including the serving of alcoholic beverages, unless otherwise prohibited by section 340A.412, subdivision 10;*



(2) *consume meals; and*

(3) *attend social functions that are held in a portion of the establishment where liquor is not sold.*

Subd. 5. [MISREPRESENTATION OF AGE.] It is unlawful for a person under the age of (19) 21 years to misrepresent his or her age for the purpose of purchasing alcoholic beverages.

Subd. 6. [PROOF OF AGE.] Proof of age for purchasing or consuming alcoholic beverages may be established only by a valid drivers license or Minnesota identification card, or in the case of a foreign national by a valid passport.

Subd. 7. [RECORD OF VIOLATION.] *If a person who is 18, 19, or 20 years old is convicted of a violation under this section, none of the records of the court, including legal records, shall be open to public inspection or their contents disclosed except by order of the court.*

Sec. 7. Minnesota Statutes 1985 Supplement, section 340A.507, is amended by adding a subdivision to read:

Subd. 4. [CAMPUS CONTESTS RESTRICTED.] *No manufacturer, wholesaler, or retailer of alcoholic beverages, whether holding a license in Minnesota or not, may conduct, sponsor, or contribute financially to events or activities that are held on the campuses or other property of a post-secondary institution of learning, and involve the consumption or sale of alcoholic beverages. This subdivision does not affect on-campus, licensed retailers of alcoholic beverages.*

Sec. 8. [CERTAIN PERSONS EXCEPTED.]

*A person who was born on or before September 1, 1967, may continue to purchase and consume alcoholic beverages and shall be treated for purposes of Minnesota Statutes, chapter 340A, as a person who is 21 years old.*

Sec. 9. [EFFECTIVE DATE.]

*Sections 1, 2, and 4 to 8 are effective September 1, 1986. Section 3 is effective July 1, 1987."*

Delete the title and insert:

**"A bill for an act relating to liquor; increasing the age for licensing, consumption, furnishing, purchasing, or possessing liquor or entering a licensed establishment; requiring information on alcohol and driving; providing that 25 percent of drivers license reinstatement fee is credited to the alcohol impaired driver education account; providing that records of liquor-related**

convictions of 18, 19, and 20-year-olds are confidential; providing that local governments may not presume intent to consume liquor; providing that persons under 21 may enter liquor establishments for certain purposes; prohibiting certain on-campus events sponsored by manufacturers, wholesalers, and retailers of alcoholic beverages; providing that persons born on or before September 1, 1967, are treated as 21-year-olds for purposes of the liquor laws; appropriating money; amending Minnesota Statutes 1984, sections 171.06, subdivision 3; and 171.13, by adding a subdivision; and Minnesota Statutes 1985 Supplement, sections 171.29, subdivision 2; 340A.301, subdivision 2; 340A.402; 340A.503; and 340A.507, by adding a subdivision."

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

Senate Conferees: A. W. "BILL" DIESSNER, CLARENCE M. PURFEERST and DEAN E. JOHNSON.

House Conferees: GARY L. SCHAFFER, GIL GUTKNECHT and RANDY C. KELLY.

Schafer moved that the report of the Conference Committee on S. F. No. 5 be adopted and that the bill be repassed as amended by the Conference Committee.

The Speaker resumed the Chair.

Brinkman moved that the House refuse to adopt the Conference Committee report on S. F. No. 5, that the present Conference Committee on the part of the House be discharged, that the Speaker be requested to appoint new conferees on the part of the House, and that the Senate be advised of the House action.

A roll call was requested and properly seconded.

The question was taken on the Brinkman motion and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 71 yeas and 62 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Brown	Halberg	Levi	Munger
Backlund	Clark	Heap	Lieder	Murphy
Beard	Cohen	Jacobs	Long	Neuenschwander
Begich	Dempsey	Jaros	McEachern	Norton
Bennett	Ellingson	Jennings, L.	McLaughlin	Ogren
Bishop	Frederick	Kahn	McPherson	Olson, E.
Boerboom	Frerichs	Kalis	Metzen	Omann
Brandl	Greenfield	Kostohryz	Miller	Osthoff
Brinkman	Gruenes	Krueger	Minne	Ozment

Pappas	Riveness	Schoenfeld	Sparby	Voss
Peterson	Rodosovich	Sherman	Tompkins	Welle
Piepho	Rose	Simoneau	Tunheim	Wenzel
Piper	Sarna	Skoglund	Vanasek	Wynia
Quinn	Scheid	Solberg	Vellenga	Spk. Jennings, D.
Rice				

Those who voted in the negative were:

Anderson, R.	Elioff	Knickerbocker	Price	Sviggum
Battaglia	Erickson	Knuth	Quist	Thiede
Becklin	Fjoslien	Kvam	Redalen	Thorson
Blatz	Forsythe	Marsh	Rees	Tjornhom
Boo	Frederickson	McDonald	Rest	Tomlinson
Burger	Gutknecht	McKasy	Richter	Uphus
Carlson, D.	Hartinger	Nelson, D.	Schafer	Valan
Carlson, J.	Hartle	Nelson, K.	Schreiber	Valento
Carlson, L.	Haukoos	Olsen, S.	Seaberg	Waltman
Clausnitzer	Himle	Onnen	Segal	Zaffke
DenOuden	Johnson	Otis	Shaver	
Dimler	Kelly	Pauly	Stanius	
Dyke	Kiffmeyer	Poppenhagen	Staten	

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. 1875, A bill for an act relating to health; creating a public corporation to provide health care services, education, and research; providing for governance of St. Paul Ramsey Medical Center and creation of a physicians and dentists subsidiary; proposing coding for new law as Minnesota Statutes, chapter 246A; repealing Minnesota Statutes 1984, section 383A.41, as amended.

PATRICK E. FLAHAVERN, Secretary of the Senate

Kelly moved that the House refuse to concur in the Senate amendments to H. F. No. 1875, 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.

#### ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 654:

Marsh, Blatz and Kelly.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 2169:

Minne, Thiede and Olsen, S.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1875:

Kelly, Knickerbocker and O'Connor.

Levi moved that the remaining 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.

#### MOTIONS AND RESOLUTIONS

Knuth moved that his name be stricken as an author on H. F. No. 1894. The motion prevailed.

Price moved that the words "by request" be added after the name of Beard on H. F. No. 2443. The motion prevailed.

Minne moved that S. F. No. 1832 be recalled from the Committee on Appropriations and together with H. F. No. 2073, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

Osthoff moved that H. F. No. 2452 be returned to its author. The motion prevailed.

Gruenes moved that H. F. No. 2126 be returned to its author. The motion prevailed.

Haukoos moved that H. F. No. 1952 be returned to its author. The motion prevailed.

Dyke moved that H. F. No. 2260 be returned to its author. The motion prevailed.

Wenzel moved that the following statement be printed in the Journal for today:

"When the vote was taken on the Kvam amendment to H. F. No. 2037 I inadvertently voted in the affirmative. If I had the opportunity to change my vote, I would have voted in the negative." The motion prevailed.

Munger, Boo and Jaros introduced :

House Resolution No. 49, A house resolution commending the citizens of Duluth for their citywide high school reunion.

The resolution was referred to the Committee on Rules and Legislative Administration.

Vanasek and Rodosovich introduced :

House Resolution No. 50, A house resolution proclaiming May 3 and 4, 1986, as Loyalty Day in Minnesota.

The resolution was referred to the Committee on Rules and Legislative Administration.

Rose introduced :

House Resolution No. 51, A house resolution recognizing and celebrating the 75th Anniversary of the Department of Natural Resources, Division of Forestry.

The resolution was referred to the Committee on Environment and Natural Resources.

Levi introduced :

House Concurrent Resolution No. 16, A house concurrent resolution relating to the delivery of bills to the governor after final adjournment.

The Concurrent Resolution was referred to the Committee on Rules and Legislative Administration.

#### ADJOURNMENT

Levi moved that when the House adjourns today it adjourn until 11 :00 a.m., Saturday, March 15, 1986. The motion prevailed.

Levi moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 11:00 a.m., Saturday, March 15, 1986.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

## STATE OF MINNESOTA

## SEVENTY-FOURTH SESSION - 1986

## EIGHTY-SEVENTH DAY

SAINT PAUL, MINNESOTA, SATURDAY, MARCH 15, 1986

The House of Representatives convened at 11:00 a.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	Levi	Pappas	Skoglund
Anderson, R.	Fjoslien	Lieder	Pauly	Solberg
Backlund	Forsythe	Long	Peterson	Sparby
Battaglia	Frederick	Marsh	Piepho	Stanius
Beard	Frederickson	McDonald	Piper	Staten
Becklin	Frerichs	McEachern	Poppenhagen	Sviggum
Begich	Greenfield	McKasy	Price	Thiede
Bennett	Gruenes	McLaughlin	Quinn	Thorson
Bishop	Gutknecht	McPherson	Quist	Tjornhom
Blatz	Halberg	Metzen	Redalen	Tomlinson
Boerboom	Hartinger	Miller	Rees	Tompkins
Boo	Hartle	Minne	Rest	Tunheim
Brandl	Haukoos	Munger	Rice	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	Kalis	Ogren	Scheid	Welle
Clausnitzer	Kelly	Olsen, S.	Schoenfeld	Wenzel
Cohen	Kiffmeyer	Olson, E.	Schreiber	Wynia
Dempsey	Knickerbocker	Omann	Seaberg	Zaffke
DenOuden	Knuth	Onnen	Segal	Spk. Jennings, D.
Dimler	Kostohryz	Osthoff	Shaver	
Dyke	Krueger	Otis	Sherman	
Elioff	Kvam	Ozment	Simoneau	

A quorum was present.

Kahn was excused until 2:10 p.m. Ellingson was excused until 5:30 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Carlson, L., 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.

Blatz; Boerboom; Carlson, D.; Carlson, J.; DenOuden; Forsythe; Frederickson; Halberg; Kalis; McDonald; Olsen, S.; Poppenhagen; Schoenfeld and Valan were excused while in conference.

#### MOTION FOR RECONSIDERATION

Bennett moved that the vote on Friday, March 14, 1986, whereby the House refused to adopt the Conference Committee Report on S. F. No. 5 and request new conferees on the part of the House be now reconsidered.

A roll call was requested and properly seconded.

#### CALL OF THE HOUSE

On the motion of Bennett and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

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

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 Bennett motion and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 77 yeas and 45 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dimler	Kelly	Otis	Stanius
Backlund	Dyke	Kiffmeyer	Pauly	Staten
Battaglia	Elioff	Knickerbocker	Piepho	Swiggum
Beard	Erickson	Knuth	Poppenhagen	Thorson
Becklin	Fjoslien	Kvam	Price	Tjornhom
Bennett	Forsythe	Levi	Quist	Tomlinson
Blatz	Frederick	Lieder	Redalen	Tompkins
Boerboom	Frederickson	Marsh	Rees	Uphus
Boo	Frerichs	McDonald	Rest	Valan
Burger	Gutknecht	McKasy	Richter	Valento
Carlson, J.	Hartinger	McPherson	Rose	Waltman
Carlson, L.	Hartle	Munger	Schafer	Zaffke
Clausnitzer	Haukoos	Nelson, D.	Schreiber	Spk. Jennings, D.
Cohen	Heap	Nelson, K.	Seaberg	
Dempsey	Himle	Olsen, S.	Segal	
DenOuden	Johnson	Onnen	Shaver	

Those who voted in the negative were:

Anderson, G.	Jaros	Murphy	Rice	Sparby
Begich	Jennings, L.	Neuenschwander	Riveness	Thiede
Bishop	Kostohryz	Norton	Rodosovich	Tunheim
Brandl	Krueger	O'Connor	Sarna	Vanasek
Brinkman	McEachern	Ogren	Schoenfeld	Vellenga
Clark	McLaughlin	Olson, E.	Sherman	Voss
Greenfield	Metzen	Omann	Simoneau	Welle
Gruenes	Miller	Peterson	Skoglund	Wenzel
Jacobs	Minne	Piper	Solberg	Wynia

The motion prevailed.

The Conference Committee Report on S. F. No. 5 was reported to the House.

#### CONFERENCE COMMITTEE REPORT ON S. F. NO. 5

A bill for an act relating to alcoholic beverages; increasing the age for licensing, sale, purchase, consumption, possession, and furnishing of alcoholic beverages; establishing programs for education on avoidable health risks related to alcohol and other drugs; increasing the fee for the reinstatement of drivers licenses revoked for alcohol-related violations; appropriating money; amending Minnesota Statutes 1984, sections 171.29, subdivision 2; 340.02, subdivision 8; 340.035, subdivision 1; 340.039; 340.119, subdivision 2; 340.13, subdivision 12; 340.403, subdivision 3; 340.73, subdivision 1; 340.731; 340.732; 340.79; and 340.80.

March 12, 1986

The Honorable Jerome M. Hughes  
President of the Senate



The Honorable David M. Jennings  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 5, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 5 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 171.06, subdivision 3, is amended to read:

Subd. 3. [CONTENTS OF APPLICATION.] Every application shall state the full name, date of birth, sex and residence address of the applicant, a description of the applicant in such manner as the commissioner may require, and shall state whether or not the applicant has theretofore been licensed as a driver; and, if so, when and by what state or country and whether any such license has ever been suspended or revoked, or whether an application has ever been refused; and, if so, the date of and reason for such suspension, revocation, or refusal, together with such facts pertaining to the applicant and his ability to operate a motor vehicle with safety as may be required by the commissioner. The application form shall contain a notification to the applicant of the availability of the donor document provided pursuant to section 171.07, subdivision 5, and shall contain spaces where the applicant must indicate a desire to receive or not to receive the donor document. The application shall be in the form prepared by the commissioner.

*The application form must be accompanied by a pamphlet containing relevant facts relating to:*

- (1) the effect of alcohol on driving ability;*
- (2) the effect of mixing alcohol with drugs;*
- (3) the laws of Minnesota relating to operation of a motor vehicle while under the influence of alcohol or a controlled substance; and*
- (4) the levels of alcohol-related fatalities and accidents in Minnesota and of arrests for alcohol-related violations.*

Sec. 2. Minnesota Statutes 1984, section 171.13, is amended by adding a subdivision to read:

Subd. 1b. [DRIVER'S MANUAL.] *The commissioner shall include in each edition of the driver's manual published by the*

*department a chapter relating to the effect of alcohol consumption on highway safety and on the ability of drivers to safely operate motor vehicles and a summary of the laws of Minnesota on operating a motor vehicle while under the influence of alcohol or a controlled substance.*

Sec. 3. Minnesota Statutes 1985 Supplement, section 171.29, subdivision 2, is amended to read:

Subd. 2. (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 \$150 fee before his or her drivers license is reinstated (;) to be credited as follows:

(1) 50 percent (OF THIS FEE) shall be credited to the trunk highway fund (AND 50);

(2) 25 percent shall be credited to a separate account to be known as the county probation reimbursement account. Money in this account is appropriated to the commissioner of corrections for the costs that counties assume under Laws 1959, chapter 698, of providing probation and parole services to wards of the commissioner of corrections. This money is provided in addition to any money which the counties currently receive under section 260.311, subdivision 5; and

(3) 25 percent shall be credited to a separate account to be known as the alcohol impaired driver education account. Money in the account is appropriated to the commissioner of education for grants to develop alcohol impaired driver education programs in elementary, secondary, and post-secondary schools. The state board of education shall establish guidelines for the distribution of the grants. The commissioner of education shall report to the legislature by January 15, 1988, on the expenditure of grant funds under this clause.

Sec. 4. Minnesota Statutes 1985 Supplement, section 340A.-301, subdivision 2, is amended to read:

Subd. 2. [PERSONS ELIGIBLE.] Licenses under this section may be issued only to a person who:

- (1) is a citizen of the United States or a resident alien;
- (2) is of good moral character and repute;
- (3) is (19) 21 years of age or older;

(4) has not had a license issued under this chapter revoked within five years of the date of license application, or to any person who at the time of the violation owns any interest, whether as a holder of more than five percent of the capital stock of a corporation licensee, as a partner or otherwise, in the premises or in the business conducted thereon, or to a corporation, partnership, association, enterprise, business, or firm in which any such person is in any manner interested; and

(5) has not been convicted within five years of the date of license application of a felony, or of a willful violation of a federal or state law, or local ordinance governing the manufacture, sale, distribution, or possession for sale or distribution of alcoholic beverages.

Sec. 5. Minnesota Statutes 1985 Supplement, section 340A.402, is amended to read:

340A.402 [PERSONS ELIGIBLE.]

No retail license may be issued to:

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

(2) a person under (19) 21 years of age;

(3) a person who within five years of the license application has been convicted of a willful violation of a federal or state law or local ordinance governing the manufacture, sale, distribution, or possession for sale or distribution, of intoxicating or nonintoxicating malt liquors;

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

(5) a person not of good moral character and repute.

Sec. 6. Minnesota Statutes 1985 Supplement, section 340A.503, is amended to read:

340A.503 [PERSONS UNDER (19) 21; ILLEGAL ACTS.]

Subdivision 1. [CONSUMPTION.] It is unlawful for any:

(1) retail intoxicating liquor or nonintoxicating liquor licensee or bottle club permit holder under section 340A.414, to permit any person under the age of (19) 21 years to consume alcoholic beverages on the licensed premises; or

(2) person under the age of (19) 21 years to consume any alcoholic beverages unless in the household of the person's parent or guardian and with the consent of the parent or guardian.

Subd. 2. [PURCHASING.] It is unlawful for any person:

(1) to sell, barter, furnish, or give alcoholic beverages to a person under (19) 21 years of age, except that a parent or guardian of a person under the age of (19) 21 years may give or furnish alcoholic beverages to that person solely for consumption in the household of the parent or guardian;

(2) under the age of (19) 21 years to purchase or attempt to purchase any alcoholic beverage; or

(3) to induce a person under the age of (19) 21 years to purchase or procure any alcoholic beverage.

Subd. 3. [POSSESSION.] It is unlawful for a person under the age of (19) 21 years to possess any alcoholic beverage with the intent to consume it at a place other than the household of the person's parent or guardian. Possession at a place other than the household of the parent or guardian is prima facie evidence of intent to consume it at a place other than the household of the parent or guardian.

Subd. 4. [ENTERING LICENSED PREMISES.] (a) It is unlawful for a person under the age of (19) 21 years to enter an establishment licensed for the sale of alcoholic beverages or any municipal liquor store for the purpose of purchasing or having served or delivered any alcoholic beverage.

(b) *Notwithstanding section 340A.509, no ordinance enacted by a statutory or home rule charter city may prohibit a person 18, 19, or 20 years old from entering an establishment licensed under this chapter to:*

(1) *perform work for the establishment, including the serving of alcoholic beverages, unless otherwise prohibited by section 340A.412, subdivision 10;*

(2) *consume meals; and*

(3) *attend social functions that are held in a portion of the establishment where liquor is not sold.*

Subd. 5. [MISREPRESENTATION OF AGE.] It is unlawful for a person under the age of (19) 21 years to misrepresent his or her age for the purpose of purchasing alcoholic beverages.

Subd. 6. [PROOF OF AGE.] Proof of age for purchasing or consuming alcoholic beverages may be established only by a valid drivers license or Minnesota identification card, or in the case of a foreign national by a valid passport.

Subd. 7. [RECORD OF VIOLATION.] *If a person who is 18, 19, or 20 years old is convicted of a violation under this section, none of the records of the court, including legal records, shall be open to public inspection or their contents disclosed except by order of the court.*

Sec. 7. Minnesota Statutes 1985 Supplement, section 340A.507, is amended by adding a subdivision to read:

Subd. 4. [CAMPUS CONTESTS RESTRICTED.] *No manufacturer, wholesaler, or retailer of alcoholic beverages, whether holding a license in Minnesota or not, may conduct, sponsor, or contribute financially to events or activities that are held on the campuses or other property of a post-secondary institution of learning, and involve the consumption or sale of alcoholic beverages. This subdivision does not affect on-campus, licensed retailers of alcoholic beverages.*

Sec. 8. [CERTAIN PERSONS EXCEPTED.]

*A person who was born on or before September 1, 1967, may continue to purchase and consume alcoholic beverages and shall be treated for purposes of Minnesota Statutes, chapter 340A, as a person who is 21 years old.*

Sec. 9. [EFFECTIVE DATE.]

*Sections 1, 2, and 4 to 8 are effective September 1, 1986. Section 3 is effective July 1, 1987."*

Delete the title and insert:

"A bill for an act relating to liquor; increasing the age for licensing, consumption, furnishing, purchasing, or possessing liquor or entering a licensed establishment; requiring information on alcohol and driving; providing that 25 percent of drivers license reinstatement fee is credited to the alcohol impaired driver education account; providing that records of liquor-related convictions of 18, 19, and 20-year-olds are confidential; providing that local governments may not presume intent to consume liquor; providing that persons under 21 may enter liquor establishments for certain purposes; prohibiting certain on-campus events sponsored by manufacturers, wholesalers, and retailers of alco-

holic beverages; providing that persons born on or before September 1, 1967, are treated as 21-year-olds for purposes of the liquor laws; appropriating money; amending Minnesota Statutes 1984, sections 171.06, subdivision 3; and 171.13, by adding a subdivision; and Minnesota Statutes 1985 Supplement, sections 171.29, subdivision 2; 340A.301, subdivision 2; 340A.402; 340A.503; and 340A.507, by adding a subdivision."

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

Senate Conferees: A. W. "BILL" DIESSNER, CLARENCE M. PURFEERST and DEAN E. JOHNSON.

House Conferees: GARY L. SCHAFER, GIL GUTKNECHT and RANDY C. KELLY.

Schafer moved that the report of the Conference Committee on S. F. No. 5 be adopted and that the bill be repassed as amended by the Conference Committee.

Bishop moved that the House refuse to adopt the Conference Committee report on S. F. No. 5, and that the bill be returned to the Conference Committee.

A roll call was requested and properly seconded.

The question was taken on the Bishop motion and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 52 yeas and 71 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Minne	Piper	Sparby
Backlund	Jacobs	Munger	Quinn	Tunheim
Battaglia	Jaros	Murphy	Riveness	Vanasek
Begich	Jennings, L.	Neuenschwander	Rodosovich	Vallenga
Bishop	Kostohryz	Norton	Sarna	Voss
Brandl	Krueger	O'Connor	Scheid	Welle
Brinkman	Lieder	Ogren	Schoenfeld	Wenzel
Brown	Long	Olson, E.	Sherman	Wynia
Clark	McEachern	Osthoff	Simoneau	
Cohen	McLaughlin	Pappas	Skoglund	
Elioff	Metzen	Peterson	Solberg	

Those who voted in the negative were:

Anderson, R.	Burger	Dempsey	Fjoslien	Gutknecht
Beard	Carlson, D.	DenOuden	Forsythe	Hartinger
Becklin	Carlson, J.	Dimler	Frederick	Hartle
Bennett	Carlson, L.	Dyke	Frerichs	Haukoos
Boo	Clausnitzer	Erickson	Gruenes	Heap

Himle	McKasy	Piepho	Schreiber	Tompkins
Johnson	McPherson	Price	Seaberg	Uphus
Kelly	Nelson, D.	Quist	Segal	Valento
Kiffmeyer	Nelson, K.	Redalen	Shaver	Waltman
Knickerbocker	Olsen, S.	Rees	Stanius	Zaffke
Knuth	Omann	Rest	Staten	Spk. Jennings, D.
Kvam	Onnen	Rice	Sviggum	
Levi	Otis	Richter	Thorson	
Marsh	Ozment	Rose	Tjornhom	
McDonald	Pauly	Schafer	Tomlinson	

The motion did not prevail.

The question recurred on the Schafer motion and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 69 yeas and 47 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dimler	Kelly	Otis	Segal
Battaglia	Dyke	Kiffmeyer	Ozment	Stanius
Beard	Elioff	Knickerbocker	Pauly	Staten
Becklin	Erickson	Knuth	Price	Thorson
Bennett	Fjoslien	Kvam	Quist	Tjornhom
Boo	Frederick	Levi	Redalen	Tomlinson
Burger	Frerichs	Marsh	Rees	Tompkins
Carlson, D.	Gutknecht	McKasy	Rest	Tunheim
Carlson, J.	Hartinger	McPherson	Rice	Uphus
Carlson, L.	Hartle	Nelson, D.	Richter	Valento
Clausnitzer	Haukoos	Nelson, K.	Rose	Waltman
Cohen	Heap	Olsen, S.	Schafer	Zaffke
Dempsey	Himle	Omann	Schreiber	Spk. Jennings, D.
DenOuden	Johnson	Onnen	Seaberg	

Those who voted in the negative were:

Anderson, G.	Jaros	Minne	Quinn	Sparby
Begich	Jennings, L.	Munger	Riveness	Vanasek
Bishop	Kostohryz	Murphy	Rodosovich	Vellenga
Brandl	Krueger	Norton	Sarna	Voss
Brinkman	Lieder	Ogren	Scheid	Welle
Brown	Long	Osthoff	Schoenfeld	Wenzel
Clark	McEachern	Pappas	Sherman	Wynia
Greenfield	McLaughlin	Peterson	Simoneau	
Gruenes	Metzen	Piepho	Skoglund	
Jacobs	Miller	Piper	Solberg	

The motion prevailed.

S. F. No. 5, A bill for an act relating to alcoholic beverages; increasing the age for licensing, sale, purchase, consumption, possession, and furnishing of alcoholic beverages; establishing programs for education on avoidable health risks related to alcohol and other drugs; increasing the fee for the reinstatement of

drivers licenses revoked for alcohol-related violations; appropriating money; amending Minnesota Statutes 1984, sections 171.29, subdivision 2; 340.02, subdivision 8; 340.035, subdivision 1; 340.-039; 340.119, subdivision 2; 340.13, subdivision 12; 340.403, subdivision 3; 340.73, subdivision 1; 340.731; 340.732; 340.79; and 340.80.

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 68 yeas and 64 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dyke	Knickerbocker	Price	Sviggum
Backlund	Erickson	Knuth	Quist	Thiede
Beard	Fjoslien	Krueger	Redalen	Thorson
Becklin	Forsythe	Kvam	Rees	Tjornhom
Blatz	Frederickson	Lieder	Rest	Tomlinson
Boo	Gutknecht	McDonald	Richter	Tompkins
Burger	Hartinger	McKasy	Rose	Tunheim
Carlson, D.	Hartle	McPherson	Schafer	Valan
Carlson, J.	Haukoos	Nelson, D.	Schreiber	Valento
Carlson, L.	Heap	Nelson, K.	Seaberg	Vellenga
Clausnitzer	Johnson	Olsen, S.	Segal	Waltman
Cohen	Kalis	Onnen	Shaver	Zaffke
DenOuden	Kelly	Pauly	Stanius	
Dimler	Kiffmeyer	Poppenhagen	Staten	

Those who voted in the negative were:

Anderson, G.	Frerichs	McLaughlin	Otis	Sherman
Battaglia	Kostohryz	Metzen	Ozment	Simoneau
Begich	Greenfield	Miller	Pappas	Skoglund
Bennett	Gruenes	Minne	Peterson	Solberg
Bishop	Halberg	Munger	Piepho	Sparby
Boerboom	Himle	Murphy	Piper	Uphus
Brandl	Jacobs	Neuenschwander	Quinn	Vanasek
Brinkman	Jaros	Norton	Rice	Voss
Brown	Jennings, L.	O'Connor	Riveness	Welle
Clark	Levi	Ogren	Rodosovich	Wenzel
Dempsey	Long	Olson, E.	Sarna	Wynia
Elioff	Marsh	Omann	Scheid	Spk. Jennings, D.
Frederick	McEachern	Osthoff	Schoenfeld	

The bill was repassed, as amended by Conference, and its title agreed to.

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 1952, 2138, 2356, 2210, 1873 and 1968 and S. F. Nos. 707, 1065, 1930, 1702, 1966, 2262, 1515, 1745, 2014, 2222, 1814, 2054, 2102, 1868, 2147, 164, 2101, 2098, 2135, 2280, 1151, 2171, 2153, 2127, 1648, 1734, 1744, 1956, 2067, 2255, 1584, 1703, 2129 and 1910 have been placed in the members' files.



S. F. No. 2147 and H. F. No. 2297, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Frerichs moved that S. F. No. 2147 be substituted for H. F. No. 2297 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2067 and H. F. No. 2131, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Seaberg moved that S. F. No. 2067 be substituted for H. F. No. 2131 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1734 and H. F. No. 1762, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Anderson, R., moved that S. F. No. 1734 be substituted for H. F. No. 1762 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2127 and H. F. No. 2328, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

McDonald moved that S. F. No. 2127 be substituted for H. F. No. 2328 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1151 and H. F. No. 1247, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Quist moved that S. F. No. 1151 be substituted for H. F. No. 1247 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2102 and H. F. No. 2243, 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. 2102 be substituted for H. F. No. 2243 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1930 and H. F. No. 2078, 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. 1930 be substituted for H. F. No. 2078 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2171 and H. F. No. 2350, 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. 2171 be substituted for H. F. No. 2350 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 164 and H. F. No. 1459, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Valan moved that the rules be so far suspended that S. F. No. 164 be substituted for H. F. No. 1459 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1745 and H. F. No. 2200, 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. 1745 be substituted for H. F. No. 2200 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2129 and H. F. No. 2248, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Kelly moved that the rules be so far suspended that S. F. No. 2129 be substituted for H. F. No. 2248 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2014 and H. F. No. 2137, 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. 2014 be substituted for H. F. No. 2137 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2054 and H. F. No. 2206, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Quinn moved that the rules be so far suspended that S. F. No. 2054 be substituted for H. F. No. 2206 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2098 and H. F. No. 2339, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Rest moved that the rules be so far suspended that S. F. No. 2098 be substituted for H. F. No. 2339 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2101 and H. F. No. 2315, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Murphy moved that the rules be so far suspended that S. F. No. 2101 be substituted for H. F. No. 2315 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1648 and H. F. No. 1732, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Shaver moved that the rules be so far suspended that S. F. No. 1648 be substituted for H. F. No. 1732 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1832 and H. F. No. 2073, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Minne moved that the rules be so far suspended that S. F. No. 1832 be substituted for H. F. No. 2073 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1868 and H. F. No. 2093, 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. 1868 be substituted for H. F. No. 2093 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1814 and H. F. No. 1932, 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. 1814 be substituted for H. F. No. 1932 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 707 and H. F. No. 1007, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Knickerbocker moved that the rules be so far suspended that S. F. No. 707 be substituted for H. F. No. 1007 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1703 and H. F. No. 1852, 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. 1703 be substituted for H. F. No. 1852 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2135 and H. F. No. 2392, 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. 2135 be substituted for H. F. No. 2392 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1515 and H. F. No. 1611, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Knuth moved that the rules be so far suspended that S. F. No. 1515 be substituted for H. F. No. 1611 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. 2062, A bill for an act relating to highways; providing for transfers of ownership of certain highways between the commissioner of transportation and Hennepin county; adding new routes to the trunk highway system in substitution of existing routes; deleting routes from the trunk highway system; authorizing the commissioner of transportation to add certain routes to the trunk highway system; amending Minnesota Statutes 1984, section 161.117.

Reported the same back with the following amendments:

Page 6, line 18, delete "*Central Avenue*" and insert "*marked Interstate Highway No. 35W*"

Page 6, line 25, delete "*Broadway Street Northeast*" and insert "*marked Interstate Highway No. 35W*"

Page 6, line 32, after "*county*" insert "*except that portion marked Trunk Highway No. 101 from its intersection with marked Trunk Highway No. 12 to marked county road No. 5 until reconstruction or replacement of the marked Trunk Highway No. 101 bridge on Bushaway Road across the right-of-way of the Burlington Northern railroad and the marked Trunk Highway No. 101 bridge across Grays Bay*"

Page 7, line 5, delete "*Rogers*" and insert "*Dayton*"

Page 7, line 29, delete "*Subdivision 1.* [TURNBACKS.]"

Page 7, delete lines 32 to 35

With the recommendation that when so amended the bill pass.

The report was adopted.

Pursuant to rule 1.16, H. F. No. 2062 was re-referred to the Committee on Rules and Legislative Administration.

Schreiber from the Committee on Taxes to which was referred:

H. F. No. 2257, A bill for an act relating to horse racing; modifying certain set-asides for purses; modifying certain tax provisions; amending Minnesota Statutes 1984, section 240.15, subdivision 1; Minnesota Statutes 1985 Supplement, section 240.13, subdivision 5.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 240.13, subdivision 5, is amended to read:

Subd. 5. [PURSES.] (a) From the amounts deducted from all pari-mutuel pools by a licensee *which is not located in the seven-county metropolitan area*, an amount equal to not less than five percent of all money in all pools must be set aside by the licensee and used for purses for races conducted by him.

(b) *From the amounts deducted for all pari-mutuel pools by a licensee which is located in the seven-county metropolitan area, an amount equal to seven percent of all money in all pools must be set aside by the licensee and used for purses for races conducted by it.*

(c) The commission may by rule provide for the administration and enforcement of this subdivision.

Sec. 2. Minnesota Statutes 1985 Supplement, section 240.14, subdivision 3, is amended to read:

Subd. 3. [COUNTY FAIR RACING DAYS.] The commission may assign to a class D licensee the following racing days:

(1) those racing days, not to exceed ten racing days, that coincide with the days on which the licensee's county fair is running; and

(2) additional racing days, not to exceed ten racing days, immediately before or after the days on which the licensee's county fair is running.

In no event shall the number of racing days assigned by the commission exceed 20 days.

The commission may not assign any days before July 1, (1989) 1987, as racing days to a class D licensee.

Sec. 3. Minnesota Statutes 1984, section 240.15, subdivision 1, is amended to read:

Subdivision 1. [TAXES IMPOSED.] (a) There is imposed on the total amount bet on all pari-mutuel pools on each racing day a tax at the following rates:

(1) For each racing day in a calendar year *at a licensed racetrack located outside the seven-county metropolitan area* on which the total amount bet, together with the total amount bet at the same licensed racetrack in all previous racing days in the same calendar year does not exceed \$48,000,000, (1-3/4) *one-half* percent of the total amount bet in all pari-mutuel pools.

(2) *For each racing day in a calendar year at a licensed racetrack located outside the seven-county metropolitan area on which the total amount bet, together with the total amount bet at the same licensed racetrack in all previous racing days in the same calendar year exceeds \$48,000,000 but does not exceed \$150,000,000, 2-1/2 percent of the total amount bet in all pari-mutuel pools.*

(3) *For each racing day in a calendar year at a licensed racetrack located outside the seven-county metropolitan area after the racing day on which the total amount bet in all pari-mutuel pools at the same licensed racetrack in the same calendar year exceeds (\$48,000,000) \$150,000,000, six percent of the total amount bet in all pari-mutuel pools.*

(5) *For a licensed racetrack located within the seven-county metropolitan area:*

(a) *for each racing day in a calendar year on which the total amount bet, together with the total amount bet at the same licensed racetrack in all previous racing days in the same fiscal year does not exceed \$150,000,000, 2-1/2 percent of the total amount bet in all pari-mutuel pools;*

(b) *for each racing day in a calendar year on which the total amount bet, together with the total amount bet at the same licensed racetrack in all previous racing days in the same fiscal year, exceeds \$150,000,000, four percent of the total amount bet in all pari-mutuel pools.*

In addition to the above tax, the licensee *in the seven-county metropolitan area* must designate and pay to the commission a tax for deposit in the Minnesota breeders fund (, AT THE FOLLOWING RATES:)

((1) FOR RACING DAYS ON WHICH THE STATE TAX UNDER CLAUSE (A)(1) IS 1-3/4 PERCENT, ONE-HALF PERCENT OF THE TOTAL AMOUNT BET IN ALL PARI-MUTUEL POOLS.)

((2) FOR RACING DAYS ON WHICH THE STATE TAX UNDER CLAUSE (A)(2) IS SIX PERCENT, ONE PERCENT OF THE TOTAL AMOUNT BET IN ALL PARI-MUTUEL POOLS) *of one percent of the total amount bet on each day, and a licensee which is not in the seven-county metropolitan area must designate and pay to the commission a tax for deposit in the Minnesota breeders fund of one-half percent on the total amount bet on each day.*

The taxes imposed by this clause must be paid from the amounts permitted to be withheld by a licensee under section 240.13, subdivision 4.

(b) The commission shall impose on each paid admission to each licensed racetrack on a racing day a tax of 40 cents. It may impose an additional admissions tax of not more than ten cents at any licensed racetrack if:

(1) the additional tax is requested by a local unit of government within whose borders the track is located;

(2) a public hearing is held on the request; and

(3) the commission finds that the local unit of government requesting the additional tax is in need of its revenue to meet extraordinary expenses caused by the racetrack.

Sec. 4. Minnesota Statutes 1984, section 240.15, subdivision 2, is amended to read:

Subd. 2. [PAYMENT.] The licensee must remit the tax to the commission or its representative within seven days of the day on which it was collected. In addition to the tax and at that time the licensee must pay to the commission or its representative a sum equal to one-half the total breakage for each racing day during the period for which the tax is paid *except that no part*



*of the breakage need be so paid for each racing day on which the total amount bet, together with the total amount bet at the same licensed racetrack on all previous racing days in the same calendar year, exceeds \$150,000,000. The payments must be accompanied by a detailed statement of the remittance on a form the commission prescribes. The commission may by rule provide for the direct deposit of required payments in the commission's account in a financial institution within the state and for determining the time of applicability of different tax rates under subdivision 1.*

*In addition to the above payments, for each racing day on which a licensee is not required to pay one-half of the total breakage to the commission or its representative the licensee must set aside one-half of the total breakage for all races by a particular breed for that racing day and use that amount to pay its obligations under written contract with organizations representing a majority of the owners and trainers of breeds at that meet for the providing and administering of insurance and welfare programs, spiritual and recreational programs for the benefit of backstretch personnel, and for promotion of the horse industry in Minnesota. After the licensee has paid these obligations the licensee must use the remainder of the amount so set aside for purses for races at that racetrack for that breed.*

**Sec. 5. [EFFECTIVE DATE.]**

*Sections 1 to 4 are effective January 1, 1987."*

Amend the title as follows:

Page 1, line 4, delete "subdivision" and insert "subdivisions"

Page 1, line 5, after "1" insert "and 2" and delete "section" and insert "sections"

Page 1, line 6, before the period insert "; and 240.14, subdivision 3."

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.

Forsythe from the Committee on Appropriations to which was referred:

S. F. No. 1790, A bill for an act relating to economic development; rural development; providing for time of lease payments for lease of department of natural resources lands; establishing

a mineral resources program; establishing a community development division in the department to energy and economic development; establishing the greater Minnesota corporation; establishing the rural development revolving fund program; establishing the state supplemental education grant program; adding criteria for allocation of private activity bonds and available issuance authority; appropriating money; amending Minnesota Statutes 1984, sections 89.17; 116J.61; 116J.873, subdivision 1; 462.384, subdivision 7; and 474.19, subdivision 4; Minnesota Statutes 1985 Supplement, sections 92.50; 116M.06, subdivision 3; and 474.19, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 84, 116J, 116L, and 136A; proposing coding for new law as Minnesota Statutes, chapter 116N; repealing Minnesota Statutes 1985 Supplement, sections 116.18, subdivision 3a; 116J.951; 116J.955; and 116J.961, subdivisions 7, 8, 9, and 10.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [84.95] [MINERAL RESOURCES PROGRAM.]

*Subdivision 1. [FINDINGS.] The legislature finds that there has been a disinvestment in mineral and timber resources of the state. To provide a diversified economic base in the state, it is necessary to stimulate investment in the state's natural resources. Mineral exploration by the private sector must be encouraged and assisted. The long-term health of the state will be aided by a diverse state economy that includes productive natural resource industries. A forestry management plan is already mandated. The great benefits from the state's mineral resources will not be realized without state stimulation of investment, which can be achieved through a program coordinated by the department of natural resources to accelerate geologic mapping and mineral deposit evaluation and to provide analytical support to the mineral and timber industries. This participation by the state will lead to active participation by private industry in healthy Minnesota timber and mineral resources industries.*

*Subd. 2. [PROGRAM.] The commissioner of natural resources shall coordinate a program, in cooperation with the Minnesota geological survey, the Minnesota Resources Research Center, the Natural Resources Research Institute, and other available facilities, to:*

- (1) accelerate geological mapping of the state;*
- (2) accelerate evaluation of the state's mineral potential and other natural resources; and*

*(3) provide analytical support for participants in the mineral industry.*

Sec. 2. Minnesota Statutes 1985 Supplement, section 116.16, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] In this section and sections 116.17 and 116.18:

(1) Agency means the Minnesota pollution control agency created by this chapter;

(2) Municipality means any county, city, and town, the metropolitan waste control commission established in chapter 473 and the metropolitan council when acting under the provisions of that chapter or an Indian tribe or an authorized Indian tribal organization, and any other governmental subdivision of the state responsible by law for the prevention, control, and abatement of water pollution in any area of the state;

(3) Pollution control fund means the Minnesota state water pollution control fund created by subdivision 1;

(4) Bond account means the Minnesota state water pollution control bond account created in the state bond fund by section 116.17, subdivision 4;

(5) Terms defined in section 115.01 have the meanings therein given them;

(6) The eligible cost of any municipal project, except as otherwise provided in clauses (7) and (8), includes (a) preliminary planning to determine the economic, engineering, and environmental feasibility of the project; (b) engineering, architectural, legal, fiscal, economic, sociological, project administrative costs of the agency and the municipality, and other investigations and studies; (c) surveys, designs, plans, working drawings, specifications, procedures, and other actions necessary to the planning, design, and construction of the project; (d) erection, building, acquisition, alteration, remodeling, improvement, and extension of disposal systems; (e) inspection and supervision of construction; and (f) all other expenses of the kinds enumerated in section 475.65.

(7) For state (INDEPENDENT GRANT AND) matching grant purposes hereunder, the eligible cost for grant applicants shall be the eligible cost as determined by the United States environmental protection agency under the Federal Water Pollution Control Act, as amended, United States Code, title 33, section 1314, et seq.

((8) NOTWITHSTANDING CLAUSE (7), FOR STATE GRANTS UNDER THE STATE INDEPENDENT GRANTS PROGRAM, THE ELIGIBLE COST INCLUDES THE ACQUISITION OF LAND FOR STABILIZATION PONDS, THE CONSTRUCTION OF COLLECTOR SEWERS FOR TOTALLY UNSEWERED STATUTORY AND HOME RULE CHARTER CITIES AND TOWNS DESCRIBED UNDER SECTION 368.01, SUBDIVISION 1 OR 1A, THAT ARE IN EXISTENCE ON JANUARY 1, 1985, AND THE PROVISION OF RESERVE CAPACITY SUFFICIENT TO SERVE THE REASONABLE NEEDS OF THE MUNICIPALITY FOR 20 YEARS IN THE CASE OF TREATMENT WORKS AND 40 YEARS IN THE CASE OF SEWER SYSTEMS. NOTWITHSTANDING CLAUSE (7), FOR STATE GRANTS UNDER THE STATE INDEPENDENT GRANTS PROGRAM, THE ELIGIBLE COST DOES NOT INCLUDE THE PROVISION OF SERVICE TO SEASONAL HOMES, OR COST INCREASES FROM CONTINGENCIES THAT EXCEED THREE PERCENT OF AS-BID COSTS OR COST INCREASES FROM UNANTICIPATED SITE CONDITIONS THAT EXCEED AN ADDITIONAL TWO PERCENT OF AS-BID COSTS.)

Sec. 3. Minnesota Statutes 1984, section 116.16, subdivision 5, is amended to read:

Subd. 5. [RULES.] ((A)) The agency shall promulgate permanent rules and may promulgate emergency rules for the administration of grants and loans authorized to be made from the fund or from federal funds under the Federal Water Pollution Control Act, as amended, which rules, however, shall not be applicable to the issuance of bonds by the commissioner of finance as provided in section 116.17. The rules shall contain as a minimum:

- (1) procedures for application by municipalities;
- (2) conditions for the administration of the grant or loan;
- (3) criteria for the ranking of projects in order of priority for grants or loans, based on factors including the extent and nature of pollution, technological feasibility, assurance of proper operation, maintenance and replacement, and participation in multi-municipal systems; and
- (4) such other matters as the agency and the director find necessary to the proper administration of the grant program.

((B) EXCEPT AS OTHERWISE PROVIDED IN SECTIONS 116.16 TO 116.18, THE RULES FOR THE ADMINISTRATION OF STATE INDEPENDENT GRANTS MUST COMPLY, TO THE EXTENT PRACTICABLE, WITH PROVISIONS RELATING DIRECTLY TO PROTECTION OF THE ENVIRONMENT CONTAINED IN THE FEDERAL WATER

POLLUTION CONTROL ACT, AS AMENDED, AND REGULATIONS AND GUIDELINES OF THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY PROMULGATED UNDER THE ACT, EXCEPT PROVISIONS REGARDING ALLOCATION CONTAINED IN SECTION 205 OF THE ACT AND REGULATIONS AND GUIDELINES PROMULGATED UNDER SECTION 205 OF THE ACT. THIS PROVISION DOES NOT REQUIRE APPROVAL FROM FEDERAL AGENCIES FOR THE ISSUANCE OF GRANTS OR FOR THE CONSTRUCTION OF PROJECTS UNDER THE STATE INDEPENDENT GRANTS PROGRAM.)

Sec. 4. Minnesota Statutes 1985 Supplement, section 116J.951, subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of (ENERGY AND ECONOMIC DEVELOPMENT) *agriculture*.

Sec. 5. Minnesota Statutes 1985 Supplement, section 116J.955, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The rural rehabilitation revolving fund is established as an account in the state treasury. The money transferred to the state as a result of liquidating the rural rehabilitation corporation trust, and money derived from transfer of the trust to the state, must be credited to the rural rehabilitation revolving fund. The principal amount of the rural rehabilitation revolving fund (, \$9,300,000,) may not be spent and must be invested by the state investment board. The income attributable to investment of the principal is appropriated to the commissioner for the activities of the rural development council.

Sec. 6. Minnesota Statutes 1985 Supplement, section 116J.955, subdivision 2, is amended to read:

Subd. 2. [EXPENDITURE OF INVESTMENT INCOME.] The commissioner may only use the income from the investment of the rural rehabilitation revolving fund for the purposes that are allowed under the Minnesota rural rehabilitation corporation's charter and agreement with the United States Secretary of Agriculture as provided in Public Law Number 499, 81st Congress, enacted May 3, 1950 and as allowed under section 116J.961, subdivision 8. Not more than (THREE) *five* percent of the book value of the Minnesota rural rehabilitation corporation's assets may be used for administrative purposes in a year without approval of the United States Secretary of Agriculture.

Sec. 7. Minnesota Statutes 1985 Supplement, section 116J.961, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The governor's rural development council is established in the department of (ENERGY AND ECONOMIC DEVELOPMENT) agriculture. The council shall consist of one representative from each of the state's development regions, including the seven-county metropolitan area, and the commissioner.

Sec. 8. [116K.15] [INDEPENDENT WASTEWATER TREATMENT GRANTS.]

*Subdivision 1. [AMOUNTS.] The state planning agency may award independent grants to municipalities for projects for 50 percent or, if the pollution control agency requires advanced treatment, 65 percent of the eligible cost of construction of wastewater treatment facilities. The agency may award independent grants for up to an additional 30 percent or, if the pollution control agency requires advanced treatment, up to an additional 25 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 must be based on per connection capital cost, median household income, and per capita adjusted assessed valuation. For grants made under this section, the eligible cost is as determined by the United States Environmental Protection Agency under the Federal Water Pollution Control Act, as amended, United States Code, title 33, section 1314, et seq., except that eligible cost also includes the acquisition of land for stabilization ponds and the provision of reserve capacity sufficient to serve the reasonable needs of the municipality for 20 years in the case of treatment works and 40 years in the case of sewer systems. The eligible cost does not include the provision of collector sewers as defined in pollution control agency rules, the provision of service to seasonal homes, or cost increases from contingencies that exceed three percent of as-bid costs or cost increases from unanticipated site conditions that exceed an additional two percent of as-bid costs. These grants may be awarded in separate steps for planning and design in addition to actual construction. 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.*

*Subd. 2. [RULES.] The agency shall make rules for the administration of grants under this section. The rules must contain:*

- (1) procedures for application by municipalities;*
- (2) conditions for the administration of the grant; and*
- (3) criteria for the ranking of projects in order of priority for grants, based on factors including the impact on economic development, the extent and nature of pollution, technological feasibility, assurance of proper operation, maintenance and replacement, and participation in multimunicipal systems.*

*Except as otherwise provided, the rules for the administration of state independent grants must comply, to the extent practicable, with provisions relating directly to protection of the environment contained in the federal Water Pollution Control Act, as amended, and regulations and guidelines of the United States Environmental Protection Agency promulgated under the act, except provisions regarding allocation contained in section 205 of the act and regulations and guidelines promulgated under section 205 of the act. This provision does not require approval from federal agencies for the issuance of grants or for the construction of projects under the state independent grants program.*

**Subd. 3. [FURTHERANCE OF ECONOMIC DEVELOPMENT.]** *Up to ten percent of the money to be awarded as grants under this section in any single fiscal year must be set aside for municipalities having substantial economic development projects that cannot come to fruition without municipal wastewater treatment improvements.*

**Subd. 4. [REIMBURSEMENT GRANTS.]** *Grants may also be awarded under this subdivision to reimburse municipalities willing to proceed with projects and be reimbursed in 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 to the state grants programs for that year.*

**Sec. 9. [116N.01] [CITATION.]**

*Sections 10 to 20 may be cited as the "greater Minnesota corporation act."*

**Sec. 10. [116N.02] [LEGISLATIVE FINDINGS AND PURPOSE.]**

*The legislature finds that an economic crisis exists in portions of Minnesota that is threatening the economic health of the entire state. Unemployment caused by the decline of major industries is inflicting great hardship on individuals, destroying communities, and straining the financial resources of the entire state.*

*The legislature further finds that the most appropriate means to confront the economic crisis is to establish a public corporation with a board of directors consisting of statewide leaders representing business, finance, government, education, and labor that has broad authority to promote economic recovery in distressed areas and to provide incentives for manufacturing and industrial enterprises to locate in these areas.*

*The legislature further finds that the establishment of a greater Minnesota fund for use by the corporation to accomplish*

*its objectives is necessary to achieve economic recovery for all of Minnesota.*

Sec. 11. [116N.03] [DEFINITIONS.]

*Subdivision 1. [SCOPE.] The definitions in this section apply to chapter 116N.*

*Subd. 2. [BOARD.] "Board" means the board of directors of the greater Minnesota corporation.*

*Subd. 3. [CORPORATION.] "Corporation" means the greater Minnesota corporation established by section 12.*

*Subd. 4. [ECONOMIC ASSISTANCE AREA.] "Economic assistance area" means an area composed of each county or standard metropolitan statistical area which meets one of the following conditions:*

*(1) it has an average unemployment of 8.5 percent for the one-year period ending December 31, 1985, or ending on December 31 of the calendar year immediately preceding the year the designation is made; or*

*(2) 20 percent or more of its economy, as determined by the commissioner of agriculture, is dependent upon agriculture; or*

*(3) it contains an enterprise zone designated pursuant to section 273.1312, subdivision 4, paragraph (c), clause (3).*

*Subd. 5. [FUND.] "Fund" means the greater Minnesota fund established by section 17.*

*Subd. 6. [PROJECT.] "Project" means any undertaking involving real or personal property connected with or a part of an industrial, distribution, manufacturing, or research facility that is to be acquired, constructed, improved, or equipped with assistance furnished under the authority of sections 10 to 20, or any combination of them.*

Sec. 12. [116N.04] [CORPORATION CREATED; BOARD OF DIRECTORS; PURPOSE AND DUTY.]

*Subdivision 1. [CREATION; NAME.] The greater Minnesota corporation, a public corporation and political subdivision of the state of Minnesota, is created. The corporation is not a state agency under chapters 14, 15, or for any other purpose. All business of the corporation must be conducted under its name.*

*Subd. 2. [BOARD OF DIRECTORS.] The corporation is governed by a board of 15 directors who shall be appointed by the governor, with recommendations from the speaker of the*



house of representatives and the senate majority leader. Terms and removal of members of the board are as provided in section 15.059. One director must be appointed from each of the state's congressional districts. Directors shall serve without compensation but shall receive their necessary and actual expenses while engaged in the business of the corporation. Directors shall be considered public officials for the purposes of section 10A.07.

**Subd. 3. [PURPOSE AND DUTIES.]** *It is the purpose and duty of the corporation to promote economic development in the economic assistance area to provide incentives for the expansion of existing and location of new manufacturing, research, distribution, and industrial facilities within the economic assistance area by the means provided under sections 10 to 20.*

**Subd. 4. [ARTICLES AND BYLAWS.]** *The board of directors shall adopt articles of incorporation and bylaws necessary for the conduct of the business of the corporation, consistent with the provisions of this chapter.*

**Subd. 5. [PLACES OF BUSINESS.]** *The board shall locate and maintain the corporation's places of business within the state.*

**Subd. 6. [MEETINGS AND ACTIONS OF THE BOARD.]** *The board shall meet at least twice a year and may hold additional meetings upon giving whatever notice the bylaws of the corporation might provide. Board meetings are subject to the provisions of section 471.705.*

**Subd. 7. [APPLICATION AND INVESTIGATIVE DATA.]** *The following data is classified as private data with regard to data on individuals under section 13.02, subdivision 12, or as nonpublic data with regard to data not on individuals under section 13.02, subdivision 9, whichever is applicable:*

(1) *financial data, statistics, and information furnished in connection with assistance or proposed assistance under sections 10 to 20, including credit reports, financial statements, statements of net worth, income tax returns, either personal or corporate, and any other business and personal financial records;*

(2) *correspondence between members of the board or employees of the corporation and applicants or other persons or entities regarding assistance or proposed assistance, and any investigative data obtained by the board or employees of the corporation in relation to the assistance under sections 10 to 20;*

(3) *security information, trade secret information, or labor relations information, as defined in section 13.37, subdivision 1 disclosed to members of the board or employees of the corporation pursuant to sections 10 to 20.*

## Sec. 13. [116N.05] [CORPORATE PERSONNEL.]

*Subdivision 1. [GENERALLY.] The board shall appoint and set the compensation for a president and may appoint subordinate officers. The president's salary may not exceed 95 percent of the governor's salary. The board may designate the president as its general agent. Subject to the control of the board, the president shall employ employees and agents as the president deems necessary. The board shall define the duties and designate the titles of the employees and agents.*

*Subd. 2. [STATUS OF EMPLOYEES.] Employees, officers, and directors of the corporation are not state employees, but, at the option of the board, may participate in the state retirement plan for employees in the unclassified service.*

## Sec. 14. [116N.06] [CORPORATE POWERS.]

*The corporation shall have all powers necessary to accomplish the purposes of sections 10 to 20 within the economic assistance area, including, but not limited to, the power:*

*(1) to incorporate as and exercise the powers of a nonprofit corporation pursuant to chapter 317 in a manner consistent with the provisions of sections 10 to 20;*

*(2) to make and alter bylaws for its organization and internal management and, subject to agreements with noteholders or bondholders, to make rules and regulations with respect to its projects, operations, properties, and facilities;*

*(3) to make and execute contracts with any private or public entity, including joint power agreements pursuant to section 471.59;*

*(4) to hire employees, prescribe their duties and qualifications, fix their compensation, and engage the services of legal, financial, technical, and other professionals;*

*(5) to acquire or contract to acquire from any person, firm, corporation, municipality, federal or state agency, by grant or purchase, leaseholds, or any interest in real, personal, or mixed property; to own, hold, clear, improve, and rehabilitate, and to sell, assign, exchange, transfer, convey, lease, mortgage, or otherwise dispose of or encumber the property;*

*(6) to acquire, construct, reconstruct, rehabilitate, improve, alter, repair, or provide for the construction, reconstruction, improvement, alteration, or repair of any project;*

*(7) to sell, lease, assign, transfer, convey, exchange, mortgage, or otherwise dispose of or encumber any project, and in*

*the case of the sale of any project, to accept a purchase money mortgage in connection with it; and to lease, repurchase, or otherwise acquire and hold any project which the corporation has before sold, leased, or otherwise conveyed, transferred, or disposed of;*

*(8) to grant options to purchase any project or to renew any leases entered into by it in connection with any of its projects, on the terms and conditions it may deem advisable;*

*(9) to lend money, whether secured or unsecured, make grants, purchase, sell, or pledge shares, bonds, or other obligations, or securities, and provide and commit to provide mortgage insurance on terms and conditions the corporation may deem advisable;*

*(10) to make mortgage loans, including temporary loans or advances, and to undertake commitments for them. Such a commitment or mortgage, or bonds or notes secured by them may contain terms and conditions consistent with sections 10 to 20 as the corporation deems necessary or desirable to secure repayment of its loan, the interest, if any, on it and other charges in connection with it;*

*(11) subject to the provisions of any contract with noteholders or bondholders, to consent to the modification, with respect to rate of interest, time of payment of any installment of principal or interest, security, or any other term of any mortgage, mortgage loan, mortgage loan commitment, contract, or agreement of any kind to which the corporation is a party;*

*(12) in connection with any property on which it has made a mortgage loan, to foreclose on the property or commence any action to protect or enforce any right conferred upon it by any law, mortgage, contract, or other agreement, and to bid for and purchase the property at any foreclosure or other sale, or acquire or take possession of the property; and then complete, administer, pay the principal of and interest on any obligations incurred in connection with the property, dispose of, and otherwise deal with the property, as desirable to protect the interests of the corporation in it;*

*(13) to borrow money, to issue its negotiable bonds and notes, and to provide for the rights of their holders pursuant to section 11;*

*(14) to contract for and to accept any gifts or grants or loans of funds or property or financial or other aid in any form from the federal government or any agency or instrumentality of it, or from the state or any agency or instrumentality of it, or from any other source, and to comply, subject to sections 10 to 20, with their terms and conditions;*

(15) to provide advisory, consultative, training and educational services, technical assistance, and advice to any person, firm, partnership, or corporation, either public or private, in order to carry out the purposes of sections 10 to 20;

(16) to pay directly to any municipality or to any political subdivision of the state or to the state any taxes, fees, or other charges of any nature that are related to the project and payable by the owner or lessor of the project;

(17) to do any and all things necessary or convenient to carry out its purposes and exercise the powers given and granted in sections 10 to 20.

Sec. 15. [116N.07] [BONDS OR NOTES OF THE CORPORATION.]

In anticipation of the receipt by the corporation of payments, appropriations, rents and profits, and of income from any source and for the purpose of securing funds as needed by the corporation for purposes authorized by sections 10 to 20, the corporation may issue its bonds or notes or bonds or notes on behalf of the state. The bonds or notes shall be in the amount and form and bear interest at the rate the board of directors shall prescribe. They shall be sold by the corporation to the highest bidder after notice of the time and the place for the receiving of the bids has been published once at least two weeks prior to the date of receiving bids, or at private sale. The bonds shall have dates, denominations, maturities, places of payment, forms, and details as determined by the board of directors. Neither the full faith and credit nor taxing power of the state shall be pledged to any bonds or notes issued under sections 10 to 20.

As security for the payment of the principal of and interest on any bonds issued and any agreements made in connection with them, the corporation shall have the power to mortgage and pledge any or all of its projects, whether owned then or acquired thereafter, and to pledge the revenues and receipts from them or from any of them, and to assign or pledge the lease or leases on any portion or all of the projects and to assign or pledge the income received by virtue of the lease or leases.

Sec. 16. [116N.08] [INTEREST REDUCTION ASSISTANCE.]

To accomplish the purposes of sections 10 to 20, the corporation may:

(1) pay in periodic payments or in a lump sum payment any or all of the interest on loans made pursuant to section 14, clauses (9) and (10);

(2) pay any or all of the interest on bonds issued pursuant to sections 14, clause (13), and 15, or chapter 474; or

(3) pay in periodic payments or in a lump sum payment any or all of the interest on loans made by private lenders.

Sec. 17. [116N.09] [GREATER MINNESOTA FUND.]

*Subdivision 1. [CREATION OF FUND.] The greater Minnesota fund is created and shall be administered by the corporation. All money in the fund is appropriated to the corporation to accomplish the corporation's purposes. The corporation may use amounts on deposit in the fund or in separate accounts created therein in furtherance of its purpose and duty and in exercise of the powers granted to it pursuant to sections 10 to 20. The corporation may use the powers granted in sections 10 to 20 and up to 25 percent of any funds deposited in the fund to provide economic assistance pursuant to sections 10 to 20 in any county adjacent to a county contained in the economic assistance area, excluding metropolitan counties as defined in section 473.121, subdivision 4. No portion of the fund may be used for any project the objective of which is to increase tourism or construct recreation facilities. A disbursement from the greater Minnesota fund for a project may be made if the corporation finds that:*

(a) *the project is economically sound and will increase opportunities for employment and strengthen the economy of the county in which the project is to be located;*

(b) *the project will not result in encouraging or subsidizing a business already located in Minnesota to move its operations from its current Minnesota location to an economic assistance area;*

(c) *the proposed borrower or grantee is not likely to undertake the proposed project within the economic assistance area without assistance from the corporation;*

(d) *the amount to be made available by the corporation will not exceed 50 percent of the total amount of capital investment in the project, which total capital investment shall not be less than \$500,000.*

*Fees, charges, rates of interest, times of payment of interest and principal, security, and other terms, conditions, and provisions of the loans made by the corporation shall be as the corporation determines appropriate and in furtherance of the purpose for which the loans are made. The funds used in making loans shall be disbursed upon order of the board of directors. Proceeds of the corporation's bonds, notes, and other obligations; amounts granted or appropriated to the corporation; income from investment; money in the greater Minnesota fund;*

*and all revenues from loans, fees, and charges of the corporation including rentals, royalties, dividends, or other proceeds are annually appropriated to the corporation for the accomplishment of its corporate purposes and shall be expended, administered, and accounted for in accordance with the applicable provisions of all bond and note resolutions, indentures, and other instruments, contracts, and agreements of the corporation. Notwithstanding section 16A.28, these appropriations are available until expended.*

*Subd. 2. [REPEAL OF FUND.] The greater Minnesota fund shall remain in existence until June 1, 1990, at which time all unencumbered assets of the fund shall be deposited in the general fund of the state.*

**Sec. 18. [116N.10] [ACTIVITIES.]**

*Subdivision 1. [GRANTS.] Pursuant to the powers granted to the corporation under section 14, the corporation may make matching grants for applied research and development to any campus of the University of Minnesota, a state university, a community college, a Minnesota private college or university, or an area vocational technical institute.*

*Subd. 2. [LOANS.] Pursuant to the powers granted to the corporation under section 14, the corporation may make loans to corporations, partnerships, sole proprietorships, or other business entities for the purpose of promoting development in the state of new products, or processes with potential commercial value.*

**Sec. 19. [116N.11] [AUDITS.]**

*The board shall contract with a certified public accounting firm to audit the corporation and any subsidiary annually in accordance with generally accepted accounting standards.*

**Sec. 20. [116N.12] [REPORTS.]**

*The corporation shall report to the legislature and the governor on its activities by January 1 of each year. The report must include, at least, a description of projects supported by the fund, an account of all loans and grants made by the fund during the calendar year, the source and amount of all money collected and distributed by the fund, the fund's assets and liabilities, and an explanation of administrative expenses. Reports must be made to the legislature as required by section 3.195.*

**Sec. 21. [SUPPLEMENTAL GRANTS TO RURAL FAMILIES.]**

*Subdivision 1. [PROGRAM; ELIGIBILITY.] The higher education coordinating board, with the assistance of the commis-*

sioner of jobs and training, shall establish and administer the state supplemental education grant program to assist families in rural areas of the state in paying the costs of attending public post-secondary educational institutions. The board shall develop policies and procedures for the administration of grants, including the allocation of funds to eligible institutions in accordance with section 136A.101.

Minnesota residents are eligible to apply if they meet the conditions in either (a) or (b).

(a) Displaced rural workers who are enrolled in adult farm management programs or enrolled in a program designed to train people for employment and who demonstrate financial need in accordance with policies and procedures established by the higher education coordinating board. In developing eligibility policies, the board shall consider criteria for participation in state and federal programs designed to serve economically displaced workers.

(b) Students from families that are unable to contribute to the student's education due to the distressed sale of a farm. Grants under this provision can be used to replace expected parental contributions where the expected contribution does not accurately reflect the family's ability to contribute because the income or gain resulted from (1) the sale of agricultural production property, including real property, and equipment used in a farm business that was owned and operated by the taxpayer as his principal business, if the taxpayer had a debt-to-asset-ratio of at least 70 percent at the time of the sale and at least 70 percent of the proceeds of the sale were used solely to discharge indebtedness secured by a mortgage, lien, or other security interest on the property sold, or (2) the discharge of farm business indebtedness of a farmer who owns and operates a farm business if at the time of the discharge the taxpayer had a debt-to-asset-ratio of at least 70 percent; if the gain is long term capital gain for federal income tax purposes, the part not to be counted is limited to 40 percent of the gain.

The development of policies and procedures in accordance with this subdivision is not subject to chapter 14.

Subd. 2. [PART-TIME GRANTS.] Displaced workers in rural Minnesota areas are eligible to be considered for a part-time grant under section 136A.132. In awarding grants during the 1985-1987 biennium, participating post-secondary institutions shall consider the needs of displaced rural workers.

Subd. 3. [PUBLIC INFORMATION.] The board shall provide information to displaced workers in rural areas about post-secondary education opportunities and financial assistance to help them pay for their education, including existing state and federal programs and the state supplemental education grant

*program. The board shall develop and communicate the information in cooperation with the department of jobs and training, financial aid administrators, the agriculture extension service, and representatives of public and private post-secondary education institutions.*

Sec. 22. Minnesota Statutes 1984, section 273.1314, subdivision 1, is amended to read:

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

(a) "City" means a statutory or home rule charter city.

(b) "Commissioner" means the commissioner of (ENERGY AND ECONOMIC DEVELOPMENT) *revenue*.

(c) "Legislative advisory commission" means the legislative advisory commission established under section 3.30.

(d) "Municipality" means a city or a county for an area located outside the boundaries of a city. If an area lies in two or more cities or in both incorporated and unincorporated areas, municipality shall include an entity formed pursuant to section 471.59 by the governing bodies of the cities with jurisdiction over the incorporated area and the counties with jurisdiction over the unincorporated area.

Sec. 23. Minnesota Statutes 1985 Supplement, section 273.1314, subdivision 8, is amended to read:

Subd. 8. [FUNDING LIMITATIONS.] (a) *Except as provided in paragraph (b)*, the maximum amount of the tax reductions which may be authorized pursuant to designations of enterprise zones under section 273.1312 and this section is limited to \$36,400,000. 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. Of the \$36,400,000 in tax reductions authorized under this subdivision, an additional \$800,000 in tax reductions may be authorized within an enterprise zone located within five municipalities which was designated by the commissioner in 1984.

(THIS SUBDIVISION, INCLUDING THE FUNDING LIMITATIONS, DOES NOT APPLY TO ENTERPRISE ZONES DESIGNATED PURSUANT TO SECTION 273.1312, SUBDIVISION 4, PARAGRAPH (C), CLAUSE (4).)

*(b) In addition to the amount authorized under paragraph (a), tax reductions not to exceed \$1,500,000 may be authorized by the commissioner. The tax reductions authorized under this paragraph shall be made available to projects that (1) have job creation as their principal objective and (2) are located in enterprise zones that have committed their initial allocation of tax credits under paragraph (a). The maximum amount that may be authorized under this paragraph for enterprise zones in any city is \$750,000. Except as otherwise provided in this paragraph, the allocation of tax credits provided in this paragraph shall be according to the provisions of paragraph (a). The amount of tax reductions authorized under this paragraph shall reduce the amount available for expenditure under section 116M.07, subdivision 11, paragraph (d).*

**Sec. 24. [SUPPLEMENTAL EDUCATIONAL GRANT PROGRAM FUNDING.]**

*Up to \$250,000 is available for the state supplemental education grant program established in section 21 from the appropriation in Laws 1985, First Special Session chapter 11, section 3, subdivision 3, for the fiscal year ending June 30, 1987.*

**Sec. 25. [MINNESOTA RESOURCES FUND APPROPRIATION.]**

*The legislative commission on Minnesota resources shall recommend up to \$8,000,000 from the Minnesota resources fund for projects, not studies, in the categories of:*

- (1) land conservation and wildlife habitat improvement;*
- (2) fishing and water management related activities; and*
- (3) hunting and fishing development opportunities.*

*Priority shall be given to projects which incorporate non-state spending shares.*

*The requirements of this section apply only to the recommendations submitted to the 1987 legislature.*

**Sec. 26. [APPROPRIATION.]**

*Subdivision 1. [MINERAL RESOURCES PLAN.] \$500,000 is appropriated from the rural rehabilitation revolving fund to the commissioner of natural resources for implementation of section 1, to be available until June 30, 1987.*

*Subd. 2. [FORESTRY MANAGEMENT.] \$1,000,000 is appropriated from the rural rehabilitation revolving fund to the commissioner of natural resources for grant agreements with counties or groups of counties for county forestry assistance programs, to be available until June 30, 1987.*

**Sec. 27. [APPROPRIATION.]**

*\$250,000 is appropriated from the rural rehabilitation revolving fund to the higher education coordinating board for the state supplemental education grant program established in section 21, to be available until expended.*

**Sec. 28. [APPROPRIATION.]**

*\$3,500,000 is appropriated from the rural rehabilitation revolving fund to the greater Minnesota corporation created under section 12. An amount not to exceed \$200,000 may be used in any fiscal year for operating and other expenses of the corporation that are not directly chargeable to any project.*

**Sec. 29. [FUNDING FOR REORGANIZATION.]**

*Subdivision 1. The commissioner of finance shall transfer, after approval by the legislative commission on Minnesota resources, up to \$900,000 from the Minnesota resources fund to the department of natural resources for development of the plan of*

*any reorganization of the department as mandated by the 1986 legislature.*

*Subd. 2. The legislative commission on Minnesota resources may recommend an appropriation from the Minnesota resources fund for fiscal years 1988 to 1989 up to \$2,300,000 million to the department of natural resources for implementation of the reorganization plan.*

*Subd. 3. The legislative commission on Minnesota resources shall monitor the implementation of the reorganization of the department of natural resources if it occurs and report within three months after implementation date, if implemented.*

**Sec. 30. [REPEALER.]**

*Minnesota Statutes 1985 Supplement, section 116.18, subdivision 3a, is repealed.*

**Sec. 31. [EFFECTIVE DATE.]**

*Sections 1 to 20 are effective the day after final enactment."*

Delete the title and insert:

"A bill for an act relating to economic development; rural development; establishing a mineral resources program; creating a public corporation to promote economic development; providing bonding and other powers to the corporation; establishing the greater Minnesota fund program; establishing the state supplemental education grant program; transferring the independent wastewater treatment grants program to the state planning agency; transferring certain duties relating to enterprise zones to commissioner of revenue; appropriating money; amending Minnesota Statutes 1984, sections 116.16, subdivision 5; and 273.1314, subdivision 1; Minnesota Statutes 1985 Supplement, sections 116.16, subdivision 2; 116J.951, subdivision 2; 116J.955, subdivisions 1 and 2; 116J.961, subdivision 1; and 273.1314, subdivision 8; proposing coding for new law in Minnesota Statutes, chapters 84; and 116K; proposing coding for new law as Minnesota Statutes, chapter 116N; repealing Minnesota Statutes 1985 Supplement, section 116.18, subdivision 3a."

With the recommendation that when so amended the bill pass.

The report was adopted.

Pursuant to rule 1.16, S. F. No. 1790 was re-referred to the Committee on Rules and Legislative Administration.

## MOTION FOR RECONSIDERATION

Cohen moved that the vote whereby S. F. No. 5, as amended by Conference, was repassed earlier today be now reconsidered.

A roll call was requested and properly seconded.

The question was taken on the Cohen motion and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 52 yeas and 64 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jacobs	Murphy	Quinn	Staten
Battaglia	Jaros	Neuenschwander	Rice	Swiggum
Begich	Jennings, L.	Norton	Riveness	Tunheim
Bishop	Kostohryz	O'Connor	Rodosovich	Vanasek
Brandl	Krueger	Ogren	Sarna	Voss
Brinkman	Lieder	Olson, E.	Scheid	Welle
Brown	Long	Osthoff	Sherman	Wenzel
Clark	McEachern	Otis	Simoneau	Wynia
Cohen	McLaughlin	Pappas	Skoglund	
Elioff	Metzen	Peterson	Solberg	
Greenfield	Minne	Piper	Sparby	

Those who voted in the negative were:

Anderson, R.	Erickson	Knickerbocker	Piepho	Stanius
Beard	Fjoslien	Knuth	Price	Thiede
Becklin	Forsythe	Kvam	Quist	Thorson
Bennett	Frederick	Levi	Redalen	Tjornhom
Boo	Frerichs	Marsh	Rees	Tomlinson
Burger	Gutknecht	McKasy	Rest	Tompkins
Carlson, D.	Hartinger	McPherson	Richter	Uphus
Carlson, L.	Hartle	Nelson, D.	Rose	Valan
Clausnitzer	Haukoos	Nelson, K.	Schafer	Valento
Dempsey	Heap	Olsen, S.	Schreiber	Vellenga
DenOuden	Johnson	Onnen	Seaberg	Waltman
Dimler	Kelly	Ozment	Segal	Spk. Jennings, D.
Dyke	Kiffmeyer	Pauly	Shaver	

The motion to reconsider the vote on repassage of S. F. No. 5, as amended by Conference, did not prevail.

## SECOND READING OF SENATE BILLS

S. F. Nos. 2147, 2067, 1734, 2127, 1151, 2102, 1930, 2171, 164, 1745, 2129, 2014, 2054, 2098, 2101, 1648, 1832, 1868, 1814, 707 and 1703 were read for the second time.

## SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Bennett moved that the rule therein be suspended and an urgency be declared so that S. F. No. 1703 be given its third reading and be placed upon its final passage. The motion prevailed.

Bennett moved that the rules of the House be so far suspended that S. F. No. 1703 be given its third reading and be placed upon its final passage. The motion prevailed.

S. F. No. 1703, A bill for an act relating to commerce; regulating those who package soft drinks and other nonalcoholic beverages; increasing certain vending machine inspection fees; clarifying authority to inspect vending machines; clarifying rulemaking authority of commissioner of agriculture; amending Minnesota Statutes 1984, sections 28A.05; 28A.09, subdivision 1; 34.03; and 34.09; repealing Minnesota Statutes 1984, section 34.05.

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 117 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dyke	Kostohryz	Olson, E.	Rose
Anderson, R.	Elioff	Krueger	Omman	Sarna
Backlund	Erickson	Kvam	Onnen	Schafer
Battaglia	Fjoslien	Levi	Osthoff	Scheid
Beard	Forsythe	Lieder	Otis	Schoenfeld
Becklin	Frerichs	Long	Ozment	Schreiber
Begich	Greenfield	Marsh	Pappas	Seaberg
Bennett	Gulknacht	McEachern	Pauly	Segal
Boo	Hartinger	McKasy	Peterson	Shaver
Brandl	Hartle	McLaughlin	Piepho	Sherman
Brinkman	Haukoos	McPherson	Piper	Simoneau
Brown	Heap	Metzen	Price	Skoglund
Burger	Himle	Miller	Quinn	Solberg
Carlson, D.	Jacobs	Minne	Quist	Sparby
Carlson, L.	Jaros	Munger	Redalen	Stanius
Clark	Jennings, L.	Murphy	Rees	Staten
Clausnitzer	Johnson	Nelson, D.	Rest	Sviggum
Cohen	Kelly	Neuenschwander	Rice	Thiede
Dempsey	Kiffmeyer	Norton	Richter	Thorson
DenOuden	Knickerbocker	Ogren	Riveness	Tjornhom
Dimler	Knuth	Olsen, S.	Rodosovich	Tomlinson

Tompkins  
Tunheim  
Uphus

Valan  
Valento  
Vanasek

Vellenga  
Waltman

Welle  
Wenzel

Wynia  
Spk. Jennings, D.

The bill was passed and its title agreed to.

## SECOND READING OF SENATE BILLS, Continued

S. F. No. 2135 was read for the second time.

### SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Stanius moved that the rule therein be suspended and an urgency be declared so that S. F. No. 2135 be given its third reading and be placed upon its final passage. The motion prevailed.

Stanius moved that the rules of the House be so far suspended that S. F. No. 2135 be given its third reading and be placed upon its final passage. The motion prevailed.

S. F. No. 2135, A bill for an act relating to liability; limiting the civil liability of practitioners for the violent acts of patients; providing immunity from liability for disclosure; amending Minnesota Statutes 1985 Supplement, section 626.556, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 148.

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 121 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Boo	DenOuden	Gruenes	Kelly
Anderson, R.	Brandl	Dimler	Gutknecht	Kiiffmeyer
Backlund	Brinkman	Dyke	Harteringer	Knickerbocker
Battaglia	Brown	Elioff	Hartle	Knuth
Beard	Burger	Erickson	Haukoos	Kostohryz
Becklin	Carlson, L.	Fjoslien	Himle	Krueger
Begich	Clark	Forsythe	Jacobs	Kvam
Bennett	Clausnitzer	Frederick	Jaros	Levi
Bishop	Cohen	Frerichs	Jennings, L.	Lieder
Blatz	Dempsey	Greenfield	Johnson	Long

Marsh	Ogren	Redalen	Shaver	Uphus
McDonald	Olsen, S.	Rees	Sherman	Valan
McEachern	Olson, E.	Rest	Simoneau	Valento
McKasy	Onnen	Rice	Skoglund	Vanasek
McLaughlin	Osthoff	Richter	Solberg	Vellenga
McPherson	Otis	Riveness	Sparby	Voss
Metzen	Ozment	Rodosovich	Stanius	Waltman
Miller	Pappas	Rose	Staten	Welle
Minne	Pauly	Sarna	Svigglund	Wenzel
Munger	Peterson	Schafer	Thiede	Wynia
Murphy	Piepho	Scheid	Thorson	Spk. Jennings, D.
Nelson, D.	Piper	Schoenfeld	Tjornhom	
Nelson, K.	Price	Schreiber	Tomlinson	
Neuenschwander	Quinn	Seaberg	Tompkins	
Norton	Quist	Segal	Tunheim	

The bill was passed and its title agreed to.

## SECOND READING OF SENATE BILLS, Continued

S. F. No. 1515 was read for the second time.

### SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Knuth moved that the rule therein be suspended and an urgency be declared so that S. F. No. 1515 be given its third reading and be placed upon its final passage. The motion prevailed.

Knuth moved that the rules of the House be so far suspended that S. F. No. 1515 be given its third reading and be placed upon its final passage. The motion prevailed.

S. F. No. 1515, 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; providing for an appointed county abstract clerk; proposing coding for new law in Minnesota Statutes, chapter 383A; repealing Minnesota Statutes 1984, section 383A.38.

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 115 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

## INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Poppenhagen and Frederick introduced:

H. F. No. 2569, A bill for an act relating to taxation; income; providing a personal credit for mentally retarded persons; amending Minnesota Statutes 1985 Supplement, section 290.06, subdivision 3f.

The bill was read for the first time and referred to the Committee on Taxes.

Brandl introduced:

H. F. No. 2570, A bill for an act relating to utilities; requiring recorded telephone solicitation devices to disconnect from the telephone line when the person called hangs up; imposing a penalty; 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.



Staten introduced:

H. F. No. 2571, A bill for an act relating to housing; appropriating money to the Minnesota housing finance agency for low interest housing loans.

The bill was read for the first time and referred to the Committee on Appropriations.

Wenzel, Wynia, Kahn, Scheid and Olsen, S., introduced:

H. F. No. 2572, A bill for an act relating to education; naming state scholarships the Christa McAuliffe Minnesota State Scholarships; amending Minnesota Statutes 1985 Supplement, section 136A.09.

The bill was read for the first time and referred to the Committee on Education.

Staten introduced:

H. F. No. 2573, A bill for an act relating to the legislature; requiring each body to prepare a set of standards by which the ethical conduct of its members will be judged.

The bill was read for the first time and referred to the Committee on Rules and Legislative Administration.

Stanius introduced:

H. F. No. 2574, A bill for an act relating to government data; classifying reports and records collected or maintained by the medical examiners board; providing a physician under investigation with access to certain board records; amending Minnesota Statutes 1985 Supplement, sections 147.01, subdivision 4; 147.121, subdivision 1; and 147.131.

The bill was read for the first time and referred to the Committee on Governmental Operations.

Wenzel, Marsh, Beard, Hartinger and Blatz introduced:

H. F. No. 2575, A bill for an act relating to crimes; prohibiting waiver of certain mandatory minimum sentencing provisions; repealing Minnesota Statutes 1984, section 609.11, subdivision 8.

The bill was read for the first time and referred to the Committee on Crime and Family Law.

Wenzel, Marsh, Beard, Hartinger and Blatz introduced:

H. F. No. 2576, A bill for an act relating to crimes; increasing penalties and imposing mandatory minimum sentences for certain criminal sexual conduct crimes; amending Minnesota Statutes 1985 Supplement, sections 609.342, subdivision 2; 609.343, subdivision 2; 609.344, subdivision 2; and 609.345, subdivision 2.

The bill was read for the first time and referred to the Committee on Crime and Family Law.

Segal, Greenfield and Pappas introduced:

H. F. No. 2577, A bill for an act relating to child abuse; creating a child abuse prevention fund to be used for the training of peace officers and child protection workers; increasing the birth certificate filing fee for the purpose of funding the child abuse prevention fund; appropriating money; amending Minnesota Statutes 1984, section 144.226; proposing coding for new law in Minnesota Statutes, chapter 626.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Boo, Stanius, Greenfield, Blatz and Piper introduced:

H. F. No. 2578, A bill for an act relating to human services; establishing a board of social work examiners; licensing and regulating social workers; providing penalties; appropriating money; amending Minnesota Statutes 1984, sections 214.01, subdivision 2; and 595.02, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 148A.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Wenzel, Marsh, Hartinger, Dempsey and Blatz introduced:

H. F. No. 2579, A bill for an act relating to crimes; increasing penalties and imposing mandatory minimum sentences for certain homicides; amending Minnesota Statutes 1984, sections 244.05, subdivision 4; 609.19; 609.195; and 609.20.

The bill was read for the first time and referred to the Committee on Crime and Family Law.

Wenzel, Dempsey, Beard, Hartinger and Blatz introduced:

H. F. No. 2580, A bill for an act relating to crimes; clarifying the elements of manslaughter in the first degree; increasing penalties for certain crimes committed against children; amending Minnesota Statutes 1984, sections 609.20; 609.221; 609.223; 609.255, subdivision 3; and 609.377; and Minnesota Statutes 1985 Supplement, section 609.224.

The bill was read for the first time and referred to the Committee on Crime and Family Law.

#### HOUSE ADVISORIES

The following House Advisories were introduced:

Pappas introduced:

H. A. No. 88, A proposal to study the effectiveness of the Veterans' Preference Laws.

The advisory was referred to the Committee on General Legislation and Veterans Affairs.

Onnen introduced:

H. A. No. 89, A proposal to study welfare reform.

The advisory was referred to the Committee on Health and Human Services.

Omamm introduced:

H. A. No. 90, A proposal to study the effects of stray electricity.

The advisory was referred to the Committee on Regulated Industries and Energy.

Redalen, Gruenes, Omamm and Jacobs introduced:

H. A. No. 91, A proposal to study various problems in the area of energy-efficiency in housing.

The advisory was referred to the Committee on Regulated Industries and Energy.

Staten, Tomlinson, Greenfield, Kahn and Pappas introduced:

H. A. No. 92, A proposal for the development of ethical standards for house members.

The advisory was referred to the Committee on Rules and Legislative Administration.

Kvam, Dyke, Redalen, Frederickson and McDonald introduced:

H. A. No. 93, A proposal to study issues relating to the various state and federal agricultural liens.

The advisory was referred to the Committee on Financial Institutions and Insurance.

Redalen, Gruenes, Omann and Jacobs introduced:

H. A. No. 94, A proposal to consider the recodification of Chapter 237, relating to telecommunications regulation.

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. 1844, A bill for an act relating to crimes; creating certain crimes against an unborn child; prohibiting acts which cause the death of or injury to an unborn child; imposing penalties; amending Minnesota Statutes 1984, sections 609.035; 609.18; and 609.21, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 609.

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. 2294, A bill for an act relating to labor; independent school district No. 709, Duluth; removing certain educational assistants from civil service; amending Laws 1967, chapter 252, section 2, as amended.

The Senate has appointed as such Committee Messrs. Solon, Dicklich and Gustafson.

Said House File is herewith returned to the House.

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. 2331, A bill for an act relating to taxation; providing for the taxation of lawful gambling; providing for identification cards for employees of distributors of gambling equipment; providing for the registration of manufacturers of gambling equipment; providing for maximum prizes for pull-tabs; allowing local investigation fees; making unlicensed wholesaling of gambling equipment a felony; regulating off-track betting; exempting certain lawful gambling from licensing and taxation; providing for notification to town boards of license applications; providing a penalty; amending Minnesota Statutes 1984, sections 240.25, subdivision 2; 240.26, subdivisions 1 and 2; 349.12, by adding a subdivision; 349.161, by adding subdivisions; 349.19, subdivision 5; 349.211, by adding a subdivision; 349.212, by adding a subdivision; 349.213, subdivision 2; 349.214, subdivision 2, and by adding a subdivision; 349.22; 349.31, subdivision 1; and 609.761; Minnesota Statutes 1985 Supplement, section 349.212, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 349.

The Senate has appointed as such Committee Messrs. Dieterich, Novak and Peterson, D. L.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to:

S. F. No. 2280, A bill for an act relating to taxation; imposing levy limits on certain towns and cities; altering provisions gov-

erning distribution of certain taconite tax proceeds; reducing the taconite railroad gross earnings tax rate; reducing occupation and royalty tax rates; providing for the deduction of taconite production taxes and transportation costs; appropriating money; amending Minnesota Statutes 1984, sections 275.125, subdivision 9; 275.50, subdivision 2; 275.51, subdivision 3f; 298.225, by adding a subdivision; and 298.24, subdivision 1; Minnesota Statutes 1985 Supplement, sections 294.22; 298.01, subdivision 1; 298.03; 298.225, subdivision 1; 298.28, subdivision 1; and 299.01, subdivision 1.

And the Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee Messrs. Johnson, D. J.; Dicklich and Frederick.

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

McKasy 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. 2280. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to:

S. F. No. 1725, A bill for an act relating to the city of East Grand Forks; permitting the establishment of a port authority; authorizing the port authority to exercise the powers of a municipal housing and redevelopment authority.

And the Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee Messrs. Moe, R. D.; Pogemiller and Johnson, D. J.

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

Lieder 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. 1725. The motion prevailed.

Mr. Speaker:

I hereby announce the adoption by the Senate of the following Senate Concurrent Resolution, herewith transmitted.

Senate Concurrent Resolution No. 21, A Senate Concurrent Resolution relating to legislature; requiring a study of a legislative public affairs broadcasting network.

PATRICK E. FLAHAVEN, Secretary of the Senate

The resolution was referred to the Committee on Rules and Legislative Administration.

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. 651, A bill for an act relating to health; authorizing inclusion of physical fitness therapies in grant programs for the mentally ill; providing for study of the administration of mental health services; amending Minnesota Statutes 1984, sections 245.73, by adding a subdivision; and 256E.12, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Segal moved that the House concur in the Senate amendments to H. F. No. 651 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 651, A bill for an act relating to health; authorizing inclusion of physical fitness therapies in grant programs for the mentally ill; providing for study of the administration of mental health services; requiring a report to the legislature; amending Minnesota Statutes 1984, sections 245.73, by adding a subdivision; and 256E.12, 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 120 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Long	Ozment	Sherman
Anderson, R.	Frederickson	Marsh	Pappas	Simoneau
Backlund	Frerichs	McDonald	Pauly	Skoglund
Battaglia	Greenfield	McEachern	Peterson	Solberg
Beard	Gruenes	McKasy	Picpho	Sparby
Becklin	Gutknecht	McLaughlin	Piper	Stanius
Begich	Hartinger	McPherson	Price	Staten
Bennett	Hartle	Metzen	Quinn	Sviggum
Bishop	Haukoos	Miller	Quist	Thiede
Boo	Heap	Minne	Redalen	Thorson
Brandl	Himle	Munger	Rees	Tjorahom
Brinkman	Jacobs	Murphy	Rest	Tomlinson
Brown	Jaros	Nelson, D.	Rice	Tompkins
Carlson, D.	Jennings, L.	Nelson, K.	Richter	Tunheim
Carlson, L.	Johnson	Neuenschwander	Riveness	Uphus
Clausnitzer	Kelly	Norton	Rodosovich	Valento
Cohen	Kiffmeyer	O'Connor	Rose	Vanasek
Dempsey	Knickerbocker	Ogren	Sarna	Vellenga
DenOuden	Knuth	Olsen, S.	Schafer	Voss
Dimler	Kostohryz	Olsen, E.	Scheid	Waltman
Dyke	Krueger	Omman	Schoenfeld	Welle
Elioff	Kvam	Onnen	Schreiber	Wynia
Erickson	Levi	Osthoff	Segal	Zaffke
Fjoslien	Lieder	Otis	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. 1984, A bill for an act relating to commerce; regulating securities; regulating the assignment of certain real property loans and the administration of certain escrow accounts; providing certain exemptions; regulating real estate brokers and salespersons; modifying re-examination requirements; providing trust account requirements for licensees acting as principals; granting certain enforcement powers to the commissioner; providing certain remedies; requiring storage of abstracts of title within Minnesota; amending Minnesota Statutes 1984, sections 47.20, subdivision 9; 80A.14, subdivision 18; 80A.15, subdivision 1; 82.17, subdivision 4; 82.22, subdivisions 3, 6, and 13; 82.24, subdivision 2; 82.26; 82.27, subdivision 1; 82.33, subdivision 2; 386.375; Minnesota Statutes 1985 Supplement, section 80A.15, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 47.

PATRICK E. FLAHAVEN, Secretary of the Senate



## CONCURRENCE AND REPASSAGE

Marsh moved that the House concur in the Senate amendments to H. F. No. 1984 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1984, A bill for an act relating to commerce; regulating securities; regulating the assignment of certain real property loans and the administration of certain escrow accounts; providing certain exemptions; regulating real estate brokers and salespersons; modifying re-examination requirements; providing trust account requirements for licensees acting as principals; granting certain enforcement powers to the commissioner; providing certain remedies; requiring storage of abstracts of title within Minnesota; amending Minnesota Statutes 1984, sections 47.20, subdivision 9; 80A.14, subdivision 18; 80A.15, subdivision 1; 82.17, subdivision 4; 82.22, subdivisions 3, 6, and 13; 82.24, subdivision 2; 82.26; 82.27, subdivision 1; 82.33, subdivision 2; 386.375; and Minnesota Statutes 1985 Supplement, sections 80A.-13, subdivision 1; and 80A.15, subdivision 2; and 82.19, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 47.

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.	Dyke	Knuth	O'Connor	Riveness
Anderson, R.	Elioff	Kostohryz	Ogren	Rodosovich
Backlund	Erickson	Krueger	Olsen, S.	Rose
Battaglia	Fjoslien	Kvam	Olson, E.	Sarna
Beard	Frederick	Levi	Omann	Schafer
Becklin	Frederickson	Lieder	Onnen	Scheid
Begich	Frerichs	Long	Osthoff	Schoenfeld
Bennett	Greenfield	Marsh	Otis	Schreiber
Bishop	Gruenes	McDonald	Ozment	Seaberg
Boo	Gutknecht	McEachern	Pappas	Segal
Brandl	Harteringer	McKasy	Pauly	Shaver
Brinkman	Hartle	McLaughlin	Peterson	Sherman
Brown	Haukoos	McPherson	Piepho	Simoneau
Burger	Heap	Metzen	Piper	Skoglund
Carlson, D.	Himle	Miller	Price	Solberg
Carlson, L.	Jacobs	Minne	Quinn	Sparby
Clark	Jaros	Munger	Quist	Stanius
Clausnitzer	Jennings, L.	Murphy	Redalen	Staten
Cohen	Johnson	Nelson, D.	Rees	Sviggum
Dempsey	Kelly	Nelson, K.	Rest	Thiede
DonOuden	Kiffmeyer	Neuenschwander	Rice	Thorson
Dimler	Knickerbocker	Norton	Richter	Tjornhom

Tomlinson  
Tompkins  
Tunheim

Uphus  
Valento  
Vanasek

Vellenga  
Voss  
Waltman

Welle  
Wenzel  
Wynia

Zaffke  
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. 2351, A bill for an act relating to state real estate; permitting the sale of the old Shakopee correctional facility to the local government units.

PATRICK E. FLAHAVERN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Dimler moved that the House concur in the Senate amendments to H. F. No. 2351 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2351, A bill for an act relating to state real estate; permitting the sale of the old Shakopee correctional facility to the local government units.

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 120 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Brandl	Dimler	Gutknecht	Kelly
Anderson, R.	Brinkman	Dyke	Hartinger	Kiffmeyer
Battaglia	Brown	Elioff	Hartle	Knickerbocker
Beard	Burger	Erickson	Haukoos	Knuth
Becklin	Carlson, D.	Fjoslien	Heap	Kostohryz
Begich	Carlson, L.	Frederick	Himle	Krueger
Bennett	Clark	Frederickson	Jacobs	Kvam
Bishop	Clausnitzer	Frerichs	Jaros	Levi
Blatz	Cohen	Greenfield	Jennings, L.	Lieder
Boo	Dempsey	Gruenes	Johnson	Long

Marsh	O'Connor	Quinn	Schreiber	Tomlinson
McEachern	Ogren	Quist	Segal	Tompkins
McKasy	Olsen, S.	Redalen	Shaver	Tunheim
McLaughlin	Omann	Rees	Sherman	Uphus
McPherson	Onnen	Rest	Simoneau	Valento
Metzen	Osthoff	Rice	Skoglund	Vanasek
Miller	Otis	Richter	Solberg	Vellenga
Minne	Ozment	Riveness	Sparby	Voss
Munger	Pappas	Rodosovich	Stanius	Waltman
Murphy	Pauly	Rose	Staten	Welle
Nelson, D.	Peterson	Sarna	Sviggum	Wenzel
Nelson, K.	Piepho	Schafer	Thiede	Wynia
Neuenschwander	Piper	Scheid	Thorson	Zaffke
Norton	Price	Schoenfeld	Tjornhom	Spk. Jennings, D.

Those who voted in the negative were:

DenOuden

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. 2344, A bill for an act relating to St. Louis county; making certain offices appointive; allowing the county board to assign certain offices to the unclassified service; amending Minnesota Statutes 1984, sections 375A.06, subdivision 5; 383C.035 and 383C.136.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Boo moved that the House concur in the Senate amendments to H. F. No. 2344 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2344, A bill for an act relating to St. Louis county; making certain offices appointive; allowing the county board to assign certain offices to the unclassified service; amending Minnesota Statutes 1984, sections 375A.06, subdivision 5; 383C.035 and 383C.136.

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 120 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Lieder	Pappas	Simoncau
Anderson, R.	Fjoslien	Long	Pauly	Skoglund
Backlund	Frederick	Marsh	Peterson	Solberg
Battaglia	Frederickson	McEachern	Piepho	Sparby
Beard	Frerichs	McKasy	Piper	Stanius
Becklin	Greenfield	McLaughlin	Price	Staten
Begich	Gruenes	McPherson	Quinn	Sviggum
Bennett	Gutknecht	Metzen	Quist	Thiede
Blatz	Hartinger	Minne	Redalen	Thorson
Boo	Hartle	Munger	Rees	Tjornhom
Brandl	Haukoos	Murphy	Rest	Tomlinson
Brinkman	Heap	Nelson, D.	Rice	Tompkins
Brown	Himic	Nelson, K.	Richter	Tunheim
Burger	Jacobs	Neuenschwander	Riveness	Uphus
Carlson, D.	Jennings, L.	Norton	Rodosovich	Valento
Carlson, L.	Johnson	O'Connor	Rose	Vanasek
Clark	Kelly	Ogren	Sarna	Vellenga
Clausnitzer	Kiffmeyer	Olsen, S.	Schafer	Voss
Cohen	Knickerbocker	Olson, E.	Scheid	Waltman
Dempsey	Knuth	Omann	Schoenfeld	Welle
DenOuden	Kostohryz	Onnen	Schreiber	Wenzel
Dimler	Krueger	Osthoff	Segal	Wynia
Dyke	Kvam	Otis	Shaver	Zaffke
Elioff	Levi	Ozment	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. 2068, A bill for an act relating to the city of Litchfield; permitting certain investments of municipal power agency funds.

PATRICK E. FLAHAVER, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Kvam moved that the House concur in the Senate amendments to H. F. No. 2068 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2068, A bill for an act relating to the city of Litchfield; permitting certain investments of municipal power agency funds.

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 120 yeas and 0 nays as follows :

Those who voted in the affirmative were :

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

PATRICK E. FLAHAVEN, Secretary of the Senate

## CONCURRENCE AND REPASSAGE

McKasy moved that the House concur in the Senate amendments to H. F. No. 839 and that the bill be repassed as amended by the Senate. The motion prevailed.

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 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 119 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Fjoslien	Long	Pauly	Skoglund
Anderson, R.	Frederick	Marsh	Peterson	Solberg
Backlund	Frerichs	McEachern	Piepho	Sparby
Battaglia	Greenfield	McKasy	Piper	Stanius
Beard	Gruenes	McLaughlin	Price	Staten
Becklin	Gutknecht	McPherson	Quinn	Sviggum
Begich	Hartinger	Metzen	Quist	Thiede
Bennett	Hartle	Minne	Redalen	Thorson
Blatz	Haukoos	Munger	Rees	Tjornhom
Boo	Heap	Murphy	Rest	Tomlinson
Brandl	Himle	Nelson, D.	Rice	Tompkins
Brinkman	Jacobs	Nelson, K.	Richter	Tunheim
Brown	Jaros	Neuenschwander	Riveness	Uphus
Burger	Jennings, L.	Norton	Rodosovich	Valento
Carlson, D.	Johnson	O'Connor	Rose	Vanasek
Carlson, L.	Kelly	Ogren	Sarna	Vellenga
Clark	Kiffmeyer	Olsen, S.	Schafer	Voss
Clausnitzer	Knickerbocker	Olson, E.	Scheid	Waltman
Cohen	Knuth	Omann	Schoenfeld	Welle
DenOuden	Kostohryz	Onnen	Schreiber	Wenzel
Dimler	Krueger	Osthoff	Segal	Wynia
Dyke	Kvam	Otis	Shaver	Zaffke
Elioff	Levi	Ozment	Sherman	Spk. Jennings, D.
Erickson	Lieder	Pappas	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. 2216, A bill for an act relating to land surveying; providing for the surveying of lands by a county board; providing for the establishment of an office of county surveyor and the assignment of its duties; providing a penalty; amending Minnesota Statutes 1984, sections 381.01; 381.02; 381.03; 381.04; 381.05; 381.06; 381.07; 381.08; 381.09; 381.10; 381.12; 381.13; 389.011; 389.02; 389.03; 389.04; 389.08; Minnesota Statutes 1985 Supplement, section 389.09, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 381; repealing Minnesota Statutes 1984, section 389.06.

PATRICK E. FLAHAVER, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Johnson moved that the House concur in the Senate amendments to H. F. No. 2216 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2216, A bill for an act relating to land surveying; providing for the surveying of lands by a county board; providing for the establishment of an office of county surveyor or the assignment of its duties; increasing the amount the Olmsted county board may appropriate annually for use as a contingent fund; providing a penalty; amending Minnesota Statutes 1984, sections 381.01; 381.02; 381.03; 381.04; 381.05; 381.06; 381.07; 381.08; 381.09; 381.10; 381.12; 381.13; 389.011; 389.02; 389.03; 389.04; 389.08; Minnesota Statutes 1985 Supplement, section 389.09, subdivision 1; Laws 1965, chapter 433, section 1, as amended; proposing coding for new law in Minnesota Statutes, chapter 381; repealing Minnesota Statutes 1984, section 389.06.

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 119 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Battaglia	Begich	Blatz	Brinkman
Anderson, R.	Beard	Bennett	Boo	Brown
Backlund	Becklin	Bishop	Brandl	Burger

Carlson, D.	Jacobs	Minne	Price	Skoglund
Carlson, L.	Jaros	Munger	Quinn	Solberg
Clark	Jennings, L.	Murphy	Quist	Stanius
Clausnitzer	Johnson	Nelson, D.	Redalen	Staten
Cohen	Kelly	Nelson, K.	Rees	Swiggum
Dempsey	Kiffmeyer	Neuenschwander	Rest	Thiede
DenOuden	Knickerbocker	Norton	Rice	Thorson
Dimler	Knuth	O'Connor	Richter	Tjornhom
Dyke	Kostohryz	Ogren	Riveness	Tomlinson
Eloff	Krueger	Olsen, S.	Rodosovich	Tompkins
Erickson	Kvam	Olson, E.	Rose	Tunheim
Fjoslien	Levi	Omann	Sarna	Uphus
Frederick	Lieder	Onnen	Schafer	Valento
Frerichs	Long	Osthoff	Scheid	Vanasek
Gruenes	Marsh	Otis	Schoenfeld	Voss
Gutknecht	McEachern	Ozment	Schreiber	Waltman
Hartinger	McKasy	Pappas	Seaberg	Welle
Hartle	McLaughlin	Pauly	Segal	Wenzel
Haukoos	McPherson	Peterson	Shaver	Zaffke
Heap	Metzen	Piepho	Sherman	Spk. Jennings, D.
Himle	Miller	Piper	Simoneau	

Those who voted in the negative were:

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. 1911, A bill for an act relating to natural resources; authorizing watershed management organizations to establish taxing districts within minor watershed units of watersheds; amending Minnesota Statutes 1984, sections 473.878, by adding a subdivision; 473.882, subdivision 3; and 473.883, subdivisions 2, 3, 6, and 7; Minnesota Statutes 1985 Supplement, section 473.882, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Levi moved that the House concur in the Senate amendments to H. F. No. 1911 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1911, A bill for an act relating to natural resources; authorizing watershed management organizations to establish taxing districts within minor watershed units of watersheds;



amending Minnesota Statutes 1984, section 473.878, by adding a subdivision; 473.882, subdivision 3; 473.883, subdivisions 2, 3, 6, and 7; Minnesota Statutes 1985 Supplement, section 473.882, 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 121 yeas and 0 nays as follows :

Those who voted in the affirmative were :

Anderson, G.	Fjoslien	Marsh	Pauly	Skoglund
Anderson, R.	Frederick	McDonald	Peterson	Solberg
Backlund	Frederickson	McEachern	Piepho	Stanius
Battaglia	Frerichs	McKasy	Piper	Staten
Beard	Gruenes	McLaughlin	Price	Sviggum
Becklin	Gutknecht	McPherson	Quinn	Thiede
Begich	Hartinger	Metzen	Quist	Thorson
Bennett	Hartle	Miller	Redalen	Tjornhom
Bishop	Haukoos	Minne	Rees	Tomlinson
Blatz	Heap	Munger	Rest	Tompkins
Boo	Himle	Murphy	Rice	Tunheim
Brandl	Jacobs	Nelson, D.	Richter	Uphus
Brinkman	Jaros	Nelson, K.	Riveness	Valento
Brown	Jennings, L.	Neuenschwander	Rodosovich	Vanasek
Burger	Johnson	Norton	Rose	Vellenga
Carlson, D.	Kelly	O'Connor	Sarna	Voss
Carlson, L.	Kiffmeyer	Ogren	Schafer	Waltman
Clark	Knickerbocker	Olsen, S.	Scheid	Welle
Clausnitzer	Knuth	Olson, E.	Schoenfeld	Wenzel
Cohen	Kostohryz	Omann	Schreiber	Wynia
DenOuden	Krueger	Onnen	Seaberg	Spk. Jennings, D.
Dimler	Kvam	Osthoff	Segal	
Dyke	Levi	Otis	Shaver	
Elioff	Lieder	Ozment	Sherman	
Erickson	Long	Pappas	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. 2394, A bill for an act relating to veterans; requiring the POW-MIA flag to be flown on the capitol.

PATRICK E. FLAHAVEN, Secretary of the Senate

## CONCURRENCE AND REPASSAGE

Fjoslien moved that the House concur in the Senate amendments to H. F. No. 2394 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2394, as amended by the Senate, was given its third reading.

## MOTION FOR RECONSIDERATION

Norton moved that the action whereby H. F. No. 2394, as amended by the Senate, was given its third reading be now reconsidered.

A roll call was requested and properly seconded.

The question was taken on the Norton motion and the roll was called. There were 57 yeas and 57 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jacobs	Metzen	Piper	Sparby
Battaglia	Jaros	Minne	Price	Staten
Beard	Jennings, L.	Munger	Quinn	Tomlinson
Begich	Kahn	Murphy	Rest	Tunheim
Brandl	Kelly	Nelson, D.	Rice	Vanasek
Brinkman	Knuth	Nelson, K.	Rodosovich	Vellenga
Brown	Kostohryz	Norton	Sarna	Voss
Carlson, L.	Krueger	O'Connor	Schoenfeld	Welle
Clark	Lieder	Ogren	Segal	Wynia
Cohen	Long	Otis	Simoneau	
Elioff	McEachern	Pappas	Skoglund	
Greenfield	McLaughlin	Peterson	Solberg	

Those who voted in the negative were:

Anderson, R.	Frederick	Marsh	Piepho	Thiede
Backlund	Frederickson	McDonald	Quist	Thorson
Becklin	Frerichs	McKasy	Redalen	Tjornhom
Bennett	Gruenes	McPherson	Rees	Tompkins
Boo	Gutknecht	Miller	Richter	Uphus
Burger	Hartinger	Neuenschwander	Rose	Valento
Carlson, J.	Hartle	Olson, E.	Schafer	Wenzel
Clausnitzer	Haukoos	Omann	Seaberg	Zaffke
Dempsey	Johnson	Onnen	Shaver	Spk. Jennings, D.
Dimler	Kiffmeyer	Osthoff	Sherman	
Erickson	Kvam	Ozment	Stanius	
Fjoslien	Levi	Pauly	Svigum	

The motion did not prevail.

H. F. No. 2394, A bill for an act relating to veterans; requiring the POW-MIA flag to be flown on the capitol; providing for use of department of veterans affairs resources by certain organiza-

tions; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 196.

The bill, as amended by the Senate, was placed upon its re-passage.

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 98 yeas and 14 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Elioff	Levi	Ozment	Simoneau
Anderson, R.	Erickson	Lieder	Pauly	Solberg
Backlund	Fjoslien	Long	Peterson	Sparby
Battaglia	Frederick	Marsh	Piepho	Stanisus
Beard	Frederickson	McEachern	Piper	Swiggum
Becklin	Frerichs	McKasy	Price	Thiede
Begich	Gruenes	McPherson	Quinn	Thorson
Boo	Gutknecht	Metzen	Quist	Tjornhom
Brandl	Hartinger	Miller	Redalen	Tompkins
Brinkman	Hartle	Minn	Rees	Tunheim
Brown	Haukoos	Murphy	Rest	Uphus
Burger	Jacobs	Nelson, K.	Richter	Valento
Carlson, L.	Jennings, L.	Neuenschwander	Rodosovich	Vanasek
Clark	Johnson	Ogren	Rose	Waltman
Clausnitzer	Kiffmeyer	Olsen, S.	Sarna	Welle
Cohen	Knickerbocker	Olsen, E.	Schafer	Wenzel
Dempsey	Knuth	Omann	Scheid	Zaffke
DenOuden	Kostohryz	Onnen	Schoenfeld	Spk. Jennings, D.
Dimler	Krueger	Osthoff	Seaberg	
Dyke	Kvam	Otis	Shaver	

Those who voted in the negative were:

Jaros	Munger	Pappas	Staten	Voss
Kelly	Norton	Rice	Tomlinson	Wynia
McLaughlin	O'Connor	Segal	Vellenga	

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. 1838, A bill for an act relating to agriculture; defining certain kinds of milk; amending Minnesota Statutes 1984, section 32.391, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

## CONCURRENCE AND REPASSAGE

Richter moved that the House concur in the Senate amendments to H. F. No. 1838 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1838, A bill for an act relating to agriculture; defining "milk," "skim milk," and "lowfat milk"; amending Minnesota Statutes 1984, section 32.391, 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 120 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Marsh	Pauly	Simoneau
Anderson, R.	Frerichs	McDonald	Peterson	Skoglund
Backlund	Greenfield	McEachern	Piepho	Solberg
Battaglia	Gruenes	McKasy	Piper	Sparby
Beard	Gutknecht	McPherson	Price	Stanius
Becklin	Hartinger	Metzen	Quinn	Staten
Begich	Hartle	Miller	Quist	Sviggum
Bennett	Haukoos	Minne	Redalen	Thiede
Boo	Himle	Munger	Rees	Thorson
Brandl	Jacobs	Murphy	Rest	Tjornhom
Brinkman	Jaros	Nelson, D.	Rice	Tomlinson
Brown	Jennings, L.	Nelson, K.	Richter	Tompkins
Burger	Johnson	Neuenschwander	Riveness	Tunheim
Carlson, D.	Kahn	Norton	Rodosovich	Uphus
Carlson, L.	Kelly	O'Connor	Rose	Valento
Clark	Kiffmeyer	Ogren	Sarna	Vanasek
Clausnitzer	Knickerbocker	Olsen, S.	Schafer	Vellenga
Cohen	Knuth	Olson, E.	Scheid	Voss
Dempsey	Kostohryz	Omann	Schoenfeld	Waltman
Dimler	Krueger	Onnen	Schreiber	Welle
Dyke	Kvam	Osthoff	Seaberg	Wenzel
Elioff	Levi	Otis	Segal	Wynia
Erickson	Lieder	Ozment	Shaver	Zaffke
Fjoslien	Long	Pappas	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. 2035, A bill for an act relating to retirement; police and firefighters' relief associations; standardizing auditing requirements; clarifying various duties and responsibilities in the management of local associations; auditing, financial reporting, and state aid for the Winona police relief association; amending Minnesota Statutes 1984, sections 3.85, subdivision 6; 6.72, subdivision 2; 69.011, subdivision 2; 69.021, subdivisions 4 and 7; 69.051; 69.77; 69.773, subdivision 2; 69.775; 69.80; and 424A.001, subdivision 4, and by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 69.011, subdivision 1; 69.031, subdivision 1; and 356.216; proposing coding for new law in Minnesota Statutes, chapters 6 and 423A.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Gutknecht moved that the House concur in the Senate amendments to H. F. No. 2035 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2035, A bill for an act relating to retirement; police and firefighters' relief associations; standardizing auditing requirements; clarifying various duties and responsibilities in the management of local associations; auditing, financial reporting, and state aid for the Winona police relief association; amending Minnesota Statutes 1984, sections 3.85, subdivision 6; 6.72, subdivision 2; 69.011, subdivision 2; 69.021, subdivisions 4 and 7; 69.051; 69.77; 69.773, subdivision 2; 69.775; 69.80; and 424A.001, subdivision 4, and by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 69.011, subdivision 1; 69.031, subdivision 1; and 356.216; and 423A.02, subdivision 1; Laws 1984, chapter 564, section 48; proposing coding for new law in Minnesota Statutes, chapters 6 and 423A.

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 115 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Bishop	Carlson, D.	DenOuden	Frederick
Backlund	Boo	Carlson, L.	Dimler	Frerichs
Battaglia	Brandl	Clark	Dyke	Greenfield
Beard	Brinkman	Clausnitzer	Elioff	Gruenes
Becklin	Brown	Cohen	Erickson	Gutknecht
Bennett	Burger	Dempsey	Fjoslien	Hartinger

Hartle	Long	Olsen, S.	Richter	Thiede
Haukoos	Marsh	Omamm	Riveness	Thorson
Himle	McDonald	Onnen	Rodosovich	Tjornhom
Jacobs	McEachern	Osthoff	Rose	Tomliason
Jaros	McLaughlin	Otis	Sarna	Tompkins
Jennings, L.	McPherson	Ozment	Schafer	Tunheim
Johnson	Metzen	Pappas	Scheid	Uphus
Kahn	Miller	Pauly	Schreiber	Valento
Kelly	Minne	Peterson	Seaberg	Vanasek
Kiffmeyer	Munger	Piepho	Shaver	Vellenga
Knickerbocker	Murphy	Piper	Sherman	Voss
Knuth	Nelson, D.	Price	Simoneau	Waltman
Kostohryz	Nelson, K.	Quist	Skoglund	Welle
Krueger	Neuenschwander	Redalen	Solberg	Wenzel
Kvam	Norton	Rees	Sparby	Wynia
Levi	O'Connor	Rest	Stanius	Zaffke
Lieder	Ogren	Rice	Sviggum	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. 2017, A bill for an act relating to crimes; making certain videotaped statements admissible in proceedings involving physical or sexual abuse against a child; amending Minnesota Statutes 1984, section 595.02, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 260.156; and 595.02, subdivision 3.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Nelson, K., moved that the House concur in the Senate amendments to H. F. No. 2017 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2017, A bill for an act relating to crimes; opening juvenile court hearings to the public in certain circumstances; making certain videotaped statements admissible in proceedings involving physical or sexual abuse against a child; amending Minnesota Statutes 1984, sections 260.155, subdivision 1; and 595.02, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 260.156; and 595.02, subdivision 3.

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 116 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, C.	Fjoslien	McDonald	Peterson	Sparby
Backlund	Frederick	McEachern	Piepho	Stanius
Battaglia	Frerichs	McKasy	Piper	Staten
Beard	Greenfield	McLaughlin	Price	Sviggum
Becklin	Gruenes	McPherson	Quist	Thiede
Begich	Gutknecht	Metzen	Redalen	Thorson
Bennett	Hartinger	Miller	Rees	Tjornhom
Bishop	Haukoos	Minne	Rest	Tomlinson
Blatz	Himle	Munger	Rice	Tompkins
Boo	Jacobs	Murphy	Richter	Tunheim
Brandl	Jaros	Nelson, D.	Riveness	Uphus
Brinkman	Jennings, L.	Nelson, K.	Rodosovich	Valento
Brown	Johnson	Neuenschwander	Rose	Vanasek
Burger	Kahn	Norton	Sarna	Vellenga
Carlson, D.	Kelly	O'Connor	Schafer	Voss
Carlson, L.	Kiffmeyer	Ogren	Scheid	Waltman
Clark	Knickerbocker	Olsen, S.	Schoenfeld	Welle
Clausnitzer	Knuth	Omann	Schreiber	Wynia
Cohen	Kostohryz	Onnen	Seaberg	Zaffke
DenOuden	Krueger	Osthoff	Shaver	Spk. Jennings, D.
Dimler	Levi	Otis	Sherman	
Dyke	Lieder	Ozment	Simoneau	
Elioff	Long	Pappas	Skoglund	
Erickson	Marsh	Pauly	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. 2100, A bill for an act relating to agriculture; state agricultural society; removing the time and geographical restrictions on the society's ability to impose certain restrictions on performers at the state fairgrounds; amending Minnesota Statutes 1985 Supplement, section 37.17, subdivision 1.

PATRICK E. FLAHAVER, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Sviggum moved that the House concur in the Senate amendments to H. F. No. 2100 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2100, A bill for an act relating to agriculture; state agricultural society; removing the time and geographical restrictions on the society's ability to impose certain restrictions on performers at the state fairgrounds; amending Minnesota Statutes 1985 Supplement, section 37.17, subdivision 1; and 177.23, subdivision 7.

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 33 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Frederick	Lieder	Peterson	Simoneau
Backlund	Frerichs	Marsh	Piepho	Stanius
Battaglia	Gruenes	McDonald	Quit	Sviggum
Becklin	Gutknecht	McEachern	Redalen	Thiede
Bennett	Hartinger	McPherson	Rees	Thorson
Bishop	Hartle	Metzen	Richter	Tjornhom
Boo	Haukoos	Miller	Riveness	Tompkins
Brinkman	Himle	Munger	Rodosovich	Tunheim
Burger	Jacobs	Murphy	Rose	Uphus
Carlson, D.	Jennings, L.	Olsen, S.	Sarna	Valento
Clausnitzer	Johnson	Olson, E.	Schafer	Vanasek
Dempsey	Kelly	Omann	Scheid	Waltman
DenOuden	Kiffmeyer	Onnen	Schoenfeld	Welle
Dimler	Knickerbocker	Osthoff	Schreiber	Zaffke
Erickson	Kostohryz	Ozment	Seaberg	Spk. Jennings, D.
Fjoslien	Levi	Pauly	Sherman	

Those who voted in the negative were:

Beard	Greenfield	Nelson, K.	Piper	Tomlinson
Begich	Jaros	Neuenschwander	Price	Vellenga
Brandl	Kahn	Norton	Rest	Voss
Brown	Knuth	O'Connor	Segal	Wenzel
Carlson, L.	Krueger	Ogren	Skoglund	Wynia
Clark	McLaughlin	Otis	Solberg	
Elioff	Minne	Pappas	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. 1773, A bill for an act relating to consumer protection; regulating the distribution of tobacco products; providing remedies; clarifying a definition; amending Minnesota Statutes 1984, section 609.685, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 325F.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Seaberg moved that the House concur in the Senate amendments to H. F. No. 1773 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1773, A bill for an act relating to consumer protection; regulating the distribution of tobacco products; providing remedies; clarifying a definition; amending Minnesota Statutes 1984, section 609.685, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 325F.

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 117 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	DenOuden	Knickerbocker	O'Connor	Riveness
Anderson, R.	Dimler	Knuth	Ogren	Rodosovich
Backlund	Dyke	Kostohryz	Olsen, S.	Rose
Battaglia	Elioff	Krueger	Olson, E.	Sarna
Beard	Erickson	Levi	Omnn	Schafer
Becklin	Fjoslien	Lieder	Onnen	Scheid
Begich	Frederick	Long	Osthoff	Schoenfeld
Bennett	Frerichs	Marsh	Otis	Schreiber
Bishop	Greenfield	McDonald	Ozment	Seaberg
Blatz	Gruenes	McEachern	Pappas	Segal
Boo	Gutknecht	McLaughlin	Pauly	Sherman
Brandl	Hartinger	McPherson	Peterson	Simoneau
Brinkman	Hartle	Metzen	Piepho	Skoglund
Brown	Haukoos	Miller	Piper	Solberg
Burger	Himle	Minne	Price	Stanius
Carlson, D.	Jaros	Munger	Quist	Staten
Carlson, L.	Jennings, L.	Murphy	Redalen	Sviggum
Clark	Johnson	Nelson, D.	Rees	Thorsen
Clausnitzer	Kahn	Nelson, K.	Rest	Tjornhom
Cohen	Kelly	Neuenschwander	Rice	Tomlinson
Dempsey	Kiffmeyer	Norton	Richter	Tompkins

Tunheim  
Uphus  
Valento

Vanasek  
Vellenga  
Voss

Waltman  
Welle

Wenzel  
Wynia

Zaffke  
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 Senate Files, herewith transmitted:

S. F. Nos. 1660 and 2116.

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. 1604.

PATRICK E. FLAHAVEN, Secretary of the Senate

### FIRST READING OF SENATE BILLS

S. F. No. 1660, A bill for an act relating to real property; allowing designation, sale, and redemption of a homestead that is executed on and sold as part of other property; allowing designation, sale, and redemption of a homestead foreclosed on or part of other property; proposing coding for new law in Minnesota Statutes, chapters 550 and 582; repealing Minnesota Statutes 1984, section 582.04.

The bill was read for the first time.

Uphus moved that S. F. No. 1660 and H. F. No. 1781, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2116, A bill for an act relating to elections; providing for removal of certain elected county officials; proposing coding for new law in Minnesota Statutes, chapter 351; repealing Minnesota Statutes 1984, sections 351.03; 351.04; 351.08 to 351.11.

The bill was read for the first time.

McKasy moved that S. F. No. 2116 and H. F. No. 2422, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1604, A bill for an act relating to agriculture; declaring crop ownership; prescribing a procedure for planting crop owners to recover crop values; providing liens on crops and property; prescribing satisfaction and enforcement of liens; proposing coding for new law in Minnesota Statutes, chapter 557; repealing Minnesota Statutes 1984, sections 561.11; 561.12; 561.13; 561.14; 561.15; and 561.16.

The bill was read for the first time.

Frederickson moved that S. F. No. 1604 and H. F. No. 1796, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

#### ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 2280:

McKasy, Schreiber and Begich.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1725:

Lieder, Valento and Thiede.

#### 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 to be acted upon immediately preceding General Orders pending for today, March 15, 1986:

S. F. Nos. 1974 and 1641; H. F. No. 2131; S. F. Nos. 1735, 1912, 1931, 1698, 1721, 2087, 2233, 1839 and 1949; H. F. Nos. 1852, 2508 and 948; S. F. Nos. 1730, 1850, 1810, 2090, 1961 and 1879; H. F. No. 1015; S. F. No. 1980; H. F. No. 2078; S. F. No. 1897; H. F. No. 2422; S. F. Nos. 923 and 2160; H. F. No. 2411; S. F. No. 2186; H. F. Nos. 2094 and 2392; S. F. Nos. 2161, 1909, 2082 and 1808; H. F. No. 1732; S. F. Nos. 1965, 1993, 1704, 1884, 1193, 1940 and 2279; H. F. No. 1611; S. F. Nos. 1852, 1789, 1801, 1707 and 1774; and H. F. No. 2248.

#### SPECIAL ORDERS

S. F. No. 2114 was reported to the House.

Swiggum moved that S. F. No. 2114 be continued on Special Orders for one day. The motion prevailed.

Levi moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

SPECIAL ORDERS, Continued

S. F. No. 1782 was reported to the House.

Gruenes moved to amend S. F. No. 1782, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 62A.31, subdivision 1, is amended to read:

Subdivision 1. [POLICY REQUIREMENTS.] No individual or group policy, certificate, subscriber contract or other evidence of accident and health insurance issued or delivered in this state shall be sold or issued to an individual age 65 or older covered by medicare unless the following requirements are met:

(a) The policy must provide a minimum of the coverage set out in subdivision 2;

(b) The policy must cover pre-existing conditions during the first six months of coverage if the insured was not diagnosed or treated for the particular condition during the 90 days immediately preceding the effective date of coverage;

(c) The policy must contain a provision that the plan will not be canceled or nonrenewed on the grounds of the deterioration of health of the insured; and

(d) An outline of coverage as provided in section 62A.39 must be delivered at the time of application and prior to payment of any premium.

*Subd. 1a.* [APPLICATION TO CERTAIN POLICIES.] The requirements of sections 62A.31 to 62A.44 shall not apply to disability income protection insurance policies, *long-term care policies issued pursuant to sections 2 to 7*, or group policies of accident and health insurance which do not purport to supplement medicare issued to any of the following groups:

(a) A policy issued to an employer or employers or to the trustee of a fund established by an employer where only employees or retirees, and dependents of employees or retirees, are eligible for coverage.

(b) A policy issued to a labor union or similar employee organization.

(c) A policy issued to an association, a trust or the trustee of a fund established, created or maintained for the benefit of members of one or more associations. The association or associations shall have at the outset a minimum of 100 persons; shall have been organized and maintained in good faith for purposes other than that of obtaining insurance; shall have a constitution and by-laws which provide that (1) the association or associations hold regular meetings not less frequently than annually to further purposes of the members, (2) except for credit unions, the association or associations collect dues or solicit contributions from members, and (3) the members have voting privileges and representation on the governing board and committees.

## Sec. 2. [62A.46] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 2 to 7.*

*Subd. 2. [LONG-TERM CARE POLICY.] "Long-term care policy" means an individual or group policy, certificate, subscriber contract, or other evidence of coverage that provides benefits for medically prescribed long-term care, including nursing facility services and home care services, pursuant to the requirements of sections 2 to 7. A long-term care policy must contain a designation specifying whether the policy is a long-term care policy AA or A and a caption stating that the commissioner has established two categories of long-term care insurance and the minimum standards for each.*

*Sections 2, 3 and 5 to 7 do not apply to a long-term care policy issued to (a) an employer or employers or to the trustee of a fund established by an employer where only employees or retirees, and dependents of employees or retirees, are eligible for coverage or (b) to a labor union or similar employee organization. The associations exempted from the requirements of sections 62A.31 to 62A.44 under 62A.31, subdivision 1, clause (c) shall not be subject to the provisions of sections 2 to 7 until July 1, 1988.*

*Subd. 3. [NURSING FACILITY.] "Nursing facility" means (1) a facility that is licensed as a nursing home under chapter 144A; (2) a facility that is both licensed as a boarding care home under sections 144.50 to 144.56 and certified as an intermediate care facility for purposes of the medical assistance program; and (3) in states other than Minnesota, a facility that meets licensing*

*and certification standards comparable to those that apply to the facilities described in clauses (1) and (2).*

*Subd. 4. [HOME CARE SERVICES.] "Home care services" means one or more of the following medically prescribed services for the long-term care and treatment of an insured that are provided by a home health agency in a noninstitutional setting according to a written diagnosis and plan of care:*

*(1) nursing and related personal care services under the direction of a registered nurse, including the services of a home health aide;*

*(2) physical therapy;*

*(3) speech therapy;*

*(4) respiratory therapy;*

*(5) occupational therapy;*

*(6) nutritional services provided by a licensed dietician;*

*(7) homemaker services, meal preparation, and similar non-medical services;*

*(8) medical social services; and*

*(9) other similar medical services and health-related support services.*

*Subd. 5. [MEDICALLY PRESCRIBED LONG-TERM CARE.] "Medically prescribed long-term care" means a service, type of care, or procedure that is specified in a plan of care prepared by a physician and a registered nurse and is appropriate and consistent with the physician's diagnosis and that could not be omitted without adversely affecting the patient's illness or condition.*

*Subd. 6. [QUALIFIED INSURER.] "Qualified insurer" means an entity licensed under chapter 62A or 62C.*

*Subd. 7. [PHYSICIAN.] "Physician" means a medical practitioner licensed under sections 147.02, 147.03, 147.031, and 147.037.*

*Subd. 8. [PLAN OF CARE.] "Plan of care" means a written document prepared and signed by a physician and registered nurse that specifies medically prescribed long-term care services or treatment that are consistent with the diagnosis and are in accordance with accepted medical and nursing standards of prac-*

*tice and that could not be omitted without adversely affecting the patient's illness or condition.*

*Subd. 9. [INSURED.] "Insured" means a person covered under a long-term care policy.*

*Subd. 10. [HOME HEALTH AGENCY.] "Home health agency" means an entity that provides home care services and is (1) certified for participation in the medicare program; or (2) licensed as a home health agency where a state licensing statute exists, or is otherwise acceptable to the insurer if licensing is not required.*

### **Sec. 3. [62A.48] [LONG-TERM CARE POLICIES.]**

*Subdivision 1. [POLICY REQUIREMENTS.] No individual or group policy, certificate, subscriber contract, or other evidence of coverage of nursing home care or other long-term care services shall be offered, issued, delivered, or renewed in this state, whether or not the policy is issued in this state, unless the policy is offered, issued, delivered, or renewed by a qualified insurer and the policy satisfies the requirements of sections 2 to 7. A long-term care policy must cover medically prescribed long-term care in nursing facilities and at least the medically prescribed long-term home care services in section 2, subdivision 4, clauses (1) to (5), provided by a home health agency. Coverage under a long-term care policy AA must include: a maximum lifetime benefit limit of at least \$100,000 for services, and nursing facility and home care coverages must not be subject to separate lifetime maximums, and a requirement of prior hospitalization for up to one day may be imposed only for long-term care in a nursing facility. Coverage under a long-term care policy A must include: a maximum lifetime benefit limit of at least \$50,000 for services, nursing facility and home care coverages must not be subject to separate lifetime maximums, and a requirement of prior hospitalization for up to three days may be imposed for long-term care in a nursing facility or home care services.*

*Coverage under either policy designation may include a waiting period of up to 90 days before benefits are paid. The policy must include a provision that the plan will not be canceled or renewal refused except on the grounds of nonpayment of the premium, provided that the insurer may change the premium rate on a class basis on any policy anniversary date. Policy options include a provision that the policyholder may elect to have the premium paid in full at age 65 by payment of a higher premium up to age 65 and a provision that the premium would be waived during any period in which benefits are being paid to the insured. A nongroup policyholder may return a policy within 30 days of its delivery and have the premium refunded in full, less any benefits paid under the policy, if the policyholder is not satisfied for any reason.*

*Subd. 2. [PER DIEM COVERAGE.] If benefits are provided on a per diem basis, the minimum daily benefit for care in a nursing facility must be the lesser of \$60 or actual charges under a long-term care policy AA or the lesser of \$40 or actual charges under a long-term care policy A and the minimum daily benefit for home care must be the lesser of \$25 or actual charges under a long-term care policy AA or the lesser of \$25 or actual charges for nurse and therapy services and \$20 for home health aide and nonmedical services under a long-term care policy A. If home care services are provided less frequently than daily, the minimum benefit is the lesser of actual charges or an amount determined by multiplying the number of days of the period during which services will be provided, or a reasonable interval of the service period, by \$25 and dividing the resulting amount by the number of days during this period on which home care services were rendered. The home care services benefit must cover at least seven paid visits per week.*

*Subd. 3. [EXPENSE-INCURRED COVERAGE.] If benefits are provided on an expense-incurred basis, a benefit of not less than 80 percent of covered charges for medically prescribed long-term care must be provided.*

*Subd. 4. [LOSS RATIO.] The anticipated loss ratio for long-term care policies must not be less than 65 percent for policies issued on a group basis or 60 percent for policies issued on an individual or mass-market basis.*

*Subd. 5. [SOLICITATIONS BY MAIL OR MEDIA ADVERTISEMENT.] For purposes of this section, long-term care policies issued as a result of solicitations of individuals through mail or mass media advertising, including both print and broadcast advertising, shall be treated as individual policies.*

*Subd. 6. [COORDINATION OF BENEFITS.] A long-term care policy shall be secondary coverage for services provided under sections 2 to 7. Nothing in sections 2 to 7 shall require the secondary payor to pay the obligations of the primary payor nor shall it prevent the secondary payor from recovering from the primary payor the amount of any obligation of the primary payor that the secondary payor elects to pay.*

**Sec. 4. [62A.50] [DISCLOSURES AND REPRESENTATIONS.]**

*Subdivision 1. [SEAL OR EMBLEMS.] No graphic seal or emblem shall be displayed on any policy, or in connection with promotional materials on policy solicitations, that may reasonably be expected to convey to the purchaser that the policy form is approved, endorsed, or certified by a state or local unit of government or agency, the federal government, or a federal agency.*



*Subd. 2. [CANCELLATION NOTICE.] Long-term care policies issued on a nongroup basis must have a notice prominently printed on the first page of the policy stating that the policyholder may return the policy within 30 days of its delivery and have the premium refunded in full if the policyholder is not satisfied for any reason. A solicitation for a long-term care policy to be issued on a nongroup basis pursuant to a direct-response solicitation must state in substance that the policyholder may return the policy within 30 days of its delivery and have the premium refunded in full if the policyholder is not satisfied for any reason.*

*Subd. 3. [DISCLOSURES.] No long-term care policy shall be offered or delivered in this state, whether or not the policy is issued in this state, and no certificate of coverage under a group long-term care policy shall be offered or delivered in this state, unless a statement containing at least the following information is delivered to the applicant at the time the application is made:*

*(1) a description of the benefits and coverage provided by the policy and the differences between this policy, a supplemental medicare policy and the benefits to which an individual is entitled under parts A and B of medicare;*

*(2) a statement of the exceptions and limitations in the policy including the following language, as applicable, in bold print: "THIS POLICY DOES NOT COVER ALL NURSING CARE FACILITIES OR NURSING HOME OR HOME CARE EXPENSES AND DOES NOT COVER RESIDENTIAL CARE. READ YOUR POLICY CAREFULLY TO DETERMINE WHICH FACILITIES AND EXPENSES ARE COVERED BY YOUR POLICY.";*

*(3) a statement of the renewal provisions including any reservation by the insurer of the right to change premiums;*

*(4) a statement that the outline of coverage is a summary of the policy issued or applied for and that the policy should be consulted to determine governing contractual provisions;*

*(5) an explanation of the policy's loss ratio including at least the following language: "This means that, on the average, policyholders may expect that \$ . . . . . of every \$100 in premium will be returned as benefits to policyholders over the life of the contract."; and*

*(6) a statement of the out-of-pocket expenses, including deductibles and copayments for which the insured is responsible, and an explanation of the specific out-of-pocket expenses that may be accumulated toward any out-of-pocket maximum as specified in the policy.*

Sec. 5. [62A.52] [REVIEW OF PLAN OF CARE.]

*The insurer may review an insured's plan of care at reasonable intervals, but not more frequently than once every 30 days.*

Sec. 6. [62A.54] [PROHIBITED PRACTICES.]

*Unless otherwise provided for in sections 1 to 7, the solicitation or sale of long-term care policies is subject to the requirements and penalties applicable to the sale of medicare supplement insurance policies as set forth in sections 62A.31 to 62A.44.*

Sec. 7. [62A.56] [RULEMAKING.]

*The commissioner may adopt rules pursuant to chapter 14 to carry out the purposes of sections 2 to 7. The rules may:*

*(1) establish additional disclosure requirements for long-term care policies designed to adequately inform the prospective insured of the need and extent of coverage offered;*

*(2) prescribe uniform policy forms in order to give the purchaser of long-term care policies a reasonable opportunity to compare the cost of insuring with various insurers; and*

*(3) establish other reasonable minimum standards as needed to further the purposes of sections 2 to 7.*

Sec. 8. [EFFECTIVE DATE.]

*Sections 1 to 7 are effective June 1, 1986."*

Further, delete the title and insert:

*"A bill for an act relating to insurance; accident and health; regulating long-term care policies; requiring coverage for home health care and care in skilled or intermediate nursing facilities; amending Minnesota Statutes 1984, section 62A.31, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 62A."*

The motion prevailed and the amendment was adopted.

The Speaker called Halberg to the Chair.

Quist, Wenzel, Dempsey, Rees, Quinn, Elioff, McEachern, DenOuden and Battaglia moved to amend S. F. No. 1782, as amended, as follows:

Page 8, after line 14, insert:

"Sec. 9. Minnesota Statutes 1984, section 62A.041, is amended to read:

**62A.041 [MATERNITY BENEFITS; UNMARRIED WOMEN.]**

Each group policy of accident and health insurance (ISSUED OR RENEWED AFTER JUNE 4, 1971,) and each group health maintenance contract (ISSUED OR RENEWED AFTER AUGUST 1, 1984,) shall provide the same coverage for maternity benefits to unmarried women and minor female dependents that it provides to married women including the wives of employees choosing dependent family coverage. If an unmarried insured or an unmarried enrollee is a parent of a dependent child, each group policy (ISSUED OR RENEWED AFTER JULY 1, 1976,) and each group contract (ISSUED OR RENEWED AFTER AUGUST 1, 1984,) shall provide the same coverage for that child as that provided for the child of a married employee choosing dependent family coverage if the insured or the enrollee elects dependent family coverage.

Each individual policy of accident and health insurance and each individual health maintenance contract shall provide the same coverage for maternity benefits to unmarried women and minor female dependents as that provided for married women. If an unmarried insured or an unmarried enrollee is a parent of a dependent child, each individual policy (ISSUED OR RENEWED AFTER JULY 1, 1976,) and each individual contract (ISSUED OR RENEWED AFTER AUGUST 1, 1984,) shall also provide the same coverage for that child as that provided for the child of a married insured or a married enrollee choosing dependent family coverage if the insured or the enrollee elects dependent family coverage.

For the purposes of this section, the term "maternity benefits" shall not include elective, induced abortion whether performed in a hospital, other abortion facility, or the office of a physician.

*This section applies to policies and contracts issued, delivered, or renewed after August 1, 1985, that cover Minnesota residents."*

Renumber the remaining sections

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Rees offered an amendment to S. F. No. 1782, as amended.

## POINT OF ORDER

Gruenes raised a point of order pursuant to rule 3.9 that the amendment was not in order. The Speaker pro tempore Halberg ruled the point of order well taken and the amendment out of order.

S. F. No. 1782, A bill for an act relating to insurance; accident and health; regulating long-term care policies; requiring coverage for home health care and care in skilled or intermediate nursing facilities; amending Minnesota Statutes 1984, section 62A.31, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 62A.

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 119 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

S. F. No. 707 was reported to the House.

Knickerbocker moved to amend S. F. No. 707, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 352D.01, is amended to read:

**352D.01 [ESTABLISHMENT.]**

There is hereby established within the Minnesota state retirement system a retirement program for certain (UNCLASSIFIED) *public* employees (IN STATE SERVICE) to be known as the Minnesota unclassified employees retirement program, which shall be administered by the Minnesota state retirement system.

Sec. 2. Minnesota Statutes 1984, section 352D.015, subdivision 5, is amended to read:

Subd. 5. "Covered employment" means employment covered by (CHAPTER 352, OR) this chapter.

Sec. 3. Minnesota Statutes 1984, section 352D.02, as amended by Laws 1985, First Special Session chapter 10, section 88, is amended to read:

**352D.02 [COVERAGE.]**

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 *employees* retirement (SYSTEM) *fund*, 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 a 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 section 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 chair, chief administrator, and not to exceed nine positions at the division director or administrative deputy level of the metropolitan waste control commission as designated by the commission; the chair, executive director, and not to exceed three positions at the division director or assistant to the chair level of the regional transit board; a chief administrator who is an employee of the metropolitan transit commission; and the chair, executive director, and not to exceed nine positions at the division director or administrative deputy level of the metropolitan council as designated by the council; provided that upon initial designation of all positions provided for in this clause, no further designations or redesignations 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.

*Subd. 1a. The following employees if they are eligible for coverage under the state employees retirement fund, or the teachers retirement association, or would have been eligible for coverage under those funds but for this subdivision, shall participate in the plan, subject to the provisions of subdivision 5 and section 8, and have Social Security coverage under the agreement between the state and the secretary of health and human services: the chancellor, university presidents, and unclassified managerial employees in the state university system employed at the level of dean or higher.*

*Subd. 1b. Any person who on the day before June 30, 1982 is a participant in the state unclassified employees retirement*

program, whose position is placed in the classified service pursuant to Laws 1982, Chapter 560, may elect to maintain membership in the unclassified program as long as the person holds the position or a position in a higher class in the same agency. When an unclassified position which entitles a person to participate in the unclassified retirement program is placed in the classified service, the commissioner of employee relations shall send written notice to the incumbent of the position, and to the director of the Minnesota state retirement system. This notice shall state the incumbent's option under this subdivision. A person eligible to maintain membership in the unclassified plan shall notify the executive director of the state retirement system of the person's election to maintain membership in the unclassified plan within 60 days of the date on which the commissioner sends the notice stating that the position has been placed in the classified service. A person who does not file this notice shall be deemed to have waived the right to remain in the unclassified plan.

Subd. (1B) 1c. An employee covered by the regular plan who is subsequently employed as a permanent, full-time unclassified employee of the legislature or any commission or agency of the legislature may elect to transfer accumulated employee and matching employer contributions, as provided in section 352D.03.

Subd. 2. A person becoming a participant in the unclassified program by virtue of employment in a position specified in subdivision 1, clause (2) and remaining in the unclassified service shall remain a participant in the program even though the position the person occupies is deleted from any of the sections referenced in subdivision 1, clause (2) by subsequent amendment, except that a person shall not be eligible to elect the unclassified program after separation from unclassified service if on the return of the person to service, that position is not specified in subdivision 1, clause (2). Any person employed in a position specified in subdivision 1 shall cease to participate in the unclassified program in the event his position is placed in the classified service.

Subd. 3. An election to not participate is irrevocable during any period of covered employment. An employee with employee shares to his credit in the unclassified program, after acquiring credit for ten years of allowable service but prior to termination of covered employment, may, notwithstanding other provisions of this subdivision, elect to terminate his participation in the unclassified plan and be covered by the regular plan by filing such election with the executive director. The executive director shall thereupon redeem the employee's total shares and shall credit to the employee's account in the regular plan the amount of contributions that would have been so credited had the employee been covered by the regular plan during his entire covered employment. The balance of moneys so redeemed and not cred-

ited to the employee's account shall be transferred to the state contribution reserve of the state employees retirement fund, except that the employee contribution paid to the unclassified plan in excess of that required by the general employee plan shall be refunded to the employee as provided in section 352.22.

Subd. 4. When any person elects participation in the unclassified program all contributions from the time first eligible to make such an election shall be covered by the program.

*Subd. 5. An employee in a position with retirement coverage under the basic program in the teachers retirement association is not entitled to participate in the plan unless the employee leaves the position and begins employment more than 30 days later in a position with retirement coverage under the plan.*

Sec. 4. Minnesota Statutes 1984, section 352D.06, subdivision 1, is amended to read:

Subdivision 1. When a participant attains at least age 58, is retired from covered service, and applies for a retirement annuity, the cash value of his shares shall be transferred to the Minnesota post-retirement investment fund and used to provide an annuity for the retired employee based upon his age when the benefit begins to accrue according to the reserve basis used by the (REGULAR) *state employees retirement fund* in determining pensions and reserves.

Sec. 5. Minnesota Statutes 1984, section 352D.065, subdivision 5, is amended to read:

Subd. 5. (AN UNCLASSIFIED EMPLOYEE) *A participant* who returns to covered service after receiving benefits under this section shall not be required or allowed to repay such benefits.

Sec. 6. Minnesota Statutes 1984, section 352D.085, subdivision 1, is amended to read:

Subdivision 1. Service under the unclassified program for which the employee has employee shares to his credit, may be used for the limited purpose of qualifying for benefits under sections 352.115, 352.72, subdivision 1, (AND) 352.113, 354.44, 354.45, 354.48, and 354.60; provided such service may not be used to qualify for a disability benefit under section 352.113, or 354.48 if a participant was under the unclassified program at the time of the disability, and provided further that the years of service and salary paid while (SUCH) *the participant* was in the unclassified program shall not be used in determining the amount of benefits.

Sec. 7. Minnesota Statutes 1984, section 354.05, subdivision 2, is amended to read:



Subd. 2. [TEACHER.] "Teacher" includes any person who renders service as a teacher, supervisor, principal, superintendent, or librarian in the public schools of the state located outside of the corporate limits of the cities of the first class as those cities were so classified on January 1, 1979, or in the state universities, or in any charitable or state institution including penal and corrective institutions supported, in whole or in part, by public funds, or who is engaged in educational administration in connection with the state public school system, including the state university system and state community college system, but excluding the University of Minnesota, whether the position be a public office or an employment, not including members of any general governing or managing board or body connected with the systems, or the officers of common, independent, special, or associated school districts, or unorganized territory. The term shall also include an employee of the teachers retirement association unless the employee is covered by the Minnesota state retirement system by virtue of prior employment by the association, and any nurse, counselor, social worker, therapist or psychologist who renders service in the public schools as defined above or in state universities. The term shall also include any person who renders teaching service on a part time basis and who also renders other services for a school district. In such cases, the teachers retirement association shall have the authority to determine whether all or none of the combined employment shall be covered by the teachers retirement association. *The term does not include an employee described in section 352D.02, subdivision 1a, clause (1), who is hired after the effective date of this act.* The term does not mean any person who works for a school or institution as an independent contractor. The term shall not include any person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act from and after March 30, 1978, unless the person has as of the later of March 30, 1978 or the date of employment sufficient service credit in the retirement fund to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal comprehensive training and employment act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contribution in addition to the required employee contribution. The term shall not include any person holding a part-time adult supplementary vocational-technical school license who renders part time teaching service in a vocational-technical school if (1) the service is incidental to the regular nonteaching occupation of the person; and (2) the applicable vocational-technical school stipulates annually in advance that the part time teaching service will not exceed 300 hours in a fiscal year; and (3) the part time teaching service actually does not exceed 300 hours in a fiscal year. The term also shall not include a person exempt from licensure pursuant to section 125.031 or any person who was excluded

from membership prior to January 1, 1981 pursuant to Laws 1978, chapter 556, section 1 and Laws 1980, chapter 342, section 8, if the person annually certifies on a form prescribed by the executive director that the person has established and is contributing to an individual retirement account which is based on nonteaching employment.

#### Sec. 8. [ELECTION OF COVERAGE; TRANSITION.]

*A current employee or official enumerated in Minnesota Statutes, section 352D.02, subdivision 1a, as added by section 3, may elect prospective coverage in the unclassified plan. The employee may elect to transfer prior service credit to the plan under the provisions of section 352D.12.*

*The executive director of the state retirement system, or teachers retirement association, as appropriate, shall notify current employees or officials of the option within six months following the effective date of this act. An employee or official eligible to elect coverage by the plan shall notify the appropriate director within six months after the date of notice. An election to participate in the plan is irrevocable during any current or subsequent period of employment.*

#### Sec. 9. [MINNEAPOLIS TEACHERS ARTICLES AMENDMENT.]

*In accordance with Minnesota Statutes, section 354A.12, subdivision 4, approval is granted for the Minneapolis teachers retirement fund association to amend its articles of incorporation as follows:*

*(1) Article IX, Subsection (14)D of the articles, providing an annual automatic increase annuity of 1-1/2 percent may be repealed, and Article IX, Subsection (14) may be amended to authorize an annual postretirement adjustment payable from excess investment earnings of the fund calculated as follows:*

*(a) The board of trustees shall annually determine whether or not a postretirement adjustment is payable by determining whether or not the fund has earned any investment earnings in excess of eight percent.*

*(b) The calculation of investment earnings shall include specifically, but not by way of limitation, dividends on equity investments, interest on debt investments, net rental or leasehold income on real estate, all realized capital gains and losses, and the net increase or decrease in unrealized appreciation on all readily marketable securities.*

*(c) The determination of the amount of excess investment earnings shall be based upon the time-weighted average of the*

*annualized total rate of return on the fund for the three fiscal years immediately preceding the determination.*

*(d) The board of trustees shall have discretion to limit the size of the postretirement adjustment in any year to any percentage not greater than seven percent.*

*(2) Article IX, Subsection (18), providing a lump sum post-retirement adjustment payable to retirees or beneficiaries, may be amended as follows:*

*(a) The formula for determining the amount which each eligible annuitant or benefit recipient shall be entitled to receive shall take into account not only the years of service of the member upon whose service such entitlement is based, but also the years the annuitant or benefit recipient has been receiving payments from the fund.*

*(b) For each eligible annuitant and benefit recipient, the adjustment shall equal the adjustment figure according to the formula, multiplied by the combination of years of service and years of receiving payments. The amendment may provide that the board of trustees shall have discretion to eliminate or reduce the adjustment in any year and to establish a minimum period during which a recipient must have been receiving an annuity or benefits in order to be eligible for an adjustment, which minimum period shall be at least three years but not more than fifteen years, as determined by the board of trustees based upon the records of the fund.*

*(c) In making the determination of whether or not the fund has earned any excess investment income from which to pay a lump sum postretirement adjustment, the calculation of investment income shall include dividends on equity investments, interest on debt investments, net rental or leasehold income on real estate, all realized capital gains and losses, and the net increase or decrease in unrealized appreciation on all readily marketable securities.*

Sec. 10. [EFFECTIVE DATE.]

*Sections 1 to 9 are effective July 1, 1986."*

Delete the title and insert:

"A bill for an act relating to retirement; expanding the membership of the Minnesota state retirement system unclassified program to include certain state university system officials; authorizing amendments to the Minneapolis teachers retirement fund association articles; amending Minnesota Statutes 1984, sections 352D.01; 352D.015, subdivision 5; 352D.02, as amended;

352D.06, subdivision 1; 352D.065, subdivision 5; 352D.085, subdivision 1; and 354.05, subdivision 2.”

The motion prevailed and the amendment was adopted.

The Speaker resumed the Chair.

Knickerbocker moved to amend S. F. No. 707, as amended, as follows:

Page 8, after line 19, insert:

“Sec. 8. Minnesota Statutes 1985 Supplement, 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 chapter 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, is entitled, upon valid application and termination of service prior to (JANUARY) *July 1, 1987*, to the normal retirement annuity provided in these chapters without any reduction in annuity by reason of such early retirement.”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the semicolon insert “extending the time for retirement under the rule of 85;”

Page 1, line 10, before the period, insert “; and Minnesota Statutes 1985 Supplement, section 356.70, subdivision 1”

A roll call was requested and properly seconded.

The question was taken on the Knickerbocker amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 117 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Beard	Blatz	Burger	Clark
Anderson, R.	Begich	Brandl	Carlson, D.	Clausnitzer
Backlund	Bennett	Brinkman	Carlson, J.	Cohen
Battaglia	Bishop	Brown	Carlson, L.	Dempsey

Dimler	Kiffmeyer	Neuenschwander	Rest	Thiede
Dyke	Knickerbocker	Norton	Rice	Thorson
Elioff	Knuth	O'Connor	Riveness	Tjornhom
Erickson	Kostohryz	Ogren	Rodosovich	Tomlinson
Fjoslien	Krueger	Olsen, S.	Rose	Tompkins
Frederick	Kvam	Olson, E.	Sarna	Tunheim
Frerichs	Levi	Omann	Schafer	Uphus
Greenfield	Lieder	Onnen	Scheid	Valento
Gruenes	Long	Osthoff	Schoenfeld	Vanasek
Gutknecht	Marsh	Otis	Schreiber	Vellenga
Hartinger	McKasy	Ozment	Seaberg	Voss
Hartle	McLaughlin	Pappas	Segal	Waltman
Haukoos	McPherson	Pauly	Shaver	Welle
Himle	Metzen	Peterson	Sherman	Wenzel
Jacobs	Miller	Piper	Simoneau	Wynia
Jaros	Minne	Poppenhagen	Skoglund	Zaffke
Johnson	Munger	Price	Solberg	Spk. Jennings, D.
Kahn	Murphy	Quinn	Sparby	
Kalis	Nelson, D.	Quist	Stanius	
Kelly	Nelson, K.	Redalen	Staten	

The motion prevailed and the amendment was adopted.

Knickerbocker moved to amend S. F. No. 707, as amended, as follows:

Page 6, after line 26, insert:

"Sec. 7. Minnesota Statutes 1984, section 353.36, subdivision 2b, is amended to read:

Subd. 2b. [PURCHASES OF PRIOR SERVICE CREDIT; LIMITED.] After June 30, 1973, no person shall be allowed to purchase prior public service credit, except as provided in (SUBDIVISION) *subdivisions 2 and 2e.*

Sec. 8. Minnesota Statutes 1984, section 353.36, is amended by adding a subdivision to read:

*Subd. 2e. [PURCHASE OF PRIOR SERVICE CREDIT BY CERTAIN EMPLOYEES.] A person who does not have the required number of years of allowable service credit to qualify for early retirement under section 356.70, subdivision 1, solely because of prior public service for which salary deductions were not taken out for the association, for whom no employer contributions to the association were required at the time the prior public service was performed, and who otherwise meets the requirements of subdivision 2, may, by paying before December 31, 1986, an amount calculated in accordance with subdivision 2, purchase the period of prior public service necessary to bring the person's total allowable service to the minimum required for retirement under section 356.70, subdivision 1, although the person's public service did not terminate before July 1, 1982."*

Page 10, after line 16, insert:

**"Sec. 12. [BUHL POLICE SURVIVOR BENEFITS.]**

*Notwithstanding the limitations contained in Minnesota Statutes, section 423.58, or any other law, the bylaws of the Buhl police relief association may be amended to provide for the payment of a survivor benefit to the surviving spouse of a deceased member, or the surviving children equally if there is no surviving spouse, in an amount equal to 85 percent of the pension the deceased member was to receive on the date of his death. Benefits calculated in accordance with this section must continue until the surviving spouse remarries or until a dependent child reaches the age of 18 years or, if a full-time student, 22 years.*

**Sec. 13. [EVELETH POLICE AND FIREFIGHTERS; BENEFIT INCREASE.]**

*Notwithstanding any general or special law to the contrary, in addition to other benefits payable, retirement benefits payable to retired police officers and firefighters and the surviving spouses thereof by the Eveleth police and fire trust fund may be increased by \$25 per month. Increases may be made retroactive to January 1, 1986.*

**Sec. 14. [PURCHASE OF PRIOR SERVICE CREDIT.]**

*Notwithstanding any provision of law to the contrary, a person who was employed as a public health nurse by the Suburban Hennepin County Public Health Nursing Service from June, 1957, to February, 1961, and who is currently employed by the city of Bloomington as a health administrator, shall be entitled to purchase prior service credit from the public employees retirement association for the period from June 10, 1957, to February 26, 1961.*

**Sec. 15. [PAYMENT.]**

*The provisions of Laws 1982, chapter 578, article II, section 2, shall govern the amount and manner of payment for the purchase of prior service credit. Payment shall be made by the person entitled to purchase prior service.*

**Sec. 16. [FALLS NURSING HOME EMPLOYEES.]**

*Subdivision 1. [REFUND OF CONTRIBUTIONS.] A member of the public employees retirement association who was employed by the Falls nursing home on the date the nursing home was taken over by a private corporation or organization shall be paid a refund of accumulated employee and employer contributions made by or on behalf of the employee to the association, plus interest thereon at the rate of six percent per annum. If an employee has previously received a refund of employee contribu-*

tions, only the employer contributions plus the total interest shall be refunded. No employer additional contributions are to be refunded.

*Subd. 2. [DEFERRED ANNUITY.] If an employee described in subdivision 1 had at least five years of allowable service credit, the employee may elect to receive, in lieu of the refund, a deferred annuity pursuant to Minnesota Statutes, section 353.34, subdivision 3, notwithstanding the length of service requirements contained therein. An employee eligible for a deferred annuity who has previously received a refund of employee contributions may reinstate his or her eligibility for a deferred annuity by repaying the amount refunded, including any interest received, to the association.*

*Subd. 3. [DEADLINE.] Refunds shall be paid or options exercised and repayments of refunds made prior to July 1, 1987."*

Page 10, line 18, delete "9" and insert "11"

Page 10, after line 18, insert:

*"Section 12 is effective upon approval by the Buhl city council and compliance with Minnesota Statutes, section 645.021. The increase in benefits is retroactive to June 30, 1985.*

*Section 13 is effective upon approval by the Eveleth city council and compliance with Minnesota Statutes, section 645.021.*

*Sections 14 to 16 are effective the day following final enactment."*

Renumber the sections in order

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Piepho moved to amend S. F. No. 707, as amended, as follows:

Page 10, after line 16, insert:

**"Sec. 10. [MANKATO POLICE PROBATIONARY PERIOD.]**

*Notwithstanding Minnesota Statutes, section 423.372 or any other law, a member of the Mankato police relief association who served a probationary period during which the member was not eligible for membership in the association, may elect to purchase*

*service credit for the probationary period. A member electing to purchase service credit shall pay to the association an amount equal to the employee contribution which would have been required of a member during the probationary period plus interest thereon at a rate equal to the annual average rate of return on investments of the special fund of the association. An election to purchase service credit and all payments of contributions must be completed by December 31, 1987 or the date the member retires, if earlier.*

**Sec. 11. [LOCAL APPROVAL.]**

*Section 10 is effective on approval by the Mankato city council and compliance with Minnesota Statutes, section 645.021."*

Amend the title as follows :

Page 1, line 6, after the semicolon insert "purchase of service credit by certain Mankato police officers;"

The motion prevailed and the amendment was adopted.

Hartinger moved to amend S. F. No. 707, as amended, as follows :

Page 10, after line 16, insert :

**"Sec. 10. [ANDOVER FIREFIGHTERS BYLAW AMENDMENT.]**

*Notwithstanding any provision of Minnesota Statutes, sections 69.771 to 69.776 or chapter 424A, the Andover firefighters relief association may amend its bylaws to allow computation of service pensions utilizing a member's period of service as an active member of the municipal fire department during the period prior to incorporation of the relief association."*

Page 10, line 18, after the period insert "Section 10 is effective upon approval by the Andover city council and compliance with law."

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Marsh and Gruenes moved to amend S. F. No. 707, as amended, as follows :

Page 10, after line 16, insert :



“Sec. 10. Minnesota Statutes 1984, section 352.91, is amended by adding a subdivision to read:

*Subd. 3b. Covered correctional service also means service performed by certain state employees in positions usually covered by this section who were excluded by law from coverage between July 1973 and July 1980 if they were 45 years of age or over when hired, provided they are state employees on the effective date of this subdivision and provided they elect coverage. Eligible employees who elect coverage must file written notice of their election with the director prior to July 1, 1986.*

**Sec. 11. [CONTRIBUTIONS.]**

*State employees electing coverage under section 10 must pay employee contributions in an amount equal to the difference between employee contributions previously made and employee contributions under the correctional employee plan for the appropriate period of employment between July 1973 and July 1980. The employer of an employee electing coverage shall pay the difference in employer contributions. Employee and employer contributions paid pursuant to this section shall include interest at six percent per annum compounded annually. No service credit shall be awarded in the correctional plan until all contributions are paid.”*

Renumber the remaining section

Page 10, line 18, after the period, insert “Sections 10 and 11 are effective the day following final enactment.”

Amend the title as follows:

Page 1, line 6, after the semicolon, insert “authorizing inclusion of certain state employees in the correctional officers plan and the purchase of prior service credit;”

Page 1, line 7, after “sections” insert “352.91, by adding a subdivision;”

The motion prevailed and the amendment was adopted.

Fjoslien moved to amend S. F. No. 707, as amended, as follows:

Page 10, after line 16, insert:

“Sec. 10. Minnesota Statutes 1985 Supplement, section 353.01, subdivison 2a, is amended to read:

**Subd. 2a. [INCLUDED EMPLOYEES.]** The following persons are included in the meaning of “public employee”:

(a) Elected or appointed officers and employees of elected officers.

(b) District court reporters.

(c) Officers and employees of the public employees retirement association.

(d) Employees of the League of Minnesota Cities.

(e) Officers and employees of public hospitals, owned or operated by or an integral part of, any governmental subdivision or governmental subdivisions.

(f) Employees of a school district who receive separate salaries for driving their own buses.

(g) Employees of the Association of Minnesota Counties.

(h) Employees of the Metropolitan Inter-County Association.

(i) Employees of the Minnesota Municipal Utilities Association.

(j) Employees of the metropolitan airports commission if employment initially commences on or after July 1, 1979.

(k) Employees of the Minneapolis employees retirement fund, if employment initially commences on or after July 1, 1979.

(l) Employees of the Range Association of Municipalities and Schools.

(m) Employees of the soil and water conservation districts.

(n) Employees of a county historical society, *except employees enumerated in subdivision 2b, clause (u)*.

Sec. 11. Minnesota Statutes 1984, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. [EXCLUDED EMPLOYEES.] The following persons are excluded from the meaning of "public employee":

(a) Persons employed for professional services where such service is incidental to regular professional duties.

(b) Election officers.

(c) Independent contractors and their employees.

(d) Patient and inmate help in governmental subdivision charitable, penal and correctional institutions.

(e) Members of boards, commissions, bands and others who serve the governmental subdivision intermittently.

(f) Employees who hold positions of an essentially temporary or seasonal character, provided such employment does not continue for a period in excess of 120 working days in any calendar year. Immediately following the expiration of such 120 working days if such employees continue in public service and earn in excess of \$325 in any one calendar month, the department heads must then report all such employees for membership and must cause employee contributions to be made on behalf of such employees in accordance with section 353.27, subdivision 4, and they shall remain members until termination of public service.

(g) Part-time employees who receive monthly compensation not exceeding \$325, and part-time employees and elected officials whose annual compensation is stipulated in advance to be not more than \$3,900 per year, except that members shall continue their membership until termination of public service.

(h) Persons who first occupy an elected office after March 1, 1978, the compensation for which does not exceed \$325 per month.

(i) Emergency employees who are employed by reason of work caused by fire, flood, storm or similar disaster.

(j) Employees who by virtue of their employment are required to contribute to any other pension, relief or retirement fund established for the benefit of officers and employees of a governmental subdivision, except as an act of the legislature has specifically enabled participation by employees of a designated governmental subdivision in a plan supplemental to the public employees retirement association; provided that this clause shall not prevent a person from contributing to the public employees retirement association and also belonging to or contributing to another public pension fund for other service occurring during the same period of time.

(k) Police matrons employed in a police department of any city who are transferred to the jurisdiction of a joint city and county detention and corrections authority.

(l) Chaplains and nuns who have taken a vow of poverty as members of a religious order.

(m) Full-time students who are enrolled and are regularly attending classes at an accredited school, college or university;

provided, no person employed full-time by a governmental subdivision shall be exempt under this paragraph.

(n) Resident physicians, medical interns and pharmacist interns who are serving in public hospitals.

(o) Appointed or elected officers, paid entirely on a fee basis, and who were not members on June 30, 1971.

(p) Nothing in Laws 1973, Chapter 753 shall be interpreted to impair or revoke any option exercised under Laws 1963, Chapter 793.

(q) Persons employed in subsidized on-the-job training, work experience or public service employment as enrollees under the federal comprehensive employment and training act from and after March 30, 1978, unless the person has as of the later of March 30, 1978 or the date of employment sufficient service credit in the retirement fund to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal comprehensive training and employment act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contributions in addition to the required employee contribution.

(r) Town, city or county assessors elected or appointed pursuant to chapter 273 who do not receive compensation in excess of \$325 per month from any one employing governmental subdivision or who are employed pursuant to an employment contract which sets forth the total compensation to be paid and the length of service, not to exceed three months in duration, required for the performance of the contract and which was entered into in advance of the commencement of employment.

(s) A person holding a part-time adult supplementary vocational-technical school license who renders part time teaching service in a vocational-technical school if (1) the service is incidental to the person's regular nonteaching occupation; and (2) the applicable vocational-technical school stipulates annually in advance that the part time teaching service will not exceed 300 hours in a fiscal year; and (3) the part time teaching service actually does not exceed 300 hours in a fiscal year.

(t) A person exempt from licensure pursuant to section 125.031.

(u) *Employees of a county historical society whose board passes and files with the association a resolution exempting the employees from coverage in the association."*

Renumber the remaining section

Page 10, line 18, delete "9" and insert "11" and after the period insert "*Refunds of employee contributions shall be made to employees of county historical societies electing exemption pursuant to section 11.*"

Amend the title as follows:

Page 1, line 6, after the semicolon insert "making public employees retirement association membership optional for employees of certain county historical societies;"

Page 1, line 10, after the semicolon insert "353.01, subdivision 2b;" and before the period insert "; and Minnesota Statutes 1985 Supplement, section 353.01, subdivision 2a"

The motion prevailed and the amendment was adopted.

Simoneau, Rice and Sarna moved to amend S. F. No. 707, as amended, as follows:

Page 6, after line 26, insert:

"Section 7. [PURCHASE OF PRIOR SERVICE BY CERTAIN MINNEAPOLIS LIBRARY EMPLOYEES.]

*Subdivision 1. [ELIGIBLE EMPLOYEES.] Notwithstanding any provision of law to the contrary, a person who is employed by the Minneapolis Public Library and is currently a member of the Public Employees Retirement Association, may purchase prior service credit from the Public Employees Retirement Association for any period of service rendered between 1972 and 1985.*

*Subdivision 2. [PAYMENT.] The amount of payment will be the higher of payments as required by section 353.36, subdivision 2, or by Laws 1982, chapter 578, article II, section 2. Payments must be made to the association prior to July 1, 1987."*

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed and the amendment was adopted.

#### SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Knickerbocker moved that the rule therein be suspended and an urgency be declared so that S. F. No. 707, as

amended, be given its third reading and be placed upon its final passage. The motion prevailed.

Knickerbocker moved that the rules of the House be so far suspended that S. F. No. 707, as amended, be given its third reading and be placed upon its final passage. The motion prevailed.

S. F. No. 707, A bill for an act relating to retirement; public plans generally; providing health insurance benefits for certain retired teachers; changing eligibility requirements for surviving spouse benefits; regulating coverage under the unclassified employees retirement program; amending Minnesota Statutes 1984, sections 62E.14, subdivision 1; 352.12, subdivision 2; 352D.01; 352D.015, subdivision 5; 352D.02, as amended; 352D.06, subdivision 1; 352D.065, subdivision 5; 352D.085, subdivision 1; 353.32, subdivision 1a; 354.05, subdivisions 2 and 26; 354.44, subdivision 4; 354.46, subdivision 2; and 354A.35, subdivision 2; Minnesota Statutes 1985 Supplement, sections 136C.50, subdivision 7; 353.657, subdivision 2a; 354.55, subdivision 11; and 356.215, subdivision 4d; proposing coding for new law in Minnesota Statutes, chapter 62E.

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 121 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dyke	Kostohryz	Olsen, S.	Sarna
Anderson, R.	Elioff	Krueger	Olson, E.	Schafer
Backlund	Erickson	Kvam	Omman	Scheid
Battaglia	Fjoslien	Levi	Onnen	Schoenfeld
Beard	Frederick	Lieder	Osthoff	Seaberg
Becklin	Frerichs	Long	Otis	Segal
Begich	Greenfield	Marsh	Ozment	Shaver
Bennett	Gruenes	McDonald	Pappas	Sherman
Bishop	Gutknecht	McEachern	Pauly	Simoneau
Boo	Hartinger	McLaughlin	Peterson	Skoglund
Brandl	Hartle	McPherson	Piper	Solberg
Brinkman	Haukoos	Metzen	Poppenhagen	Sparby
Brown	Jacobs	Miller	Price	Stanius
Burger	Jaros	Minne	Quist	Staten
Carlson, D.	Jennings, L.	Munger	Redalen	Sviggum
Carlson, J.	Johnson	Murphy	Rees	Thiede
Carlson, L.	Kahn	Nelson, D.	Rest	Thorsen
Clark	Kalis	Nelson, K.	Rice	Tjornhom
Clausnitzer	Kelly	Neuenschwander	Richter	Tomlinson
Cohen	Kiffmeyer	Norton	Riveness	Tompkins
Dempsey	Knickerbocker	O'Connor	Rodosovich	Tunheim
Dimler	Knuth	Ogren	Rose	Uphus

Valan  
Valento  
Vanasek

Vellenga  
Voss

Waltman  
Welle

Wenzel  
Wynia

Zaffke  
Spk. Jennings, D.

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

S. F. No. 1869 was reported to the House.

Redalen moved to amend S. F. No. 1869, as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1984, section 216A.03, subdivision 1, is amended to read:

Subdivision 1. [MEMBERS.] (AS OF JANUARY 1, 1975) The public utilities commission shall consist of five members (, THREE OF WHOM SHALL BE THE MEMBERS THEN SERVING, WHO SHALL CONTINUE TO SERVE FOR THE BALANCE OF THEIR ELECTIVE OR APPOINTIVE TERMS. THERE SHALL BE TWO ADDITIONAL COMMISSIONERS APPOINTED BY THE GOVERNOR WITH THE ADVICE AND CONSENT OF THE SENATE, ONE FOR A TERM EXPIRING DECEMBER 31, 1975, AND ONE FOR A TERM EXPIRING DECEMBER 31, 1977). (THEREAFTER) The terms of (ALL SUBSEQUENT) members (OF THE COMMISSION) shall be six years and until their successors have been appointed and qualified. Each commissioner shall be appointed by the governor by and with the advice and consent of the senate. Not more than three commissioners shall belong to the same political party. *No more than three commissioners may be domiciled at the time of appointment in the seven-county metropolitan area; except that if the membership of the commission after July 31, 1986, consists of more than three members domiciled at the time of appointment in the seven-county metropolitan area, the membership shall conform to this requirement following normal attrition of the present commissioners.* The governor in his selection of commissioners shall give consideration to persons learned in the law or persons who have engaged in the profession of engineering, public accounting (OR), property and utility valuation, *finance, physical or natural sciences, production agriculture, or natural resources* as well as being representative of the general public.

*For purposes of this subdivision, “seven-county metropolitan area” means Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties.*

Sec. 2. Minnesota Statutes 1984, section 216A.03, subdivision 3, is amended to read:

Subd. 3. [CHAIRMAN.] The commission shall elect one of their number chairman at the meeting of the commission in the

second week in January of each *odd-numbered* year for a term of (ONE YEAR) *two years*. *A person shall not serve as chair for more than two consecutive terms.*

If a vacancy occurs in the position of chairman, the commission shall elect a new chairman to complete the unexpired term.

Sec. 3. Minnesota Statutes 1984, section 216A.035, is amended to read:

216A.035 [CONFLICT OF INTEREST; PENALTY.]

*Subdivision 1. [PUBLIC UTILITIES COMMISSION.] (a) A person shall not accept appointment or employment as a public utilities commissioner or as executive secretary of the commission if within the previous one year that person:*

*(1) was employed by a person or organization subject to rate regulation by the public utilities commission;*

*(2) was employed by an affiliate or subsidiary of a person or organization subject to rate regulation by the commission;*

*(3) represented a person or organization subject to rate regulation by the commission;*

*(4) was employed by a person or organization that represented or acted as an agent of a person or organization subject to rate regulation by the commission;*

*(5) personally acted as an intervenor in a commission hearing; or*

*(6) acted as a witness in a commission hearing on behalf of an intervenor or on behalf of a person or an organization subject to rate regulation by the commission.*

*(b) No person during his term of membership on the public utilities commission, while acting as executive secretary of the commission, or while employed in a professional capacity by the commission shall receive any (SIGNIFICANT PORTION OF HIS) income, other than dividends or other earnings from a mutual fund or trust if these earnings do not constitute a significant portion of the person's income, directly or indirectly from any public utility or other organization subject to regulation by the commission. (NO PERSON SHALL BE ELIGIBLE TO BE APPOINTED AS A MEMBER OF THE PUBLIC UTILITIES COMMISSION UNLESS AND UNTIL HE DIVESTS HIMSELF OF ANY SIGNIFICANT INTEREST OR ABANDONS ANY EMPLOYMENT WITH A UTILITY.)*



(c) *Within one year of expiration of service as a public utilities commissioner, or executive secretary of the commission, a person shall not:*

(1) *seek or accept employment with a person or organization subject to rate regulation by the public utilities commission;*

(2) *seek or accept employment with an affiliate or subsidiary of a person or organization subject to rate regulation by the commission;*

(3) *act as an agent or representative of a person or organization subject to rate regulation by the commission;*

(4) *seek or accept employment with a person or organization that represents or acts as an agent of a person or organization subject to rate regulation by the commission;*

(5) *personally act as an intervenor in a commission hearing;*  
*or*

(6) *act as a witness in a commission hearing on behalf of an intervenor or on behalf of a person or an organization subject to rate regulation by the commission.*

(d) *Each commissioner shall file a statement of economic interest as required by section 10A.09 with the ethical practices board and the public utilities commission before taking office. The statement of economic interest must state any interest that the commissioner has in a company, industry, or business regulated by the commission.*

**Subd. 2. [DEPARTMENT OF PUBLIC SERVICE EMPLOYEES.]** (a) *A person shall not accept appointment or employment as the director or deputy director of the public service department if within the previous one year that person:*

(1) *was employed by a person or organization subject to rate regulation by the public utilities commission;*

(2) *was employed by an affiliate or subsidiary of a person or organization subject to rate regulation by the commission;*

(3) *represented a person or organization subject to rate regulation by the commission;*

(4) *was employed by a person or organization that represented or acted as an agent of a person or organization subject to rate regulation by the commission;*

(5) *personally acted as an intervenor in a commission hearing; or*

*(6) acted as a witness in a commission hearing on behalf of an intervenor or on behalf of a person or an organization subject to rate regulation by the commission.*

*(b) No person who is an employee of the public service department shall participate in any manner in any decision or action of the commission where he has a direct or indirect financial interest. Each (COMMISSIONER) director or employee of the public service department who is in the general professional, supervisory, or technical units established in section 179A.10 or who is a professional, supervisory, or technical employee defined as confidential in section 179A.03, subdivision 4, or who is a management classification employee and whose duties are related to public utilities or transportation regulation shall report to the ethical practices board annually before April 15 any interest he has in an industry or business regulated by the commission.*

*(c) Within one year of service with the department of public service as the director or a deputy director, a person shall not:*

*(1) seek or accept employment with a person or organization subject to rate regulation by the public utilities commission;*

*(2) seek or accept employment with an affiliate or subsidiary of a person or organization subject to rate regulation by the commission;*

*(3) act as an agent or representative of a person or organization subject to rate regulation by the commission;*

*(4) seek or accept employment with a person or organization that represents or acts as an agent of a person or organization subject to rate regulation by the commission;*

*(5) personally act as an intervenor in a commission hearing;*  
*or*

*(6) act as a witness in a commission hearing on behalf of an intervenor or on behalf of a person or an organization subject to rate regulation by the commission.*

*Subd. 3. [PENALTY.] A person who violates subdivision 1, paragraph (a), (b), or (c) or subdivision 2, paragraph (a), (b), or (c) is guilty of a gross misdemeanor.*

**Sec. 4. [216A.037] [EX PARTE COMMUNICATIONS AND CONDUCT RULES.]**

*Subdivision 1. [EX PARTE RULES.] The commission shall adopt rules under chapter 14 governing ex parte communications. The ex parte rules may prohibit only ex parte communications by*

*commission members or staff with a party relating to a material issue during a pending contested case proceeding; provided, however, that such rules shall not conflict with Minnesota Statutes, section 14.60, subdivision 2, and section 14.62 nor otherwise restrict the commission's access to information and ideas. A contested case is pending from the time the commission refers the matter to the office of administrative hearings until the commission has issued its final order, and the time to petition for reconsideration has expired or the commission has issued an order finally disposing an application for reconsideration, whichever is later.*

*Subd. 2. [CONDUCT RULES.] The commission shall adopt rules, under chapter 14, prescribing a code of conduct for commissioners and employees of the commission. The code of conduct must include standards similar to the judicial code of conduct for judges.*

*The commission shall adopt emergency rules to implement this subdivision.*

Sec. 5. Minnesota Statutes 1984, section 216B.16, subdivision 1a, is amended to read:

**Subd. 1a. [SETTLEMENT BARRED.]** When a public utility proposes changes in general rates that would increase general rates paid by consumers (BY MORE THAN \$500,000 ANNUALLY), the commission (SHALL NOT) *may* approve the change (UNTIL AFTER REQUIRING THE OFFICE OF ADMINISTRATIVE HEARINGS TO CONDUCT) *without* a contested case hearing (ON, AT A MINIMUM, THE APPROPRIATE RATE BASE, EXPENSE AND REVENUE LEVELS FOR THE TEST YEAR, AND THE RATE OF RETURN. IF THE FORMAL PARTIES TO THE CONTESTED CASE CHOOSE NOT TO CROSS-EXAMINE THE TESTIMONY PRESENTED, IT SHALL BE THE DUTY OF THE COMMISSION AND ITS STAFF TO MAKE INQUIRY OF THE WITNESSES PRESENTED TO ENSURE THAT THE TESTIMONY IS WELL REASONED AND CONSTITUTES SUBSTANTIAL EVIDENCE. AFTER A REPORT OF THE EXAMINER HAS BEEN ISSUED, THE COMMISSION MAY PROCEED TO TAKE ACTION ON THE PROPOSED RATES CONSISTENT WITH THE PROVISIONS OF THIS SECTION. THE COMMISSION SHALL NOT ACCEPT ANY STIPULATION THAT IS NOT AGREED TO BY) *if applicant and all intervening parties agree to a stipulated settlement of the case and the settlement is supported by substantial evidence. The commission shall accept or reject the settlement in its entirety and, at any time until its final order is issued in the case, may require the office of administrative hearings to conduct a contested case hearing.*

Sec. 6. Minnesota Statutes 1984, section 216B.16, subdivision 2, is amended to read:

Subd. 2. [SUSPENSION OF RATES; HEARING.] Whenever there is filed with the commission a schedule modifying or resulting in a change in any rates then in force as provided in subdivision 1, the commission may suspend the operation of the schedule by filing with the schedule of rates and delivering to the affected utility a statement in writing of its reasons for the suspension at any time before the rates become effective. The suspension shall not be for a longer period than ten months beyond the initial filing date. During the suspension the commission shall determine whether all questions of the reasonableness of the rates requested raised by persons deemed interested or by the administrative division of the department of public service can be resolved to the satisfaction of the commission. If the commission finds that all significant issues raised have not been resolved to its satisfaction, or upon petition by ten percent of the affected customers or 250 affected customers, whichever is less, it shall refer the matter to the office of administrative hearings with instructions for a public hearing as a contested case pursuant to chapter 14, except as otherwise provided in this section. The commission may order that the issues presented by the proposed rate changes be bifurcated into two separate hearings as follows: (1) determination of the utility's revenue requirements and (2) determination of the rate design. Upon issuance of both hearing examiner reports, the issues shall again be joined for consideration and final determination by the commission. All pre-hearing discovery activities of state agency intervenors shall be consolidated and conducted by the department of public service. If the commission does not make a final determination concerning a schedule of rates within ten months after the initial filing date, the schedule shall be deemed to have been approved by the commission; *except if a settlement has been submitted and rejected by the commission, the schedule is deemed to have been approved 12 months after the initial filing.* For the purposes of this section, "final determination" means the initial decision of the commission and not any order which may be entered by the commission in response to a petition for rehearing or other further relief. The commission may further suspend rates until it determines all those petitions.

Sec. 7. Minnesota Statutes 1984, section 237.075, subdivision 1a, is amended to read:

Subd. 1a. [SETTLEMENT BARRED.] When a telephone company proposes changes in general rates that would increase general rates paid by consumers (BY MORE THAN \$500,000 ANNUALLY), the commission (SHALL NOT) *may* approve the change (UNTIL AFTER REQUIRING THE OFFICE OF ADMINISTRATIVE HEARINGS TO CONDUCT) *without* a contested case hearing (ON, AT A MINIMUM, THE APPROPRIATE RATE BASE, EXPENSE AND REVENUE LEVELS FOR THE TEST YEAR, AND THE RATE OF RETURN. IF THE FORMAL PARTIES TO THE CONTESTED CASE CHOOSE NOT TO CROSS EXAMINE THE TESTIMONY PRESENTED, IT SHALL BE THE DUTY OF THE COM-

MISSION AND ITS STAFF TO MAKE INQUIRY OF THE WITNESSES PRESENTED TO ENSURE THAT THE TESTIMONY IS WELL REASONED AND CONSTITUTES SUBSTANTIAL EVIDENCE. AFTER A REPORT OF THE EXAMINER HAS BEEN ISSUED, THE COMMISSION MAY PROCEED TO TAKE ACTION ON THE PROPOSED RATES CONSISTENT WITH THE PROVISIONS OF THIS SECTION. THE COMMISSION SHALL NOT ACCEPT ANY STIPULATION THAT IS NOT AGREED TO BY) *if applicant and all intervening parties agree to a stipulated settlement of the case and the settlement is supported by substantial evidence. The commission shall accept or reject the settlement in its entirety and, at any time until its final order is issued in the case, may require the office of administrative hearings to conduct a contested case hearing.*

Sec. 8. Minnesota Statutes 1984, section 237.075, subdivision 2, is amended to read:

Subd. 2. [SUSPENSION OF RATES; HEARING.] Whenever there is filed with the commission as provided in subdivision 1 a schedule modifying or resulting in a change in any rate then in force, the commission may suspend the operation of the schedule by filing with the schedule of rates and delivering to the affected telephone company a statement in writing of its reasons for the suspension at any time before the rates become effective. The suspension shall not be for a longer period than ten months beyond the initial filing date. During the suspension the commission shall determine whether all questions of the reasonableness of the rates requested raised by persons deemed interested or by the administrative division of the department of public service can be resolved to the satisfaction of the commission. If the commission finds that all significant issues raised have not been resolved to its satisfaction, or upon petition by ten percent of the affected customers or 250 affected customers, whichever is less, it shall refer the matter to the office of administrative hearings with instructions for a public hearing as a contested case pursuant to chapter 14, except as otherwise provided in this section. The commission may order that the issues presented by the proposed rate changes be bifurcated into two separate hearings as follows: (1) determination of the telephone company's revenue requirements and (2) determination of the rate design. Upon issuance of both administrative law judge reports, the issues shall again be joined for consideration and final determination by the commission. All prehearing discovery activities of state agency intervenors shall be consolidated and conducted by the department of public service. If the commission does not make a final determination concerning a schedule of rates within ten months after the initial filing date, the schedule shall be deemed to have been approved by the commission; *except if a settlement has been submitted and rejected by the commission, the schedule is deemed to have been approved 12 months after the initial filing.* For the purposes of this section, "final

determination" means the initial decision of the commission and not any order which may be entered by the commission in response to a petition for rehearing or other further relief. The commission may further suspend rates until it determines all those petitions.

Sec. 9. [EFFECTIVE DATE.]

*Section 2 is effective August 1, 1986, and applies to persons elected to a first or second term as chair of the public utilities commission on and after that date. Section 3, subdivision 1, paragraph (a), and subdivision 2, paragraph (a), are effective the day following final enactment and apply to persons accepting appointment or employment on or after that date. Section 3, subdivision 1, paragraph (b), and subdivision 2, paragraph (b), are effective the day following final enactment and apply to persons appointed or employed on and after that date. Section 3, subdivision 1, paragraph (c), and subdivision 2, paragraph (c), are effective the day following final enactment and apply to persons terminating appointment or employment to or with the public utilities commission or department of public service on or after that date. Section 3, subdivision 3 is effective the day following final enactment and applies to violations occurring on or after that date. Section 4 is effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to utilities; determining membership on public utilities commission; prescribing terms and duties of chair; delineating and prohibiting conflict of interest by public utility commissioners and certain employees of the commission and department of public service; imposing a penalty; requiring commission to adopt a code of conduct; amending Minnesota Statutes 1984, sections 216A.03, subdivisions 1 and 3; and 216A.035; 216B.16, subdivisions 1a and 2; 237.075, subdivision 1a, and 2; proposing coding for new law in Minnesota Statutes, chapter 216A."

The motion prevailed and the amendment was adopted.

S. F. No. 1869, A bill for an act relating to utilities; changing the powers and responsibilities of the chair of the public utilities commission; requiring the governor to appoint the chair of the commission; changing qualification for commissioners; requiring commissioners to file certain financial information before taking office; prohibiting commissioners and certain employees from engaging in certain activity after leaving the commission; requiring the commission to adopt a code of conduct; providing penalties; amending Minnesota Statutes 1984, sections 216A.03, subdivision 3; and 216A.035; proposing coding for new law in Minnesota Statutes, chapter 216A.

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.

Frerichs moved that those not voting be excused from voting. The motion prevailed.

There were 112 yeas and 2 nays as follows :

Those who voted in the affirmative were :

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

Those who voted in the negative were :

Norton            Voss

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

S. F. No. 1910 was reported to the House.

Osthoff moved to amend S. F. No. 1910, the unofficial engrossment, as follows :

Page 8, after line 2, insert :

"Sec. 9. Laws 1977, chapter 402, section 2, is amended to read :

Sec. 2. [LEXINGTON AVENUE SOUTH OF LARPEN-TEUR.]

The city of Saint Paul may (NOT) take or use existing park land for the redesign, reconstruction or widening of Lexington avenue south of Larpenteur avenue *only if the redesign, reconstruction or widening:*

(a) *does not result in a traveled way on Lexington avenue between Horton avenue and Hoyt avenue greater than 32 feet, except for turning lanes, and*

(b) *is consistent with the Como Park master plan approved by the metropolitan council.*

Sec. 10. [VARIANCE NOT REQUIRED.]

*Notwithstanding any other provision of law, the section of Lexington avenue that is located within Como Park in the city of Saint Paul does not require a variance from municipal state-aid engineering standards in order to be redesigned, reconstructed, or widened, and is eligible for inclusion in the money needs of the city on the same basis as other municipal state-aid streets in the city."*

Page 8, line 32, after the period insert:

"Sec. 3. [EFFECTIVE DATE.]

*Sections 9 and 10 are effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the St. Paul city council."*

Renumber the sections accordingly

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Anderson, G.; Redalen and Johnson moved to amend S. F. No. 1910, the unofficial engrossment, as amended, as follows:

Page 6, after line 1, insert:

"Sec. 5. Minnesota Statutes 1984, section 162.06, subdivision 5, is amended to read:

Subd. 5. [STATE PARK ROAD ACCOUNT.] After deducting for administrative costs and for the disaster account and research account as heretofore provided from the remainder of the total sum provided for in subdivision 1, there shall be deducted



a sum equal to the three quarters of one percent of the remainder but not to exceed the sum of (\$200,000) \$600,000 annually. The sum so deducted shall be set aside in a separate account and shall be used for the establishment, location, relocation, construction, reconstruction and improvement of those roads included in the county state-aid highway system under Minnesota Statutes 1961, Section 162.02, Subdivision 6 which *border and provide substantial access to an outdoor recreation unit as defined in section 86A.04 or which provide access to the headquarters of or the principal parking lot located within (A STATE PARK) such a unit.* At the request of the commissioner of natural resources the counties wherein such roads are located shall do such work as requested in the same manner as on any other county state-aid highway and shall be reimbursed for such construction, reconstruction or improvements from the amount set aside by this subdivision. *Before requesting a county to do work on a county state-aid highway as provided in this subdivision, the commissioner of natural resources must obtain approval for the project from the county state-aid screening board. The screening board, before giving its approval, must obtain a written comment on the project from the county engineer of the county requested to undertake the project.* Any sums paid to counties in accordance with this subdivision shall reduce the money needs of said counties in the amounts necessary to equalize their status with those counties not receiving such payments. Any balance of the amount so set aside, at the end of each year shall be transferred to the county state-aid highway fund.

*By rule made under section 162.02, the commissioner shall prescribe standards for establishing, locating, constructing, reconstructing, and improving county state-aid highways that provide access to units of the outdoor recreation system."*

Renumber the sections in order

Page 12, line 21, delete "11, 12, 13, 15, and 17" and insert "12, 13, 14, 16, and 18"

Amend the title as follows:

Page 1, line 26, after "sections" insert "162.06, subdivision 5,"

The motion prevailed and the amendment was adopted.

Solberg moved to amend S. F. No. 1910, the unofficial engrossment, as amended, as follows:

Page 3, after line 3, insert:

"Sec. 2. Minnesota Statutes 1984, section 168.27, subdivision 1, is amended to read:

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

(1) "Leasing motor vehicles" means furnishing a motor vehicle for a fee under a bailor-bailee relationship where no incidences of ownership are intended to be transferred other than the right to use the vehicle for a stated period of time.

(2) "Brokering motor vehicles" means arranging sales between willing buyers and sellers of motor vehicles and receiving a fee for said service.

(3) "Wholesaling motor vehicles" means selling new or used motor vehicles to dealers for resale to the public.

(4) "Auctioning motor vehicles" means arranging for and handling the sale of motor vehicles, not the property of the auctioneer, to the highest bidder.

(5) "Dealer" includes new motor vehicle dealers, used motor vehicle dealers, brokers, wholesalers, auctioneers and lessors of new or used motor vehicles.

(6) "Commercial building" means a building adapted to commercial use and located in an area zoned for commercial or other less restrictive nonresidential use by the governmental unit in which it is located.

(7) "*Horse trailer*" is a trailer designed and used to carry horses and other livestock, which has not more than three axles and a maximum gross weight capacity of not more than 24,000 pounds.

Sec. 3. Minnesota Statutes 1984, section 168.27, subdivision 22, is amended to read:

Subd. 22. [MOTORIZED BICYCLES, BOAT AND SNOWMOBILE TRAILERS.] Any person, copartnership or corporation having a permanent enclosed commercial building or structure either owned in fee or leased and engaged in the business, either exclusively or in addition to any other occupation, of selling motorized bicycles, boat trailers, *horse trailers*, or snowmobile trailers, may apply to the registrar for a dealer's license. Upon payment of a \$10 fee the registrar shall license the applicant as a dealer for the remainder of the calendar year in which the application was received. Thereafter the license may be renewed on or before the second day of January of each year by payment of a fee of \$10. The registrar shall issue to each dealer, upon his request, dealer plates as provided in subdivision 16 upon payment of \$3 for each plate, and the plates may be used in the same manner and for the same purposes as is provided in subdivision 16. Except for motorized bicycle dealers, the registrar

shall also issue to the dealer, upon his request, "in transit" plates as provided in subdivision 17 upon payment of a fee of \$2 for each plate. This subdivision shall not be construed to abrogate any of the provisions of this section as the same relates to the duties, responsibilities and requirements of persons, copartnerships or corporations engaged in the business, either exclusively or in addition to other occupations, of selling motor vehicles or manufactured homes.

Sec. 4. Minnesota Statutes 1985 Supplement, section 168.27, subdivision 24, is amended to read:

Subd. 24. [BONDS.] All persons licensed hereunder shall keep in full force and effect a bond with a corporate surety to be approved by the registrar of motor vehicles in amounts as herein provided; in the case of boat, snowmobile trailer, *horse trailer*, or motorized bicycle dealers in the amount of \$5,000; and as to all other persons in the amount of \$25,000. The bond shall be conditioned on the faithful performance by the licensee of the obligations imposed by the laws of this state, including the conduct required of a licensee by this section and other sections governing the sale or transfer of motor vehicles, and the payment of all taxes, license fees and penalties. The bond shall be for the benefit of the state of Minnesota and any transferor, seller, or purchaser of a motor vehicle for any monetary loss caused by failure of the licensee to meet the obligations enumerated above. Proceedings on the forfeiture of the bonds shall be commenced in the district court of the county wherein the business of the licensed person was carried on, or if in more than one county, the county in which the offense occurred."

Renumber the sections accordingly

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Lieder moved to amend S. F. No. 1910, the unofficial engrossment, as amended, as follows:

Page 6, after line 28, insert:

"Sec. 6. [163.161] [IMPASSABLE CITY THROUGHFARES.]

*When a written complaint signed by five or more freeholders of a statutory or charter city is presented to the county board stating that a city throughfare has not been properly maintained and because of the improper maintenance is not reasonably passable the county board shall consider and act upon the complaint in the same manner provided for a complaint under section 163.16."*

Renumber the sections in order

Correct all internal cross references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Knuth offered an amendment to S. F. No. 1910, the unofficial engrossment, as amended.

#### POINT OF ORDER

Rees 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.

Long, Olsen, S., and Segal moved to amend S. F. No. 1910, the unofficial engrossment, as amended, as follows:

Page 3, after line 27, insert:

“Sec. 3. [NOISE STANDARDS.]

*Notwithstanding Minnesota Statutes, section 161.125, or any other law to the contrary, noise pollution standards of the pollution control agency shall apply to that segment of marked interstate highway no. 394 from its intersection with marked trunk highway no. 100 to one-quarter mile east of its intersection with Penn Avenue South.”*

Renumber the sections in sequence

A roll call was requested and properly seconded.

The question was taken on the Long et al., amendment and the roll was called.

Himle moved that those not voting be excused from voting. The motion prevailed.

There were 31 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Backlund	Jaros	Nelson, D.	Otis	Simoneau
Beard	Kahn	Nelson, K.	Pappas	Skoglund
Brandl	Knickerbocker	Norton	Piper	Staten
Clark	Krueger	O'Connor	Rose	Vellenga
Cohen	Long	Ogren	Sarna	Voss
Greenfield	Munger	Olsen, S.	Segal	Wynia
Heap				

Those who voted in the negative were:

Anderson, G.	Dimler	Kiffmeyer	Poppenhagen	Sviggum
Anderson, R.	Dyke	Lieder	Quist	Thiede
Battaglia	Elioff	Marsh	Rees	Thorson
Becklin	Erickson	McEachern	Rest	Tjornhom
Begich	Fjoslien	McPherson	Richter	Tomlinson
Bennett	Frederick	Miller	Rodosovich	Tompkins
Bishop	Frerichs	Murphy	Schafer	Tunheim
Blatz	Gruenes	Neuenschwander	Schoenfeld	Uphus
Brinkman	Hartle	Ormann	Schreiber	Valento
Brown	Haukoos	Onnen	Seaberg	Waltman
Burger	Himle	Ozment	Shaver	Welle
Carlson, L.	Jacobs	Pauly	Sherman	Wenzel
Clausnitzer	Johnson	Peterson	Solberg	Zaffke
Dempsey	Kalis	Piepho	Stanius	Spk. Jennings, D.

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

S. F. No. 1910, A bill for an act relating to transportation; adding new route to trunk highway system in substitution of existing route; allowing old highway to be turned back to city of Willmar; directing revisor of statutes to make route substitution; amending Laws 1974, chapter 151, section 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.

Himle moved that those not voting be excused from voting. The motion prevailed.

There were 121 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dyke	Kiffmeyer	Neuenschwander	Redalen
Anderson, R.	Elioff	Knickerbocker	Norton	Rees
Backlund	Erickson	Knuth	O'Connor	Rest
Battaglia	Fjoslien	Kostohryz	Ogren	Rice
Beard	Frederick	Krueger	Olsen, S.	Richter
Becklin	Frerichs	Levi	Olson, E.	Riveness
Begich	Greenfield	Lieder	Ormann	Rodosovich
Bennett	Gruenes	Long	Onnen	Rose
Bishop	Gutknecht	Marsh	Osthoff	Sarna
Blatz	Hartinger	McDonald	Otis	Schafer
Brandl	Hartle	McEachern	Ozment	Scheid
Brinkman	Haukoos	McLaughlin	Pappas	Schoenfeld
Brown	Heap	McPherson	Pauly	Schreiber
Carlson, D.	Himle	Metzen	Peterson	Seaberg
Carlson, L.	Jacobs	Miller	Piepho	Segal
Clark	Jaros	Minne	Piper	Shaver
Clausnitzer	Johnson	Munger	Poppenhagen	Sherman
Cohen	Kahn	Murphy	Price	Simoneau
Demosey	Kalis	Nelson, D.	Quinn	Skoglund
Dimler	Kelly	Nelson, K.	Quist	Solberg

Sparby  
Stanius  
Staten  
Sviggunn  
Thiede

Thorson  
Tjornhom  
Tomlinson  
Tompkins

Tunheim  
Uphus  
Valento  
Vanasek

Vellenga  
Voss  
Waltman  
Welle

Wenzel  
Wynia  
Zaffke  
Spk. Jennings, D.

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

The Speaker called Dempsey to the Chair.

S. F. No. 912 was reported to the House.

Anderson, R., moved to amend S. F. No. 912, as follows:

Page 1, after line 21, insert:

“Section 1. [PURPOSE.]

*The state recognizes the special role played by the state hospitals as chemical dependency facilities of last resort that provide special services to the multiply disabled and those sentenced by the criminal justice system. Counties are encouraged to utilize state operated chemical dependency facilities to the maximum extent possible. The commissioner shall maintain a statewide system of publicly administered chemical dependency programs in order to serve Minnesota's citizens.”*

Renumber sections accordingly

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

Anderson, R., moved to amend S. F. No. 912, as follows:

Page 2, after line 1, after the period insert “Data concerning receipts and expenditures under this section and section 246.18, subdivision 2, is “trade secret information” for purposes of classification under section 13.37, subdivision 2.”

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

Anderson, R., moved to amend S. F. No. 912, as follows:

Page 2, line 26, after “assistance” insert “on request of the commissioner or a chief executive officer of a regional treatment center”

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

Anderson, R., moved to amend S. F. No. 912, as follows:

Page 3, after line 9, insert:

"Sec. 3. [246.181] [OTHER STATE AGENCY ASSISTANCE.]

*In order to assist in the development of regional treatment center chemical dependency programs, the commissioner of the department of administration, in consultation with the commissioner of human services and the chief executive officers of the regional treatment centers, shall provide technical assistance in the following areas: marketing, planning, promotional activities, computer systems, financial management, training, capital improvements, real estate leasing and contracting."*

Page 27, line 24, before "Section 10" insert "Section 3,"

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

Anderson, R., moved to amend S. F. No. 912, as follows:

Page 3, line 21, after "253B.11," insert "*commitments under sections 253B.07 to 253B.09, admissions to meet the needs of chemically dependent persons who would not otherwise be served*"

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

Anderson, R. moved to amend S. F. No. 912, as follows:

Page 3, line 34, delete "*administered*" and insert "*operated*"

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

S. F. No. 912, A bill for an act relating to human services; providing regional treatment center revolving fund for chemical dependency; creating a consolidated fund for payment of chemical dependency treatment; appropriating money to counties for treatment; providing for client eligibility, vendor eligibility, and state collections; providing for American Indian special funding; removing chemical dependency treatment from medical assistance, general assistance medical care, and general assistance funding; amending Minnesota Statutes 1984, sections 246.04; 246.18; 246.50, by adding a subdivision; 246.51, subdivision 1; 256B.70; and 256E.08, subdivision 7; amending Minnesota Statutes 1985 Supplement, sections 246.23; 246.54; 256B.02, subdivision 8; and 256D.03, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 246; and proposing coding for new law as Minnesota Statutes, chapter 254B.

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 99 yeas and 15 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lieder	Peterson	Shaver
Battaglia	Gruenes	Long	Piepho	Simoneau
Beard	Gutknecht	Marsh	Piper	Skogiund
Begich	Hartinger	McEachern	Poppenhagen	Sparby
Bennett	Hartle	McKasy	Price	Stanius
Blatz	Haukoos	McLaughlin	Quist	Staten
Boo	Himle	McPherson	Redalen	Sviggunn
Brandl	Jaros	Metzen	Rees	Thorson
Brown	Jennings, L.	Munger	Rest	Tjornhom
Burger	Johnson	Nelson, K.	Rice	Tomlinson
Carlson, L.	Kahn	Neuenschwander	Richter	Tompkins
Clark	Kalis	O'Connor	Riveness	Tunheim
Cohen	Kelly	Olsen, S.	Rose	Uphus
Dempsey	Kiffmeyer	Olson, E.	Sarna	Valento
Dimler	Knickerbocker	Omman	Schafer	Vellenga
Dyke	Knuth	Onnen	Scheid	Waltman
Elioff	Kostohryz	Osthoff	Schoenfeld	Wenzel
Erickson	Krueger	Otis	Schreiber	Wynia
Frederick	Kvam	Pappas	Seaberg	Zaffke
Frerichs	Levi	Pauly	Segal	

Those who voted in the negative were:

Anderson, R.	Carlson, D.	Murphy	Ogren	Solberg
Backlund	Fjoslien	Nelson, D.	Ozment	Thiede
Becklin	Minne	Norton	Rodosovich	Welle

The bill was passed and its title agreed to.

S. F. No. 1526 was reported to the House.

Neuenschwander, Bishop and Carlson, D., moved to amend S. F. No. 1526, as follows:

Page 134, after line 25, insert:

“Sec. 6. [84.0285] [GAME AND FISH CITATION QUOTAS PROHIBITED.]

*The commissioner of natural resources, or the director of the division of enforcement and field service, may not order, mandate, require, or in any manner suggest, directly or indirectly, to a conservation officer that the conservation officer issue a certain number of game and fish law violations on a daily, weekly, monthly, quarterly, or yearly quota basis, except that the commissioner or director may utilize a conservation*



*officer's total enforcement activity, in comparison to the total enforcement activity of all conservation officers, in the evaluation of an officer's performance."*

Renumber the sections in sequence in the article

Correct internal references in the article

Amend the title as follows:

Page 1, line 5, after the first semicolon, insert "barring game and fish citation quotas;"

A roll call was requested and properly seconded.

The question was taken on the Neuenschwander et al., amendment and the roll was called.

Himle moved that those not voting be excused from voting. The motion prevailed.

There were 73 yeas and 42 nays as follows:

Those who voted in the affirmative were:

Anderson, C.	Fjoslien	McKasy	Quinn	Staten
Anderson, R.	Frerichs	McLaughlin	Redalen	Sviggum
Backlund	Greenfield	McPherson	Rest	Thiede
Battaglia	Hartinger	Metzen	Rice	Thorson
Beard	Hartle	Miller	Richter	Tjornhoy
Becklin	Haukoos	Minne	Rodosovich	Tompkins
Begich	Heap	Murphy	Sarna	Tunheim
Blatz	Jacobs	Neuenschwander	Schafer	Uphus
Brown	Jennings, L.	O'Connor	Schoenfeld	Vanasek
Carlson, D.	Johnson	Ogren	Seaberg	Voss
Carlson, L.	Kiffmeyer	Olson, E.	Sherman	Waltman
Clausnitzer	Krueger	Olmann	Simoneau	Welle
Dimler	Lieder	Ozment	Solberg	Wenzel
Dyke	Marsh	Peterson	Sparby	
Elioff	McEachern	Piepho	Stanius	

Those who voted in the negative were:

Bennett	Gutknecht	Kvam	Otis	Skoglund
Boo	Himle	Levi	Pappas	Tomlinson
Brandl	Jaros	Long	Pauly	Valento
Burger	Kahn	Munger	Piper	Vellenga
Cohen	Kalis	Nelson, D.	Price	Wynia
Dempsey	Kelly	Nelson, K.	Rees	Zaffke
Erickson	Knickerbocker	Norton	Rose	
Frederick	Knuth	Olsen, S.	Schreiber	
Gruenes	Kostohryz	Osthoff	Shaver	

The motion prevailed and the amendment was adopted.

Rose moved that S. F. No. 1526, as amended, be temporarily laid over on Special Orders. The motion prevailed.

S. F. No. 2245, A bill for an act relating to elections; providing for the use of certain optical scan electronic voting systems; proposing coding for new law in Minnesota Statutes, chapter 206.

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.

Himle moved that those not voting be excused from voting. The motion prevailed.

There were 122 yeas and 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Zaffke

The bill was passed and its title agreed to.

S. F. No. 1581 was reported to the House.

Ozment moved to amend S. F. No. 1581, as follows:

Delete everything after the enacting clause and insert:

**"Section 1. [245.88] [CITATION.]**

*Sections 2 to 14 may be cited as the "child care services act." The child care services act is to be read in conjunction with the public welfare licensing act and with sections 245.83 to 245.87.*

**Sec. 2. [245.881] [PURPOSE.]**

*The legislature recognizes that the availability of child care is essential to the welfare of the state. Further, the legislature recognizes that the regulation of child care services affects the availability of child care. It is the intent of the legislature that child care standards and regulatory methods facilitate the availability of safe, affordable, quality child care throughout the state.*

**Sec. 3. [245.882] [DEFINITIONS.]**

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 2 to 14.*

*Subd. 2. [AGENCY.] "Agency" means the county social or human service agency governed by the board of county commissioners.*

*Subd. 3. [APPLICANT.] "Applicant" means an applicant for licensure as a day care provider under Minnesota Rules, parts 9545.0315 to 9545.0445.*

*Subd. 4. [CHILD.] "Child" has the definition given in section 245.83, subdivision 3.*

*Subd. 5. [CHILD CARE SERVICES.] "Child care services" has the definition given in section 245.83, subdivision 2.*

*Subd. 6. [COMMISSIONER.] "Commissioner" means the commissioner of human services.*

*Subd. 7. [DAY CARE.] "Day care" means the care of a child outside the child's own home for gain or otherwise, on a regular basis, for any part of a 24-hour day.*

*Subd. 8. [DAY CARE RULE.] "Day care rule" means any rule promulgated under section 245.802 to regulate day care as defined in this section.*

*Subd. 9. [CONSUMER.] "Consumer" means a parent who places a child in day care.*

*Subd. 10. [DEPARTMENT.] "Department" means the department of human services.*

*Subd. 11. [PARENT.] "Parent" means a person who has the legal responsibility for a child such as the child's mother, father, or legally appointed guardian.*

*Subd. 12. [PROVIDER.] "Provider" means the day care license holder and primary caregiver in a family or group family facility.*

**Sec. 4. [245.883] [RULES.]**

*Rules for family day care and group family day care homes must be adopted in consultation with representatives of counties and with families who reflect the diversity of families who use day care, including families from urban, suburban, and rural communities, and with representatives of those who operate day care homes in urban, suburban, and rural communities. In addition, the commissioner shall:*

*(1) summarize day care rules in language understandable to the general public and provide a copy of each rule and its summary to each agency and provider;*

*(2) develop and distribute to providers and applicants an information brochure, in language understandable to the general public, that:*

*(i) describes services offered to applicants by the department under section 245.783, subdivision 1;*

*(ii) summarizes procedures for appealing a denial, revocation, suspension, or nonrenewal of license as set forth in section 245.801 and in rules promulgated by the commissioner;*

*(iii) explains penalties for failure to license a day care facility or failure to take corrective action as set forth in section 245.803; and*

*(iv) explains the necessity of maintaining and providing access to records as set forth in section 245.804;*

*(3) provide an information service to consumers and providers that interprets day care rules;*

*(4) ensure that day care rules are interpreted uniformly throughout the state by providing information, training, and technical assistance to licensing agencies prior to implementing a day care rule or any revision to a day care rule; and*

*(5) conduct a thorough review of the relevant professional literature, identify objectively validated predictors of service outcomes, and incorporate these predictors in rules adopted under this section, to the extent feasible and appropriate.*

**Sec. 5. [245.884] [STANDARDS AND REGULATORY METHODS.]**

*In writing and enforcing day care rules, the commissioner shall identify, and when feasible and appropriate, incorporate objectively validated indicators of quality day care; methods for establishing child/staff ratios that take into consideration the age distribution of children in day care; and methods for establishing safety standards for day care facilities that take into consideration the findings of empirical studies of fire detection factors, fire spread factors, and evacuation of day care homes in case of fire. The commissioner shall provide an information service that will interpret day care rules and provide assistance to consumers and providers. To the extent feasible and appropriate, the commissioner shall identify and incorporate alternative methods of day care regulation that:*

*(1) increase the variety of day care available to consumers by expanding the types and categories of licensure, including the use of conditional and restricted licenses;*

*(2) establish a substantial compliance standard rather than a full or absolute compliance standard;*

*(3) include providers, consumers, advocacy groups, and experts in relevant professional fields in establishing weighted values that describe the relative importance of compliance with each provision of a day care rule;*

*(4) when appropriate, incorporate performance standards in place of specification standards to allow flexibility in regulation;*

*(5) set minimum standards for safety, sanitation, and meeting the developmental needs of children; and*

*(6) use graded licenses as a means of informing consumers about the quality of day care delivered by a provider.*

**Sec. 6. [REPORT.]**

*By January 1, 1987, the commissioner shall submit to the health and human services committees of the legislature a report on the activities and progress undertaken in implementing sections 4 and 5.*

**Sec. 7. [ACTIONS SUSPENDED.]**

*Until July 1, 1987, the commissioner shall adopt no additional rules governing family day care and group family day care except those for which notice was published in the State Register on January 27, 1986.*

**Sec. 8. [CONDITIONAL LICENSE.]**

*Until July 1, 1987, no provider or applicant is required to spend more than \$100 to meet safety rules in excess of those required to meet Group "R" occupancies under the Uniform Building Code, chapter 12, as incorporated by reference in Minnesota Rules, part 1305.0100.*

*When a county agency determines that an applicant or provider would be required to spend over \$100 for physical changes to ensure child safety, the commissioner may issue a conditional license when all of the following conditions have been met:*

*(a) The commissioner shall notify the provider or applicant in writing of the safety deficiencies.*

*(b) The commissioner shall notify the provider or applicant in writing of alternative compliance standards that would correct deficiencies, if available.*

*(c) The provider or applicant agrees in writing to notify each parent, on a form prescribed by the commissioner that requires the signature of the parent, of the safety deficiencies and the existence of the conditional license.*

**Sec. 9. [245.885] [REGULATION BY LOCAL GOVERNMENT.]**

*The authority of local units of government to establish requirements for day care facilities is limited by Minnesota Statutes, section 299F.011, subdivision 4a, clauses (1) and (2).*

**Sec. 10. [STUDY OF CHILD CARE.]**

*Subdivision 1. [TASK FORCE.] The commissioner shall establish a task force under the auspices of the council on children, youth, and families to study child care services. The task force must include elected representatives from rural and urban counties, the legislature, rural and urban providers and consumers, advocacy groups, and appropriate state agencies.*

*Subd. 2. [FOCUS OF STUDY.] The task force shall consider at least the following matters related to day care:*

*(1) availability of liability insurance for providers;*

*(2) administration of the federal department of agriculture child care food program, including guidelines for administering the programs in a manner that minimizes financial burdens on providers;*

(3) *identification of objectively validated indicators of quality day care;*

(4) *methods for establishing child/staff ratios that take into consideration the age distribution of children in day care;*

(5) *methods for establishing safety standards for day care facilities that consider the findings of empirical studies of fire detection factors, fire spread factors, and evacuation of day care homes in case of fire; and*

(6) *alternative methods of day care regulation that increase the variety of day care available to consumers and increase the types and categories of licensure, including conditional and restricted licenses.*

**Subd. 3. [REPORT ON STUDY OF CHILD CARE.]** *By January 1, 1987, the council on children, youth, and families shall submit to the health and human services committees of the legislature a report containing the findings and recommendations of the task force and proposals for legislative action. To the extent possible, the task force shall use existing research and published information in conducting the study and compiling the report.*

**Subd. 4. [ASSISTANCE TO THE TASK FORCE.]** *At the request of the council on children, youth, and families, state agencies and legislative research offices shall provide assistance to the task force.*

**Sec. 11. Minnesota Statutes 1984, section 466.01, is amended by adding a subdivision to read:**

**Subd. 4.** *For the purposes of sections 466.01 to 466.15, "day care facility" has the meaning given it in section 245.782, subdivision 5.*

**Sec. 12. Minnesota Statutes 1984, section 466.01, is amended by adding a subdivision to read:**

**Subd. 5.** *For the purposes of sections 466.01 to 466.15, "provider" has the meaning given it in section 3, subdivision 12.*

**Sec. 13. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:**

**Subd. 6d. [LICENSING OF PROVIDERS.]** *Any claim against a municipality based on the failure of a provider to meet the standards needed for a license to operate a day care facility.*

**Sec. 14. [466.131] [INDEMNIFICATION BY STATE.]**

*A municipality is an employee of the state for purposes of the indemnification provisions of section 3.736, subdivision 9, when the municipality is acting under the public welfare licensing act and rules promulgated thereunder to inspect or investigate a provider.*

**Sec. 15. [EFFECTIVE DATE.]**

*Sections 1 to 14 are effective the day following final enactment."*

Delete the title and insert:

**"A bill for an act relating to human services; setting forth legislative direction for child care services; excluding certain programs from licensing requirements; authorizing a study; ensuring safe, affordable, quality child care; directing the commissioner of human services to provide information to providers and consumers of day care; suspending administrative authority until further consideration by the legislature; indemnifying counties; amending Minnesota Statutes 1984, sections 466.01, by adding subdivisions; 466.03, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 245 and 466."**

The motion prevailed and the amendment was adopted.

The Speaker resumed the Chair.

Ozment moved to amend S. F. No. 1581, as amended, as follows:

Page 3, line 6, delete "an"

Page 3, line 7, delete "brochure"

Page 3, line 24, after "rule" insert "*, and by developing and implementing certification standards and reviewing annually each county agency for compliance with certification standards*"

Page 4, after line 15, insert:

*"(4) incorporate the use of national accreditation as a partial substitute for state licensing;"*

Renumber the remaining clauses

Page 4, line 35, after "meet" insert "fire"

Page 5, line 3, delete "a county agency" and insert "the commissioner"



Page 5, line 5, delete "child" and insert "fire"

Page 5, line 9, after "the" insert "fire"

Page 5, line 15, before "safety" insert "fire"

Page 6, line 34, delete "Any" and insert "A"

Page 6, line 36, after "facility" insert "*as defined in section 245.782, subdivision 5, for children, unless the municipality had actual knowledge of a failure to meet licensing standards that resulted in a dangerous condition that foreseeably threatened the plaintiff*"

Page 7, line 2, before "A" insert "Until July 1, 1987,"

Page 7, line 4, delete "acting under" and insert "required by"

Page 7, line 5, delete "thereunder" and insert "under it"

Page 7, line 6, after the period insert "*After July 1, 1987, a municipality is an employee of the state for purposes of the indemnification provisions of section 3.736, subdivision 9, when the municipality is required by the public welfare licensing act and rules adopted under it to inspect or investigate a provider, and the municipality has been duly certified under standards for certification developed by the commissioner of human services.*"

The motion prevailed and the amendment was adopted.

Gruenes moved to amend S. F. No. 1581, as amended, as follows:

Page 1, after line 16, insert:

"Section 1. Minnesota Statutes 1984, section 245.791, is amended to read:

245.791 [EXCLUSIONS.]

Sections 245.781 to 245.812 shall not apply to:

- (1) Day care or residential care provided by a relative to related persons;
- (2) Day care or residential care provided for a cumulative total of less than 30 days in any 12-month period;
- (3) Day care provided for persons from a single unrelated family for any length of time;

(4) A home caring for a person placed there by a licensed agency for legal adoption, unless the adoption is not completed within two years after placement;

(5) A licensed hospital whose psychiatric or chemical dependency program is located within the hospital;

(6) A nursing home, hospital, or boarding care home, licensed by the state commissioner of health, except that an identifiable unit of such a facility which regularly provides care for more than five adults defined as persons in Minnesota Statutes, section 245.782, subdivision 2, who are not residents or patients of the nursing home, hospital, or boarding care home, must be licensed under sections 245.781 to 245.812;

(7) A day care or residential program serving any number of adults who are not defined as persons under Minnesota Statutes, section 245.782, subdivision 2;

(8) A sheltered workshop day program, certified by the state board of education;

(9) A work activity day program, certified by the state board of education;

(10) A work-wage home providing care for one nonrelated child who has reached his sixteenth birthday and who has been independently placed for purposes of education or employment;

(11) A school under the general supervision of the commissioner of education or a local education agency;

(12) A residential or day care facility under the direct control and supervision of a local education agency or a state agency other than the commissioner;

(13) Day care provided for periods of no more than three hours per day for any person while his relatives are in the same building, or can be present in the same building within 30 minutes;

(14) Facilities which in the judgment of the commissioner of education are operated for the primary purpose of educating children shall be exempt from these rules and regulations except insofar as the regulations affect the health and safety of the children therein. The classrooms shall meet the applicable standards of the commissioner of public safety and state commissioner of health;

*(15) Programs not located in family or group family day care homes and whose primary purpose is to provide activities outside the regular school day for children age five and over."*

Page 7, after line 17, insert:

“Sec. 17. [SUNSET.]

*The changes made in section 1 are repealed effective June 30, 1987.”*

Renumber the sections in sequence

Correct the cross-references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 1581, A bill for an act relating to human services; exempting rural providers from licensure; establishing requirements for the regulation of child day care; prohibiting local governments from establishing special fire code requirements for small family day care homes; limiting the liability of municipalities for licensing activities; providing for indemnification of municipalities by the state; establishing a task force; requiring reports; amending Minnesota Statutes 1984, sections 245.802, subdivision 1; 299F.011, subdivision 4a; and 466.03, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 245 and 466.

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.

Frerichs moved that those not voting be excused from voting. The motion prevailed.

There were 118 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Carlson, L.	Gutknecht	Knuth	Murphy
Backlund	Clark	Hartinger	Kostohryz	Nelson, D.
Battaglia	Cohen	Hartle	Krueger	Nelson, K.
Beard	Dempsey	Haukoos	Kvam	Neuenschwander
Becklin	DenOuden	Heap	Lieder	Norton
Begich	Dimler	Himle	Long	Ogren
Bennett	Dyke	Jacobs	Marsh	Olsen, S.
Bishop	Elioff	Jaros	McDonald	Olson, E.
Blatz	Ellingson	Jennings, L.	McEachern	Omann
Boo	Erickson	Johnson	McLaughlin	Onnen
Brandl	Fjoslien	Kahn	McPherson	Otis
Brinkman	Frederick	Kalis	Metzen	Ozment
Brown	Frerichs	Kelly	Miller	Pappas
Burger	Greenfield	Kiffmeyer	Minne	Pauly
Carlson, D.	Gruenes	Knickerbocker	Munger	Peterson

Piepho	Richter	Sherman	Thorson	Voss
Piper	Riveness	Simoneau	Tjornhom	Waltman
Price	Rodosovich	Skoglund	Tomlinson	Welle
Quinn	Sarna	Solberg	Tompkins	Wenzel
Quist	Schafer	Sparby	Tunheim	Wynia
Redalen	Scheid	Stanius	Uphus	Zaffke
Rees	Seaberg	Staten	Valento	Spk. Jennings, D.
Rest	Segal	Sviggum	Vanasek	
Rice	Shaver	Thiede	Vellenga	

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

H. F. No. 1971, A resolution memorializing the President and Congress of the United States to enact the Mississippi River National Heritage Corridor Act of 1986.

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 116 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, R.	Fjoslien	Marsh	Pauly	Solberg
Backlund	Frederick	McDonald	Peterson	Sparby
Battaglia	Frerichs	McEachern	Piepho	Stanius
Beard	Greenfield	McLaughlin	Piper	Staten
Becklin	Gruenes	McPherson	Price	Sviggum
Begich	Gutknecht	Metzen	Quinn	Thiede
Bennett	Hartertinger	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	Valento
Carlson, D.	Jennings, L.	Neuenschwander	Riveness	Vanasek
Carlson, L.	Johnson	Norton	Rodosovich	Vellenga
Clark	Kahn	O'Connor	Rose	Voss
Clausnitzer	Kalis	Ogren	Sarna	Waltman
Cohen	Kelly	Olsen, S.	Schafer	Welle
Dempsey	Knickerbocker	Olson, E.	Scheid	Wenzel
DenOuden	Knuth	Omann	Seaberg	Wynia
Dimler	Kostohryz	Onnen	Segal	Spk. Jennings, D.
Dyke	Krueger	Osthoff	Shaver	
Elioff	Kvam	Otis	Sherman	
Ellingson	Lieder	Ozment	Simoneau	
Erickson	Long	Pappas	Skoglund	

Those who voted in the negative were:

Zaffke

The bill was passed and its title agreed to.

S. F. No. 1526, as amended, which was temporarily laid over earlier today on Special Orders was again reported to the House.

S. F. No. 1526, A bill for an act relating to natural resources; recodifying laws governing wild animals in general, the taking and possession of game and fish, and the management of natural resources; providing penalties; amending Minnesota Statutes 1984, sections 9.071; 14.02, subdivision 4; 14.38, subdivision 6; 18.021, subdivision 3; 84.0274, subdivision 6; 84.88, subdivision 2; 84.89; 84A.02; 85.018, subdivision 8; 86A.06; 105.391, subdivisions 3 and 12; 105.417, subdivision 4; 111.81, subdivision 1; 343.21, subdivision 8; 343.30; 352B.01, subdivision 2; 361.25; 388C.13; 477A.12; 477A.13; Minnesota Statutes 1985 Supplement, section 105.74; proposing coding for new law in Minnesota Statutes, chapters 84; 97A; 97B; 97C; 609; and 624; repealing Minnesota Statutes 1984, and 1985 Supplement, chapters 97, 98, 99, 100, 101, and 102.

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.

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

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

The following conference committee report was received:

CONFERENCE COMMITTEE REPORT ON 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.

March 14, 1986

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. 418, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendments.

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

House Conferees: TERRY M. DEMPSEY, LOREN G. JENNINGS  
and DENNIS D. OZMENT.

Senate Conferees: GENE MERRIAM, MEL FREDERICK and  
LINDA BERGLIN.

Dempsey moved that the report of the Conference Committee on H. F. No. 418 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

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, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

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

Those who voted in the negative were :

Greenfield      Norton      Staten

The bill was repassed, as amended by Conference, and its title agreed to.

### SPECIAL ORDERS, Continued

S. F. No. 2102 was reported to the House.

Clausnitzer moved to amend S. F. No. 2102, as follows :

Delete everything after the enacting clause and insert :

"Section 1. Minnesota Statutes 1984, section 518.165, is amended to read :

518.165 [GUARDIANS FOR MINOR CHILDREN.]

*Subdivision 1.* [PERMISSIVE APPOINTMENT OF GUARDIAN AD LITEM.] In all proceedings for child custody or for dissolution or legal separation where custody or visitation of a minor child is in issue, the court may appoint a guardian ad litem

from a panel established by the court to represent the interests of the child. The guardian ad litem shall advise the court with respect to custody, support and visitation. (THE COURT MAY ENTER AN ORDER FOR COSTS, FEES AND DISBURSEMENTS IN FAVOR OF THE CHILD'S GUARDIAN AD LITEM. THE ORDER MAY BE MADE AGAINST EITHER OR BOTH PARTIES, EXCEPT THAT ANY PART OF THE COSTS, FEES, AND DISBURSEMENTS WHICH THE COURT FINDS THE PARTIES ARE INCAPABLE OF PAYING SHALL BE BORNE BY THE COUNTY.)

*Subd. 2. [REQUIRED APPOINTMENT OF GUARDIAN AD LITEM.] In all proceedings for child custody or for marriage dissolution or legal separation in which custody or visitation of a minor child is an issue, if the court has reason to believe that the minor child is a victim of domestic child abuse or neglect, as those terms are defined in sections 260.015 and 626.556, respectively, the court shall appoint a guardian ad litem. The guardian ad litem shall represent the interests of the child and advise the court with respect to custody, support, and visitation. If the child is represented by a guardian ad litem in any other pending proceeding, the court may appoint that guardian to represent the child in the custody or visitation proceeding. No guardian ad litem need be appointed if the alleged domestic child abuse or neglect is before the court on a juvenile dependency and neglect petition. Nothing in this subdivision requires the court to appoint a guardian ad litem in any proceeding for child custody, marriage dissolution, or legal separation in which an allegation of domestic child abuse or neglect has not been made.*

*Subd. 3. [FEES.] A guardian ad litem appointed under either subdivision 1 or 2 may be appointed either as a volunteer or on a fee basis. If a guardian ad litem is appointed on a fee basis, the court shall enter an order for costs, fees, and disbursements in favor of the child's guardian ad litem. The order may be made against either or both parties, except that any part of the costs, fees, or disbursements which the court finds the parties are incapable of paying shall be borne by the county in which the proceeding is being held. In no event may the court order that costs, fees, or disbursements be paid by a party receiving public assistance or legal assistance or by a party whose annual income falls below the poverty line as established under United States Code, title 42, section 9902 (2).*

Sec. 2. Minnesota Statutes 1985 Supplement, section 626.556, subdivision 2, is amended to read:

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

(a) "Sexual abuse" means the subjection by a person responsible for the child's care, or by a person in a position of author-



ity, as defined in section 609.341, subdivision 10, to any act which constitutes a violation of section 609.342, 609.343, 609.344, or 609.345, or sections 609.364 to 609.3644. Sexual abuse also includes any act which involves a minor which constitutes a violation of sections 609.321 to 609.324 or 617.246.

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

(c) "Neglect" means failure by a person responsible for a child's care to supply a child with necessary food, clothing, shelter or medical care when reasonably able to do so or failure to protect a child from conditions or actions which imminently and seriously endanger the child's physical or mental health when reasonably able to do so. Nothing in this section shall be construed to (1) mean that a child is neglected solely because the child's parent, guardian or other person responsible for his care in good faith selects and depends upon spiritual means or prayer for treatment or care of disease or remedial care of the child, or (2) impose upon persons, not otherwise legally responsible for providing a child with necessary food, clothing, shelter or medical care, a duty to provide that care. Neglect also means "medical neglect" as defined in section 260.015, subdivision 10, clause (e).

(d) "Physical abuse" means any physical injury inflicted by a person responsible for the child's care on a child other than by accidental means, or any physical injury that cannot reasonably be explained by the child's history of injuries.

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

(f) "Facility" means a day care facility, residential facility, agency, hospital, sanatorium, or other facility or institution required to be licensed pursuant to sections 144.50 to 144.58, 241.021, or 245.781 to 245.812.

(g) "Operator" means an operator or agency as defined in section 245.782.

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

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

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

**Sec. 3. [EFFECTIVE DATE.]**

*Section 1 is effective January 1, 1987."*

Amend the title accordingly

The motion prevailed and the amendment was adopted.

**SUSPENSION OF RULES**

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Clausnitzer moved that the rule therein be suspended and an urgency be declared so that S. F. No. 2102, as amended, be given its third reading and be placed upon its final passage. The motion prevailed.

Clausnitzer moved that the rules of the House be so far suspended that S. F. No. 2102, as amended, be given its third reading and be placed upon its final passage. The motion prevailed.

S. F. No. 2102, A bill for an act relating to marriage dissolution and legal separation; requiring appointment of guardians ad litem in certain child custody proceedings; amending Minnesota Statutes 1984, section 518.165.

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 126 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Battaglia	Begich	Blatz	Brinkman
Anderson, R.	Beard	Bennett	Boo	Brown
Backlund	Becklin	Bishop	Brandl	Burger

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

Those who voted in the negative were:

McPherson

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

The following conference committee report was received:

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 628

A bill for an act relating to game and fish; enhancement of fish and wildlife; planning and implementation of wildlife management; conservation of marginal agricultural lands; habitat management; aspen recycling program; appropriating money; amending Minnesota Statutes 1984, sections 97.49, subdivision 3; 97.55, by adding a subdivision; 98.52, by adding a subdivision; 290.431; and 296.421, subdivisions 4 and 5; Laws 1985, chapter 4, section 10; proposing coding for new law in Minnesota Statutes, chapters 40, 84, and 88.

March 13, 1986

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. 628, 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. 628 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [40.40] [SHORT TITLE.]

*Sections 2 to 15 may be cited as the "reinvest in Minnesota resources act of 1986."*

Sec. 2. [40.401] [PURPOSE AND POLICY.]

*It is the purposes of sections 2 to 6 to keep certain marginal agricultural land out of crop production or pasture to protect soil and water quality and support fish and wildlife habitat. It is state policy to encourage the retirement of marginal, highly erodible land, particularly land adjacent to public waters and drainage systems, from crop production and to reestablish a cover of perennial vegetation.*

Sec. 3. [40.41] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 3 to 6.*

*Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of agriculture.*

*Subd. 3. [CONSERVATION EASEMENT.] "Conservation easement" means a conservation easement as defined in section 84C.01.*

*Subd. 4. [CONSERVATION RESERVE PROGRAM.] "Conservation reserve program" means the program established under section 4.*

*Subd. 5. [LANDOWNER.] "Landowner" means a Minnesota resident who owns or is a buyer under a contract for deed, of land that qualifies as a family farm, a family farm corporation or an authorized farm corporation under section 500.24, subdivision 2.*

*Subd. 6. [MARGINAL AGRICULTURAL LAND.] "Marginal agricultural land" means land that is: (1) composed of class IIIe, IVe, V, VI, VII, or VIII land as identified in the land capability classification system of the United States Department of Agriculture; or (2) similar to land described under (1) and identified under a land classification system selected by the commissioner.*

Sec. 4. [40.42] [CONSERVATION RESERVE PROGRAM.]

*Subdivision 1. [ESTABLISHMENT OF PROGRAM.] The commissioner of agriculture, in consultation with the commissioner of natural resources, shall establish and administer a conservation reserve program. Selection of land for the conservation reserve program must be based on its potential for fish and wildlife production, reducing erosion, and protecting water quality.*

*Subd. 2. [ELIGIBLE LAND.] Land may be placed in the conservation reserve program if the land:*

*(1) is marginal agricultural land, or adjacent to marginal agricultural land and beneficial to resource protection or necessary for efficient recording of the land description;*

*(2) was owned by the applicant on January 1, 1985, or for an application made on or after January 1, 1988, was owned by the applicant for at least three years before the date of application;*

*(3) is at least five acres in size, or is a whole field as defined by the United States agricultural stabilization and conservation service;*

*(4) is not set aside, enrolled or diverted under another federal or state government program; and*

*(5) was in agricultural crop production or pasture for at least two years during the period 1981 to 1985.*

*The eligible land of a landowner may not exceed 20 percent of the landowner's total acreage in the state.*

*Subd. 3. [CONSERVATION EASEMENTS.] The commissioner may acquire conservation easements on eligible land. An easement may be permanent or of limited duration. An easement of limited duration may not be acquired if it is for a period less than ten years. The negotiation and acquisition of easements authorized by this section are exempt from the contractual provisions of chapter 16B.*

*Subd. 4. [NATURE OF PROPERTY RIGHTS ACQUIRED.]*  
*(a) A conservation easement must prohibit:*

*(1) alteration of wildlife habitat and other natural features, unless specifically approved by the commissioner;*

*(2) agricultural crop production, unless specifically approved by the commissioner for wildlife management purposes;*

*(3) grazing of livestock unless approved by the commissioner after consultation with the commissioner of natural resources,*

*in the case of severe drought, or a local emergency declared under section 12.29; and*

*(4) spraying with chemicals or mowing, except as necessary to comply with noxious weed control laws or emergency control of pests necessary to protect public health.*

*(b) A conservation easement is subject to the terms of the agreement provided in subdivision 5.*

*(c) A conservation easement must allow repairs, improvements, and inspections necessary to maintain public drainage systems provided the easement area is restored to the condition required by the terms of the conservation easement.*

**Subd. 5. [AGREEMENTS BY LANDOWNER.]** *The commissioner may enroll eligible land in the conservation reserve program by signing an agreement in recordable form with a landowner in which the landowner agrees:*

*(1) to convey to the state a conservation easement that is not subject to any prior title, lien, or encumbrance;*

*(2) to seed the land subject to the conservation easement, as specified in the agreement, to establish and maintain perennial cover of either a grass-legume mixture or native grasses for the term of the easement, at seeding rates determined by the commissioner; or to plant trees or carry out other long-term capital improvements approved by the commissioner for soil and water conservation or wildlife management;*

*(3) that other land supporting natural vegetation owned or leased as part of the same farm operation during the term of the easement, if it supports natural vegetation or has not been used in agricultural crop production or pasture, will not be converted to agricultural crop production or pasture; and*

*(4) to the enforcement of the agreements in this subdivision by an action for specific performance, a mandatory injunction, or for damages in an amount not to exceed the total amount paid by the state to the landowner under subdivision 6, with interest from the date of each default under the agreement.*

**Subd. 6. [PAYMENTS FOR CONSERVATION EASEMENTS AND ESTABLISHMENT OF COVER.]** *The commissioner must make the following payments to the landowner for the conservation easement and agreement:*

*(1) to establish the perennial cover or other improvements required by the agreement, up to \$75 per acre;*

*(2) for the cost of planting trees required by the agreement, up to \$75 per acre;*

(3) for a permanent easement, 70 percent of the township average equalized estimated market value of agricultural property as established by the commissioner of revenue at the time the easement is conveyed; and

(4) for an easement of limited duration, 90 percent of the present value of the average of the acceptable bids for the federal conservation reserve program, as contained in Public Law Number 99-198, in the relevant geographic area and on bids made immediately prior to when the easement is conveyed. If federal bid figures have not been determined for the area, or the federal program has been discontinued, the rate paid shall be determined by the commissioner.

The commissioner may not pay more than \$50,000 to a landowner for all the landowner's conservation easements and agreements.

**Subd. 7. [EASEMENT RENEWAL.]** When a conservation easement of limited duration expires, a new conservation easement and agreement for an additional period of ten years may be acquired by agreement of the commissioner and the landowner, under the terms of this section. The commissioner may adjust payment rates as a result of renewing an agreement and conservation easement only after examining the condition of the established cover, conservation practices, and land values.

**Sec. 5. [40.43] [COOPERATION AND TECHNICAL ASSISTANCE; SUPPLEMENTAL CONSERVATION PAYMENT.]**

**Subdivision 1. [COOPERATION.]** In implementing sections 2 to 5 the commissioner must share information and cooperate with the department of natural resources, the pollution control agency, the United States Fish and Wildlife Service, the Agricultural Stabilization and Conservation Service and Soil Conservation Service of the United States Department of Agriculture, the Minnesota extension service, the University of Minnesota, county boards, and interested private organizations and individuals.

**Subd. 2. [TECHNICAL ASSISTANCE.]** The commissioners of agriculture and natural resources must provide necessary technical assistance to landowners enrolled in the conservation reserve program. The commissioner of natural resources must provide technical advice and assistance to the commissioner on the form and content of the conservation easement and agreement, and on agronomic practices relating to the establishment and maintenance of permanent cover, or other conservation improvements. The commissioners of agriculture and natural resources shall jointly prepare an informational booklet on the conservation reserve program and other state and federal programs for land acquisition, conservation, and retirement to be made available to eligible landowners and the general public.

*Subd. 3. [SUPPLEMENTAL CONSERVATION PAYMENTS.] The commissioner may supplement cost-share payments made under other programs, up to \$75 an acre, to the extent of available appropriations other than bond proceeds. The supplemental cost-share payments must be used to establish perennial cover on land enrolled in programs approved by the commissioner, including the federal conservation reserve program and federal and state waterbank programs.*

**Sec. 6. [40.44] [RULEMAKING.]**

*The commissioner shall adopt rules and is authorized to adopt emergency rules in order to implement sections 2 to 6. The rules must include standards for tree planting so that planting does not conflict with existing electrical lines, telephone lines, rights-of-way, or drainage ditches.*

**Sec. 7. [84.941] [POLICY.]**

*It is the policy of the state that fish and wildlife are renewable natural resources to be conserved and enhanced through planned scientific management, protection, and utilization.*

**Sec. 8. [84.942] [FISH AND WILDLIFE RESOURCES MANAGEMENT PLAN.]**

*Subdivision 1. [PREPARATION.] The commissioner of natural resources shall prepare a comprehensive fish and wildlife management plan designed to accomplish the policy of section 7. The comprehensive fish and wildlife management plan shall include a strategic plan as outlined in subdivision 2. The strategic plan must be completed by July 1, 1986. The management plan must also include the long-range and operational plans as described in subdivisions 3 and 4. The management plan must be completed by July 1, 1988.*

*Subd. 2. [STRATEGIC PLAN.] The strategic plan must be updated every six years and include:*

*(1) an issues analysis describing major fish and wildlife management problems;*

*(2) a description of strategies to address management problems; and*

*(3) an assessment of the need for additional fish and wildlife research facilities.*

*Subd. 3. [LONG RANGE PLAN.] The long-range plan must be updated every six years and include:*



(1) *an assessment of historical, present, and projected demand for fish and wildlife resources;*

(2) *an assessment of the capability of fish and wildlife resources to meet present and future demand;*

(3) *development of a data base capable of continuous updating and useable as a resource management tool; and*

(4) *a statement of major goals, objectives, and policies to address fish and wildlife resource management issues.*

*Subd. 4. [OPERATIONAL PLAN.] The operational plan must be reviewed and updated every two years. The operational plan must include the following:*

(1) *a description of specific actions needed to address resource management issues;*

(2) *an estimate of the expenditures necessary to implement the management actions and a description of the sources and amounts of revenue available;*

(3) *a procedure to review expenditures and evaluate the effectiveness of the management program; and*

(4) *recommendations for additional actions necessary to meet fish and wildlife management needs.*

*Subd. 5. [PUBLIC AGENCY COORDINATION.] The commissioner of natural resources must coordinate fish and wildlife planning efforts with appropriate public agencies to achieve optimum public benefit.*

*Subd. 6. [PUBLIC INVOLVEMENT.] The commissioner of natural resources must make fish and wildlife management plans available for public input, review, and comment.*

**Sec. 9. [84.943] [MINNESOTA CRITICAL HABITAT PRIVATE SECTOR MATCHING ACCOUNT.]**

*Subdivision 1. [ESTABLISHMENT.] The Minnesota critical habitat private sector matching account is established as a separate account in the state treasury. The account shall be administered by the commissioner of natural resources as provided in this section.*

*Subd. 2. [FUNDING SOURCES.] The critical habitat private sector matching account shall consist of contributions from private sources and appropriations.*

**Subd. 3. [APPROPRIATIONS MUST BE MATCHED BY PRIVATE FUNDS.]** *Appropriations to the critical habitat private sector matching account may be expended only to the extent that they are matched equally with contributions to the account from private sources or by funds contributed to the nongame wildlife management account. The private contributions may be made in cash or in contributions of land or interests in land that are designated by the commissioner of natural resources as program acquisitions. Appropriations to the account that are not matched within three years from the date of the appropriation shall cancel to the source of the appropriation. For the purposes of this section, the private contributions of land or interests in land shall be valued in accordance with their appraised value.*

**Subd. 4. [MANAGEMENT.]** *The critical habitat private sector matching account shall be managed to earn the highest interest compatible with prudent investment, preservation of principal, and reasonable liquidity. Unless an appropriation to the account reverts to its original source under subdivision 3, the principal and interest in the account remain in the account until expended as provided in this section.*

**Subd. 5. [PLEDGES AND CONTRIBUTIONS.]** *The commissioner of natural resources may accept contributions and pledges to the critical habitat private sector matching account. A pledge that is made contingent on an appropriation is acceptable and shall be reported with other pledges as required in this section. In the budget request for each biennium, the commissioner shall report the balance of contributions in the account and the amount that has been pledged for payment in the succeeding two calendar years.*

*Money in the account may be expended only for the direct acquisition or improvement of land or interests in land as provided in section 10. To the extent of available appropriations other than bond proceeds, the money matched to the nongame wildlife management account may be used for the management of nongame wildlife projects as specified in section 290.431. Acquisition includes: (1) purchase of land or an interest in land by the commissioner; or (2) acceptance by the commissioner of gifts of land or interests in land as program projects.*

**Sec. 10. [84.944] [ACQUISITION OF CRITICAL NATURAL HABITAT.]**

**Subdivision 1. [ACQUISITION CONSIDERATIONS.]** *In determining what critical natural habitat shall be acquired or improved, the commissioner shall consider:*

*(1) the significance of the land or water as existing or potential habitat for fish and wildlife and providing fish and wildlife oriented recreation;*

(2) *the significance of the land, water, or habitat improvement to maintain or enhance native plant, fish, or wildlife species designated as endangered or threatened under section 97.488;*

(3) *the presence of native ecological communities that are now uncommon or diminishing; and*

(4) *the significance of the land, water or habitat improvement to protect or enhance natural features within or contiguous to natural areas including fish spawning areas, wildlife management areas, scientific and natural areas, riparian habitat and fish and wildlife management projects.*

*Subd. 2. [DESIGNATION OF ACQUIRED SITES.] The critical natural habitat acquired by the commissioner under this section shall be designated by the commissioner as: (1) an outdoor recreation unit pursuant to section 86A.07, subdivision 3, or (2) as provided in section 97.48, subdivision 11, 26, or 27, section 101.42, subdivision 9, or section 101.475.*

*Subd. 3. [COUNTY ACQUISITION APPROVAL.] The commissioner must follow the procedures under section 97.481, subdivision 2, for critical natural habitat acquired under this section.*

Sec. 11. Minnesota Statutes 1985 Supplement, section 88.80, is amended to read:

#### 88.80 [ASPEN RECYCLING PROGRAM.]

*Subdivision 1. [ESTABLISHMENT.] The commissioner (MAY) must establish and accelerate an aspen recycling program (TO ASSURE THAT MARKETABLE STANDS OF ASPEN ARE AVAILABLE ON STATE LANDS AND MAY DESIGNATE PRIORITY AREAS ON STATE LANDS FOR ASPEN RECYCLING) providing for the betterment of public lands owned by the state by clearing trees which because of age, disease, pests, or other cause are unmarketable or increase the hazard of forest fires or infestation, permitting the regeneration of stands of healthy aspen capable of economic management, harvesting, and marketing. The financing of this program is determined to be a necessary and proper public purpose for the issuance of state bonds under the provisions of article XI, section 5 of the constitution relating to the betterment of public land, the promotion of reforestation, and prevention and abatement of forest fires and the clearing and improving of wild lands. The program shall designate priority areas on state lands for aspen recycling.*

*Subd. 2. [PILOT PROJECT.] The commissioner shall establish an aspen recycling program pilot project in the highest priority area on state lands in order to develop effective program*

*procedures and practices. With respect to the pilot project, the commissioner may restrict bidding on contracts for the cutting, removal, and disposal of aspens, and for related activities, to loggers and others residing in the pilot project area designated under the program that are financially distressed. The commissioner may establish standards and procedures for awarding logging contracts under section 86.35, relating to eligibility for employment for conservation work projects.*

*Subd. 3. [REPORT.] The commissioner shall report to the legislature by January 1, 1987 the results of the pilot project and a plan to recycle the overmature aspen stands of the state.*

**Sec. 12. [84.95] [REINVEST IN MINNESOTA RESOURCES FUND.]**

*Subdivision 1. [PROGRAM FUND; ESTABLISHMENT.] A reinvest in Minnesota resources fund is created as a separate fund in the state treasury. The fund shall be managed to earn the highest interest compatible with prudent investment, preservation of principal, and reasonable liquidity. The principal and interest attributable to the principal shall remain in the fund until spent. Proceeds of state bonds issued for purposes of the fund shall be segregated in a special account and disbursed only for capital costs of the acquisition and betterment of public land and easements in land and improvements in land for which the proceeds are appropriated.*

*Subd. 2. [PURPOSES AND EXPENDITURES.] Money from the reinvest in Minnesota resources fund may only be spent for the following fish and wildlife conservation enhancement purposes:*

*(1) development and implementation of the comprehensive fish and wildlife management plan under section 8;*

*(2) implementation of the conservation reserve program established by section 4;*

*(3) soil and water conservation practices to improve water quality, reduce soil erosion and crop surpluses;*

*(4) enhancement of fish and wildlife habitat on lakes, streams, wetlands, and public and private forest lands;*

*(5) acquisition and development of public access sites and recreation easements to lakes, streams, and rivers for fish and wildlife oriented recreation;*

*(6) matching funds with government agencies and the private sector for acquisition and improvement of fish and wildlife habitat;*

(7) *research and surveys of fish and wildlife species and habitat;*

(8) *enforcement of natural resource laws and regulations;*

(9) *information and education;*

(10) *implementing the aspen recycling program under section 11; and*

(11) *necessary support services to carry out these purposes.*

Sec. 13. Minnesota Statutes 1984, section 97.49, subdivision 3, is amended to read:

Subd. 3. A sum equal to: (1) 35 percent of the gross receipts from all special use permits and leases of lands acquired for public hunting grounds and game refuges, or (2) 50 cents per acre on purchased land actually used for public hunting grounds and game refuges, or (3) three-quarters of one percent of the appraised value of purchased land actually used for public hunting grounds and game refuges, whichever amount is the greater, shall be paid out of the (GAME AND FISH) *general* fund annually to the county in which said lands are located, to be distributed by the county treasurer among the county and the respective towns and school districts wherein such grounds and refuges lie, on the same basis as if the payments were received as taxes on such lands, payable in the current year, but this provision shall not apply to state trust fund lands or any other state lands not purchased for game refuge and public hunting ground purposes. The county's share of the proceeds shall be deposited in the county general revenue fund. For the purpose of determining the applicability of payments pursuant to clause (3) above, the appraised value of the lands acquired shall be deemed to be the purchase or acquisition price thereof during the first five years following acquisition. After the expiration of five years from the date of acquisition or, in the case of lands acquired prior to July 1, 1974, within 90 days after July 1, 1979, and thereafter at five year intervals, a current appraisal of the land shall be made by the appropriate county assessor, and shall govern payments.

Sec. 14. Minnesota Statutes 1984, section 290.431, is amended to read:

290.431 [NONGAME WILDLIFE CHECKOFF.]

Every individual who files an income tax return or property tax refund claim form may designate on their original return that \$1 or more shall be added to the tax or deducted from the refund that would otherwise be payable by or to that individual and paid into an account to be established for the management

of nongame wildlife. 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 a portion of their tax or refund shall be paid into the nongame wildlife management account. The sum of the amounts so designated to be paid shall be credited to the nongame wildlife management account for use by the nongame (SECTION) *program* of the (DIVISION) *section* of wildlife in the department of natural resources. *All interest earned on money accrued in the nongame wildlife management account shall be credited to the account by the state treasurer.* The commissioner of natural resources shall submit a work program for each fiscal year and semi-annual progress reports to the legislative commission on Minnesota resources in the form determined by the commission. None of the money provided in this section may be expended unless the commission has approved the work program.

The state pledges and agrees with all contributors to the nongame wildlife management account to use the funds contributed solely for the management of nongame wildlife projects and further agrees that it will not impose additional conditions or restrictions that will limit or otherwise restrict the ability of the commissioner of natural resources to use the available funds for the most efficient and effective management of nongame wildlife.

Sec. 15. S. F. No. 1526, article 1, section 11, subdivision 1, if enacted at the 1986 regular session, is amended to read:

Sec. 11. [97A.061] [PAYMENT IN LIEU OF TAXES.]

Subdivision 1. [APPLICABILITY; AMOUNT.] (a) The commissioner shall annually make a payment from the (GAME AND FISH) *general* fund to each county having public hunting areas and game refuges. This section does not apply to state trust fund land and other state land not purchased for game refuge or public hunting purposes. The payment shall be the greatest of:

(1) 35 percent of the gross receipts from all special use permits and leases of land acquired for public hunting and game refuges;

(2) 50 cents per acre on land purchased actually used for public hunting or game refuges; or

(3) three-fourths of one percent of the appraised value of purchased land actually used for public hunting and game refuges.

(b) The payment must be reduced by the amount paid under subdivision 3 for croplands managed for wild geese. [97.49 s. 7]

(c) The appraised value is the purchase price for five years after acquisition. The appraised value shall be determined by the county assessor every five years after acquisition. [97.49 s. 3]

Sec. 16. [BONDS AUTHORIZED.]

*The commissioner of finance upon request of the governor shall sell and issue bonds of the state in an amount up to \$16,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.641 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the reinvest in Minnesota resources fund.*

Sec. 17. [APPROPRIATIONS.]

*Subdivision 1. [APPROPRIATION TO RESOURCES FUND.] There is appropriated to the reinvest in Minnesota resources fund, other than the bond proceeds account within that fund, any money appropriated by law.*

*Subd. 2. [BOND PROCEEDS APPROPRIATION.] \$16,000,000 is appropriated from the bond proceeds account of the reinvest in Minnesota resources fund to the agencies and account for the purposes specified in this section.*

*Subd. 3. [COMMISSIONER OF AGRICULTURE.] \$10,000,000 is appropriated to the commissioner of agriculture:*

*(a) from the bond proceeds account of the reinvest in Minnesota resources fund for the conservation reserve program under section 4, to be available until expended . . . . . \$9,400,000*

*(b) from the bond proceeds account of the reinvest in Minnesota resources fund for administration of the conservation reserve program under sections 2 to 5 to be available until June 30, 1987 . . . . . \$ 600,000*

*\$500,000 of this appropriation must be distributed to soil and water conservation districts.*

*The approved complement of the department of agriculture is increased by three positions in the unclassified service.*

*Subd. 4. [COMMISSIONER OF NATURAL RESOURCES.] \$3,600,000 is appropriated to the commissioner of natural resources:*

(a) from the bond proceeds account of the reinvest in Minnesota resources fund for fish and wildlife habitat improvements and acquisition of interests in land under the comprehensive fish and wildlife management plan under section 8, to be available until expended ..... \$2,500,000

(b) from the bond proceeds account of the reinvest in Minnesota resources fund for aspen recycling under section 12, to be available until expended ..... \$1,000,000

(c) from the general fund for the development of a fish and wildlife research center, to be available until June 30, 1987 ..... \$ 100,000

**Subd. 5. [CRITICAL HABITAT PRIVATE SECTOR MATCHING ACCOUNT.]** \$2,500,000 is appropriated from the bond proceeds account of the reinvest in Minnesota resources fund for transfer to the critical habitat private sector matching account established under section 10.

**Sec. 18. [EFFECTIVE DATE.]**

*Sections 1 to 12, 14, 16, and 17 are effective the day following final enactment. Sections 13 and 15 are effective July 1, 1987 except if Senate File No. 1526 is enacted during the 1986 regular session, section 13 is not effective."*

Delete the title and insert:

"A bill for an act relating to natural resources; providing for conservation easements on marginal agricultural lands; improving fish and wildlife habitat; requiring planning for wildlife resources and habitat management; creating a private match program; changing the funding source for certain county payments; creating new accounts in the state treasury; authorizing the sale of state bonds; appropriating money; amending Minnesota Statutes 1984, sections 97.49, subdivision 3; 290.431; Minnesota Statutes 1985 Supplement, section 88.80; proposing coding for new law in Minnesota Statutes, chapters 40 and 84."

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

House Conferees: JOHN T. ROSE, ELTON R. REDALEN, BOB WALTMAN, BOB NEUENSCHWANDER and LOREN G. JENNINGS.

Senate Conferees: RANDOLPH W. PETERSON, JOHN BERNHAGEN, GENE MERRIAM, DUANE D. BENSON and GARY M. DECramer.

Rose moved that the report of the Conference Committee on H. F. No. 628 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.



H. F. No. 628, A bill for an act relating to game and fish; enhancement of fish and wildlife; planning and implementation of wildlife management; conservation of marginal agricultural lands; habitat management; aspen recycling program; appropriating money; amending Minnesota Statutes 1984, sections 97.49, subdivision 3; 97.55, by adding a subdivision; 98.52, by adding a subdivision; 290.431; and 296.421, subdivisions 4 and 5; Laws 1985, chapter 4, section 10; proposing coding for new law in Minnesota Statutes, chapters 40, 84, and 88.

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.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 121 yeas and 6 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Burger	Levi	Richter	Zaffke	Spk. Jennings, D.
Kvam				

The bill was repassed, as amended by Conference, and its title agreed to.

There being no objection the order of business reverted to Reports of Chief Clerk.

#### REPORTS OF CHIEF CLERK

S. F. No. 1065 and H. F. No. 1015, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Carlson, D., moved that the rules be so far suspended that S. F. No. 1065 be substituted for H. F. No. 1015 and that the House File be indefinitely postponed. The motion prevailed.

#### SECOND READING OF SENATE BILLS

S. F. No. 1065 was read for the second time.

#### 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. 2023, A bill for an act relating to elections; changing certain procedures in absentee voting; increasing minimum number of election judges in certain precincts; changing certain official ballots for judicial candidates; requiring vendor bonds for certain voting systems; requiring public notice and demonstration for new voting equipment; authorizing standard ballot format; limiting number of ballots at single counting centers; amending Minnesota Statutes 1984, sections 203B.08, subdivisions 1a and 3a; 204B.22, by adding a subdivision; 204B.36, subdivision 4; 204D.14, subdivision 2; 206.56, by adding a subdivision; 206.57, by adding a subdivision; 206.58, subdivision 1; 206.82, by adding a subdivision; 206.84, subdivision 3; and 206.85, 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, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1930, A bill for an act relating to public safety; barring traffic citation quotas; proposing coding for new law in Minnesota Statutes, chapter 299D.

PATRICK E. FLAHAVEN, Secretary of the Senate

Carlson, D., moved that the House refuse to concur in the Senate amendments to H. F. No. 1930, 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. 2287, A bill for an act relating to the financing of state and local government; modifying the computation of education aids and levies for certain school districts with tax increment financing districts; imposing limitations on tax increment financing; modifying tax increment financing procedures; allocating issuance authority for obligations subject to a federal volume limitation act; eliminating the maximum interest rate for certain municipal obligations; authorizing the issuance of bonds for new purposes; authorizing establishment of a capital improvement reserve fund; modifying the procedures for issuing certain municipal bonds; modifying the investment powers of municipalities; amending Minnesota Statutes 1984, sections 115.07, subdivision 1; 115A.14, subdivision 4; 116.07, by adding a subdivision; 116D.04, subdivision 1a; 117.521, subdivision 3; 124.2131, by adding a subdivision; 124.214, by adding a subdivision; 272.01, subdivision 2; 273.72; 273.73, subdivisions 2, 8, and 10; 273.74, subdivisions 1 and 4; 273.75, subdivisions 2, 6, and 7, and by adding subdivisions; 273.76, subdivisions 4 and 7, and by adding a subdivision; 273.78; 273.86, subdivision 1; 355.11, subdivision 5; 412.301; 462C.02, subdivisions 6 and 9; 462C.06; 462C.07, subdivision 1; 466.06; 471.59, subdivision 11; 471.88, subdivisions 1, 9, and 11; 471.981, by adding subdivisions; 474.02, subdivision 3, and by adding a subdivision; 474.16, subdivision 2; 475.51, subdivision 5; 475.55, subdivisions 1, 2, and 3; 475.61, subdivision 5; and 475.66, subdivision 2; Minnesota Statutes 1985 Supplement, sections 273.74, subdivisions 2 and 3; 273.75, subdivisions 1 and 4; 273.76, subdivision 1; 353.01, subdivision 2a; 395.08; 462C.12, subdivision 2; 472B.04; 473F.02, subdivision 3; 475.52, subdivision 6; 475.56; 475.58, subdivision 1; 475.60, subdivision 2; 475.66, subdivision 1; and 475.76, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 115; 116; 297A; 458; 471; and 475; proposing coding for new law as Minnesota Statutes, chapters

116N; 458C; 471A; and 474A; repealing Minnesota Statutes, sections 462C.09, subdivisions 1 and 4; 474.16, subdivisions 1, 2, and 5; 474.21; 474.25; and 475.55, subdivisions 4 and 5; and Minnesota Statutes 1985 Supplement, sections 462C.09, subdivisions 2a, 3, 5, and 6; 474.16, subdivisions 3, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15; 474.17; 474.19; 474.20; 474.23; and 474.26.

PATRICK E. FLAHAVEN, Secretary of the Senate

Schreiber moved that the House refuse to concur in the Senate amendments to H. F. No. 2287, that the Speaker appoint a Conference Committee of 5 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.

#### ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 2287:

Schreiber, Brandl, Tomlinson, Valento and Dempsey.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1930:

Carlson, D., Neuenschwander and Johnson.

Levi moved that the House recess subject to the call of the Chair. The motion prevailed.

#### RECESS

#### RECONVENED

The House reconvened and was called to order by the Speaker.

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. 13, A house concurrent resolution commending those people responsible for planning and constructing the 1986 St. Paul Winter Carnival ice palace.

Reported the same back with the recommendation that the resolution be adopted.

The report was adopted.

Levi from the Committee on Rules and Legislative Administration to which was referred:

House Concurrent Resolution No. 14, A house concurrent resolution for Remembrance and Hope 1986.

Reported the same back with the recommendation that the resolution be adopted.

The report was adopted.

Levi from the Committee on Rules and Legislative Administration to which was referred:

House Concurrent Resolution No. 16, A house concurrent resolution relating to the delivery of bills to the governor after final adjournment.

Reported the same back with the recommendation that the resolution be adopted.

The report was adopted.

Levi from the Committee on Rules and Legislative Administration to which was referred:

House Resolution No. 48, A house resolution congratulating the Trojans team from New Prague High School for winning the 1985 Class A State High School Football Championship.

Reported the same back with the recommendation that the resolution be adopted.

The report was adopted.

Levi from the Committee on Rules and Legislative Administration to which was referred:

House Resolution No. 49, A house resolution commending the citizens of Duluth for their citywide high school reunion.

Reported the same back with the recommendation that the resolution be adopted.

The report was adopted.

Levi from the Committee on Rules and Legislative Administration to which was referred:

House Resolution No. 50, A house resolution proclaiming May 3 and 4, 1986, as Loyalty Day in Minnesota.

Reported the same back with the recommendation that the resolution be adopted.

The report was adopted.

### 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. 2329, A bill for an act relating to Dakota county; authorizing the issuance of bonds for the construction of library buildings and an annual levy for debt retirement.

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. 2123, A bill for an act relating to the city of Bloomington; authorizing the city to impose certain taxes; increasing the distribution levy from the metropolitan revenue distribution for the city for a specific time period; permitting the city to establish a special taxing district; authorizing the port authority of the city to pledge certain tax revenues to pay certain bonds and permitting it to develop leased land; authorizing development in accordance with the Generic EIS and Generic Indirect Source Permit; amending Minnesota Statutes 1984, section 473F.08, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

## CONCURRENCE AND REPASSAGE

Himle moved that the House concur in the Senate amendments to H. F. No. 2123 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2123, A bill for an act relating to the city of Bloomington; authorizing the city to impose certain taxes; increasing the distribution levy from the metropolitan revenue distribution for the city for a specific time period; permitting the city to establish a special taxing district; authorizing the port authority of the city to pledge certain tax revenues to pay certain bonds and permitting it to develop leased land; authorizing development in accordance with the Generic EIS and Generic Indirect Source Permit; amending Minnesota Statutes 1984, section 473F.08, 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.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 68 yeas and 59 nays as follows:

Those who voted in the affirmative were:

Battaglia	Frederick	Kahn	Ogren	Schafer
Bennett	Frederickson	Kelly	Olsen, S.	Schreiber
Bishop	Frerichs	Kiffmeyer	Omann	Seaberg
Blatz	Greenfield	Knickerbocker	Onnen	Shaver
Boerboom	Gruenes	Kvam	Otis	Thorson
Boo	Gutknecht	Levi	Ozment	Tompkins
Burger	Halberg	Marsh	Pauly	Uphus
Carlson, D.	Hartle	McDonald	Piepho	Valan
Carlson, J.	Haukoos	McKasy	Poppenhagen	Valento
Dempsey	Heap	Metzen	Quist	Waltman
Dyke	Himle	Minne	Redalen	Zaffke
Elioff	Jaros	Munger	Rees	Spk. Jennings, D.
Erickson	Jennings, L.	Murphy	Rice	
Forsythe	Johnson	Neuenschwander	Riveness	

Those who voted in the negative were:

Anderson, G.	Carlson, L.	Jacobs	Miller	Price
Anderson, R.	Clark	Kalis	Nelson, D.	Quinn
Backlund	Clausnitzer	Kostohryz	Nelson, K.	Rest
Beard	Cohen	Krueger	Norton	Richter
Becklin	DenOuden	Lieder	O'Connor	Rodosovich
Begich	Dimler	Long	Olson, E.	Sarna
Brandl	Ellingson	McEachern	Osthoff	Scheid
Brinkman	Fjoslien	McLaughlin	Pappas	Schoenfeld
Brown	Hartinger	McPherson	Piper	Segal

Sherman  
Skoglund  
Sparby

Stanius  
Staten  
Sviggum

Thiede  
Tjornhom  
Tomlinson

Vellenga  
Voss  
Welle

Wenzel  
Wynia

The bill was repassed, as amended by the Senate, and its title agreed to.

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 bill as a Special Order to be acted upon immediately preceding the remainder of Special Orders pending for today, March 15, 1986:

S. F. No. 1671.

SPECIAL ORDERS

S. F. No. 1671 was reported to the House.

Greenfield moved to amend S. F. No. 1671, as follows:

Delete everything after the enacting clause and insert:

“Section 1. [DEFINITIONS.]

*For the purposes of this act, the following terms have the following meanings.*

(a) *“City” means the city of Minneapolis, its city council, and any other board, authority, commission, or officer authorized by law, charter, or ordinance to exercise city powers of the nature referred to in this act.*

(b) *“Convention center” means any convention, auditorium, conference, or education center facility located at the site of the existing Minneapolis convention hall and auditorium, including all property, real or personal, tangible or intangible, located in the city, intended to be used as part of the center or additions to or extensions of it.*

(c) *“Related facilities” means all property, real or personal, tangible or intangible, that is determined by the city to facilitate the use of the convention center, including but not limited to property for parking, pedestrian needs, meetings facilities, skyways, lighting, landscaping, utilities, street facilities, and land acquired and prepared for private redevelopment in a manner related to use of the convention center.*

(d) *“Downtown taxing area” means the geographic area bounded by the portion of the Mississippi River between I-35W and Washington Avenue, the portion of Washington Avenue between the river and I-35W, the portion of I-35W between Washington Avenue and 8th Street South, the portion of 8th*



*Street South between I-35W and Portland Avenue South, the portion of Portland Avenue South between 8th Street South and I-94, the portion of I-94 from the intersection of Portland Avenue South to the intersection of I-94 and the Burlington Northern Railroad tracks, the portion of the Burlington Northern Railroad tracks from I-94 to University Avenue N.E. and including Nicollet Island, and the portion of University Avenue N.E. and S.E. from the Burlington Northern Railroad tracks to I-35W, and by I-35W from University Avenue S.E., to the river.*

## Sec. 2. [GENERAL AUTHORIZATION.]

*The city may acquire, design, construct, equip, improve, control, operate, and maintain the convention center and related facilities. The city shall have all powers necessary or convenient for those purposes and may enter into any contract for those purposes, including the financing of the convention center and any related facilities.*

*The city may contract for construction materials, supplies, and equipment in accordance with Minnesota Statutes, section 471.345, except that it may enter into contracts with persons, firms, or corporations to perform one or more or all of the functions of architect, engineer, and construction manager with respect to all or part of a project to build or remodel the convention center and related facilities. Contractors shall be selected through the process of public bidding, provided that it shall be permissible for the city to narrow the listing of eligible bidders to those which the city determines to possess sufficient expertise to perform the intended functions and the city may negotiate with the three lowest responsible bidders to achieve the lowest possible bid. The city may require any construction manager to certify a construction price and completion date to the city. The city may require the posting of a bond in an amount determined by the city to cover any costs which may be incurred over and above the certified price, including but not limited to costs incurred by the city or loss of revenues resulting from incomplete construction on the completion date and any other obligations the city may require the construction manager to bear. The city shall secure surety bonds as required in Minnesota Statutes, section 574.26, securing payment of just claims in connection with all public work undertaken by it. Persons entitled to the protection of the bonds may enforce them as provided in Minnesota Statutes, sections 574.28 to 574.32, and shall not be entitled to a lien on any property of the city under the provisions of Minnesota Statutes, sections 514.01 to 514.16.*

## Sec. 3. [BONDS.]

*Upon approval by the city's board of estimate and taxation by a vote of at least five members, the city may by resolution*

*authorize, sell, and issue bonds to finance all or a portion of the costs of acquisition or betterment of the convention center, any related facilities or replacement housing for housing removed from the site of the convention center or any related facilities or to refund the bonds issued pursuant to this act or other obligations issued by the city pursuant to Minnesota Statutes, section 273.77 to finance costs of the convention center or related facilities. The bonds may be general or limited obligations, or both. The bonds may be paid from or secured by any funds available to the city, including taxes levied under sections 4 and 5. Bonds may be issued in one or more series and sold without election. Bonds that are limited obligations may be sold at public or private sale and at the price or prices the city may determine. Bonds which are general obligations of the city shall be sold in the manner provided by Minnesota Statutes, section 475.60. The bonds shall:*

- (1) be secured;*
- (2) bear the interest rate or rates;*
- (3) have the rank or priority;*
- (4) be executed in the manner;*
- (5) be payable in the manner;*
- (6) mature; and*
- (7) be subject to the defaults, redemptions, repurchases, tender options, or other terms, as the city may determine. The city may enter into and perform all contracts deemed necessary or desirable by it to issue the bonds and apply their proceeds, including an indenture of trust with a trustee within or without the state.*

*Costs of acquisition and betterment referred to in this act include:*

- (a) costs of acquisition or betterment referred to in Minnesota Statutes, section 475.65;*
- (b) capitalized interest for a period not longer than 36 months;*
- (c) any underwriter discount and issuance expenses;*
- (d) reserves for debt service, repair, or operations; and*
- (e) costs for credit enhancement of the bonds.*

*The debt represented by the bonds shall not be included in computing any debt limitation applicable to the city. Any levy*

*of taxes required by Minnesota Statutes, section 475.61 to pay the principal of and interest on the bonds shall not be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the city. Maturities of the bonds shall not be subject to the limitations of Minnesota Statutes, section 475.54. Subject to this section, bonds authorized by this section shall be sold, issued, and secured in the manner provided in Minnesota Statutes, chapter 475.*

#### Sec. 4. [SALES AND USE TAX.]

*Subdivision 1. [IMPOSITION.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, upon approval by the city's board of estimate and taxation by a vote of at least five members, the city of Minneapolis may by ordinance impose an additional sales tax of up to one-half of one percent on sales taxable pursuant to Minnesota Statutes, chapter 297A that occur within the city, and may also by ordinance impose an additional compensating use tax of up to one-half of one percent on uses of property within the city, the sale of which would be subject to the additional sales tax but for the fact such property was sold outside the city. The tax may not be imposed on gross receipts from sales of intoxicating liquor that are exempt from taxation under sections 297A.25 to 297A.257 or other provision of chapter 297A exempting sales of intoxicating liquor and use from taxation, including amendments adopted after enactment of this act.*

*For purposes of this subdivision, sales that occur within the city shall not include (a) the sale of tangible personal property (i) which, without intermediate use, is shipped or transported outside Minneapolis 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 Minneapolis and thereafter used in a trade or business outside Minneapolis, and which is not thereafter returned to a point within Minneapolis, except in the course of interstate or intrastate commerce (storage shall not constitute intermediate use); or (ii) which the seller delivers to a common carrier for delivery outside Minneapolis, places in the United States mail or parcel post directed to the purchaser outside Minneapolis, or delivers to the purchaser outside Minneapolis by means of the seller's own delivery vehicles, and which is not thereafter returned to a point within Minneapolis, except in the course of interstate or intrastate commerce; or (b) sales which would be described in clause (e) or (u) of Minnesota Statutes, section 297A.25, subdivision 1 if the word "Minneapolis" were substituted for the words "Minnesota" or "state of Minnesota" in such clauses.*

*Subd. 2. [ENFORCEMENT; COLLECTION.] These taxes shall be subject to the same interest penalties and other rules imposed under Minnesota Statutes, chapter 297A. The commissioner of revenue may enter into appropriate agreements with*

*the city to provide for collection of these taxes by the state on behalf of the city. The commissioner may charge the city a reasonable fee for its collection from the proceeds of any taxes.*

*Subd. 3. [USE OF PROPERTY.] Revenues received from the tax may only be used:*

- (1) to pay costs of collection;*
- (2) to pay or secure the payment of any principal of, premium or interest on bonds issued in accordance with this act;*
- (3) to pay costs to acquire, design, equip, construct, improve, maintain, operate, administer, or promote the convention center or related facilities, including financing costs related to them;*
- (4) to pay reasonable and appropriate costs determined by the city to replace housing removed from the site; and*
- (5) to maintain reserves for the foregoing purposes deemed reasonable and appropriate by the city.*

*In the event of any amendment to chapter 297A enacted subsequent to the effective date of this act which exempts sales or uses which were taxable under chapter 297A on the effective date of this act, the city may by ordinance extend the tax authorized hereby to any such sales or uses provided that the city council shall have determined that such extension is necessary to provide revenues for the uses to which taxes may be applied under this section and further provided that, in the estimation of the city council, the aggregate annual collections following such extension will not exceed the aggregate annual collections which would have been generated if chapter 297A, as in effect on the effective date of this act, were then in effect. Any revenue bonds issued in accordance with this act may, with the consent of the city council, contain a covenant that the tax will be so extended to the extent necessary to pay principal and interest on the bonds when due.*

*Money for replacement housing shall be made available by the city only for new construction, conversion of nonresidential buildings, and for rehabilitation of vacant residential structures, only if all of the units in the newly constructed building, converted nonresidential building, or rehabilitated residential structure are to be used for replacement housing.*

**Sec. 5. [LIQUOR, LODGING, AND RESTAURANT TAXES.]**

*The city may, by resolution, levy in addition to taxes authorized by other law:*

(1) a sales tax of not more than three percent on the gross receipts on retail on-sales of intoxicating liquor and fermented malt beverages described in section 473.592 occurring in the downtown taxing area, provided that this tax may not be imposed if sales of intoxicating liquor and fermented malt beverages are exempt from taxation under chapter 297A;

(2) a sales tax of not more than three percent on the gross receipts from the furnishing for consideration of lodging described in section 473.592 by a hotel or motel which has more than 50 rooms available for lodging; and

(3) a sales tax of not more than three percent on the gross receipts on all sales of food primarily for consumption on or off the premises by restaurants and places of refreshment as defined by resolution of the city that occur within the downtown taxing area.

These taxes shall be applied solely to pay costs of collection and to pay or secure the payment of any principal of, premium and interest on any bonds or any costs referred to in section 4, subdivision 3. The commissioner of revenue may enter into appropriate agreements with the city to provide for the collection of these taxes by the state on behalf of the city. The commissioner may charge the city a reasonable fee for its collection from the proceeds of any taxes. These taxes shall be subject to the same interest penalties and enforcement provisions as the taxes imposed under section 473.592.

#### Sec. 6. [POWERS GRANTED NOT LIMITED.]

Except as specifically provided in this act, the exercise of powers granted in this act shall not be limited by Minnesota Statutes, chapter 475, or any conflicting city charter provision.

#### Sec. 7. [EFFECTIVE DATE.]

This act is effective the day after compliance by the governing body of the city of Minneapolis with Minnesota Statutes, section 645.021, subdivision 3, but no tax permitted by sections 4 and 5 may become effective before January 1, 1987."

The motion prevailed and the amendment was adopted.

Greenfield moved to amend S. F. No. 1671, as amended, as follows:

Page 2, line 20, before "The" insert "Subdivision 1. [ACTIVITIES; CONTRACTS.]"

Page 3, after line 17, insert:

*"Subd. 2. [LIMITATION ON EXPENDITURES.] A reasonable estimate for demolition and construction costs under construction contracts, not including costs for construction managers, architectural, engineering, and other professional fees, insurance, performance bonds, permits, licenses, taxes, the cost of issuing bonds including the costs described in paragraphs (b), (c), (d), and (e) of section 3, acquisition of real and personal property, expenditures for replacement housing, and similar costs for constructing or improving the convention center may not require more than \$118,000,000 in public funds."*

Page 5, line 35, after the period insert *"A tax may be imposed under this section only if the taxes imposed under section 5 are imposed at the maximum rate allowed under that section. The tax authorized by this section shall be imposed, and may be adjusted periodically by the city council such that the rate imposed, rounded to the next highest one-tenth of one percent, does not exceed the rate estimated to be required to produce revenue sufficient to finance the costs described in subdivision 3."*

Page 7, line 18, after the semicolon insert *"the tax imposed under this clause shall be at a rate that, when added to the sum of the rate of the sales tax imposed under Minnesota Statutes, chapter 297A, the rate of the sales tax imposed under section 4, and the rate of any other taxes on lodging in the city of Minneapolis, equals 12 percent."*

The motion prevailed and the amendment was adopted.

S. F. No. 1671, A bill for an act relating to the city of Minneapolis; authorizing the city to construct and own certain facilities; authorizing the city to levy and collect certain taxes; authorizing the city to issue bonds and expend certain funds including taxes to finance the acquisition and betterment of a convention center and related facilities.

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 37 nays as follows:

Those who voted in the affirmative were:

Battaglia	Bishop	Clark	Elioff	Greenfield
Beard	Boo	Cohen	Ellingson	Gruenes
Becklin	Brown	Dempsey	Frederick	Hartinger
Begich	Carlson, L.	Dyke	Frederickson	Jacobs

Jaros	Metzen	Omann	Rice	Staten
Jennings, L.	Minne	Osthoff	Riveness	Thorson
Johnson	Munger	Otis	Sarna	Tomlinson
Kahn	Murphy	Ozment	Scheid	Tompkins
Kelly	Nelson, D.	Pappas	Schoenfeld	Tunheim
Knickerbocker	Nelson, K.	Pauly	Schreiber	Valan
Lieder	Neuenschwander	Peterson	Seaberg	Vanasek
Long	Norton	Piepho	Segal	Vellenga
Marsh	O'Connor	Piper	Shaver	Welle
McDonald	Ogren	Price	Simoneau	Wenzel
McKasy	Olsen, S.	Rees	Solberg	Wynia
McLaughlin	Olson, E.	Rest	Sparby	Spk. Jennings, D.

**Those who voted in the negative were:**

Anderson, G.	Erickson	Kiffmeyer	Quist	Tjornhom
Anderson, R.	Fjoslien	Kostohryz	Redalen	Uphus
Bennett	Frerichs	Krueger	Richter	Valento
Blatz	Gutknecht	Kvam	Rodosovich	Waltman
Brinkman	Hartle	McEachern	Rose	Zaffke
Burger	Haukoos	McPherson	Skoglund	
DenOuden	Heap	Miller	Stanisus	
Dimler	Kalis	Onnen	Sviggum	

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.

**GENERAL ORDERS**

Levi moved that the bills on General Orders for today be continued one day. The motion prevailed.

**MOTIONS AND RESOLUTIONS**

Dempsey moved that the name of Bishop be added as an author on H. F. No. 948. The motion prevailed.

Heap moved that the name of Kelly be added as an author on H. F. No. 2183. The motion prevailed.

Rest moved that the names of Vellenga and Brown be added as authors on H. F. No. 2339. The motion prevailed.

Staten moved that the name of Segal be added as an author on H. F. No. 2561. The motion prevailed.

Staten moved that the names of Segal and Clark be added as authors on H. F. No. 2563. The motion prevailed.

Brandl moved that the name of McLaughlin be added as an author on H. F. No. 2570. The motion prevailed.

Staten moved that the name of Segal be added as an author on H. F. No. 2571. The motion prevailed.

Halberg and Seaberg introduced :

House Resolution No. 52, A house resolution congratulating the girls' swimming and diving team from Burnsville High School for winning the 1985 Girls' State High School Swimming and Diving Championship; congratulating the Braves football team from Burnsville High School for winning the 1985 Class AA State High School Football Championship; and congratulating the hockey team from Burnsville High School for winning the 1986 State High School Hockey Championship.

The resolution was referred to the Committee on Rules and Legislative Administration.

House Concurrent Resolution No. 16 was reported to the House.

#### HOUSE CONCURRENT RESOLUTION NO. 16

A house concurrent resolution relating to the delivery of bills to the governor after final adjournment.

*Whereas*, the Minnesota Constitution, Article IV, Section 23, authorizes the presentation to the Governor of bills that passed in the last three days of the session after sine die adjournment; *Now, Therefore*,

*Be It Resolved* by the House of Representatives of the State of Minnesota, the Senate concurring, that upon adjournment sine die of the 74th regular session of the Legislature, bills shall be presented to the Governor as follows :

(a) The Speaker of the House of Representatives, the Chief Clerk of the House of Representatives, the President of the Senate, and the Secretary of the Senate shall certify and sign each bill in the same manner and upon the same certification as each bill is signed for presentation to the Governor prior to adjournment sine die, and each of those officers shall continue in his designated capacity during the three days following the date of final adjournment.

(b) The Chief Clerk of the House of Representatives and the Secretary of the Senate, in accordance with the rules of the respective bodies and under the supervision and direction of the standing Committee on Rules and Legislative Administration and the standing Committee on Rules and Administration, shall carefully enroll each bill and present them to the Governor in the same manner as each bill is enrolled and presented to the Governor prior to the adjournment of the Legislature sine die.



(c) The Revisor of Statutes shall continue to assist in all of the functions relating to enrollment of bills of the House of Representatives and of the Senate under the supervision of the Chief Clerk of the House of Representatives and the Secretary of the Senate in the same manner that his assistance was rendered prior to the adjournment of the Legislature sine die.

*Be It Further Resolved* that the Chief Clerk of the House of Representatives is directed to deliver copies of this resolution to the Governor and the Secretary of State.

Levi moved that House Concurrent Resolution No. 16 be now adopted. The motion prevailed and House Concurrent Resolution No. 16 was adopted.

#### SUSPENSION OF RULES

Pursuant to rule 1.12, Rose moved that the rules be so far suspended that H. F. No. 2138 be recalled from the Committee on Rules and Legislative Administration for immediate consideration.

A roll call was requested and properly seconded.

The question was taken on the Rose motion and the roll was called. There were 98 yeas and 21 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Krueger	Ozment	Simoneau
Anderson, R.	Fjoslien	Kvam	Pauly	Skoglund
Backlund	Frederick	Levi	Peterson	Solberg
Battaglia	Frerichs	Lieder	Piepho	Sparby
Beard	Gruenes	Marsh	Poppenhagen	Sviggum
Becklin	Gutknecht	McDonald	Price	Thiede
Begich	Halberg	McEachern	Quinn	Thorson
Bennett	Hartinger	McPherson	Quist	Tjornhom
Bishop	Hartle	Metzen	Redalen	Tompkins
Blatz	Haukoos	Miller	Rees	Uphus
Boo	Heap	Minne	Rest	Valan
Brinkman	Himle	Murphy	Richter	Vanasek
Brown	Jacobs	Nelson, K.	Riveness	Voss
Burger	Jaros	Neuenschwander	Rodosovich	Waltman
Clausnitzer	Jennings, L.	Norton	Rose	Welle
Cohen	Johnson	Olsen, S.	Schafer	Wenzel
Dempsey	Kalis	Olson, E.	Scheid	Zaffke
Dimler	Kiffmeyer	Omann	Schoenfeld	Spk. Jennings, D.
Dyke	Knickerbocker	Onnen	Seaberg	
Elioff	Knuth	Osthoff	Shaver	

Those who voted in the negative were:

Carlson, L.	Kelly	Munger	Pappas	Staten
Clark	Kostohryz	O'Connor	Piper	Tunheim
Ellingson	Long	Ogren	Sarna	Vellenga
Greenfield	McLaughlin	Otis	Segal	Wynia
Kahn				

The motion prevailed.

H. F. No. 2138 was reported to the House.

H. F. No. 2138 was read for the second time.

Rose moved to amend H. F. No. 2138, the second engrossment, as follows:

Page 2, delete lines 3 to 7

Renumber subsequent section

Page 2, line 9, after the period delete "Sections 2 and 3 are" and insert "Section 2 is"

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Himle was excused for the remainder of today's session.

Clark moved to amend H. F. No. 2138, the second engrossment, as amended, as follows:

Page 1, delete lines 24 to 26

Page 2, delete lines 1 and 2 and insert:

"Sec. 2. [DEFINITIONS.]

*Subdivision 1. [TERMS.] For the purposes of sections 2 to 11, the terms defined in this section have the meaning given them.*

*Subd. 2. [STATE-HELD LAND.] "State-held land" means land on the White Earth Indian Reservation currently held by the state of Minnesota in fee or in trust.*

*Subd. 3. [WHITE EARTH INDIAN RESERVATION.] "White Earth Indian Reservation" means all land within the exterior boundaries of the 1867 Treaty with the Mississippi Chippewa establishing the White Earth Indian Reservation.*

Sec. 3. [PURPOSE.]

*The purpose of this act is to resolve disputes over the ownership of state-held land on the White Earth Indian Reservation, to restore state-held land that was wrongfully taken on the White Earth Indian Reservation to the White Earth Band of Chippewa Indians, and to investigate and recommend final resolution of disputes involving all other land that was wrongfully taken on*

*the White Earth Indian Reservation. The ultimate purpose of this act is to rectify the state of Minnesota's violation of the 1867 Treaty with the Mississippi Chippewa, which established a legally binding agreement in setting apart the White Earth Indian Reservation as reserved Chippewa homeland.*

#### Sec. 4. [COMMISSION.]

*Subdivision 1. [ESTABLISHMENT; RESPONSIBILITY.] The White Earth Indian Land Claims Commission is established as an independent body to investigate and review the land history of all land currently or once held by the state of Minnesota in fee or in trust on the White Earth Indian Reservation. It is the responsibility of the commission to conduct an impartial investigation and to review each parcel of state-held land on the reservation in order to arrive at a final resolution of the state-held land claims.*

*Subd. 2. [DUTIES.] The commission shall make a determination on a case-by-case basis as to whether or not state-held land was illegally or wrongfully taken through either tax forfeiture proceedings, probate sales, or any other wrongful or unlawful taking. The commission shall have the authority to provide a final resolution to the land claim disputes that currently exist on state-held land on the reservation on a parcel-by-parcel basis. In order to implement final resolution of the land claim disputes, the commission is authorized to transfer state-held land and the mineral rights to the land located within the reservation back to the White Earth Band or to enter a decision with the county recorder within which the land is located stating that the land was not illegally or wrongfully taken and that the state of Minnesota is the legal owner of the land.*

*Subd. 3. [MEMBERSHIP.] The commission shall consist of 11 members. Commission members shall be: the state attorney general or a member of the attorney general's official staff designated by the attorney general; the commissioner of natural resources or a member of the commissioner's official staff designated by the commissioner; three county board members, one from each of the three counties of Mahnomen, Becker, and Clearwater; a representative member of the heirs of the White Earth Band of Chippewa Indians; a representative member of the allottees of the White Earth Band of Chippewa Indians; a member of the White Earth Reservation tribal council; an American Indian spiritual leader; and an enrolled member of the Minnesota Chippewa Tribe who is not from the White Earth Band and is not currently serving in an elected or appointed position with the Minnesota Chippewa Tribe; and a federal judge knowledgeable in federal Indian law.*

*Subd. 4. [APPOINTMENT, TERMS, VACANCIES.] The three county board members shall be selected by their respective county board to serve on the commission. The tribal council*

*member shall be selected by the White Earth Reservation tribal council to serve on the commission. The representative of the allottees, the representative of the heirs, the spiritual leader, and the enrolled member of the Minnesota Chippewa Tribe shall be selected in a manner determined by the White Earth Reservation tribal council at a public hearing held for this purpose. Notice of the public hearing shall be published in a qualified newspaper of general circulation in the White Earth Indian Reservation at least ten days before the hearing. The notice must contain the time, place, and purpose of the public hearing. The federal judge shall be selected by majority vote of the other ten commission members. The federal judge shall not be a voting member of the commission, but in the case of a tie, shall cast the deciding vote. All commission appointments must be made by July 1, 1986. The members shall be appointed for the duration of the commission. Vacancies on the commission shall be filled in the same manner as the original appointments.*

*Subd. 5. [ADVISORY COMMITTEE.] The commission shall appoint an advisory committee to assist it as needed. The advisory committee shall consist of at least, a person knowledgeable in real estate law and transactions, a person knowledgeable in Indian land claims and probate matters, and a historian. The advisory committee shall meet at the discretion of the commission.*

*Subd. 6. [ASSISTANCE OF OTHER OFFICES AND AGENCIES.] The commission may request information from any state, officer, agency, or political subdivision to assist the commission in performing its duties. The officer, agency, or political subdivision is authorized and directed to promptly furnish any data requested.*

*Subd. 7. [STAFF.] The commission may employ professional, technical, consulting, and clerical services.*

*Subd. 8. [EXPENSES AND REIMBURSEMENT.] The members of the commission and advisory committee shall be reimbursed for all reasonable expenses actually incurred in the performance of their duties. Expenses of the commission shall be approved by the chair and the expenses shall be paid in the same manner as other state expenses are paid.*

*Subd. 9. [OFFICERS; BYLAWS.] The commission shall elect a chair and a vice-chair from among its members. The commission may adopt and amend bylaws which may contain any provision for the purpose of administering and regulating the affairs of the commission not inconsistent with this act.*

**Sec. 5. [INVESTIGATION AND REVIEW PROCEDURE FOR STATE-HELD LAND.]**

*Subdivision 1. [INVESTIGATION AND REVIEW.] The commission shall determine the investigation and review procedure to be used in carrying out its duties for final resolution of state-held land claims, except as otherwise provided by this act. Commission members shall not directly investigate land claim disputes but may employ individuals or contract with consultants to perform investigative services and to act as the commission's investigation unit. The investigation unit shall give notice by United States mail to all affected heirs and allottees when investigation on a particular parcel of land is begun and shall make a reasonable attempt to interview all persons with an interest in or a knowledge of the land claim dispute involved.*

*Subd. 2. [NOTICE AND HEARING REQUIREMENT.] The commission shall hold a public hearing on each parcel of state-held land on which a land claim dispute exists. More than one land claim dispute may be heard and addressed at each hearing. Hearings may be recessed from time to time and continued at a later date. The public hearing shall provide all affected interests an opportunity to participate. Hearings must be held in Ramsey county, but testimony must be taken at the White Earth Indian Reservation, if a written request is submitted to the commission at least 15 days before the hearing by an affected interested person. The commission shall, at least 30 days prior to the date set for the hearing, give notice of the hearing by United States mail to all persons having an interest in the specific land claim disputes that will be heard at the meeting, and by publication in a qualified newspaper of general circulation in the White Earth Indian Reservation.*

*Subd. 3. [HEARING PROCEDURE.] The federal judge who serves on the commission shall be the presiding officer at the hearing and shall ensure that all persons involved in the hearing are treated fairly and impartially. The commission's investigation unit shall submit into the record a written investigation report including any documents or written exhibits discovered during its investigation. Interested persons may present written and oral evidence. The presiding officer shall allow questioning of witnesses or of interested persons making oral statements. The presiding officer may limit repetitive or immaterial oral statements and questioning. Hearings must be tape recorded. Records of the proceedings must be preserved and made accessible to the public. Records must be duplicated and made available at cost, upon request.*

*Subd. 4. [FINAL RESOLUTION.] Within 60 days after each public hearing, the commission shall either order the transfer of the affected parcels of state-held land back to the White Earth Band or enter its order with the county recorder as provided in section 3. The commission shall make and submit with the order a written report of its findings on each land claim dispute finally resolved by the commission along with the reasons supporting the commission's decision.*

**Subd. 5. [APPEALS.]** Appeals to the order of final resolution must be filed within 30 days of entry of the commission's order, with the district court located in the county where the commission holds public hearings. Appeals are limited to a review of the procedure used by the commission in arriving at its decision.

**Sec. 6. [LAND TO BE HELD IN TRUST BY WHITE EARTH BAND.]**

*The state-held lands that are transferred back to the White Earth Band as provided in this act are exempt from taxation and shall be held in trust by the White Earth Band for the use and benefit of the band and its members.*

**Sec. 6. [INVESTIGATION AND REVIEW; OTHER LAND CLAIM DISPUTES.]**

*After decisions on all state-held land claim disputes have been entered, the commission shall undertake a separate investigation and review procedure for all other land that was wrongfully taken on the White Earth Indian Reservation. The investigation and hearing procedure established under section 4 shall be used for investigating and reviewing the claims. In addition, the investigation unit shall give notice by United States mail to all affected private property owners when investigation on a particular parcel of land is begun. The commission shall make recommendations on the final resolution of these claims and shall include the recommendations in the reports required under section 9.*

**Sec. 8. [MORATORIUM.]**

*A moratorium on the sale, transfer, or other disposition of state-held land and natural resources on state-held land is declared and shall be in effect on the White Earth Indian Reservation until the commission has completed the investigation and review of all state-held land as required by this act. This moratorium does not include the transfer of state-held land to the White Earth Band as provided in this act.*

**Sec. 9. [DAMAGES; REPORT TO LEGISLATURE.]**

*The commission shall determine what damages have been incurred by the members of the White Earth Band due to the wrongful taking by the state of land currently or once held by the state on a case-by-case basis. The commission shall prepare an annual report containing an itemized list of damages and an explanation and description of the damages and shall submit the first report to the legislature by January 1, 1988. Each subsequent report shall be submitted by January 1 of each year, for the duration of the commission's existence.*

**Sec. 10. [REPORT TO UNITED STATES CONGRESS AND THE LEGISLATURE.]**

*The commission shall submit an annual report to the legislature and the United States Congress which shall outline and describe the method of investigation, review, and final resolution or recommendation of final resolution of land claim disputes on all lands currently or once held by the state of Minnesota on the White Earth Indian Reservation. The first report shall be submitted by January 1, 1988. Each subsequent report shall be submitted by January 1 of each year, for the duration of the commission's existence.*

**Sec. 11. [APPROPRIATION.]**

*The sum of \$ . . . . . is appropriated from the general fund to the White Earth Land Claims Commission to carry out the purposes and intent of this act."*

Page 2, line 4, after the period delete the remainder of the line

Page 2, delete line 5 and insert: "Sections 2 to 11 are effective upon ratification by the enrolled members of the White Earth Band of Chippewa Indians by referendum."

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 35 yeas and 84 nays as follows:

Those who voted in the affirmative were:

Battaglia	Greenfield	McLaughlin	Pappas	Sherman
Beard	Jaros	Munger	Piper	Staten
Begich	Jennings, L.	Nelson, D.	Rice	Tomlinson
Brandl	Kahn	O'Connor	Riveness	Tunheim
Carlson, L.	Kelly	Ogren	Sarna	Vellenga
Clark	Kostohryz	Osthoff	Scheid	Welle
Ellingson	Long	Otis	Segal	Wynia

Those who voted in the negative were:

Anderson, G.	Brown	Frerichs	Johnson	Marsh
Anderson, R.	Burger	Gruenes	Kalis	McEachern
Backlund	Clausnitzer	Gutknecht	Kiffmeyer	McKasy
Becklin	Dimler	Halberg	Knickerbocker	McPherson
Bennett	Dyke	Hartinger	Knuth	Metzen
Bishop	Elioff	Hartle	Krueger	Miller
Blatz	Erickson	Haukoos	Kvam	Minne
Boo	Fjoslien	Heap	Levi	Norton
Brinkman	Frederick	Jacobs	Lieder	Olsen, S.

Olson, E.	Quinn	Schafer	Stanius	Valento
Omann	Quist	Schoenfeld	Sviggum	Vanasek
Onnen	Redalen	Seaberg	Thiede	Voss
Ozment	Rees	Shaver	Thorson	Waltman
Pauly	Rest	Simoneau	Tjornhom	Wenzel
Peterson	Richter	Skoglund	Tompkins	Zaffke
Piepho	Rodosovich	Solberg	Uphus	Spk. Jennings, D.
Price	Rose	Sparby	Valan	

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

Clark moved to amend H. F. No. 2138, the second engrossment, as amended, as follows:

Pages 1 and 2, delete section 2

Page 2, line 9, delete "*Sections 2 and 3 are*"

Page 2, delete line 10

Amend the title as follows:

Page 1, line 3, delete everything after the semicolon

Page 1, line 4, delete "1984, Chapter 539;"

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 33 yeas and 76 nays as follows:

Those who voted in the affirmative were:

Battaglia	Greenfield	Munger	Peterson	Staten
Beard	Jaros	Nelson, D.	Piper	Tunheim
Begich	Jennings, L.	O'Connor	Rees	Vanasek
Brandl	Kahn	Ogren	Rice	Vellenga
Carlson, L.	Kelly	Osthoff	Riveness	Wynia
Clark	Kostohryz	Otis	Sarna	
Ellingson	McLaughlin	Pappas	Sherman	

Those who voted in the negative were:

Anderson, R.	Boo	Dimler	Ferichs	Heap
Backlund	Brinkman	Dyke	Gruenes	Jacobs
Becklin	Burger	Elioff	Cutknecht	Johnson
Bennett	Clausnitzer	Erickson	Hartinger	Kiffmeyer
Bishop	Cohen	Fjoslien	Hartle	Knickerbocker
Blatz	DenOuden	Frederick	Haukoos	Knuth



Krueger	Neuenschwander	Quist	Solberg	Valento
Kvam	Norton	Redalen	Sparby	Voss
Levi	Olsen, S.	Rest	Stanius	Waltman
Lieder	Olson, E.	Richter	Sviggum	Wenzel
Marsh	Omann	Rodosovich	Thiede	Zaffke
McKasy	Onnen	Rose	Thorson	Spk. Jennings, D.
McPherson	Ozment	Schafer	Tjornhom	
Miller	Pauly	Seaberg	Tompkins	
Minne	Piepho	Shaver	Uphus	
Nelson, K.	Price	Skoglund	Valan	

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

#### 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 H. F. No. 2138, as amended, be given its third reading and be placed upon its final passage.

A roll call was requested and properly seconded.

The question was taken on the Rose motion and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 91 yeas and 22 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Marsh	Peterson	Stanius
Anderson, R.	Fjoslien	McEachern	Piepho	Sviggum
Backlund	Frederick	McKasy	Price	Thiede
Battaglia	Frerichs	McPherson	Quinn	Thorson
Beard	Gruenes	Metzen	Quist	Tjornhom
Becklin	Gutknecht	Miller	Redalen	Tompkins
Begich	Hartinger	Minne	Rest	Uphus
Bennett	Harile	Murphy	Richter	Valan
Bishop	Haukoos	Nelson, D.	Riveness	Valento
Blatz	Heap	Nelson, K.	Rodosovich	Vanasek
Boo	Jacobs	Neuenschwander	Rose	Voss
Brinkman	Johnson	Norton	Schafer	Waltman
Burger	Kiffmeyer	Ogren	Scheid	Wenzel
Clausnitzer	Knickerbocker	Olsen, S.	Seaberg	Zaffke
Cohen	Knuth	Olson, E.	Shaver	Spk. Jennings, D.
DenOuden	Krueger	Omann	Sherman	
Dimler	Kvam	Onnen	Skoglund	
Dyke	Levi	Osthoff	Solberg	
Elioff	Lieder	Pauly	Sparby	

Those who voted in the negative were:

Carlson, L.	Ellingson	Jennings, L.	Kelly	Long
Clark	Greenfield	Kahn	Kostohryz	McLaughlin

O'Connor	Pappas	Sarna	Staten	Vellenga
Otis	Piper	Segal	Tunheim	Wynia
Ozment	Rees			

The motion prevailed.

Rose moved that the rules of the House be so far suspended that H. F. No. 2138, as amended, be given its third reading and be placed upon its final passage.

A roll call was requested and properly seconded.

The question was taken on the Rose motion and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 91 yeas and 29 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Fjoslien	Lieder	Piepho	Stanius
Anderson, R.	Frederick	Marsh	Poppenhagen	Sviggum
Backlund	Frerichs	McEachern	Price	Thiede
Beard	Gruenes	McKasy	Quinn	Thorson
Becklin	Gutknecht	McPherson	Quist	Tjornhom
Bennett	Halberg	Metzen	Redalen	Tompkins
Bishop	Hartinger	Miller	Rest	Uphus
Blatz	Hartle	Minne	Richter	Valan
Boo	Haukoos	Murphy	Riveness	Valento
Brinkman	Heap	Nelson, D.	Rodosovich	Vanasek
Burger	Jacobs	Nelson, K.	Rose	Voss
Clausnitzer	Johnson	Norton	Schafer	Waltman
Cohen	Kalis	Olsen, S.	Scheid	Wenzel
Dempsey	Kiffmeyer	Olson, E.	Seaberg	Zaffke
DenOuden	Knickerbocker	Omann	Shaver	Spk. Jennings, D.
Dimler	Knuth	Onnen	Sherman	
Dyke	Krueger	Ozment	Skoglund	
Elioff	Kvam	Pauly	Solberg	
Erickson	Levi	Peterson	Sparby	

Those who voted in the negative were:

Battaglia	Ellingson	Long	Otis	Staten
Begich	Greenfield	McLaughlin	Pappas	Tomlinson
Brandl	Jennings, L.	Neuenschwander	Piper	Tunheim
Brown	Kahn	O'Connor	Rees	Vellenga
Carlson, L.	Kelly	Ogren	Sarna	Wynia
Clark	Kostohryz	Osthoff	Segal	

The motion prevailed.

H. F. No. 2138, A bill for an act relating to natural resources; disposition of wild rice license fees; extends the effective date of Laws 1984, chapter 539; amending Minnesota Statutes 1984, section 97.49, 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 88 yeas and 30 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Erickson	Lieder	Pauly	Sparby
Backlund	Fjoslien	Marsh	Peterson	Stanisus
Battaglia	Forsythe	McDonald	Piepho	Sviggum
Beard	Frederick	McEachern	Poppenhagen	Thiede
Becklin	Frerichs	McKasy	Price	Thorson
Begich	Gruenes	McPherson	Quinn	Tjornhom
Bennett	Gutknecht	Metzen	Redalen	Tompkins
Bishop	Hartinger	Miller	Rest	Uphus
Blatz	Hartle	Minne	Richter	Valan
Boo	Haukoos	Murphy	Rodosovich	Valento
Brinkman	Heap	Nelson, K.	Rose	Vanasek
Burger	Jacobs	Norton	Schafer	Voss
Clausnitzer	Johnson	Olsen, S.	Scheid	Waltman
Cohen	Kalis	Olsen, E.	Seaberg	Wenzel
DenOuden	Kiffmeyer	Omann	Shaver	Zaffke
Dimler	Knickerbocker	Onnen	Sherman	Spk. Jennings, D.
Dyke	Krueger	Osthoff	Skoglund	
Elioff	Levi	Ozment	Solberg	

Those who voted in the negative were:

Brandl	Jennings, L.	McLaughlin	Pappas	Schoenfeld
Carlson, L.	Kahn	Nelson, D.	Piper	Segal
Clark	Kelly	Neuenschwander	Rees	Staten
Ellingson	Knuth	O'Connor	Rice	Tunheim
Greenfield	Kostohryz	Ogren	Riveness	Vellenga
Jaros	Long	Otis	Sarna	Wynia

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

There being no objection the order of business reverted to Messages from the Senate.

### MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 628, A bill for an act relating to natural resources; providing for conservation easements on marginal agricultural lands; improving fish and wildlife habitat; requiring planning for wildlife resources and habitat management; creating a private match program; changing the funding source for certain county payments; creating new accounts in the state treasury; authorizing the sale of state bonds; appropriating money;

amending Minnesota Statutes 1984, sections 97.49, subdivision 3; 290.431; Minnesota Statutes 1985 Supplement, section 88.80; proposing coding for new law in Minnesota Statutes, chapters 40 and 84.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVER, 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. 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 Senate has appointed as such Committee Messrs. Jude, Spear and Merriam.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVER, 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. 1875, A bill for an act relating to health; creating a public corporation to provide health care services, education, and research; providing for governance of St. Paul Ramsey Medical Center and creation of a physicians and dentists subsidiary; proposing coding for new law as Minnesota Statutes, chapter 246A; repealing Minnesota Statutes 1984, section 383A.41, as amended.

The Senate has appointed as such Committee Mrs. Lantry and Messrs. Dieterich and Sieloff.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVER, 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. 2169, A bill for an act relating to public lands ; providing for a procedure to sell state leased lands ; providing for maximum lease rates ; providing for an endowment fund and the disposition of proceeds of the land acquisition account ; permitting Winona county to convey certain real estate to a county agricultural society ; proposing coding for new law in Minnesota Statutes, chapter 92.

The Senate has appointed as such Committee Messrs. Dicklich, Merriam and Pehler.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker :

I hereby announce that the Senate refuses to concur in the House amendments to :

S. F. No. 1869, A bill for an act relating to utilities ; changing the powers and responsibilities of the chair of the public utilities commission ; requiring the governor to appoint the chair of the commission ; changing qualification for commissioners ; requiring commissioners to file certain financial information before taking office ; prohibiting commissioners and certain employees from engaging in certain activity after leaving the commission ; requiring the commission to adopt a code of conduct ; providing penalties ; amending Minnesota Statutes 1984, sections 216A.03, subdivision 3 ; and 216A.035 ; proposing coding for new law in Minnesota Statutes, chapter 216A.

And the Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee Messrs. Dieterich, Jude and Knaak.

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

Redalen 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. 1869. The motion prevailed.

## ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1869:

Redalen, Jacobs and Gruenes.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1886:

Valento, Voss and Stanius.

## ADJOURNMENT

Levi moved that when the House adjourns today it adjourn until 11:00 a.m., Monday, March 17, 1986. The motion prevailed.

Levi moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 11:00 a.m., Monday, March 17, 1986.

EDWARD A. BURDICK, Chief Clerk, House of Representatives



## STATE OF MINNESOTA

## SEVENTY-FOURTH SESSION - 1986

## EIGHTY-EIGHTH DAY

SAINT PAUL, MINNESOTA, MONDAY, MARCH 17, 1986

The House of Representatives convened at 11:00 a.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	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	Voss
Clark	Johnson	Norton	Sarna	Waltman
Clausnitzer	Kahn	O'Connor	Schafer	Welle
Cohen	Kalis	Ogren	Scheid	Wenzel
Dempsey	Kelly	Olsen, S.	Schoenfeld	Wynia
DenOuden	Kiffmeyer	Olson, E.	Schreiber	Zaffke
Dimler	Knickerbocker	Omman	Seaberg	Spk. Jennings, D.
Dyke	Knuth	Onnen	Segal	
Elioff	Kostohryz	Osthoff	Shaver	

A quorum was present.

Vellenga was excused until 11:45 a.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Frederick 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.



Blatz; Boerboom; Carlson, D.; Carlson, J.; DenOuden; Forsythe; Frederickson; Kalis; McDonald; Olsen, S.; Poppenhagen; Schoenfeld and Valan were excused while in conference.

### PETITIONS AND COMMUNICATIONS

The following communication was received:

STATE OF MINNESOTA  
OFFICE OF THE SECRETARY OF STATE  
ST. PAUL 55155

March 11, 1986

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 1986 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:

<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Date Approved 1986</i>	<i>Date Filed 1986</i>
1600		317	March 11	March 11

Sincerely,  
JOAN ANDERSON GROWE  
Secretary of State

### REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 2062, 2257 and 2138 and S. F. Nos. 1660, 2116, 1604, 1790, 2010, 1732, 2060, 2179, 1621 and 2151 have been placed in the members' files.

S. F. No. 1604 and H. F. No. 1796, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

### SUSPENSION OF RULES

Frederickson moved that the rules be so far suspended that S. F. No. 1604 be substituted for H. F. No. 1796 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1660 and H. F. No. 1781, 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. 1660 be substituted for H. F. No. 1781 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2116 and H. F. No. 2422, 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. 2116 be substituted for H. F. No. 2422 and that the House File be indefinitely postponed. The motion prevailed.

## SECOND READING OF SENATE BILLS

S. F. Nos. 1604, 1660 and 2116 were read for the second time.

## SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, McKasy moved that the rule therein be suspended and an urgency be declared so that S. F. No. 2116 be given its third reading and be placed upon its final passage. The motion prevailed.

McKasy moved that the rules of the House be so far suspended that S. F. No. 2116 be given its third reading and be placed upon its final passage. The motion prevailed.

S. F. No. 2116, A bill for an act relating to elections; providing for removal of certain elected county officials; proposing coding for new law in Minnesota Statutes, chapter 351; repealing Minnesota Statutes 1984, sections 351.03; 351.04; 351.08 to 351.11.

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 86 yeas and 34 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Blatz	Carlson, L.	Dimler	Frerichs
Anderson, R.	Boo	Clark	Dyke	Gruenes
Backlund	Brandl	Clausnitzer	Erickson	Gutknecht
Becklin	Brinkman	Cohen	Fjoslien	Hartinger
Bennett	Burger	Dempsey	Forsythe	Hartle
Bishop	Carlson, D.	DenOuden	Frederick	Haukoos

Heap	McEachern	Otis	Rose	Tjornhom
Himle	McKasy	Pappas	Sarna	Tomlinson
Johnson	McPherson	Pauly	Schafer	Tunheim
Kelly	Metzen	Piepho	Schreiber	Valan
Kiffmeyer	Miller	Piper	Seaberg	Valento
Knickerbocker	Minne	Poppenhagen	Shaver	Vellenga
Knuth	Munger	Price	Simoneau	Waltman
Krucger	Nelson, D.	Redalen	Skoglund	Spk. Jennings, D.
Kvam	Neuenschwander	Rees	Stanius	
Levi	Olsen, S.	Richter	Sviggum	
Long	Omann	Riveness	Thiede	
Marsh	Onnen	Rodosovich	Thorson	

Those who voted in the negative were :

Battaglia	Jacobs	Nelson, K.	Scheid	Vanasek
Beard	Jaros	Norton	Segal	Voss
Begich	Jennings, L.	O'Connor	Sherman	Welle
Brown	Kalis	Ogren	Solberg	Wenzel
Elioff	Kostohryz	Olson, E.	Sparby	Wynia
Ellingson	Lieder	Osthoff	Staten	Zaffke
Greenfield	Murphy	Peterson	Tompkins	

The bill was passed and its title agreed to.

#### INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced :

Quist introduced :

H. F. No. 2581, A bill for an act relating to health; requiring licensure to practice massage; establishing a board of examiners in massage; providing for exemptions, conditions, and qualifications of licensure; proposing coding for new law in Minnesota Statutes, chapter 148.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Staten, Segal and Clark introduced :

H. F. No. 2582, A bill for an act relating to taxation; exempting certain persons age 65 or over from income and sales taxes; amending Minnesota Statutes 1984, section 290.08, by adding a subdivision; and Minnesota Statutes 1985 Supplement, section 297A.25, 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 :

Ozment, Knickerbocker, Waltman, Sparby and Knuth introduced :

H. A. No. 95, A proposal for an interim study of the structure of water agencies to review water allocation needs.

The advisory was referred to the Committee on Governmental Operations.

McLaughlin introduced :

H. A. No. 96, A proposal to study standards for licensing private detectives.

The advisory was referred to the Committee on Crime and Family Law.

Rose, Redalen, Neuenschwander, Frerichs and Miller introduced :

H. A. No. 97, A proposal to study future funding for the Reinvest in Minnesota Resources programs.

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 that the Senate has concurred in and adopted the report of the Conference Committee on :

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; 471.92; 471.993, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 471; repealing Minnesota Statutes 1984, section 471.9965.

The Senate has repassed said bill, in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to:

S. F. No. 707, A bill for an act relating to retirement; public plans generally; providing health insurance benefits for certain retired teachers; changing eligibility requirements for surviving spouse benefits; regulating coverage under the unclassified employees retirement program; amending Minnesota Statutes 1984, sections 62E.14, subdivision 1; 352.12, subdivision 2; 352D.01; 352D.015, subdivision 5; 352D.02, as amended; 352D.06, subdivision 1; 352D.065, subdivision 5; 352D.085, subdivision 1; 353.32, subdivision 1a; 354.05, subdivisions 2 and 26; 354.44, subdivision 4; 354.46, subdivision 2; and 354A.35, subdivision 2; Minnesota Statutes 1985 Supplement, sections 136C.50, subdivision 7; 353.-657, subdivision 2a; 354.55, subdivision 11; and 356.215, subdivision 4d; proposing coding for new law in Minnesota Statutes, chapter 62E.

And the Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee Messrs. Moe, D. M.; Spear; Wegscheid; Pogemiller and Renneke.

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

Knickerbocker moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 5 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. 707. The motion prevailed.

The Speaker called Halberg to the Chair.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to:

S. F. No. 1910, A bill for an act relating to transportation; adding new route to trunk highway system in substitution of existing route; allowing old highway to be turned back to city of Willmar; directing revisor of statutes to make route substitution; amending Laws 1974, chapter 151, section 3.

And the Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee Messrs. Johnson, D. E.; Schmitz and Purfeerst.

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

Ozment 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. 1910. 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. 2081, A bill for an act relating to human services ; directing the commissioner of human services to create a mental health service system ; setting forth requirements for a mental health service system ; requiring a study ; amending Minnesota Statutes 1984, section 245.69, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Sviggum moved that the House concur in the Senate amendments to H. F. No. 2081 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2081, A bill for an act relating to human services ; directing the commissioner of human services to create a mental health service system ; setting forth requirements for a mental health service system ; amending Minnesota Statutes 1984, section 245.69, 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 122 yeas and 0 nays as follows :

Those who voted in the affirmative were :

Anderson, G.	Bishop	Burger	Dempsey	Erickson
Anderson, R.	Blatz	Carlson, D.	DenOuden	Fjoslien
Backlund	Boo	Carlson, L.	Dimler	Frederick
Beard	Brandl	Clark	Dyke	Frerichs
Becklin	Brinkman	Clausnitzer	Elioff	Greenfield
Bennett	Brown	Cohen	Ellingson	Gruenes

Gutknecht	Lieder	Omann	Rivness	Tjornhom
Halberg	Long	Onnen	Rodosovich	Tomlinson
Hartinger	Marsh	Osthoff	Sarna	Tompkins
Hartle	McDonald	Otis	Schafer	Tunheim
Haukoos	McEachern	Ozment	Scheid	Uphus
Himle	McLaughlin	Pappas	Schoenfeld	Valan
Jacobs	McPherson	Pauly	Schreiber	Valento
Jaros	Metzen	Peterson	Segal	Vanasek
Jennings, L.	Miller	Piepho	Shaver	Vellenga
Johnson	Minne	Piper	Sherman	Voss
Kahn	Munger	Poppenhagen	Simoneau	Waltman
Kalis	Murphy	Price	Skoglund	Welle
Kelly	Nelson, D.	Quinn	Solberg	Wenzel
Kiffmeyer	Nelson, K.	Quist	Sparby	Wynia
Knickerbocker	Norton	Redalen	Stanius	Zaffke
Knuth	O'Connor	Rees	Staten	Spk. Jennings, D.
Kostohryz	Ogren	Rest	Sviggum	
Krueger	Olsen, S.	Rice	Thiede	
Levi	Olson, E.	Richter	Thorson	

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. 1744, A bill for an act relating to education ; making changes to the definition of a school ; providing for the admission into evidence of certain attendance records ; establishing a task force to make recommendations about compulsory attendance laws ; amending Minnesota Statutes 1984, section 120.10, subdivision 2 ; proposing coding for new law in Minnesota Statutes, chapter 634.

PATRICK E. FLAHAVER, Secretary of the Senate

Quist moved that the House refuse to concur in the Senate amendments to H. F. No. 1744, 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. 2051, A bill for an act relating to the city of St. Paul; permitting the establishment of special service districts in the city and providing taxing and other authority.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Vellenga moved that the House concur in the Senate amendments to H. F. No. 2051 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2051, A bill for an act relating to the city of St. Paul; permitting the establishment of special service districts in the city and providing taxing and other authority.

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 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Osthoff

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. 1772, A bill for an act relating to courts; increasing fees to be collected; clarifying existing fee statutes; increasing the penalty assessment imposed on persons convicted of crimes; clarifying the purposes for which it may be used; amending Minnesota Statutes 1984, section 176.451, subdivision 3; 487.31, subdivisions 1 and 4; 487.33; 514.70; 525.031; and 525.033; Minnesota Statutes 1985 Supplement, sections 357.021, subdivision 2; and 609.101.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Dempsey moved that the House concur in the Senate amendments to H. F. No. 1772 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1772, A bill for an act relating to courts; increasing fees to be collected; clarifying existing fee statutes; increasing the penalty assessment imposed on persons convicted of crimes; clarifying the purposes for which it may be used; providing for the standard of care of trustees; authorizing certain investments of trust property; providing for powers of trustees; amending Minnesota Statutes 1984, sections 176.451, subdivision 3; 487.31, subdivisions 1 and 4; 487.33, subdivisions 1 and 2; 501.125, subdivision 1, and by adding a subdivision; 501.66, subdivision 28, and by adding a subdivision; 514.70; 525.031; and 525.033; Minnesota Statutes 1985 Supplement, sections 357.021, subdivision 2; 501.125, subdivision 6; and 609.101.

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 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Blatz	Cohen	Forsythe	Haukoos
Anderson, R.	Brandl	Dempsey	Frederick	Heap
Backlund	Brinkman	DenOuden	Frerichs	Himle
Battaglia	Brown	Dimler	Greenfield	Jacobs
Beard	Burger	Dyke	Gruenes	Jaros
Becklin	Carlson, D.	Elioff	Gutknecht	Jennings, L.
Begich	Carlson, L.	Ellingson	Halberg	Johnson
Bennett	Clark	Erickson	Hartinger	Kahn
Bishop	Clausnitzer	Fjoslien	Hartle	Kalis

Kelly	Miller	Peterson	Scheid	Tomlinson
Kiffmeyer	Minne	Piepho	Schoenfeld	Tompkins
Knickerbocker	Munger	Piper	Schreiber	Tunheim
Knuth	Murphy	Poppenhagen	Seaberg	Uphus
Kostohryz	Nelson, D.	Price	Segal	Valan
Krueger	Nelson, K.	Quinn	Shaver	Valento
Kvam	Neuenschwander	Quist	Sherman	Vanasek
Levi	Norton	Redalen	Simoneau	Vellenga
Lieder	O'Connor	Rees	Skoglund	Waltman
Long	Ogren	Rest	Solberg	Welle
Marsh	Omann	Rice	Sparby	Wenzel
McDonald	Onnen	Richter	Stanius	Wynia
McEachern	Osthoff	Riveness	Staten	Zaffke
McKasy	Otis	Rodosovich	Sviggum	Spk. Jennings, D.
McLaughlin	Ozment	Rose	Thiede	
McPherson	Pappas	Sarna	Thorson	
Metzen	Pauly	Schafer	Tjornhom	

Those who voted in the negative were:

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. 2466, A bill for an act relating to natural resources; permitting use of metal detectors on certain state lands under certain conditions; authorizing additions to and deletions from certain state parks and recreation areas; imposing a penalty; proposing coding for new law in Minnesota Statutes, chapter 85.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Sviggum moved that the House concur in the Senate amendments to H. F. No. 2466 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2466, A bill for an act relating to natural resources; authorizing additions to and deletions from certain state parks and recreation areas; providing for the maintenance of roads; providing access to Forestville state park; amending Laws 1984, chapter 599, section 3.

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 3 nays as follows:

## Those who voted in the affirmative were:

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

## Those who voted in the negative were:

Murphy            Scheid            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. 2407, A bill for an act relating to state lands; direct-  
ing transfer of the Croft Mine Park, and all artifacts, machinery,  
and other personal property used in its operation, to any one or  
a combination of the city of Ironton, the city of Crosby, and the  
Croft historical park board.

PATRICK E. FLAHAVEN, Secretary of the Senate

## CONCURRENCE AND REPASSAGE

Thiede moved that the House concur in the Senate amendments to H. F. No. 2407 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2407, A bill for an act relating to state lands; direct-  
ing transfer of the Croft Mine Park, and all artifacts, machinery,

and other personal property used in its operation, to any one or a combination of the city of Ironton, the city of Crosby, and the Croft historical park board.

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

Those who voted in the negative were:

Sviggum

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. 1793, A bill for an act relating to game and fish; authorizing stocking of fish in certain streams where public access is granted; amending Minnesota Statutes 1984, section 97.485.

PATRICK E. FLAHAVEN, Secretary of the Senate

## CONCURRENCE AND REPASSAGE

Johnson moved that the House concur in the Senate amendments to H. F. No. 1793 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1793, A bill for an act relating to natural resources; authorizing stocking of fish in certain streams where public access is granted; regulating certain repairs to drainage systems in Anoka county; amending Minnesota Statutes 1984, section 97.485; and S. F. No. 1526, if enacted.

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 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Levi	Pauly	Skoglund
Anderson, R.	Fjoslien	Lieder	Peterson	Solberg
Backlund	Forsythe	Long	Piepho	Sparby
Battaglia	Frederick	Marsh	Piper	Stanius
Beard	Frerichs	McDonald	Popenhagen	Staten
Becklin	Greenfield	McEachern	Price	Sviggum
Begich	Gruenes	McLaughlin	Quinn	Thiede
Bennett	Halberg	McPherson	Quist	Thorson
Bishop	Hartinger	Metzen	Redalen	Tjornhom
Blatz	Hartle	Miller	Rees	Tomlinson
Boo	Haukoos	Minne	Rest	Tompkins
Brandl	Heap	Murphy	Rice	Tunheim
Brinkman	Himle	Nelson, D.	Richter	Uphus
Brown	Jacobs	Nelson, K.	Riveness	Valan
Burger	Jaros	Neuenschwander	Rodosovich	Valento
Carlson, D.	Jennings, L.	Norton	Rose	Vanasek
Carlson, L.	Johnson	O'Connor	Sarna	Vellenga
Clark	Kahn	Ogren	Schafer	Voss
Clausnitzer	Kalis	Olsen, S.	Scheid	Waltman
Cohen	Kelly	Olson, E.	Schoenfeld	Welle
Dempsey	Kiffmeyer	Omann	Schreiber	Wenzel
DenOuden	Knickerbocker	Onnen	Seaberg	Wynia
Dimler	Knuth	Osthoff	Segal	Zaffke
Dyke	Kostohryz	Otis	Shaver	Spk. Jennings, D.
Elioff	Krueger	Ozment	Sherman	
Ellingson	Kvam	Pappas	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. 1968, A bill for an act relating to environment; providing for the selection of locations for and developers of hazardous waste stabilization and containment facilities; authorizing the city of Babbitt to exercise certain powers for solid waste management purposes; authorizing St. Louis county to enter into joint powers agreements with the city of Babbitt; amending Minnesota Statutes 1984, sections 115.01, by adding subdivisions; 115A.03, subdivision 1, and by adding subdivisions; 115A.05, subdivision 2; 115A.06, by adding a subdivision; 115A.13; 115A.14, subdivision 6; 400.08; 400.11; 473.153, subdivision 3, and by adding a subdivision; 473.516, by adding a subdivision; 473.811, subdivision 2, and by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 275.50, subdivision 5; 473.153, subdivisions 1, 5, and 6b; 477A.012; proposing coding for new law in Minnesota Statutes, chapters 115; 115A; 116C; and 400; repealing Minnesota Statutes 1984, sections 115A.17; 400.05; and 400.10; Minnesota Statutes 1985 Supplement, section 473.811, subdivision 11.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Rose moved that the House concur in the Senate amendments to H. F. No. 1968 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1968, A bill for an act relating to environment; prohibiting certain disposal of hazardous waste; providing for the selection of locations for and developers of hazardous waste stabilization and containment facilities; authorizing establishment of county solid waste management service areas; providing for financing of certain improvements; authorizing the city of Babbitt to exercise certain powers for solid waste management purposes; authorizing St. Louis county to enter into joint powers agreements with the city of Babbitt; amending Minnesota Statutes 1984, sections 115.01, by adding subdivisions; 115A.03, subdivision 1, and by adding subdivisions; 115A.05, subdivision 2; 115A.06, by adding a subdivision; 115A.13; 115A.14, subdivision 6; 115A.15, subdivision 6; 400.08; 400.11; 473.153, subdivision 3, and by adding a subdivision; 473.516, by adding a subdivision; 473.806, subdivision 2; 473.811, subdivision 2, and by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 116.07, subdivision 4h; 275.50, subdivision 5; 473.153, subdivisions 1, 5, 6b; and 477A.012; proposing coding for new law in Minnesota Statutes, chapters 115, 115A, 116C and 400; repealing Minnesota Statutes 1984, sections 115A.17; 400.05; and 400.10; Minnesota Statutes 1985 Supplement, section 473.811, subdivision 11.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Blatz moved that the House concur in the Senate amendments to H. F. No. 450 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 450, A bill for an act relating to children; establishing a state children's trust fund for the prevention of child abuse and neglect; establishing an advisory council to assist the commissioner of public safety in administering the fund; creating a surcharge on certified copies of birth certificates to fund the trust fund; appropriating money; amending Minnesota Statutes 1984, section 144.226, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 116K.

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 103 yeas and 18 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Levi	Peterson	Solberg
Anderson, R.	Forsythe	Lieder	Piper	Sparby
Battaglia	Frederick	Long	Poppenhagen	Stanius
Beard	Frerichs	Marsh	Price	Staten
Becklin	Greenfield	McEachern	Quinn	Sviggum
Begich	Halberg	McLaughlin	Redalen	Thorson
Bennett	Hartering	McPherson	Rees	Tjornhom
Bishop	Hartle	Metzen	Rest	Tompkins
Blatz	Haukoos	Miller	Rice	Tunheim
Boo	Heap	Minne	Richter	Uphus
Brandl	Himle	Munger	Rodosovich	Valan
Brown	Jennings, L.	Murphy	Rose	Valento
Burger	Johnson	Nelson, K.	Sarna	Vanasek
Carlson, L.	Kahn	O'Connor	Schafer	Vellenga
Clark	Kelly	Ogren	Schoenfeld	Waltman
Clausnitzer	Kiffmeyer	Olsen, S.	Schreiber	Wenzel
Cohen	Knickerbocker	Olson, E.	Seaberg	Wynia
Dempsey	Knuth	Omann	Segal	Zaffke
Dimler	Kostohryz	Onnen	Shaver	Spk. Jennings, D.
Dyke	Krueger	Pappas	Simoneau	
Ethoff	Kvam	Pauly	Skoglund	

Those who voted in the negative were:

Backlund	Jacobs	Neuenschwander	Riveness	Tomlinson
Brinkman	Jaros	Norton	Scheid	Voss
Carlson, D.	Kalis	Osthoff	Sherman	Welle
Gutknecht	Nelson, D.	Otis		

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. 2256, A bill for an act relating to partnerships; revising the Uniform Limited Partnership Act; stating duties



and powers of limited partners and partnerships; amending Minnesota Statutes 1984, sections 322A.01; 322A.02; 322A.05; 322A.11; 322A.12; 322A.14; 322A.15; 322A.18; 322A.24; 322A.-26; 322A.27; 322A.31; 322A.32; 322A.39; 322A.40; 322A.41; 322A.45; 322A.47; 322A.49; 322A.52; 322A.58; 322A.63; and 322A.70.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Bishop moved that the House concur in the Senate amendments to H. F. No. 2256 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2256, A bill for an act relating to partnerships; revising the Uniform Limited Partnership Act; stating duties and powers of limited partners and partnerships; amending Minnesota Statutes 1984, sections 322A.01; 322A.02; 322A.05; 322A.11; 322A.12; 322A.14; 322A.15; 322A.18; 322A.24; 322A.-26; 322A.27; 322A.31; 322A.32; 322A.39; 322A.40; 322A.41; 322A.45; 322A.47; 322A.49; 322A.52; 322A.58; 322A.63; 322A.-65; and 322A.70.

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 0 nays as follows:

Those who voted in the affirmative were:

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

Uphus  
Valan  
Valento

Vanasek  
Vellenga  
Voss

Waltman  
Welle

Wenzel  
Wynia

Zaffke  
Spk. Jennings, D.

The bill was repassed, as amended by the Senate, and its title agreed to.

Rose was excused between the hours of 12 :25 p.m. and 1 :45 p.m.

**Mr. Speaker:**

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 2138, A bill for an act relating to natural resources; disposition of wild rice license fees; extends the effective date of Laws 1984, chapter 539; amending Minnesota Statutes 1984, section 97.49, by adding a subdivision.

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. 2010.

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. 1621.

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. 2060.

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. 1732.

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. 2179.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### FIRST READING OF SENATE BILLS

S. F. No. 2010, A bill for an act relating to education; permitting research sites on exemplary learning; permitting suspension of certain mandates; proposing coding for new law in Minnesota Statutes, chapter 121.

The bill was read for the first time.

Olsen, S., moved that S. F. No. 2010 and H. F. No. 2157, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1621, A bill for an act relating to public indebtedness; permitting the investment of debt service funds in face amount certificates; amending Minnesota Statutes 1984, sections 69.77, subdivision 2; and 136.31, subdivision 5.

The bill was read for the first time.

Dempsey moved that S. F. No. 1621 and H. F. No. 1751, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2060, A bill for an act relating to game and fish; establishing a special elk season; prescribing application for licenses, and application and license fees; providing for the removal and relocation of live elk; appropriating money to reimburse nongame wildlife fund for elk removal and relocation; dedicating license and application fees for elk depredation; amending Minnesota Statutes 1985 Supplement, section 98.46, subdivision

2; proposing coding for new law in Minnesota Statutes, chapter 100; repealing Laws 1985, chapter 272, section 2.

The bill was read for the first time and referred to the Committee on Appropriations.

S. F. No. 1732, A bill for an act relating to marriage dissolution; providing a presumption for joint legal custody; providing for custody mediation; regulating support determinations; limiting the total amount of maintenance and child support that an obligor may be liable for; limiting the percentage of income subject to income withholding; amending Minnesota Statutes 1984, sections 518.17, subdivisions 2, 4 and 5, and by adding a subdivision; 518.55, by adding a subdivision; 518.551, subdivision 5; 518.57; 518.611, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 518.611, subdivision 6; 518.64, subdivision 2; and 518.645; proposing coding for new law in Minnesota Statutes, chapter 518.

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, Dempsey moved that the rule therein be suspended and an urgency be declared so that S. F. No. 1732 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Dempsey moved that the rules of the House be so far suspended that S. F. No. 1732 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 1732 was read for the second time.

S. F. No. 1732 was reported to the House.

Dempsey moved to amend S. F. No. 1732, as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1984, section 518.17, subdivision 2, is amended to read:

Subd. 2. [FACTORS WHEN JOINT CUSTODY IS SOUGHT.] In addition to the factors listed in subdivision 1, where either joint legal or joint physical custody is contemplated or sought, the court shall consider the following relevant factors:

(a) The ability of parents to cooperate in the rearing of their children;

(b) Methods for resolving disputes regarding any major decision concerning the life of the child, and the parents' willingness to use those methods; and

(c) Whether it would be detrimental to the child if one parent were to have sole authority over the child's upbringing.

*The court shall use a rebuttable presumption that upon request of either or both parties, joint legal custody is in the best interests of the child.*

Sec. 2. Minnesota Statutes 1984, section 518.17, is amended by adding a subdivision to read:

*Subd. 6. [DEPARTURE FROM GUIDELINES BASED ON JOINT CUSTODY.] An award of joint legal custody is not a reason for departure from the guidelines in section 518.551, subdivision 5.*

Sec. 3. Minnesota Statutes 1984, section 518.175, is amended by adding a subdivision to read:

*Subd. 6. [COMPENSATORY VISITATION.] If the court finds that the noncustodial parent has been wrongfully deprived of the duly established right to visitation, the court shall order the custodial parent to permit additional visits to compensate for the visitation of which the noncustodial parent was deprived. Additional visits must be:*

*(1) of the same type and duration as the wrongfully denied visit;*

*(2) taken within one year after the wrongfully denied visit; and*

*(3) at a time acceptable to the noncustodial parent.*

Sec. 4. Minnesota Statutes 1984, section 518.551, subdivision 5, is amended to read:

*Subd. 5. [NOTICE TO PUBLIC AUTHORITY; GUIDELINES.] (a) 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) as provided in this subdivision. 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 the child's support, without regard to marital misconduct. The court shall approve a child support agreement of the parties if each party*

*is represented by independent counsel, unless the agreement is not in the interest of justice. In other cases the court shall order child support in accordance with the guidelines and the other factors set forth in paragraph (b) and any departure therefrom.*

*The court shall multiply 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) 4000	25%	30%	35%	39%	43%	47%	50%

Guidelines for support for an obligor with a monthly income of (\$6001) \$4001 or more shall be the same dollar amounts as provided for in the guidelines for an obligor with a monthly income of (\$6000) \$4000.

Net Income defined as:

Total monthly  
income less

\*((1)) (i) Federal Income Tax

\*((2)) (ii) State Income Tax

((3)) (iii) Social Security  
Deductions

((4)) (iv) (MANDATORY)  
Reasonable Pension Deductions

**\*Standard**

- Deductions apply— (5) (v) Union Dues  
 use of tax tables ((6) (vi) Cost of Dependent  
 recommended Insurance Coverage  
 ((7) (vii) Cost of Individual  
 Health/Hospitalization Coverage  
 or an (EQUIVALENT) Amount  
 for Actual Medical Expenses  
 (viii) *A Child Support or  
 Maintenance Order that is  
 Currently Being Paid.*

*“Net income” does not include the income of the obligor’s spouse.*

*((A)) (b) In addition to the child support (PAYMENT) guidelines, the court shall take into consideration the following (CRITERIA) factors in setting or modifying child support:*

*(1) all earnings, income, and resources of the (OBLIGOR) parents, including real and personal property;*

*((2) THE BASIC LIVING NEEDS OF THE OBLIGOR;)*

*((3)) (2) the financial needs and resources, physical and emotional condition, and educational needs of the child or children to be supported; (AND)*

*(3) the standards of living the child would have enjoyed had the marriage not been dissolved.*

*(4) the amount of the aid to families with dependent children grant for the child or children; and*

*(5) the parents’ debts as provided in paragraph (c).*

*((B)) (c) In establishing or modifying 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 court determines that the debt was reasonably incurred for necessary support of the child or (OBLIGEE) parent 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; and*

(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)) (c), 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 *or above* 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. Minnesota Statutes 1984, section 518.57, is amended to read:

518.57 [MINOR CHILDREN, SUPPORT.]



*Subdivision 1. [ORDER.] Upon a decree of dissolution, legal separation or annulment, the court may make a further order which is just and proper concerning the maintenance of the minor children as (IS) provided by section 518.17, and for the maintenance of any child of the parties as defined in section 518.54, as support money, and may make the same a lien or charge upon the property of the parties to the proceeding, or either of them, either at the time of the entry of the judgment or by subsequent order upon proper application (THEREFOR).*

*Subd. 2. [SEASONAL INCOME.] The court shall establish the annual support of an obligor with a seasonal income so that the obligor makes either the same monthly payments throughout the year or monthly payments that reflect variations in income.*

Sec. 6. Minnesota Statutes 1984, section 518.611, is amended by adding a subdivision to read :

*Subd. 10. [ORDER TERMINATING INCOME WITHHOLDING.] Whenever an obligation for support of a child or maintenance of a spouse, or both, terminates under the terms of the order or decree establishing the obligation, and where the obligation is enforced by an order for income withholding from the obligor, the court shall enter an order, directed to the obligor's employer or other payer of funds, which terminates the income withholding. The order terminating income withholding must specify the effective date of the order, referencing the initial order or decree establishing the support obligation.*

*The order must be entered once the following conditions have been met:*

*(1) the obligor serves written notice of the application for termination of income withholding by mail upon the obligee at the obligee's last known mailing address; and a duplicate copy of the application is served upon the public authority responsible for the processing of support collection services;*

*(2) the application for termination of income withholding specifies the event that terminates the support obligation, the effective date of the termination of the support obligation, and the applicable provisions of the order or decree that established the support obligation;*

*(3) the application includes the complete name of the obligor's employer or other payer of funds, the business mailing address, the court action and court file number, and the support and collections file number, if known; and*

*(4) after receipt of the application for termination of income withholding, the obligee or the public authority fails within 20 days to request a hearing on the issue of whether income with-*

*holding of support should continue clearly specifying the basis for the continued support obligation and, ex parte, to stay the service of the order terminating income withholding upon the obligor's employer or other payer of funds, pending the outcome of the hearing.*

**Sec. 7. [518.619] [CONTESTED CUSTODY; MEDIATION SERVICES.]**

*Subdivision 1. [MEDIATION PROCEEDING.] Except as provided in subdivision 2, if it appears on the face of the petition or other application for an order or modification of an order for the custody of a child that custody is contested, the matter may be set for mediation of the contested issue prior to or concurrent with setting the matter for hearing. The purpose of the mediation proceeding is to reduce acrimony which may exist between the parties and to develop an agreement assuring the child's close and continuing contact with both parents after the marriage is dissolved. The mediator shall use best efforts to effect a settlement of the custody dispute.*

*Subd. 2. [EXCEPTION.] If the court determines that there is probable cause that one of the parties, or a child of a party, has been physically or sexually abused by the other party, the court shall not require mediation.*

*Subd. 3. [MEDIATOR APPOINTMENT.] In order to participate in a custody mediation, a mediator must be appointed by the family court. A mediator must be a member of the professional staff of a family court, probation department, mental health services agency, or a private mediation service. The mediator must be on a list of mediators approved by the court having jurisdiction of the matter, unless the parties stipulate to a mediator not on the list.*

*Subd. 4. [MEDIATOR QUALIFICATIONS.] A mediator who performs mediation in contested child custody matters shall meet the following minimum qualifications:*

*(a) knowledge of the court system and the procedures used in contested child custody matters;*

*(b) knowledge of other resources in the community to which the parties to contested child custody matters can be referred for assistance;*

*(c) knowledge of child development, clinical issues relating to children, the effects of marriage dissolution on children, and child custody research; and*

*(d) a minimum of 40 hours of certified mediation training.*

*Subd. 5. [RECORDS; PRIVATE DATA.] Mediation proceedings shall be conducted in private. All records of a mediation proceeding shall be private and not available as evidence in an action for marriage dissolution and related proceedings on any issue in controversy in the dissolution.*

*Subd. 6. [MEDIATOR RECOMMENDATIONS.] When the parties have not reached agreement as a result of the mediation proceeding, the mediator may recommend to the court that an investigation be conducted under section 518.167, or that other action be taken to assist the parties to resolve the controversy before hearing on the issues. The mediator may conduct the investigation. The mediator may recommend that mutual restraining orders be issued in appropriate cases, pending determination of the controversy, to protect the well-being of the children involved in the controversy.*

*Subd. 7. [MEDIATION AGREEMENT.] An agreement reached by the parties as a result of mediation shall be discussed by the parties with their attorneys, if any, and the approved agreement may then be included in the marital dissolution decree or other stipulation submitted to the court.*

*Subd. 8. [RULES.] Each court shall adopt rules to implement this section, and shall compile and maintain a list of mediators.*

**Sec. 8. Minnesota Statutes 1985 Supplement, section 518.64, subdivision 2, is amended to read:**

**Subd. 2. [MODIFICATION.] The terms of a decree respecting maintenance or support may be modified upon a showing of one or more of the following: (1) substantially increased or decreased earnings of a party; (2) substantially increased or decreased need of a party; (3) receipt of assistance under sections 256.72 to 256.87; or (4) a change in the cost-of-living for either party as measured by the federal bureau of statistics, any of which makes the terms unreasonable and unfair. On a motion for modification of maintenance, the court shall apply, in addition to all other relevant factors, the factors for an award of maintenance under section 518.552 that exist at the time of the motion. On a motion for modification of support, the court shall take into consideration the needs of the children and shall not consider the financial circumstances of each party's spouse, if any. A modification which decreases support or maintenance may be made retroactive only upon a showing that any failure to pay in accord with the terms of the original order was not willful. A modification which increases support or maintenance shall not be made retroactive if the obligor has substantially complied with the previous order. Except for an award of the right of occupancy of the homestead, provided in section 518.63, all divisions of real and personal property provided by section**

518.58 shall be final, and may be revoked or modified only where the court finds the existence of conditions that justify reopening a judgement under the laws of this state. The court may impose a lien or charge on the divided property at any time while the property, or subsequently acquired property, is owned by the parties or either of them, for the payment of maintenance or support money, or may sequester the property as is provided by section 518.24.

**Sec. 9. [REPEALER.]**

*Minnesota Statutes 1984, section 518.17, subdivisions 4 and 5, are repealed.*

**Sec. 10. [EFFECTIVE DATE.]**

*Section 7 is effective January 1, 1987."*

Delete the title and insert:

"A bill for an act relating to marriage dissolution; providing a presumption for joint legal custody; providing for custody mediation; regulating support determinations; amending Minnesota Statutes 1984, sections 518.17, subdivision 2, and by adding a subdivision; 518.175, by adding a subdivision; 518.551, subdivision 5; 518.57; 518.611, by adding a subdivision; Minnesota Statutes 1985 Supplement, section 518.64, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 518; repealing Minnesota Statutes 1984, section 518.17, subdivisions 4 and 5."

The motion prevailed and the amendment was adopted.

S. F. No. 1732, A bill for an act relating to marriage dissolution; providing a presumption for joint legal custody; providing for custody mediation; regulating support determinations; limiting the total amount of maintenance and child support that an obligor may be liable for; limiting the percentage of income subject to income withholding; amending Minnesota Statutes 1984, sections 518.17, subdivisions 2, 4 and 5, and by adding a subdivision; 518.55, by adding a subdivision; 518.551, subdivision 5; 518.57; 518.611, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 518.611, subdivision 6; 518.64, subdivision 2; and 518.645; proposing coding for new law in Minnesota Statutes, chapter 518.

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 119 yeas and 4 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Jaros                      McLaughlin              Onnen                      Staten

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

### FIRST READING OF SENATE BILLS, Continued

S. F. No. 2179, A bill for an act relating to commerce; consumer protection; requiring the repair, refund, or replacement of new motor vehicles and new farm tractors under certain circumstances; prescribing certain settlement procedures; amending Minnesota Statutes 1984, section 325F.665, as amended; proposing coding for new law in Minnesota Statutes, chapter 325F.

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, Thorson moved that the rule therein be suspended and an urgency be declared so that S. F. No. 2179 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Thorson moved that the rules of the House be so far suspended that S. F. No. 2179 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 2179 was read for the second time.

S. F. No. 2179, A bill for an act relating to commerce; consumer protection; requiring the repair, refund, or replacement of new motor vehicles and new farm tractors under certain circumstances; prescribing certain settlement procedures; amending Minnesota Statutes 1984, section 325F.665, as amended; proposing coding for new law in Minnesota Statutes, chapter 325F.

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 5 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Dimler	Dyke	Thiede	Tunheim	Uphus
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The bill was passed and its title agreed to.

#### 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, R.	Beard	Bennett	Boo	Brown
Backlund	Becklin	Bishop	Brandl	Burger
Battaglia	Begich	Blatz	Brinkman	Carlson, D.

Carlson, J.	Haukoos	Metzen	Piper	Sparby
Carlson, L.	Heap	Miller	Poppenhagen	Staten
Clark	Himle	Minne	Price	Sviggum
Clausnitzer	Jacobs	Munger	Quinn	Thorson
Cohen	Jaros	Murphy	Quist	Tjornhom
Dempsey	Jennings, L.	Nelson, D.	Redalen	Tomlinson
Dimler	Johnson	Nelson, K.	Rees	Tompkins
Dyke	Kalis	Neuenschwander	Rest	Tunheim
Elioff	Kelly	Norton	Rice	Uphus
Ellingson	Kiffmeyer	O'Connor	Richter	Valento
Erickson	Knuth	Ogren	Rodosovich	Vanasek
Fjoslien	Kostohryz	Olsen, S.	Sarna	Vellenga
Forsythe	Krueger	Olson, E.	Schafer	Voss
Frederick	Kvam	Omann	Scheid	Waltman
Frerichs	Levi	Onnen	Seaberg	Welle
Greenfield	Lieder	Osthoff	Segal	Wenzel
Gruenes	Long	Otis	Shaver	Wynia
Gutknecht	McDonald	Pappas	Sherman	Zaffke
Halberg	McEachern	Pauly	Simoneau	Spk. Jennings, D.
Hartinger	McLaughlin	Peterson	Skoglund	
Hartle	McPherson	Piepho	Solberg	

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 following conference committee reports were received:

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 1782

A bill for an act relating to natural resources; enacting the lake improvement district act; providing for the creation, powers, and termination of lake improvement districts; amending Minnesota Statutes 1984, sections 378.41; 378.42; 378.43; 378.44; 378.46; 378.47; 378.51; 378.52; 378.55; 378.56; and 378.57; proposing coding for new law in Minnesota Statutes, chapter 378; repealing Minnesota Statutes 1984, sections 378.41, subdivision 3; 378.45; and 378.53.

March 15, 1986

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. 1782, 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. 1782 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [378.401] [CITATION.]

*Sections 2, 7, and 378.41 to 378.57 may be cited as the lake improvement district act.*

Sec. 2. [378.405] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 2, 7, and 378.41 to 378.57.*

*Subd. 2. [BOARD.] "Board" means county board.*

*Subd. 3. [COMMISSIONER.] "Commissioner" means the commissioner of natural resources.*

*Subd. 4. [DISTRICT.] "District" means a lake improvement district.*

*Subd. 5. [JOINT COUNTY AUTHORITY.] "Joint county authority" means a joint county authority formed by county boards under section 378.44.*

*Subd. 6. [PROPERTY OWNER.] "Property owner" means the owner of real property within the district or the buyer under contract for deed of property in the district.*

Sec. 3. Minnesota Statutes 1984, section 378.41, is amended to read:

**378.41 [(ESTABLISHMENT OF LAKE IMPROVEMENT DISTRICTS) ADMINISTRATION BY COMMISSIONER.]**

Subdivision 1. [PURPOSE.] (a) In furtherance of the policy declared in section 378.31, the commissioner (OF NATURAL RESOURCES) shall coordinate and supervise a local-state program for the establishment of lake improvement districts by counties (AND CITIES) for lakes located within their boundaries based on state guidelines and regulations and compatible with all state, regional, and local plans where (SUCH) *the* plans exist.

(b) In administration of this program the commissioner of natural resources shall consult with and obtain advice from other state agencies on those aspects of the program for which the agencies have specific legislative authority including but not limited to the department of health and the pollution control agency.

Subd. 2. [RULES.] The commissioner (OF NATURAL RESOURCES, BEFORE APRIL 1, 1979,) shall (PROMULGATE) *adopt permanent and emergency rules* (PURUSANT TO CHAP-



**TER 15 WHICH) to provide guidelines, criteria and standards for establishment of lake improvement districts by counties (AND CITIES).**

**(SUBD. 3. IN ORDER TO FINANCE THE DEVELOPMENT AND IMPLEMENTATION OF PROGRAMS FOR WATER AND RELATED LAND RESOURCES MANAGEMENT PURSUANT TO SECTIONS 378.31 TO 378.32, THE COUNTY BOARD OF ANY COUNTY MAY DESIGNATE AREAS WITHIN THE COUNTY, INCLUDING BODIES OF WATER AND RELATED LAND AREAS, AS LAKE IMPROVEMENT DISTRICTS.)**

Sec. 4. Minnesota Statutes 1984, section 378.42, is amended to read:

**378.42 [(CREATION) INITIATION AND ESTABLISHMENT BY COUNTY BOARD.]**

Subdivision 1. **[RESOLUTION OF INTENT.]** The county board may **(ESTABLISH)** *initiate the establishment of a lake improvement district in a portion of the county (BY ADOPTION OF AN APPROPRIATE RESOLUTION) under this section. The board must adopt a resolution declaring the intent of the board to establish a lake improvement district. The resolution (SHALL) must:*

*(1) specify the (TERRITORIAL) boundaries of the (AREA) district, which shall be encouraged to be as consistent as (POSSIBLE) practical with natural hydrologic boundaries (,);*

*(2) prescribe the (TYPE OR TYPES OF) water and related land resource management programs to be undertaken in the (AREA, A STATEMENT OF THE MEANS BY WHICH) district;*

*(3) state how the programs will be financed (, AND A DESIGNATION OF);*

*(4) designate the county officer or agency (WHO) that will be responsible for supervising the programs; and*

*(5) set a date for a hearing on the resolution.*

*Subd. 1a. [NOTICE TO TOWN BOARD.] The county board shall, at least 30 days before making an order establishing a lake improvement district, send the town board of a town wholly or partially within the boundaries of the proposed district a copy of the resolution to the town board and encourage the town board to respond to the proposed creation of the district.*

Subd. 2. [HEARING.] (BEFORE THE ADOPTION OF SUCH A RESOLUTION,) The county board (SHALL) *must* hold a public hearing on (THE QUESTION OF) whether (OR NOT) a lake improvement district (SHALL) *should* be established. Before the date set for the hearing, any interested person may file (HIS) objections to the formation of (SUCH) *the* district with the county auditor. At the hearing, any interested person may offer objections, criticisms, or suggestions (AS TO) *about* the necessity of the proposed district (AS OUTLINED) and (TO THE QUESTION OF WHETHER HIS) *how the person's* property will be benefited or affected by the establishment of the district.

Subd. 3. [ESTABLISHMENT.] (FOLLOWING THE HEARING,) (a) *The county board may establish a lake improvement district, by order, after making findings, if (IT APPEARS TO) the board (, AFTER CONSIDERATION OF ALL TESTIMONY,) determines that the:*

(1) proposed district is necessary or that the public welfare will be promoted by the establishment of the district (, THAT THE);

(2) property to be included in the district will be benefited by (THE ESTABLISHMENT THEREOF, AND THAT THE) *establishing the district; and*

(3) formation of the (PROPOSED) district will not cause or contribute to long range environmental pollution (, THE COUNTY BOARD, BY FORMAL ORDER, SHALL DECLARE ITS FINDINGS, SHALL ESTABLISH THE BOUNDARIES OF THE DISTRICT AND SHALL DECLARE THE DISTRICT ORGANIZED AND GIVE IT A CORPORATE NAME BY WHICH IT SHALL BE KNOWN).

(b) *The order establishing the district must state the board's findings and specify or prescribe those matters contained in subdivision 1, paragraphs (1) to (4).*

Sec. 5. Minnesota Statutes 1984, section 378.43, is amended to read:

**378.43 [INITIATION BY PETITION (FOR CREATION) AND ESTABLISHMENT BY COUNTY BOARD.]**

Sudivision 1. [PETITION.] (A PETITION SIGNED BY 51 PERCENT OF THE RESIDENT OWNERS AS DEFINED IN SECTION 112.35, SUBDIVISION 21, WITHIN THE PROPOSED LAKE IMPROVEMENT DISTRICT AS SPECIFIED IN THE PETITION SHALL BE FILED WITH THE COUNTY CLERK AND ADDRESSED TO THE BOARD REQUESTING THE ESTABLISHMENT OF A LAKE IMPROVEMENT DIS-

TRICT TO DEVELOP AND PROVIDE A PROGRAM OF WATER AND RELATED LAND RESOURCES MANAGEMENT. GOVERNMENTAL SUBDIVISIONS, OTHER THAN THE STATE OR FEDERAL GOVERNMENTS, OWNING LANDS WITHIN THE PROPOSED DISTRICT ARE ELIGIBLE TO SIGN THE PETITION.)

(THE PETITION SHALL SET FORTH THE FOLLOWING:)

((1) THE NAME OF THE PROPOSED DISTRICT;)

((2) THE NECESSITY FOR THE PROPOSED DISTRICT SO THAT THE PUBLIC HEALTH OR PUBLIC WELFARE WILL BE PROMOTED BY THE ESTABLISHMENT OF THE DISTRICT AND THAT THE LANDS TO BE INCLUDED THEREIN WILL BE BENEFITED BY THE ESTABLISHMENT OR ACCOMPLISH ANY OF THE PURPOSES OF A LAKE IMPROVEMENT DISTRICT;)

((3) THE BOUNDARIES OF THE TERRITORY, WHICH SHALL BE AS CONSISTENT AS POSSIBLE WITH NATURAL HYDROLOGIC BOUNDARIES, TO BE INCLUDED IN THE PROPOSED DISTRICT;)

((4) A MAP OF THE PROPOSED DISTRICT;)

((5) THE NUMBER OF MANAGERS PROPOSED FOR THE DISTRICT. THE MANAGERS SHALL NOT BE LESS THAN THREE NOR MORE THAN FIVE AND BE SELECTED FROM A LIST OF TEN NOMINEES; AND)

((6) A REQUEST FOR THE ORGANIZATION OF THE DISTRICT AS PROPOSED.) *(a) A lake improvement district may be initiated by a petition to the county board. The petition must state:*

*(1) the name of the proposed lake improvement district;*

*(2) the necessity of the proposed district to promote public health or public welfare;*

*(3) the benefits to property from the establishment of the lake improvement district;*

*(4) the boundaries of the proposed district which shall be encouraged to be as consistent as possible with natural hydrologic boundaries;*

*(5) a map of the proposed district;*

(6) *the number, from five to nine, of directors proposed for the district; and*

(7) *a request for establishing the district as proposed.*

(b) *A petition must be signed by 26 percent of the property owners within the proposed lake improvement district described in the petition. Governmental subdivisions, other than the state or federal governments, owning lands within the proposed district are eligible to sign the petition.*

(c) *The petition must be filed with the county auditor and addressed to the board requesting the board to establish of a lake improvement district to develop and provide a program of water and related land resources management.*

(d) *The county board shall, at least 30 days before it acts on a petition, send the town board of a town wholly or partially within the boundaries of a proposed district a copy of the petition submitted under subdivision 1 and encourage the town board to respond to the proposed creation of the district.*

Subd. 2. [HEARING.] (UPON RECEIPT OF THE PETITION, AND VERIFICATION OF THE SIGNATURES THEREON BY THE COUNTY AUDITOR, THE COUNTY BOARD SHALL, WITHIN 30 DAYS FOLLOWING VERIFICATION, HOLD A PUBLIC HEARING ON THE QUESTION OF WHETHER OR NOT THE REQUESTED LAKE IMPROVEMENT DISTRICT SHALL BE ESTABLISHED.) *After receiving the petition, the county auditor must verify the signatures and notify the county board. Within 30 days after being notified of the petition, the county board must hold a public hearing on whether the requested lake improvement district should be established.*

Subd. 3. [ESTABLISHMENT.] (WITHIN 30 DAYS FOLLOWING THE HOLDING OF A PUBLIC HEARING THE COUNTY BOARD BY RESOLUTION SHALL APPROVE OR DISAPPROVE THE ESTABLISHMENT OF THE REQUESTED LAKE IMPROVEMENT DISTRICT AND GIVE IT A CORPORATE NAME BY WHICH IT SHALL BE KNOWN. A RESOLUTION APPROVING THE CREATION OF THE LAKE IMPROVEMENT DISTRICT MAY CONTAIN MODIFICATIONS OF THE AREA'S BOUNDARIES, FUNCTIONS, FINANCING, OR ORGANIZATION FROM WHAT WAS SET FORTH IN THE PETITION.) *Within 30 days after holding the public hearing, the county board shall, by order, establish or deny the establishment of the petitioned lake improvement district. An order establishing a district must conform to section 7 and may modify the petition relating to the district's boundaries, functions, financing, or organization.*

Sec. 6. Minnesota Statutes 1984, section 378.44, is amended to read:

**378.44 [(JOINT ACTION) ESTABLISHMENT OF A DISTRICT IN MORE THAN ONE COUNTY.]** Where the natural hydrologic boundaries of (AN AREA) *a proposed district* extend into more than one county, the county boards of the counties affected may *form a joint county authority and establish and maintain a lake improvement district jointly or cooperatively as provided in section 471.59 (, EITHER ON THEIR OWN MOTION OR PURSUANT TO PETITION).* *The district may be initiated by the joint county authority in the same manner as a county board under section 378.42 or by petition to the affected county boards.*

Sec. 7. [378.455] [ORDER ESTABLISHING DISTRICT.]

*An order by the county board or joint county authority establishing a district must state the:*

- (1) *name of the district;*
- (2) *boundaries of the district, which are encouraged to be as consistent as practical with natural hydrologic boundaries;*
- (3) *water and related land resources management programs and services to be undertaken;*
- (4) *manner of financing programs and services; and*
- (5) *number, qualifications, terms of office, removal, and filling of vacancies of the board of directors.*

Sec. 8. Minnesota Statutes 1984, section 378.46, is amended to read:

**378.46 [PUBLICATION AND EFFECTIVE DATE.]**

**(UPON PASSAGE OF A COUNTY BOARD RESOLUTION AUTHORIZING THE CREATION OF A LAKE IMPROVEMENT DISTRICT, THE COUNTY BOARD OR BOARDS SHALL CAUSE THE RESOLUTION TO BE PUBLISHED ONCE IN THE OFFICIAL NEWSPAPERS AND FILED WITH THE SECRETARY OF STATE, THE POLLUTION CONTROL AGENCY AND THE COMMISSIONER OF NATURAL RESOURCES. THE LAKE IMPROVEMENT DISTRICT SHALL BE DEEMED ESTABLISHED 30 DAYS AFTER PUBLICATION OR AT SUCH LATER DATE AS MAY BE SPECIFIED IN THE RESOLUTION.)**

*Subdivision 1. [PUBLICATION OF ESTABLISHMENT ORDER.] If a lake improvement district is established, the county*

board, or joint county authority issuing the order establishing the district, shall publish the order once in the official newspapers of counties where the district is located and file the order with the secretary of state, the pollution control agency, and the commissioner of natural resources.

*Subd. 2. [EFFECTIVE DATE.] Establishment of the lake improvement district is effective 30 days after publication or at a later date, if specified in the establishment order.*

Sec. 9. Minnesota Statutes 1984, section 378.47, is amended to read:

**378.47 [REFERENDUM ON ESTABLISHMENT.]**

Subdivision 1. [PETITION.] (UPON RECEIPT OF A PETITION SIGNED BY TWENTY-FIVE PERCENT OF THE RESIDENT OWNERS WITHIN THE TERRITORY OF THE LAKE IMPROVEMENT DISTRICT SPECIFIED IN THE RESOLUTION ADOPTED PURSUANT TO SECTION 378.42 PRIOR TO THE EFFECTIVE DATE OF ITS CREATION AS SPECIFIED IN SECTION 378.46, THE COUNTY BOARD OR BOARDS SHALL HOLD THE CREATION IN ABEYANCE PENDING REFERENDUM VOTE OF ALL QUALIFIED VOTERS AND RESIDENT OWNERS RESIDING WITHIN THE BOUNDARIES OF THE PROPOSED LAKE IMPROVEMENT DISTRICT.) *Twenty-six percent of the property owners within the lake improvement district established by the board or a joint county authority on its own initiative under section 378.42 may petition for a referendum on establishing the district before the effective date of its establishment. After receiving the petition, the county board or joint county authority must issue an order staying the establishment until a referendum vote is taken of all qualified voters and property owners within the proposed lake improvement district.*

Subd. 2. [ELECTION.] The county board or (BOARDS) *joint county authority* shall (MAKE ARRANGEMENTS FOR THE HOLDING OF) *conduct* a special election (NOT LESS THAN 30 NOR MORE THAN 90 DAYS) *in July or August after (RECEIPT OF SUCH) receiving the referendum petition. The special election must be held within (THE BOUNDARIES OF) the proposed lake improvement district (SPECIFIED IN THE RESOLUTION ADOPTED PURSUANT TO SECTION 378.42). (IF A GENERAL ELECTION WILL BE HELD WITHIN THE TIME SPECIFIED, THE VOTE ON CREATION MAY BE HELD AS PART OF THE GENERAL ELECTION.)* The county auditor shall administer the *special* election.

Subd. 3. [QUESTION SUBMITTED TO VOTERS.] The question to be submitted and voted upon by the qualified voters and (RESIDENT) *property* owners within (THE TERRITORY

OF) the proposed lake improvement district (SHALL) *must be (PHRASED) stated* substantially as follows:

“(SHALL) *Should* a lake improvement district be established (IN ORDER) to provide (*description of intended water and related land resources improvements*) and financed by (*description of revenue sources*)?”

**Subd. 4. [CERTIFICATION OF VOTE AND ESTABLISHMENT.]** (UPON CERTIFICATION OF THE VOTE BY) The county auditor (,) *must certify the vote on the question submitted.* If a majority of those voting on the question favor (CREATION OF) *establishing* the proposed lake improvement district, the (LAKE IMPROVEMENT) *stay on establishing* the district (SHALL BE DEEMED CREATED) *is lifted.* If a majority of those voting on the question do not favor *establishing* the proposed lake improvement district, *the establishment is denied.*

Sec. 10. Minnesota Statutes 1984, section 378.51, is amended to read:

#### 378.51 [BOARD OF DIRECTORS.]

**Subdivision 1. [MEMBERSHIP.]** After (CREATION OF) a lake improvement district *is established,* the county board or (BOARDS) *joint county authority* shall appoint persons to serve as (A) *an initial* board of directors for the (LAKE IMPROVEMENT) district. The number, qualifications, terms of office, removal, and filling of vacancies of directors shall be as provided in the (RESOLUTION) *order* creating the board of directors. The initial (BOARD) *and all subsequent boards* of directors (SHALL) *must* include persons owning property within the district, (AT LEAST ONE OF WHOM IS A RESIDENT) *and a majority of the directors must be residents* of the district.

**Subd. 2. [COMPENSATION.]** The directors shall serve (WITHOUT) *with* compensation (BUT) *as determined by the property owners at the annual meeting* and may be reimbursed for their actual expenses necessarily incurred in the performance of their duties in the manner provided for county employees.

**Subd. 3. [POWERS.]** (WHEN DIRECTED BY RESOLUTION OF THE COUNTY BOARD OR BOARDS CREATING IT, THE BOARD OF DIRECTORS SHALL HAVE, EXERCISE, AND PERFORM THE POWERS AND DUTIES OF THE COUNTY BOARD UNDER SECTION 378.31, EXCEPT THE POWER TO ACQUIRE PROPERTY BY EMINENT DOMAIN) *County boards, joint county authorities, statutory and home rule cities, and towns may, by order, delegate the powers in this section to the board of directors of a district to be exercised within the district. Programs and services undertaken must be consistent with the statewide water and related land re-*

*sources plan prepared by the commissioner of natural resources, and with regional water and related resources plans. A body of water may not be improved by using authority granted under this section unless the public has access to some portion of the shoreline. County boards, joint county authorities, statutory and home rule cities, and towns may delegate their authority to a district board of directors to:*

*(1) acquire by gift or purchase an existing dam or control works that affects the level of waters in the district;*

*(2) construct and operate water control structures that are approved by the commissioner of natural resources under section 105.42;*

*(3) undertake projects to change the course current or cross section of public waters that are approved by the commissioner of natural resources under section 105.42;*

*(4) acquire property, equipment, or other facilities, by gift or purchase to improve navigation;*

*(5) contract with a board of managers of a watershed district within the lake improvement district or the board of supervisors of a soil and water conservation district within the district for improvements under chapters 40 and 112;*

*(6) undertake research to determine the condition and development of the body of water and the water entering it and to transmit the studies to the pollution control agency and other interested authorities;*

*(7) develop and implement a comprehensive plan to eliminate water pollution;*

*(8) conduct a program of water improvement and conservation;*

*(9) construct a water, sewer, or water and sewer system in the manner provided by section 444.075 or other applicable laws;*

*(10) receive financial assistance from and participate in projects or enter into contracts with federal and state agencies for the study and treatment of pollution problems and related demonstration programs;*

*(11) make cooperative agreements with the United States or state government or other county or city to effectuate water and related land resource programs;*

*(12) maintain public beaches, public docks, and other public facilities for access to the body of water;*



(13) *provide and finance a government service of the county or statutory or home rule city that is not provided throughout the county or, if the government service is provided, the service is at an increased level within the district; and*

(14) *regulate water surface use as provided in section 378.32.*

Sec. 11. Minnesota Statutes 1984, section 378.52, is amended to read:

**378.52 [FINANCING.]**

Subdivision 1. [REVENUE.] The county board or (BOARDS IN ORDER TO ACCOMPLISH THE PURPOSES SPECIFIED IN THE RESOLUTION CREATING A LAKE IMPROVEMENT DISTRICT) *joint county authority* may undertake projects of improvement consistent with (THESE) purposes (AND) *of the district. To finance projects and services of the district, the county board or joint county authority may:*

(1) *assess the costs of the projects upon benefited property within the district in the manner provided (IN) under chapter 429 (, MAY);*

(2) *impose service charges on the users of lake improvement district services within the (AREA, AND MAY) district;*

(3) *issue obligations as provided in section 429.091;*

(4) *levy an ad valorem tax solely on property (SITUATED) within the lake improvement district, to be appropriated and expended solely on projects of special benefit to the (AREA,) district; or*

(5) *may impose or issue any combination of service charges, special assessments, obligations, and taxes.*

Subd. 2. [TAX EXCLUDED FROM OTHER LIMITATIONS.] The tax (PROVIDED FOR BY) *under subdivision 1 (SHALL NOT BE SUBJECT TO ANY) is excluded from statutory (LIMITATION AS TO) limitations on the amount of taxes levied and (SHALL) does not affect the amount or rate of taxes that may be levied for other county purposes. (SUCH) A tax under subdivision 1 may be in addition to (ANY) amounts levied (UPON) on all taxable property in the county for the same or similar purposes.*

Subd. 3. [BUDGETING FOR OPERATIONS.] (UPON ADOPTION OF ITS ANNUAL BUDGET,) The county board or county boards *forming the joint county authority* shall include appropriate provisions *in its budget* for the operation of (THE) *a lake improvement district.*

Sec. 12. Minnesota Statutes 1984, section 378.54, is amended to read:

**378.54 [ENFORCEMENT OF ORDINANCES.]**

Where a lake improvement district has been established by *joint county action under section 378.44* or order of the commissioner of natural resources under section 378.45, ordinances and regulations adopted by joint action of the affected county boards may be enforced in any part of the lake improvement district by personnel of any of the affected counties.

Sec. 13. Minnesota Statutes 1984, section 378.55, is amended to read:

**378.55 [EXPANSION OF THE BOUNDARIES OF A LAKE IMPROVEMENT DISTRICT.]**

(A COUNTY BOARD, ON ITS OWN MOTION OR PURSUANT TO PETITION, MAY ENLARGE ANY EXISTING LAKE IMPROVEMENT DISTRICT PURSUANT TO THE PROCEDURES SPECIFIED IN) *The boundary of a district may be enlarged by complying with the procedures to establish a district under sections 378.41 to 378.46.*

Sec. 14. Minnesota Statutes 1984, section 378.56, is amended to read:

**378.56 [TERMINATION.]**

Subdivision 1. [PETITION.] (UPON RECEIPT OF A) *Termination of a district may be initiated by petition requesting the termination of the district. The petition must be signed by (51) 26 percent of the (RESIDENT) property owners (WITHIN THE TERRITORY OF THE LAKE IMPROVEMENT DISTRICT REQUESTING THE TERMINATION OF THE LAKE IMPROVEMENT DISTRICT,) in a district within 30 days after receiving a petition. The county board or (BOARDS SHALL WITHIN 30 DAYS AFTER RECEIPT OF SUCH A PETITION, BY ITS ORDER FIX) joint county authority must set a time and place (,) for a hearing (THEREON) on terminating the district.*

*Subd. 1a. [FINDINGS AND ORDER.] If the board or (BOARDS) joint county authority determine that the existence of the district is no longer in the public welfare or public interest and it is not needed to accomplish the purpose of sections 378.31 to 378.57 the board or (BOARDS) joint county authority shall (BY ITS) make the findings and (ORDER) terminate the district by order. Upon filing a certified copy of the findings and order with the secretary of state, pollution control agency, and*

commissioner of natural resources the district (SHALL CEASE) *is terminated and ceases* to be a political subdivision of the state.

Subd. 2. [TERMINATION OF FINANCING.] If a (LAKE IMPROVEMENT) district is terminated (PURSUANT TO) *under* subdivision 1, (NO) additional water and related land resource management programs (SHALL) *may not* be undertaken with money raised by a special tax within the district, and (NO) additional special water and related land resource management taxes (SHALL) *may not* be levied within the district. (WHEN) *If* money raised by past special tax levies within the district has been exhausted, further operation and maintenance of existing programs may be financed by appropriations from the general revenue fund of (THE) *an affected* county.

Sec. 15. Minnesota Statutes 1984, section 378.57, is amended to read:

378.57 [ANNUAL MEETING OF DISTRICT.]

*Subdivision 1.* [TIME.] (EVERY LAKE IMPROVEMENT) A district (SHALL) *must* have an annual meeting. The first annual meeting shall be scheduled during the months of July or August, and (SHALL) be held annually (THEREAFTER) *in that period* unless changed by vote of the previous annual meeting.

((1)) *Subd. 2.* [NOTICE.] The annual meeting shall be preceded by written notice mailed at least ten days in advance of the meeting to all (RESIDENT) *property* owners within the district and to the pollution control agency and commissioner of natural resources.

((2)) *Subd. 3.* [AGENDA.] *At the annual meeting the district property owners present* shall:

((A)) (1) elect one or more directors to fill vacancies in the (DISTRICT) board (.) *of directors*;

((B)) (2) approve a budget for the (COMING) *fiscal* year (.);

((C)) (3) approve or disapprove (ALL) proposed projects by the district having a cost to the district in excess of \$5,000 (, BY VOTE OF THE RESIDENT OWNERS WITHIN THE DISTRICT.); *and*

((D)) (4) take up and consider (SUCH) other business as comes before it.

Sec. 16. Minnesota Statutes 1984, section 459.20, is amended to read:

**459.20 [AUTHORITY OVER PUBLIC WATERS.]**

The governing body of any home rule charter or statutory city or town in the state has, with respect to any body of water situated wholly within its boundaries, all the powers to improve and regulate the use of such body of water as are conferred on county boards by sections 378.31 and 378.32, and to establish and administer lake improvement districts under sections (378.41) 378.401 to 378.57. With respect to any body of water situated wholly within the contiguous boundaries of two or more home rule charter or statutory cities or towns or any combination thereof, the city councils and town boards may, under the provisions of section 471.59, jointly exercise such powers to improve and regulate the use of the body of water as are conferred on county boards by sections 378.31 and 378.32, and to establish and administer lake improvement districts as provided under sections (378.41) 378.401 to 378.57, provided that, no home rule charter or statutory city or town may establish and administer a lake improvement district or exercise any of the powers granted in this section if a lake improvement district covering the same territory has been created by a county board under sections (378.41) 378.401 to 378.57. References in sections 378.31 to 378.35 and (378.41) 378.401 to 378.57 to the county board shall be construed to refer to the governing body of a home rule charter or statutory city or the board of supervisors of a town.

**Sec. 17. [INSTRUCTION TO REVISOR.]**

*The revisor of statutes shall renumber section 378.57 as 378.545.*

**Sec. 18. [EFFECTIVE DATE.]**

*Sections 1 to 17 are effective the day after final enactment."*

Delete the title and insert:

"A bill for an act relating to natural resources; enacting the lake improvement district act; providing for the creation, powers, and termination of lake improvement districts; amending Minnesota Statutes 1984, sections 378.41; 378.42; 378.43; 378.44; 378.46; 378.47; 378.51; 378.52; 378.54; 378.55; 378.56; 378.57; and 459.20; proposing coding for new law in Minnesota Statutes, chapter 378."

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

House Conferees: BOB ANDERSON, LYNN H. BECKLIN and LOREN G. JENNINGS.

Senate Conferees: COLLIN C. PETERSON, GENE MERRIAM and JOHN BERNHAGEN.

Anderson, R., moved that the report of the Conference Committee on H. F. No. 1782 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1782, A bill for an act relating to natural resources; enacting the lake improvement district act; providing for the creation, powers, and termination of lake improvement districts; amending Minnesota Statutes 1984, sections 378.41; 378.42; 378.43; 378.44; 378.46; 378.47; 378.51; 378.52; 378.55; 378.56; and 378.57; proposing coding for new law in Minnesota Statutes, chapter 378; repealing Minnesota Statutes 1984, sections 378.41, subdivision 3; 378.45; and 378.53.

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.

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.	Erickson	Krueger	Otis	Simoneau
Anderson, R.	Fjoslien	Kvam	Ozment	Skoglund
Backlund	Forsythe	Levi	Pappas	Solberg
Battaglia	Frederick	Lieder	Pauly	Sparby
Beard	Frederickson	Long	Peterson	Stanius
Becklin	Frerichs	Marsh	Piepho	Staten
Begich	Greenfield	McDonald	Piper	Sviggum
Bennett	Gruenes	McEachern	Poppenhagen	Thiede
Bishop	Gutknecht	McLaughlin	Price	Thorson
Blatz	Halberg	McPherson	Quinn	Tjornhom
Boo	Hartinger	Metzen	Quiet	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, L.	Jaros	Nelson, K.	Rodosovich	Vanasek
Clark	Jennings, L.	Neuenschwander	Sarna	Vellenga
Clausnitzer	Johnson	Norton	Schafer	Voss
Cohen	Kahn	O'Connor	Scheid	Waltman
Dempsey	Kalis	Ogren	Schoenfeld	Welle
DenOuden	Kelly	Olsen, S.	Schreiber	Wenzel
Dimler	Kiffmeyer	Olson, E.	Seaberg	Wynia
Dyke	Knickerbocker	Omann	Segal	Zaffke
Elioff	Knuth	Onnen	Shaver	Spk. Jennings, D.
Ellingson	Kostohryz	Osthoff	Sherman	

The bill was repassed, as amended by Conference, and its title agreed to.

## CONFERENCE COMMITTEE REPORT ON H. F. NO. 1824

A bill for an act relating to statutes; adopting as amended a gender neutral revision of Minnesota Statutes; providing for no substantive change; granting certain editorial authority to the revisor of statutes; amending Minnesota Statutes 1984, sections 3C.10, subdivision 1; and 645.44, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 645.

March 14, 1986

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. 1824, 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. 1824 be further amended as follows:

Pages 1 and 2, delete section 4

Page 4, delete section 11

Page 4, after line 9, insert:

"Sec. . . . [AMENDMENT; VOLUME 8.]

*Volume 8 of the Gender Revision of 1986 as adopted under section 1 is amended as follows:*

Page 370, line 48, delete "*sexual capacity*" and insert "*virility.*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 7, after "subdivision" delete the rest of the line

Page 1, line 8, delete everything before the period

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

House Conferees: DAVID T. BISHOP, PAT PIPER and GORDON BACKLUND.

Senate Conferees: EMBER D. REICHGOTT, MARLYN M. LANTRY and LAWRENCE J. POGEMILLER.

Bishop moved that the report of the Conference Committee on H. F. No. 1824 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1824, A bill for an act relating to statutes; adopting as amended a gender neutral revision of Minnesota Statutes; providing for no substantive change; granting certain editorial authority to the revisor of statutes; amending Minnesota Statutes 1984, sections 3C.10, subdivision 1; and 645.44, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 645.

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.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 109 yeas and 16 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Kostohryz	Otis	Skoglund
Anderson, R.	Fjoslien	Krueger	Pappas	Solberg
Backlund	Forsythe	Levi	Pauly	Sparby
Battaglia	Frederick	Lieder	Peterson	Stanius
Beard	Frerichs	Long	Piepho	Staten
Beckin	Greenfield	McEachern	Piper	Sviggum
Begich	Gruenes	McLaughlin	Poppenhagen	Thorson
Bennett	Halberg	Metzen	Price	Tjornhom
Bishop	Hartinger	Minne	Quinn	Tomlinson
Blatz	Hartle	Munger	Rest	Tunheim
Boerboom	Haukoos	Murphy	Rice	Uphus
Brandl	Heap	Nelson, D.	Riveness	Valan
Brinkman	Himle	Nelson, K.	Rodosovich	Valento
Brown	Jacobs	Neuenschwander	Sarna	Vanasek
Burger	Jaros	Norton	Scheid	Vellenga
Carlson, L.	Jennings, L.	O'Connor	Schoenfeld	Voss
Clark	Johnson	Ogren	Schreiber	Waltman
Cohen	Kahn	Olsen, S.	Seaberg	Welle
Dempsey	Kalis	Olson, E.	Segal	Wenzel
Dimler	Kelly	Omann	Shaver	Wynia
Elioff	Knickerbocker	Onnen	Sherman	Spk. Jennings, D.
Ellingson	Knuth	Osthoff	Simoncau	

Those who voted in the negative were:

Clausnitzer	Kiffmeyer	Miller	Rees	Thiede
DenOuden	Marsh	Quist	Richter	Tompkins
Dyke	McPherson	Redalen	Schafer	Zaffke
Gutknecht				

The bill was repassed, as amended by Conference, and its title agreed to.

The Speaker resumed the Chair.

Anderson, G.; Johnson and Ozment were excused while in conference.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1860

A bill for an act relating to metropolitan government; permitting the metropolitan mosquito control commission to issue certificates of indebtedness; amending Minnesota Statutes 1984, section 473.711, by adding a subdivision.

March 15, 1986

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. 1860, 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. 1860 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 473.121, is amended by adding a subdivision to read:

*Subd. 5a. "Metropolitan agency" means the metropolitan parks and open space commission, regional transit board, metropolitan transit commission, metropolitan waste control commission, metropolitan airports commission, and metropolitan sports facilities commission.*

Sec. 2. Minnesota Statutes 1984, section 473.121, subdivision 6, is amended to read:

Subd. 6. "Local governmental unit" means any county, city, town, school district, special district or other political subdivisions or public corporation, other than *the council* or a metropolitan (COMMISSION) *agency*, lying in whole or part within the metropolitan area.

Sec. 3. Minnesota Statutes 1984, section 473.121, subdivision 11, is amended to read:

Subd. 11. "Independent commission, board or agency" means governmental entities with jurisdictions lying in whole or in part within the metropolitan area but not including (THE



**METROPOLITAN COMMISSIONS REFERRED TO HEREIN)**  
*agencies that are subject to the requirements of section 473.161.*

Sec. 4. Minnesota Statutes 1984, section 473.123, subdivision 2a, is amended to read:

Subd. 2a. [TERMS.] Following each apportionment of council districts, as provided under subdivision 3a, (THE TERMS OF) council members (SHALL COMMENCE ON THE EFFECTIVE DATE OF THAT APPORTIONMENT,) *must be appointed from newly drawn districts* as provided in subdivision 3a. The terms of members are as follows: members representing even-numbered districts for terms ending the first Monday in January of the year ending in the numeral "7"; members representing odd-numbered districts for terms ending the first Monday in January of the year ending in the numeral "5." Thereafter the term of each member is four years, *with terms ending the first Monday in January*, except that all terms expire on the effective date of the next apportionment. A member shall continue to serve his district until a successor is appointed and qualified; except that, following each apportionment, the member shall continue to serve at large until the governor appoints 16 council members, one from each of the newly drawn council districts as provided under subdivision 3a, to serve terms as provided under this section. *The appointment to the council must be made by the first Monday in March of the year in which the term ends.*

Sec. 5. Minnesota Statutes 1984, section 473.123, subdivision 3, is amended to read:

Subd. 3. [MEMBERSHIP; APPOINTMENT; QUALIFICATIONS.] (a) (THE COUNCIL SHALL BE COMPOSED OF 16) *Sixteen members must be appointed by the governor from districts defined by this section. (THE GOVERNOR SHALL APPOINT MEMBERS ON A NONPARTISAN BASIS AFTER CONSULTATION WITH ALL MEMBERS OF THE LEGISLATURE FROM THE COUNCIL DISTRICT FOR WHICH THE MEMBER IS TO BE APPOINTED. APPOINTMENTS ARE SUBJECT TO THE ADVICE AND CONSENT OF THE SENATE.)* Each council member (SHALL) *must* reside in the council district which he represents. Each council district (SHALL) *must* be represented by one member of the council.

(b) In addition to the notice required by section 15.0597, subdivision 4, notice of vacancies and expiration of terms (SHALL) *must* be published in newspapers of general circulation in the metropolitan area and the appropriate districts. *The governing bodies of the statutory and home rule charter cities, counties, and towns having territory in the district for which a member is to be appointed must be notified in writing. The notices must describe the appointments process and invite participation and recommendations on the appointment.*

(c) *The governor shall create a nominating committee, composed of seven metropolitan citizens appointed by the governor, to nominate persons for appointment to the council from districts. Three of the committee members must be local elected officials. Following the submission of applications as provided under section 15.0597, subdivision 5, the nominating committee shall conduct public meetings, after appropriate notice, to accept statements from or on behalf of persons who have applied or been nominated for appointment and to allow consultation with and secure the advice of the public and local elected officials. The committee shall hold the meeting on each appointment in the district or in a reasonably convenient and accessible location in the part of the metropolitan area in which the district is located. The committee may consolidate meetings. Following the meetings, the committee shall submit to the governor a list of nominees for each appointment. The governor is not required to appoint from the list.*

(d) *Before making an appointment, the governor shall consult with all members of the legislature from the council district for which the member is to be appointed.*

(e) *Appointments to the council are subject to the advice and consent of the senate as provided in section 15.066.*

(f) *Members of the council must be appointed to reflect fairly the various demographic, political, and other interests in the metropolitan area and the districts.*

(g) *Members of the council must be persons knowledgeable about urban and metropolitan affairs.*

Sec. 6. Minnesota Statutes 1984, section 473.123, subdivision 3a, is amended to read:

Subd. 3a. [APPORTIONMENT.] The legislature shall redraw the boundaries of the council districts after each decennial federal census so that each district has substantially equal population. Redistricting is effective on the first Monday in January in the year ending in the numeral "3." (WITHIN TWO MONTHS THEREAFTER) *By the first Monday in March of that year, the governor shall appoint members from the newly drawn districts to serve terms as provided under subdivision 2a.*

Sec. 7. [473.13] [BUDGET, FINANCIAL AID.]

*Subdivision 1. [BUDGET.] On or before October 1 of each year the council, after a public hearing, shall adopt a budget covering its anticipated receipts and disbursements for the ensuing year and shall decide upon the total amount necessary to be raised from ad valorem tax levies to meet its budget. After adoption of the budget and no later than October 1, the council shall certify*

*to the auditor of each metropolitan county the county share of the tax, which must be an amount bearing the same proportion to the total levy agreed on by the council as the assessed valuation of the county bears to the assessed valuation of the metropolitan area. The maximum amount of any levy made for the purpose of this chapter may not exceed the limits set by sections 473.167 and 473.249.*

*Subd. 2. [COUNTY LEVIES.] The auditor of each metropolitan county shall add the amount of any levy made by the council within the limits imposed by subdivision 1 to other tax levies of the county for collection by the county treasurer with other taxes. When collected the county treasurer shall make settlement of the taxes with the council in the same manner as other taxes are distributed to political subdivisions. The levy authorized by this section is in addition to any other county taxes authorized by law.*

*Subd. 3. [FINANCIAL AID.] The council may accept financial aid from governmental units within the metropolitan area, from the state or federal government, and from private donors, if the conditions under which it is offered are not incompatible with the provisions of this chapter.*

*Subd. 4. [ACCOUNTS; AUDITS.] The council shall keep an accurate account of its receipts and disbursements. Disbursements of council money must be made by check, signed by the chair or vice chair of the council and countersigned by its director or assistant director after whatever auditing and approval of the expenditure may be provided by rules of the council. The state auditor shall audit the books and accounts of the council once each year, or as often as funds and personnel of the state auditor permit. The council shall pay to the state the total cost and expenses of the examination, including the salaries paid to the auditors while actually engaged in making the examination. The revolving fund of the state auditor must be credited with all collections made for any examination.*

**Sec. 8.** Minnesota Statutes 1984, section 473.141, subdivision 1, is amended to read:

**Subdivision 1. [(GENERAL) APPLICATION.] (METROPOLITAN COMMISSIONS SHALL BE ORGANIZED, STRUCTURED AND ADMINISTERED AS PRESCRIBED IN THIS SECTION)** *This section applies to metropolitan agencies as provided in the enabling law of each agency.*

**Sec. 9.** Minnesota Statutes 1984, section 473.141, subdivision 2, is amended to read:

**Subd. 2. [MEMBERSHIP; APPOINTMENTS.] (a)** *Each (COMMISSION SHALL CONSIST) agency consists of eight*

members, plus a chairman appointed as provided in subdivision 3. The metropolitan council shall appoint the eight members on a nonpartisan basis after consultation with the members of the legislature from the (COMMISSION) district for which the member is to be appointed. (APPOINTMENTS ARE SUBJECT TO THE ADVICE AND CONSENT OF THE SENATE.)

(b) *In addition to the notice required in section 15.0597, subdivision 4, notice of vacancies and expiration of terms must be published in newspapers of general circulation in the metropolitan area and the appropriate districts. The council shall notify in writing the governing bodies of the statutory and home rule charter cities, counties, and towns having territory in the district for which the member is to be appointed. The notices must describe the appointment process and invite participation and recommendations on the appointment.*

(c) *The council shall establish an appointments committee, composed of members of the council, to screen and review candidates. Following the submission of (COMMISSION) member applications to the metropolitan council as provided under section 15.0597, subdivision 5, the (COUNCIL) appointments committee shall conduct (ONE OR MORE) public (HEARINGS ON THE MATTER OF THE APPOINTMENTS FOR THE COMMISSION DISTRICTS) meetings, following appropriate notice, to accept statements from or on behalf of persons who have applied or been nominated for appointment and to allow consultation with and secure the advice of the public and local elected officials. The committee shall hold the meeting on each appointment in the district or in a reasonably convenient and accessible location in the part of the metropolitan area in which the district is located. The committee may consolidate meetings. Following the meetings, the committee shall submit to the council a written report that lists the persons who have applied or been nominated or recommended for the position, along with a description of the background and qualifications of each.*

((C)) (d) One member shall be appointed from each of the following (COMMISSION) agency districts:

(1) (COMMISSION) district A, consisting of council districts 1 and 2;

(2) (COMMISSION) district B, consisting of council districts 3 and 7;

(3) (COMMISSION) district C, consisting of council districts 4 and 5;

(4) (COMMISSION) district D, consisting of council districts 6 and 10;

(5) (COMMISSION) district E, consisting of council districts 8 and 9;

(6) (COMMISSION) district F, consisting of council districts 11 and 12;

(7) (COMMISSION) district G, consisting of council districts 13 and 14; and

(8) (COMMISSION) district H, consisting of council districts 15 and 16.

Sec. 10. Minnesota Statutes 1984, section 473.141, subdivision 3, is amended to read:

Subd. 3. [CHAIRMAN.] The chairman of each (COMMISSION) *agency* shall be appointed by the governor with the advice and consent of the senate (AND), shall be the ninth voting member (OF THE COMMISSION) and shall meet all qualifications established for members, except the chairman need only reside within the metropolitan area. *The council, by resolution after a public meeting on the subject, shall provide the governor with a list of nominees for the position.* Senate confirmation (SHALL BE) is as provided by section 15.066. The chairman shall preside at all meetings of the (COMMISSION) *agency*, if present, and shall perform all other duties and functions assigned to him by the (COMMISSION) *agency* or by law. Each (COMMISSION) *agency* may appoint from among its members a vice-chairman to act for the chairman during his temporary absence or disability.

Sec. 11. Minnesota Statutes 1984, section 473.141, subdivision 4, is amended to read:

Subd. 4. [QUALIFICATIONS.] Each member shall be a resident of the commission district for which he is appointed and shall not during his term of office hold the office of metropolitan council member, or be a member of another metropolitan (COMMISSION) *agency subject to this section*, the metropolitan airports commission or the metropolitan sports facilities commission or hold any judicial office. Each member shall qualify by taking and subscribing the oath of office prescribed by the Minnesota Constitution, Article 5, Section 5. Such oath, duly certified by the official administering the same, shall be filed with the executive director of the metropolitan council.

Sec. 12. Minnesota Statutes 1984, section 473.141, subdivision 4a, is amended to read:

Subd. 4a. [TERMS.] Following each apportionment of metropolitan council districts, as provided under section 473.123, subdivision 3a, (THE TERMS OF MEMBERS AND THE

CHAIRMAN OF EACH COMMISSION SHALL COMMENCE ON THE EFFECTIVE DATE OF THAT APPORTIONMENT,) *the metropolitan council, newly appointed as provided in section 473.123, subdivision 3a, shall appoint eight agency board members from newly drawn districts.* The terms of members and chairmen are as follows: members representing (COMMISSION) districts A, B, C, and D, and the chairman (OF EACH COMMISSION), for terms ending the first Monday in January of the year ending in the numeral "7"; members representing (COMMISSION) districts E, F, G, and H, for terms ending the first Monday in January of the year ending in the numeral "5." Thereafter the term of each member and the chairman is four years, *with terms ending the first Monday in January, except that all terms expire on the effective date of the next apportionment.* A chairman shall continue to serve until a successor is appointed and qualified. A member shall continue to serve his (COMMISSION) district until a successor is appointed and qualified; except that, following each apportionment, the member shall continue to serve at large until the metropolitan council appointed pursuant to section 473.123, subdivision 3a appoints eight (COMMISSION) members as provided under subdivision 2, to serve terms as provided under this subdivision. *The appointments to the agency must be made by the first Monday in May of the year in which the term ends.*

Sec. 13. Minnesota Statutes 1984, section 473.146, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] (WITHIN 12 MONTHS AFTER APRIL 12, 1974,) The council shall adopt (AFTER APPROPRIATE STUDY AND SUCH PUBLIC HEARINGS AS MAY BE NECESSARY, AS A PART OF ITS DEVELOPMENT GUIDE,) *a long-range comprehensive policy (PLANS) plan for each metropolitan (COMMISSION AND WHEN ADOPTED, THE POLICY PLANS SHALL BE FOLLOWED BY THE COUNCIL AND THE AFFECTED COMMISSIONS) agency required to prepare an implementation plan under section 473.161.* The plans (SHALL) *must* substantially conform to all policy statements, purposes, goals, standards, and maps in the development guide (SECTIONS AND COMPREHENSIVE PLANS AS) developed and adopted by the council (PURSUANT TO THE CHAPTERS OF THE MINNESOTA STATUTES DIRECTLY RELATING TO THE COUNCIL AND THE METROPOLITAN COMMISSIONS. IN PREPARING OR AMENDING A POLICY PLAN THE COUNCIL SHALL CONSULT WITH AND MAKE MAXIMUM USE OF THE EXPERTISE OF THE AFFECTED COMMISSION, AND EACH SUCH COMMISSION SHALL COOPERATE WITH AND MAKE ITS EMPLOYEES, RECORDS, STUDIES, PLANS AND OTHER INFORMATION AVAILABLE TO THE COUNCIL) *under chapter 473.* Each (SUCH) policy plan (SHALL) *must* include, to the extent appropriate to the functions, *services, and systems* covered (THEREBY), the following:

**((A) A STATEMENT OF THE NEEDS OF THE METROPOLITAN AREA WITH RESPECT TO THE FUNCTIONS COVERED AND THE OBJECTIVE OF AND THE POLICIES TO BE FORWARDED BY THE POLICY PLAN;)**

**((B) A GENERAL DESCRIPTION OF THE PHYSICAL FACILITIES AND SERVICES TO BE DEVELOPED BY THE METROPOLITAN COMMISSION IN PERFORMING ITS FUNCTIONS;)**

**((C) A STATEMENT AS TO THE GENERAL LOCATION OF PHYSICAL FACILITIES AND SERVICE AREAS;)**

**((D) A GENERAL STATEMENT OF TIMING AND PRIORITIES IN THE DEVELOPMENT BY THE METROPOLITAN COMMISSION OF THOSE PHYSICAL FACILITIES AND SERVICE AREAS;)**

**((E) A GENERAL STATEMENT ON THE LEVEL OF PUBLIC EXPENDITURE BOTH CAPITAL AND OPERATING APPROPRIATE TO THE FACILITIES AND)**

*(1) forecasts of changes in the general levels and distribution of population, households, employment, land uses, and other relevant matters, for the metropolitan area and appropriate sub-areas, to be used in preparing the implementation plan of the affected metropolitan agency;*

*(2) a statement of issues, problems, needs, and opportunities with respect to the functions, services, and systems covered;*

*(3) a statement of the council's goals, objectives, and priorities with respect to the functions, services, and systems covered, addressing areas and populations to be served, the levels, distribution, and staging of services; a general description of the facility systems required to support the services, and other similar matters;*

*(4) a statement of policies to effectuate the council's goals, objectives, and priorities;*

*(5) a statement of the fiscal implications of the council's plan, including a statement of: (i) the resources available under existing fiscal policy; (ii) the adequacy of resources under existing fiscal policy and any shortfalls and unattended needs; (iii) additional resources, if any, that are or may be required to effectuate the council's goals, objectives, and priorities; and (iv) any changes in existing fiscal policy, on regional revenues and intergovernmental aids respectively, that are expected or that the council has recommended or may recommend;*

(6) a statement of the standards, criteria, and procedures that the council will use in monitoring and evaluating the implementation of the plan;

(7) a statement of the matters that must be addressed in the implementation plan of the affected metropolitan agency;

(8) a statement of the relationship of the policy plan to other policy plans and chapters of the metropolitan development guide;

((F)) (9) a statement of the relationships to (ANY CURRENT) local comprehensive plans (AND ANY RELATED DEVELOPMENT PROGRAMS ON FILE WITH THE COUNCIL) prepared under sections 473.851 to 473.872; and

((G) SUCH) (10) additional general information as may be necessary to develop the policy plan or as may be required by the laws relating to the metropolitan (COMMISSION) agency and function covered by the policy plan (; AND)

((H) A GENERAL STATEMENT RELATING TO FUTURE POPULATION, EMPLOYMENT LEVELS, AND LAND USE IN THE METROPOLITAN AREA AND IN THE INDIVIDUAL LOCAL GOVERNMENTAL UNITS LOCATED THEREIN, INCLUDING POPULATION DENSITIES AND ANTICIPATED RATES OF CHANGE IN SUCH DENSITIES).

Sec. 14. Minnesota Statutes 1984, section 473.146, subdivision 2, is amended to read:

Subd. 2. [CONSULTATION WITH AGENCY; PRE-DRAFTING NOTICE.] *In preparing or amending the policy plan, the council shall consult with and make maximum use of the expertise of the affected metropolitan agency. The agency shall cooperate with the council and make its records, studies, plans, and other information available to the council.*

*Before beginning to prepare a substantial revision of a policy plan, the council shall publish notice and request comments from the public. At least 90 days before publication of the pre-drafting notice, the council shall submit a draft of the notice to the affected metropolitan agency for review and comment. The pre-drafting notice must include a statement of the subjects expected to be covered by the policy and implementation plans; a summary of important problems, issues, and matters that are expected to be addressed in the plans; and a summary of the studies and other information required as the basis of the plans. All interested persons must be afforded an opportunity to submit data or views on the pre-drafting notice, either orally or in writing.*



Before adopting a policy plan *or substantial revision thereof*, the council shall submit the proposed plan to the affected metropolitan (COMMISSION) *agency* for its review, and the (COMMISSION) *agency* shall report its comments to the council within (60) *90* days (AND MAY, WITHIN THAT PERIOD REQUEST THE COUNCIL TO HOLD A SPECIAL PUBLIC HEARING FOR THE PURPOSE OF RECEIVING THE COMMISSION'S REPORT AND COMMENTS. WITHIN 60 DAYS AFTER THE SUBMISSION OF THE PROPOSED PLAN TO THE COMMISSION, ANY LOCAL GOVERNMENTAL UNIT MAY REQUEST A PUBLIC HEARING FOR THE PURPOSE OF RECEIVING TESTIMONY FROM LOCAL GOVERNMENTAL UNITS AND THE GENERAL PUBLIC CONCERNING THE PROPOSED POLICY PLAN PRIOR TO THE ADOPTION OF A POLICY PLAN. WITHIN A REASONABLE TIME, NOT TO EXCEED 60 DAYS, AFTER RECEIVING A REQUEST FOR A HEARING.).

*Subd. 2a.* [HEARING; ADOPTION.] The council shall hold a public hearing on the proposed policy plan at (SUCH) *a* time and place in the metropolitan area (AS IT SHALL DETERMINE) *determined by the council*. Not less than 15 days before the hearing, the council shall publish notice (THEREOF) in a newspaper or newspapers having general circulation in the metropolitan area, stating the date, time and place of hearing, and the place where the proposed policy plan and (COMMISSION) *agency* comments may be examined by any interested person. At any hearing interested persons (SHALL) *must* be permitted to present their views on the policy plan, and the hearing may be continued from time to time. After receipt of the (COMMISSION'S) *agency's* report and (SUCH) *the* hearing, (IF ANY,) the council may revise the proposed plan giving appropriate consideration to all comments received, and thereafter shall adopt the plan by resolution.

*Subd. 2b.* [EFFECT.] *Adopted policy plans must be followed by the council and the affected metropolitan agency.*

*Subd. 2c.* [AMENDMENT.] An amendment to a policy plan may be initiated by the council or by an affected (COMMISSION) *metropolitan agency*. At least every (FOUR) *five* years the council shall engage in a comprehensive review of the policy plan *and revise the plan as necessary*. (DEVELOPMENT GUIDE SECTIONS, COMPREHENSIVE PLANS, CAPITAL IMPROVEMENT PROGRAMS AND OTHER PLANS IN SUBSTANTIAL CONFORMANCE WITH THE REQUIREMENTS OF SUBDIVISION 1 WHICH HAVE BEEN ADOPTED BY THE COUNCIL PURSUANT TO MINNESOTA STATUTES 1971, CHAPTERS 473A, 473B AND 473C, SHALL CONTINUE IN FORCE AND EFFECT UNTIL EXPRESSLY SUPERSEDED BY A POLICY PLAN ADOPTED PURSUANT TO THIS SUBDIVISION.) The council shall (NOT) amend a policy plan (EXCEPT) in accordance with the procedures (HEREIN) established *in this section*.

Sec. 15. Minnesota Statutes 1984, section 473.146, subdivision 3, is amended to read:

Subd. 3. [TRANSPORTATION (POLICY PLAN) CHAPTER OF THE DEVELOPMENT GUIDE.] The (COUNCIL SHALL ADOPT A) transportation (POLICY PLAN AS A PART OF ITS COMPREHENSIVE DEVELOPMENT GUIDE AS PROVIDED IN SUBDIVISIONS 1 AND 2. THE REGIONAL TRANSIT BOARD SHALL PERFORM THE FUNCTIONS AND HAVE THE RESPONSIBILITY AND AUTHORITY PROVIDED FOR A METROPOLITAN COMMISSION. THE POLICY PLAN) *chapter* must include policies relating to all transportation forms and be designed to promote the legislative determinations, policies and goals set forth in section 473.371. In addition to the requirements of subdivision 1 regarding the contents of the policy plan, the (TRANSIT ELEMENTS OF THE PLAN MUST INCLUDE THE FOLLOWING:)

((1) A STATEMENT OF SERVICE OBJECTIVES, POLICIES, AND STANDARDS THAT SHOULD GOVERN THE DISTRIBUTION, COORDINATION, AND GENERAL LOCATION OF FACILITIES, SERVICES, AND SERVICE AREAS TO BE PLANNED, DEPLOYED, OR DEVELOPED BY OR UNDER THE DIRECTION OR AUSPICES OF THE TRANSIT BOARD;)

((2) A GENERAL STATEMENT OF TIMING AND PRIORITIES IN THE PLANNING, DEPLOYMENT, AND DEVELOPMENT OF SERVICES;)

((3) A STATEMENT OF THE POLICIES AND STANDARDS THAT SHOULD GOVERN THE LEVELS OF PUBLIC EXPENDITURE, BOTH CAPITAL AND OPERATING, FOR VARIOUS SERVICES AND SERVICE AREAS;)

((4) A STATEMENT OF THE POLICIES AND STANDARDS THAT SHOULD GOVERN TOTAL ANNUAL REGIONAL FUNDING LEVELS, THE SOURCES OF FUNDS, AND THE DISTRIBUTION OF FUNDS AMONG THE FACILITIES, SERVICES, AND SERVICE AREAS; AND)

((5) A DESCRIPTION OF THE CONTENTS THAT SHOULD BE INCLUDED IN THE IMPLEMENTATION PLANS PREPARED BY THE TRANSIT BOARD.)

(IN ADDITION TO THE REQUIREMENTS OF SUBDIVISIONS 1 AND 2 REGARDING THE USE OF THE EXPERTISE OF THE AFFECTED AGENCY, THE STATE TRANSPORTATION DEPARTMENT, METROPOLITAN TRANSIT COMMISSION, AND AFFECTED COUNTIES AND MUNICIPALITIES MAY PROVIDE TECHNICAL ASSISTANCE REQUESTED BY THE COUNCIL. THE COUNCIL SHALL

**AMEND ITS POLICY PLAN TO CONFORM TO THE REQUIREMENTS OF THIS SUBDIVISION BY JANUARY 1, 1986) *nontransit element of the transportation chapter must include the following:***

(1) *a statement of the needs of the metropolitan area with respect to the functions covered and the objectives of and the policies to be forwarded by the policy plan;*

(2) *a general description of the physical facilities and services to be developed;*

(3) *a statement as to the general location of physical facilities and service areas;*

(4) *a general statement of timing and priorities in the development of those physical facilities and service areas; and*

(5) *a general statement on the level of public expenditure appropriate to the facilities.*

Sec. 16. Minnesota Statutes 1984, section 473.149, subdivision 3, is amended to read:

Subd. 3. [PREPARATION AND ADOPTION.] The solid waste policy plan shall be prepared, adopted, and amended in accordance with section 473.146, subdivision 2, provided that the procedural duties and responsibilities established therein for the affected metropolitan (COMMISSION) *agency* shall extend to the metropolitan counties and the pollution control agency. In addition to the requirements of section 473.146, subdivision 2, the council shall send notice of any hearing to the pollution control agency and the governing body of each metropolitan county and each local governmental unit, as defined in section 473.801, wherein a solid waste facility is or may be located in accordance with the plan. Any comprehensive plan adopted by the council shall remain in force and effect while new or amended plans are being prepared and adopted by the council. By October 1, 1976, the council shall adopt either interim policies or amendments to the existing comprehensive plan establishing standards and criteria for the review under section 473.823 of permit applications for solid waste facilities used primarily for resource recovery. For permit applications received by the council prior to October 1, 1976, the council may extend the time period provided for review under section 473.823 until 60 days after the adoption of the interim policies or amendments. No metropolitan county, local government unit, commission, or person shall acquire, construct, improve or operate any solid waste facility in the metropolitan area except in accordance with the council's plan and section 473.823, provided that no solid waste facility in use when a plan is adopted shall be discontinued solely because it is not located in an area designated in the plan as acceptable for the location of such facilities.

Sec. 17. Minnesota Statutes 1984, section 473.161, is amended to read:

**473.161 [(DEVELOPMENT PROGRAMS) IMPLEMENTATION PLANS OF METROPOLITAN COMMISSIONS.]**

(SUBDIVISION 1. [PREPARATION OF DEVELOPMENT PROGRAMS.] EACH METROPOLITAN COMMISSION SHALL PREPARE A DEVELOPMENT PROGRAM COVERING THE DETAILED TECHNICAL PLANNING, ENGINEERING, FINANCING, SCHEDULING AND OTHER INFORMATION NECESSARY TO THE DEVELOPMENT OF THE PROGRAM ELEMENTS TO BE PERFORMED BY THE COMMISSION IN IMPLEMENTING THE POLICY PLAN ADOPTED BY THE COUNCIL PURSUANT TO SECTION 473.146. THE PROGRAM MAY INCLUDE SUCH OTHER TECHNICAL INFORMATION AS THE METROPOLITAN COMMISSION DEEMS NECESSARY. THE PROGRAM SHALL PRESCRIBE AND DELINEATE THE FUNCTIONS TO BE PERFORMED AND ACTIVITIES TO BE UNDERTAKEN BY THE METROPOLITAN COMMISSION AND SHALL COVER AT LEAST THE FIVE YEAR PERIOD COMMENCING WITH THE FIRST CALENDAR YEAR BEGINNING AFTER ITS APPROVAL OR SUCH LONGER PERIOD AS THE COUNCIL MAY PRESCRIBE. THE PROGRAM SHALL DESCRIBE ALL CAPITAL IMPROVEMENTS TO BE UNDERTAKEN IN SUCH PERIOD AND WITH RESPECT TO EACH IMPROVEMENT SHALL INCLUDE THE FOLLOWING:)

((A) A DESCRIPTION OF THE IMPROVEMENT, ITS LOCATION, FUNCTION AND ESTIMATED COST;)

((B) THE PROPOSED MANNER OF FINANCING THE CAPITAL COSTS OF THE IMPROVEMENT, AND THE SOURCES OF REVENUE AVAILABLE FOR PAYMENT OF SUCH COSTS;)

((C) A SCHEDULE SHOWING ON A YEARLY BASIS THE TIMING OF LAND ACQUISITION, CONSTRUCTION AND CAPITAL EXPENDITURES FOR THE IMPROVEMENTS;)

((D) A REVIEW AND DESCRIPTION OF THE PUBLIC NEED FOR THE IMPROVEMENT, ALTERNATIVES TO THE IMPROVEMENT, (INCLUDING ALTERNATIVES NOT INVOLVING CAPITAL EXPENDITURES), THE ENVIRONMENTAL AND SOCIAL EFFECTS OF THE IMPROVEMENT AND ALL ACTIONS AND STEPS THERETOFORE TAKEN BY THE COMMISSION WITH RESPECT TO THE IMPROVEMENT;)

((E) AN ESTIMATE OF THE PROBABLE IMPACT OF THE IMPROVEMENT ON THE RESPONSIBILITIES OF THE OTHER METROPOLITAN COMMISSIONS;)

((F) AN ESTIMATE OF THE ANNUAL OPERATING COSTS OF THE IMPROVEMENT AND THE SOURCES OF REVENUE AVAILABLE FOR PAYMENT OF SUCH COSTS;)

((G) AN EVALUATION OF THE RELATIVE PRIORITY OF THE IMPROVEMENT TAKING INTO CONSIDERATION OTHER CAPITAL IMPROVEMENTS DESCRIBED IN THE PROGRAM;)

((H) EACH PROGRAM SHALL INCLUDE SUCH ADDITIONAL INFORMATION AS THE COUNCIL OR COMMISSION MAY DEEM APPROPRIATE.)

(UPON A REQUEST FROM ANY LOCAL GOVERNMENTAL UNIT, THE COMMISSION SHALL HOLD A PUBLIC HEARING FOR THE PURPOSE OF RECEIVING TESTIMONY FROM LOCAL GOVERNMENTAL UNITS AND THE PUBLIC PRIOR TO SUBMISSION TO THE COUNCIL AS PROVIDED IN SUBDIVISION 2.)

*Subd. 1a. [REQUIREMENT; PURPOSE.] Each metropolitan agency that is subject to this section by its enabling law shall adopt an implementation plan meeting the requirements of this section. The implementation plan must implement and effectuate the policy plan adopted by the council under section 473.146. Elements of the implementation plan must cover the period or periods prescribed in the council's policy plan.*

*Subd. 1b. [CONTENT.] The implementation plan must include the following:*

*(1) a statement of objectives and priorities for capital development, services, and system management;*

*(2) a statement of agency plans to achieve the objectives, describing the functions, services, and systems that will be provided by or under the direction or auspices of the agency;*

*(3) a statement of how the agency's objectives, priorities, and plans will implement and effectuate the council's policy plan;*

*(4) a statement of the fiscal implications of the agency's plan, including a statement of: (i) the anticipated expenditure of public and private funds, for capital developments, services, and system administration and management, and the changes in expenditure levels that the plan represents; (ii) the resources available under existing fiscal policy and additional resources, if any, that are or may be required to effectuate the agency's*

plan; (iii) any changes in agency policy on regional sources of revenue and changes in levels of debt, user charges, and taxes; (iv) other changes in existing fiscal policy, on regional revenues and intergovernmental aids respectively, that are expected or that the agency has recommended or may recommend; and (v) the effect on functions and levels and types of services, and the agency's contingency and cost-containment strategies, if the additional resources required to effectuate the agency's plan do not become available;

(5) a statement of the standards, criteria, and procedures that the agency will use in monitoring and evaluating the results of the implementation plan;

(6) a statement of the effect of the plan on the responsibilities of other governmental units;

(7) the services and systems management component required by subdivision 1c and the capital investment component required by subdivision 1d; and

(8) other information that the council or agency deems appropriate.

**Subd. 1c. [SERVICES AND SYSTEMS MANAGEMENT.]** The plan must include a services and systems management component that describes the levels and costs of services that will be provided to service areas and populations within the metropolitan area. The component must describe: (1) service needs, objectives, and priorities; (2) changes in existing services; (3) deployment of new services; (4) distribution and coordination of services; (5) delivery methods and providers; (6) system management and administration; (7) costs; (8) manner of finance and revenue sources, including federal and state funds, private funds, taxes, and user charges; and (9) fiscal effects.

**Subd. 1d. [CAPITAL INVESTMENT.]** The plan must include a capital investment component that sets forth a capital investment strategy and estimates the fiscal and other effects of the strategy. The component must specify, to the extent practicable, the capital improvements to be undertaken. For each improvement specified, the plan must describe: (1) need, function, objective, and relative priority; (2) alternatives, including alternatives not involving capital expenditures; (3) ownership and operating entity; (4) location and schedule of development; (5) environmental, social, and economic effects; (6) cost; (7) manner of finance and revenue sources, including federal and state funds, private funds, taxes, and user charges; and (8) fiscal effects, including an estimate of annual operating costs and sources of revenue to pay the costs.

**Subd. 2. [(SUBMISSION TO) PROCEDURE; REVIEW AND APPROVAL BY COUNCIL.]** The (DEVELOPMENT

**PROGRAM)** *implementation plan prepared by the metropolitan (COMMISSION SHALL) agency must be submitted to the council for review (AND APPROVAL OR DISAPPROVAL) at the time or times stated in the policy plan. The agency shall hold a public hearing on the plan before submitting it to the council and shall transmit a report of the hearing to the council along with the plan. The council shall complete its review within 90 days after receipt of the proposed (DEVELOPMENT PROGRAM) implementation plan. In the course of its review of the implementation plan the council shall publish an analysis and evaluation of the success of the agency in effectuating the council's policy plan. If the council determines that the (PROGRAM) implementation plan is consistent with the policy plan it shall approve the (PROGRAM) plan as submitted. If it determines that the (PROGRAM) implementation plan or part thereof is inconsistent with the policy plan, it shall disapprove it and (RETURN IT TO) require the submitting (COMMISSION WITH COMMENTS AND THE COMMISSION SHALL) agency to make (APPROPRIATE) revisions in the (PROGRAM AND RESUBMIT IT TO THE COUNCIL FOR REVIEW AND APPROVAL OR DISAPPROVAL. BEFORE APPROVING A PROGRAM OR RETURNING IT TO THE SUBMITTING COMMISSION, THE COUNCIL SHALL HOLD A PUBLIC HEARING FOR THE PURPOSE OF CONSIDERING THE PROGRAM AND THE COUNCIL'S COMMENTS THEREON, IF REQUESTED TO DO SO BY THE AFFECTED COMMISSION. THE COUNCIL MAY APPROVE OR DISAPPROVE A DEVELOPMENT PROGRAM IN WHOLE OR IN PART) implementation plan necessary to bring it into conformance with the policy plan. The agency shall make the revisions required by the council within 60 days, or a longer period agreed to by the council, and resubmit the plan to the council for review. If the agency does not make the revisions required by the council in the time allowed, the council shall hold a public hearing on the matter in dispute. At the hearing the council shall make an affirmative presentation of its position on the required revisions, shall allow the agency to present its objections to the revisions, and shall allow all persons to present their views on the matter. Following the hearing the council shall prepare a report on the hearing, including a summary of the disagreeing positions of the council and the agency, and shall make a final decision on the revision. If the council decides to require revision, the council's decision shall contain specific changes in the implementation plan. The changes contained in the council's decision are binding on the agency and are part of the implementation plan required to be adopted and implemented by the agency under subdivision 3.*

**Subd. 2a. [AMENDMENT.] (WITHIN TWO YEARS OF THE APPROVAL OF ITS FIRST DEVELOPMENT PROGRAM BY THE COUNCIL AND) At least biennially (THEREAFTER) each (COMMISSION) metropolitan agency shall review the (PROGRAM) implementation plan, make (SUCH) the revisions (AS ARE) necessary (, INCLUDING AN UPDAT-**

ING OF THE FIVE YEAR CAPITAL IMPROVEMENT PROGRAM,) and submit the (PROGRAM) *plan* to the council for its review (AND APPROVAL OR DISAPPROVAL) as (HEREIN) provided *in this section*.

Subd. 3. [ADOPTION; EFFECT (OF DEVELOPMENT PROGRAM).] (AFTER APPROVAL BY THE COUNCIL OF A DEVELOPMENT PROGRAM THE COMMISSION) *The metropolitan agency shall adopt and implement the (PROGRAM) implementation plan, with the revisions required by the council, within 60 days following council approval. (NO CAPITAL IMPROVEMENTS SHALL BE UNDERTAKEN BY THE METROPOLITAN COMMISSION UNLESS AUTHORIZED BY THE PROGRAM OR) The activities of the agency, including its priorities and timing, must be consistent with its approved and adopted implementation plan or be specifically approved by the council. The council (SHALL) may not approve any (IMPROVEMENT) activity not in substantial conformance with the appropriate policy plan.*

Sec. 18. [473.1623] [METROPOLITAN COUNCIL; METROPOLITAN AGENCIES; FINANCIAL REPORTING AND MANAGEMENT.]

Subdivision 1. [PURPOSE.] *The purpose of this section is to enhance the efficiency, effectiveness, and responsiveness of metropolitan agencies and services, by improving coordination among metropolitan agencies in financial reporting and management for metropolitan systems and services.*

Subd. 2. [FINANCIAL REPORTING AND MANAGEMENT ADVISORY COMMITTEE.] *A financial reporting and management advisory committee is created, consisting of the chairs of the council and the following metropolitan agencies: the waste control commission, transit board, metropolitan airports commission, and sports facilities commission. The committee is established to assist and advise the council and other governing boards in meeting the requirements of this section. Staff and administrative services for the committee must be provided by the council and the member agencies. Other agencies shall make financial information available upon request.*

Subd. 3. [FINANCIAL REPORT.] *By December 15 of even-numbered years, the council, in consultation with the advisory committee, shall publish a consolidated financial report for the council and all metropolitan agencies and their functions, services, and systems. The financial report must cover the calendar year in which the report is published and the two years preceding and three years succeeding that year. The financial report must contain the following information, for each agency, function, or system, respectively, and in the aggregate, in a consistent format that allows comparison over time and among agencies in expenditure and revenue categories:*



- (1) *financial policies, goals, and priorities;*
- (2) *levels and allocation of public expenditure, including capital, debt, operating, and pass-through funds, stated in the aggregate and by appropriate functional, programmatic, administrative, and geographic categories, and the changes in expenditure levels and allocations that the report represents;*
- (3) *the resources available under existing fiscal policy;*
- (4) *additional resources, if any, that are or may be required;*
- (5) *changes in council or agency policies on regional sources of revenue and in levels of debt, user charges, and taxes;*
- (6) *other changes in existing fiscal policy, on regional revenues and intergovernmental aids respectively, that are expected or that have been or may be recommended by the council or the respective agencies;*
- (7) *an analysis that links, as far as practicable, the uses of funds and the sources of funds, by appropriate categories and in the aggregate;*
- (8) *a description of how the fiscal policies effectuate current policy and implementation plans of the council and agencies concerned; and*
- (9) *a summary of significant changes in council and agency finance and an analysis of fiscal trends.*

*The council shall present the report for discussion and comment at a public meeting in the metropolitan area and request, in writing, an opportunity to make presentations on the report before appropriate committees of the legislature.*

**Subd. 4. [FINANCIAL REPORTING; BUDGETING.]** *The advisory committee, with the assistance of the state auditor and the legislative auditor, shall develop uniform or consistent standards, formats, and procedures for the budgets and financial reports of the council and all metropolitan agencies. The council shall report to the legislature from time to time on progress made by the committee in improving the uniformity and quality of budgets and financial reports and on legislation that may be needed for this purpose.*

**Subd. 5. [ADMINISTRATIVE COORDINATION.]** *The advisory committee shall evaluate the benefits, costs, methods, and effects, including operational effects, of joint or uniform and coordinated exercise of powers by the council and metropolitan agencies for appropriate administrative functions. The study must include at least ongoing managerial reporting, con-*

*tracts, purchasing, data processing, and personnel. The council shall report to the legislature on the findings and recommendations of the advisory committee to date by January 1, 1987, and on legal and other impediments to increased coordination of administrative functions. Before submitting the report, the council shall request comments on the report from the affected metropolitan agencies, and the comments must be submitted along with the report.*

Sec. 19. Minnesota Statutes 1984, section 473.163, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] Each metropolitan (COMMISSION) agency that is subject to this section by its enabling law shall prepare a proposed budget (FOR CALENDAR YEAR 1976 AND EACH CALENDAR YEAR THEREAFTER. THE PROPOSED BUDGET SHALL BE PREPARED ON OR BEFORE) by August 1 (, 1975 AND) of each year (THEREAFTER). *The budget must be consistent with and effectuate the implementation plan.* The budget (SHALL) must show for each (SUCH) year:

(a) The estimated operating revenues from all sources including funds on hand at the beginning of the year, and estimated expenditures for costs of operation, administration, maintenance, and debt service; (AND)

(b) Capital improvement funds estimated to be on hand at the beginning of the year and estimated to be received during the year from all sources and estimated cost of capital improvements to be paid out or expended during the year; all in such detail and form as the council may prescribe; and

(c) *The estimated source and use of pass-through funds.*

Sec. 20. Minnesota Statutes 1984, section 473.163, subdivision 2, is amended to read:

Subd. 2. [PROCEDURE; APPROVAL OF COUNCIL.] (BETWEEN) *As early as practicable before August (1 AND SEPTEMBER 1) 15 of each year, the (COMMISSION) agency shall hold a public hearing on a draft of the proposed budget. Along with the draft, the agency shall publish a report on user charges. The report must include an estimate and analysis of the changes in user charges, rates, and fees that will be required by the agency's budget. Not less than 14 days before the hearing, the (COMMISSION) agency shall publish notice (THEREOF) of the hearing in a newspaper having general circulation in the metropolitan area, stating the date, time and place of hearing, and the place where the proposed budget and report on user charges may be examined by any interested person. Following the hearing, the agency shall publish a report of the hearing that summarizes the comments received and the agency's re-*

*sponse. Until the budget for agency fiscal year 1990, those parts of the budget relating to revenues and expenditures for capital improvements (SHALL) must be submitted to the council (ON OR BEFORE) by August (1) 15 of each year (AND SHALL BE SUBJECT TO) for review and approval by the council. If council approval is required the council shall act to approve or disapprove by October 1 of each year. Before December 15 of each year the (COMMISSION, AFTER OBTAINING APPROVAL OF THE COUNCIL FOR ANY CHANGES IN THE CAPITAL IMPROVEMENTS BUDGET,) agency shall by resolution adopt a final budget. Each (COMMISSION) agency shall file its final budget with the council on or before December 20 of each year. The council shall file the budgets with the secretary of the senate and the clerk of the house of representatives not later than January 1 of each year.*

*Subd. 2a. [EFFECT.] Except in an emergency, for which procedures (SHALL) must be established by the (COMMISSION) agency, the (COMMISSION) agency and its officers, agents and employees (SHALL) may not spend money for any purpose, other than debt service, without an appropriation by the (COMMISSION OR IN EXCESS OF THE AMOUNT APPROPRIATED THEREFOR) agency, and no obligation to make such an expenditure shall be enforceable except as the obligation of the person or persons incurring it. The creation of any debt obligation or the receipt of any federal or state grant is a sufficient appropriation of the proceeds for the purpose for which it is authorized, and of the tax or other revenues pledged to pay the obligation and interest on it whether or not specifically included in any annual budget. (THE COMMISSION MAY,) After obtaining approval of the council, if required under subdivision 2, the agency may amend the (CAPITAL IMPROVEMENTS) budget at any time by transferring any appropriation from one purpose to another, except appropriations of the proceeds of bonds issued for a specific purpose. (THE COUNCIL SHALL FILE THE BUDGETS OF ALL COMMISSIONS WITH THE SECRETARY OF THE SENATE AND THE CLERK OF THE HOUSE OF REPRESENTATIVES NOT LATER THAN JANUARY 15 OF EACH YEAR.)*

Sec. 21. Minnesota Statutes 1985 Supplement, section 473.167, subdivision 3, is amended to read:

*Subd. 3. [TAX.] The council may levy a tax on all taxable property in the metropolitan area, as defined in section 473.121, to provide funds for loans made pursuant to subdivisions 2 and 2a. The tax shall be certified by the council, levied, and collected in the manner provided by section (473.08) 7 of this act. The tax shall be in addition to that authorized by section 473.249 and any other law and shall not affect the amount or rate of taxes which may be levied by the council or any metropolitan agency or local governmental unit. The amount of the levy shall be as determined and certified by the council, except as otherwise provided in this subdivision. The tax shall not be levied*

at a rate higher than five one-hundredths of one mill. The tax shall not be levied at a rate higher than that determined by the council to be sufficient, considering the other anticipated revenues of and disbursements from the loan fund, to produce a balance in the loan fund at the end of the next calendar year equal to twice the amount that a tax levy of five one-hundredths of a mill would raise in that year.

Sec. 22. Minnesota Statutes 1984, section 473.171, subdivision 1, is amended to read:

Subdivision 1. The council shall review all applications of a metropolitan (COMMISSION) *agency*, independent commission, board or agency, and local governmental units for funds, grants, loans or loan guarantees from the United States of America or agencies thereof submitted in connection with proposed matters of metropolitan significance, all other applications by (COMMISSIONS) *metropolitan agencies, independent commissions, boards and agencies*, and local governmental units for grants, loans, or loan guarantees from the United States of America or any agency thereof if review by a regional agency is required by federal law or the federal agency, and all applications (OF THE COMMISSIONS) for grants, loans, or allocations from funds made available by the United States of America to the metropolitan area for regional facilities pursuant to a federal revenue sharing or similar program requiring that the funds be received and granted or allocated or that the grants and allocations be approved by a regional agency.

Sec. 23. Minnesota Statutes 1984, section 473.171, subdivision 2, is amended to read:

Subd. 2. The council shall review all applications or requests of a metropolitan (COMMISSION) *agency*, independent commission, board or agency, and local governmental units for state funds allocated or granted for proposed matters of metropolitan significance, and all other applications by metropolitan (COMMISSIONS) *agencies*, independent commissions, boards, agencies, and local governmental units for state funds if review by a regional agency is required by state law or the granting state agency.

Sec. 24. Minnesota Statutes 1984, section 473.173, subdivision 3, is amended to read:

Subd. 3. In developing the regulations the council and the advisory metropolitan land use committee, as defined in section 473.852, shall give consideration to all factors deemed relevant including but not limited to the following:

(1) The impact a proposed matter will have on the orderly, economic development, public and private, of the metropolitan area and its consistency with the metropolitan development guide;

(2) The relationship a proposed matter will have to the policy statement goals, standards, programs and other applicable provisions of the development guide;

(3) The impact a proposed matter will have on policy plans adopted by the council and on the (DEVELOPMENT PROGRAMS) *implementation plans* and functions performed and to be performed by a metropolitan (COMMISSION) *agency that is subject to section 473.161*;

(4) Functions of municipal governments in respect to control of land use as provided for under the municipal planning act.

Sec. 25. Minnesota Statutes 1984, section 473.173, subdivision 4, is amended to read:

Subd. 4. The regulations shall include, without limitation, provisions to effectuate and comply with the following powers and requirements:

(1) No applicant shall be required to submit a proposed matter for review more than once unless it is materially altered.

(1a) A public hearing shall be held prior to the final determination with regard to a proposed matter.

(2) The council shall be empowered to suspend action on a proposed matter during the period of review and for a period not to exceed 12 months following the issuance of its final determination. In its final determination, the council may prescribe appropriate conditions with regard to a proposed matter which, if incorporated or complied with, would cause the council to remove the suspension.

(3) The council's recommendation or determination concerning a proposed matter, including the determination as to its metropolitan significance, shall be issued within 90 days following its receipt of a proposal accompanied by adequate supporting information. To avoid duplication, the review may be suspended for not more than 90 days to await completion of review of a matter by another public agency.

(4) The council shall be required to review a proposed matter upon request of an affected local governmental unit or metropolitan (COMMISSION) *agency that is subject to section 473.161*. The regulations shall include a procedure for review of a proposed matter upon petition by a specified number of residents of the metropolitan area 18 years of age or older.

(5) The council shall be empowered to review all proposed matters of metropolitan significance regardless of whether the

council has received a request from an affected body to conduct that review.

(6) The council shall review all proposed matters determined to be of metropolitan significance as to their consistency with and effect upon metropolitan system plans as defined in section 473.852 and their adverse effects on other local governmental units.

(7) Previously approved policy plans and (DEVELOPMENT PROGRAMS) *implementation plans* and areas of operational authority of (THE) metropolitan (COMMISSIONS) *agencies that are subject to section 473.161* shall not be subject to review under this section, except as specifically provided in section 473.171.

Sec. 26. Minnesota Statutes 1984, section 473.194, is amended to read:

473.194 [DEFINITIONS.]

For the purposes of sections (473.193) *473.194* to 473.201, the terms defined in the municipal housing and redevelopment act shall have the meanings given them in that act.

Sec. 27. Minnesota Statutes 1984, section 473.195, subdivision 4, is amended to read:

Subd. 4. The council shall, as part of any project proposal to a municipality, propose a means for citizens substantially affected by the proposed project to participate in the formulation and carrying out of projects undertaken by the council pursuant to the terms of sections (473.193) *473.194* to 473.201.

Sec. 28. Minnesota Statutes 1984, section 473.199, is amended to read:

473.199 [EFFECT UPON MUNICIPAL AND COUNTY HOUSING AND REDEVELOPMENT AUTHORITIES.]

Nothing in sections (473.193) *473.194* to 473.201 shall be construed to impair the powers and obligations of municipal, county or multi-county housing and redevelopment authorities within the metropolitan area.

Sec. 29. Minnesota Statutes 1984, section 473.201, subdivision 2, is amended to read:

Subd. 2. The council may expend for the purposes of sections (473.193) *473.194* to 473.201 any revenues derived pursuant to section 473.249.

Sec. 30. Minnesota Statutes 1984, section 473.245, is amended to read:

473.245 [REPORTS.]

On or before January 15, of each year the metropolitan council shall report to the legislature. The report shall include:

(1) A statement of the metropolitan council's receipts and expenditures by category since the preceding report;

(2) A detailed budget for the year in which the report is filed and the following year including an outline of its program for such period;

(3) An explanation of any policy plan and other comprehensive plan adopted in whole or in part for the metropolitan area and the review comments of the affected (COMMISSION) *metropolitan agency*;

(4) Summaries of any studies and the recommendations resulting therefrom made by the metropolitan council, and a listing of all applications for federal moneys made by governmental units within the metropolitan area submitted to the metropolitan council;

(5) A listing of plans of local governmental units and proposed matters of metropolitan significance submitted to the metropolitan council;

(6) A detailed report on the progress of any project undertaken by the council pursuant to sections 473.193 to 473.201; and

(7) Recommendations of the metropolitan council for metropolitan area legislation, including the organization and functions of the metropolitan council and the (COMMISSIONS) *metropolitan agencies*.

Sec. 31. Minnesota Statutes 1984, section 473.249, subdivision 1, is amended to read:

Subdivision 1. The metropolitan council may levy a tax on all taxable property in the metropolitan area defined in section 473.121 to provide funds for the purposes of sections 473.121 to 473.249 and for the purpose of carrying out other responsibilities of the council as provided by law. The tax shall not exceed eight-thirtieths of one mill on the total assessed valuation of all such taxable property located in the metropolitan area, and shall be levied and collected in the manner provided by section (473.08) *of this act*.

Sec. 32. Minnesota Statutes 1984, section 473.303, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] The commission shall consist of eight members, plus a chairman appointed as provided in subdivision 3. The metropolitan council shall appoint the eight members (ON A NONPARTISAN BASIS. ONE MEMBER SHALL BE APPOINTED FROM EACH OF THE FOLLOWING COMMISSION DISTRICTS:)

((1) COMMISSION DISTRICT A, CONSISTING OF COUNCIL DISTRICTS 1 AND 2;)

((2) COMMISSION DISTRICT B, CONSISTING OF COUNCIL DISTRICTS 3 AND 7;)

((3) COMMISSION DISTRICT C, CONSISTING OF COUNCIL DISTRICTS 4 AND 5;)

((4) COMMISSION DISTRICT D, CONSISTING OF COUNCIL DISTRICTS 6 AND 10;)

((5) COMMISSION DISTRICT E, CONSISTING OF COUNCIL DISTRICTS 8 AND 9;)

((6) COMMISSION DISTRICT F, CONSISTING OF COUNCIL DISTRICTS 11 AND 12;)

((7) COMMISSION DISTRICT G, CONSISTING OF COUNCIL DISTRICTS 13 AND 14; AND)

((8) COMMISSION DISTRICT H, CONSISTING OF COUNCIL DISTRICTS 15 AND 16) *in accordance with the provisions of section 473.141.*

Sec. 33. Minnesota Statutes 1984, section 473.303, subdivision 4a, is amended to read:

Subd. 4a. [TERMS.] Following each apportionment of metropolitan council districts, as provided under section 473.123, subdivision 3a, the (TERMS OF MEMBERS AND THE CHAIRMAN OF THE COMMISSION SHALL COMMENCE ON THE EFFECTIVE DATE OF THAT APPORTIONMENT,) *metropolitan council appointed* as provided in section 473.123, subdivision 3a, shall appoint a chair and eight commission members from newly drawn districts. The terms of members and chairmen are as follows: members representing commission districts A, B, C, and D, and the chairman of the commission, for terms ending the first Monday in January of the year ending in the numeral "7"; members representing commission districts E, F, G, and H, for terms ending the first Monday in January of the year ending in the numeral "5." Thereafter the term of each member and the



chairman is four years, *with terms ending the first Monday in January*, except that all terms expire on the effective date of the next apportionment. The chairman shall continue to serve until a successor is appointed and qualified. A member shall continue to serve his commission district until a successor is appointed and qualified; except that, following each apportionment, the member shall continue to serve at large until the metropolitan council appointed pursuant to section 473.123, subdivision 3a appoints eight commission members as provided under subdivision 2, to serve terms as provided under this subdivision. *The appointments to the commission must be made by the first Monday in May of the year in which the term ends.*

Sec. 34. Minnesota Statutes 1984, section 473.303, subdivision 6, is amended to read:

Subd. 6. [COMPENSATION.] Members and the chairman shall be compensated as provided (FOR MEMBERS OF METROPOLITAN COMMISSIONS) *in section 473.141, subdivision 7.*

Sec. 35. Minnesota Statutes 1984, section 473.373, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] To carry out the policy and achieve the goals of section 473.371 there is established a regional transit board as a public corporation and a political subdivision of the state. Except as provided in this section, the board is organized, structured, and administered as provided (FOR METROPOLITAN COMMISSIONS) in section 473.141.

Sec. 36. Minnesota Statutes 1985 Supplement, 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 qualified 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 August 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 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 E, F, G, and H for terms ending the first Monday in January of the year ending in the numeral "9." *At least one of the members appointed by the council must be 65 years of age or older at the time of the appointment.* 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. 37. Minnesota Statutes 1984, section 473.377, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] The transit board shall *prepare, submit to the council, and* adopt (A TRANSIT SERVICE) *an* implementation plan (DESCRIBING THE PLANING, FUNCTIONS, AND ACTIVITIES TO BE PERFORMED BY OR UNDER THE DIRECTION OR AUSPICES OF THE BOARD IN IMPLEMENTING THE POLICY PLAN ADOPTED BY THE COUNCIL PURSUANT TO SECTION 473.146. THE PLAN MUST COVER AT LEAST THE FIVE YEAR PERIOD COMMENCING WITH THE FIRST CALENDAR YEAR BEGINNING AFTER THE PLAN'S APPROVAL, OR A LONGER PERIOD PRESCRIBED BY THE COUNCIL.)

(EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE IMPLEMENTATION PLAN MUST BE PREPARED, SUBMITTED FOR REVIEW BY THE COUNCIL, ADOPTED, AND IMPLEMENTED IN THE SAME MANNER, WITH THE SAME REQUIREMENTS AND RESTRICTIONS, AND TO THE SAME EFFECT) as provided (FOR DEVELOPMENT PROGRAMS) in section 473.161. The board shall prepare an implementation plan meeting the requirements of this section and submit the plan to the council by August 1, 1986, and thereafter (IN EVEN-NUMBERED YEARS) at a time prescribed by the council.

Sec. 38. Minnesota Statutes 1985 Supplement, section 473.38, subdivision 2, is amended to read:

Subd. 2. [FINANCIAL PLAN; COUNCIL APPROVAL.] Along with its annual budget, each *even-numbered* 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)) 18, *subdivision 3*. 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. 39. Minnesota Statutes 1985 Supplement, section 473.39, subdivision 1, is amended to read:

Subdivision 1. [GENERAL AUTHORITY.] The council, if requested by vote of at least two-thirds of all of the members of the transit board, may issue general obligation bonds to pro-

vide funds to the board for expenditure to implement the board's approved (CAPITAL DEVELOPMENT PROGRAM) *implementation plan* and for the refunding of outstanding bonds, certificates of indebtedness, and judgments. The council may not unreasonably withhold the issuance of obligations for (A CAPITAL DEVELOPMENT PROGRAM) *an implementation plan* that has been approved by the council. The council may not issue obligations pursuant to this subdivision in excess of the amount specifically authorized by law. Except as otherwise provided in sections 473.371 to 473.449, the council shall provide for the issuance, sale, and security of the bonds in the manner provided in chapter 475, and has the same powers and duties as a municipality issuing bonds under that law, except that no election is required and the net debt limitations in chapter 475 do not apply to the bonds. 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 the board or council, is liable on the obligations. The obligations may be secured by taxes levied without limitation of rate or amount upon all taxable property in the transit taxing district and transit area as provided in section 473.446. The council shall certify to the transit board before October 1 of each year the amounts necessary to provide full and timely payment of the obligations. As part of its levy made under section 473.446, the board shall levy the amounts certified by the council and transfer the proceeds to the council for payment of the obligations. The taxes must be levied, certified, and collected in accordance with the terms and conditions of the indebtedness.

Sec. 40. Minnesota Statutes 1985 Supplement, section 473.39, subdivision 1a, is amended to read:

Subd. 1a. [AMOUNT; I-394 FACILITIES.] The council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding \$8,500,000 for expenditure as prescribed in the (CAPITAL DEVELOPMENT PROGRAM) *implementation plan* of the board (REQUIRED BY SECTION 473.377, SUBDIVISION 2, CLAUSE (A)). Of this amount, no more than \$1,500,000 may be spent for land acquisition and capital improvements for park and ride lots and transit transfer stations planned for the interstate highway described in section 161.123, clause (2), commonly known as I-394. These facilities may be constructed and maintained by the metropolitan transit commission. The board shall require, as a condition of financial assistance to the commission, that the commission make facilities it constructs, acquires, or improves for I-394 with funds provided under this provision available to all transit providers on a nondiscriminatory basis, as the board defines these terms.

Sec. 41. Minnesota Statutes 1984, section 473.409, is amended to read:

**473.409 [AGREEMENTS WITH COMMISSION; ENCOURAGEMENT OF TRANSIT USE.]**

A state department or agency, including the legislative branch, any local governmental unit, the metropolitan council, or other metropolitan (COMMISSION) *agency* may enter into an agreement with the transit commission and other operators for the purpose of encouraging the use of transit by its employees residing in the metropolitan area. The agreement may provide for, among other things: (a) the advance purchase of tokens, tickets or other devices from the commission or other operator for use in lieu of fares on vehicles operated by the commission or other operator; and (b) special transit service for employees to and from their place of employment, at fares to be agreed upon by the contracting parties. The tokens, tickets, or other devices or services may be made available to employees at reduced rates. Any such agreement and arrangement by a state department or agency shall be submitted to the commissioner of administration for approval before execution. Any operating deficits or subsidy resulting from such agreements shall be assumed by the contracting department, agency, governmental unit, council, or other commission, unless otherwise provided in an agreement approved by the transit board.

Sec. 42. Minnesota Statutes 1984, section 473.516, subdivision 2, is amended to read:

Subd. 2. [GENERAL REQUIREMENTS.] With respect to its activities under this section, the commission shall be subject to and comply with the applicable provisions of this chapter. Property acquired by the commission under this section shall be subject to the provisions of section 473.545. Any site or facility owned or operated for or by the commission shall conform to the policy plan adopted by the council under section 473.149 and shall be authorized in accordance with the commission's (DEVELOPMENT PROGRAM AND CAPITAL BUDGET) *implementation plan* approved by the council. The commission shall contract with private persons for the construction, maintenance, and operation of waste facilities, subject to the bidding requirements of section 473.523, where the facilities are adequate and available for use and competitive with other means of providing the same service.

Sec. 43. Minnesota Statutes 1984, section 473.523, subdivision 1, is amended to read:

Subdivision 1. No contract for any construction work, or for the purchase of materials, supplies, or equipment, costing more than (\$5,000) \$15,000 shall be made by the commission without publishing once in a legal newspaper or trade paper published in a city of the first class not less than two weeks before the last day for submission of bids, notice that bids or proposals will be received. Such notice shall state the nature of the work or pur-

chase and the terms and conditions upon which the contract is to be awarded, and a time and place where such bids will be received, opened, and read publicly. After such bids have been duly received, opened, read publicly, and recorded, the commission shall award such contract to the lowest responsible bidder or it may reject all bids and readvertise. Each contract shall be duly executed in writing and the party to whom the contract is awarded shall give sufficient bond or security to the board for the faithful performance of the contract as required by law. The commission shall have the right to set qualifications and specifications and to require bids to meet all such qualifications and specifications before being accepted. If the commission by an affirmative vote of two-thirds of its members declares that an emergency exists requiring the immediate purchase of materials or supplies at a cost in excess of (\$5,000) \$15,000 or in making emergency repairs, it shall not be necessary to advertise for bids.

Sec. 44. Minnesota Statutes 1984, section 473.523, subdivision 2, is amended to read:

Subd. 2. The administrator may, without prior approval of the commission and without advertising for bids, enter into any contract of the type referred to in subdivision 1 which is not in excess of (\$5,000) \$15,000.

Sec. 45. Minnesota Statutes 1984, section 473.535, is amended to read:

473.535 [(WASTE CONTROL COMMISSION) IMPLEMENTATION PLAN; BUDGET.]

The waste control commission shall prepare, submit to the council and adopt *an implementation plan and a budget* at the time and in the manner provided in and otherwise comply with (SECTION) sections 473.161 and 473.163.

Sec. 46. Minnesota Statutes 1984, section 473.553, subdivision 4, is amended to read:

Subd. 4. [QUALIFICATIONS.] Each member appointed prior to substantial completion of construction of a sports facility constructed pursuant to sections 473.551 to 473.595 shall be a resident of the precincts or area of the state for which he is appointed. A member appointed at any time shall not during his term of office hold the office of metropolitan council member or be a member of another metropolitan (COMMISSION) agency that is subject to section 473.141 or hold any judicial office or office of state government. Each member shall qualify by taking and subscribing the oath of office prescribed by the Minnesota Constitution, Article V, Section 6. The oath, duly certified by the official administering it, shall be filed with the chairman of the metropolitan council.

Sec. 47. [473.636] [NEW MAJOR AIRPORT; AIRPORT DEVELOPMENT AREA.]

*Subdivision 1. [METROPOLITAN COUNCIL; LAND USE CRITERIA AND GUIDELINES.] Within 120 days after the selection by the metropolitan airports commission of a site in the metropolitan area for a new major airport to serve as a terminal for regular, scheduled air passenger service and the approval of the selection by the metropolitan council, the council shall adopt criteria and guidelines for the regulation of use and development of the airport development area, consisting of all or a portion of the property in the metropolitan area extending out three miles from the proposed boundaries of the site, or out five miles from the boundaries in any direction the council determines is necessary to protect natural resources of the metropolitan area. The criteria and guidelines must establish the boundaries of the airport development area and must include a statement of goals and policies to be accomplished by regulation of the use and development of property in the area. The criteria and guidelines may relate to all kinds of land use and development control measures, including zoning ordinances, building codes, subdivision regulations, and official maps. The criteria and guidelines must encourage controls for the use and development of property and the planning of public facilities to protect inhabitants of the airport development area from aircraft noise and to preserve natural underground water reservoirs and other natural resources of the metropolitan area. Those purposes are public purposes upon which land use and development control measures adopted by any government unit under law may be based. The criteria and guidelines must be a part of the metropolitan development guide when it is adopted, and the council shall mail a copy of the criteria and guidelines and any amendment to them to the governing body of each government unit having authority to adopt land use and development control measures applicable to the airport development area under sections 360.061 to 360.073, chapter 394, or chapter 462, or any other law; to the metropolitan airports commission; and to the state commissioner of transportation. The council may amend the criteria and guidelines from time to time, and shall reestablish the airport development area whenever the airport site boundaries are altered.*

*Subd. 2. [LOCAL ZONING AND LAND USE AND DEVELOPMENT CONTROLS.] Upon the selection and approval of a site for a new major airport in the metropolitan area, all land within its airport development area not then zoned for other use is zoned for use exclusively for agricultural purposes, except that a prior nonconforming use established with reference to any lot or parcel of land may be continued and all land zoned by this subdivision for agricultural purposes may be rezoned by the appropriate government unit upon compliance with this subdivision. Thereafter the governing body of each government unit proposing to adopt or amend a land use and development control measure applicable to the airport development area shall submit it to the metropolitan council for review, and within 120 days*

*after receipt of the council's criteria and guidelines shall make and submit to the council for review whatever changes in its existing land use and development control measures it deems necessary to make them consistent with the criteria and guidelines. The council or a committee designated by it shall hold a hearing on the control measures submitted by each government unit within 60 days after they are submitted, on written notice mailed to the governing body of the government unit not less than 15 days before the hearing. At the hearing the government unit must be allowed to present all data and information that support the control measures submitted to the council. The council shall approve each measure or amendment within 120 days after it is received, with whatever changes it deems necessary to make it consistent with the criteria and guidelines, and the government unit submitting it shall take all actions necessary to put it into effect within 60 days after it is approved. If the council amends its criteria and guidelines, it must follow the procedures in this subdivision to ensure that applicable land use and development control measures are consistent with the amendment.*

*Subd. 3. [ENFORCEMENT OF LOCAL MEASURES.] After the selection and approval of a site for a new major airport in the metropolitan area, no public or private use contrary to subdivision 2 or any land use and development control measure then in effect may be made of the property to which it applies within an airport development area, and no government unit may issue a permit for the use, construction, alteration, or planting of any property, building, structure, or tree not in accordance with its general provisions, except for minor footage variances, until the council has approved changes or variances in the control measure in accordance with subdivision 2. After the council has approved a land use and development control measure in accordance with subdivision 2, no public or private use contrary to its provisions may be made of the property to which it applies; and no government unit may issue a permit for the use, construction, alteration, or planting of any property, building, structure, or tree not in accordance with its general provisions; and no special use permit or variance may be granted that authorizes a use or development contrary to the council's criteria and guidelines.*

*Subd. 4. [CONTROL MEASURE REVIEW BEFORE SITE SELECTION.] After the metropolitan airports commission has called a hearing for the selection of a site for a new major airport in the metropolitan area under section 473.641, and until the commission has determined not to use the site described in the notice of hearing for a new major airport, the governing body of each government unit in the metropolitan area shall submit to the council for review and comment in accordance with section 473.175 any land use and development control measure, amendment, or variance applicable to or proposed for the site described in the notice of hearing or to any property within five miles of the site. During the period described in this subdivision,*

*no government unit may construct a public building or facility on the proposed airport site or within five miles of it until it has submitted its plan for the building or facility to the metropolitan council for review and comment as provided in this subdivision.*

**Sec. 48. [473.637] [AIRCRAFT NOISE ZONES.]**

*Within 120 days after the selection and approval of a site for a new major airport in the metropolitan area, the metropolitan council shall determine the probable levels of noise that will result in various parts of the metropolitan area from the operation of aircraft using the site, shall establish aircraft noise zones based on that determination and applicable to property affected by the noise, and shall establish acceptable levels of perceived noise decibels for each land use, using the composite noise rating method and tables or the noise exposure forecast method and tables. Each government unit having power to adopt land use and development control measures applicable to property included in any aircraft noise zone shall adopt or incorporate in existing land use and development control measures the applicable acceptable level of perceived noise decibels established by the council, and shall adopt whatever other control measures may be necessary to prevent the use, construction, or improvement of property and buildings subject to a level of perceived noise decibels in excess of the acceptable level established for that land use. The council shall mail a map showing the aircraft noise zones and a copy of the applicable acceptable levels of perceived noise decibels to the governing body of each government unit having authority to adopt land use and development control measures applicable to property in each aircraft noise zone, to the metropolitan airports commission, and to the state commissioner of transportation. The control measures adopted by a government unit to comply with this section must be submitted to and approved by the council and placed into effect by the government unit as provided in section 473.215, subdivision 2. The council may change the aircraft noise zones and the applicable acceptable levels of perceived noise decibels to conform with the actual levels of noise produced by aircraft using the airport site when it is in operation, and may require changes in control measures applicable to airport noise zones to conform with changes made by it. No property may be used, and no building or other structure may be constructed or improved, within any aircraft noise zone if persons using the property and buildings would be subjected to a level of perceived noise decibels in excess of the acceptable level established by the council for that land use.*

**Sec. 49. [473.638] [CONTROL MEASURE INVOLVING TAKING; CONDEMNATION BY METROPOLITAN AIRPORTS COMMISSION.]**

*Subdivision 1. [EMINENT DOMAIN.] If either the provisions or the application of section 473.215, subdivision 2, or any*



*land use and development control measure applicable to public or private property in an airport development area is determined by a court of competent jurisdiction to constitute a taking, the metropolitan airports commission in the exercise of its power to acquire lands for the airport has the power to acquire the property or any similar property, or an interest in it, to the extent needed for the application of the measure, by eminent domain exercised in accordance with chapter 117. The right of eminent domain must be exercised if the commission has or will have funds to pay the condemnation award and the council determines that it is necessary to protect the airport from encroachment or hazards, to protect residents in the area, to encourage the most appropriate use of property in the airport development area, or to protect and conserve the natural resources of the metropolitan area.*

**Subd. 2. [RETENTION OR SALE OF PROPERTY.]** *The commission may retain any property now owned by it or acquired under subdivision 1 and use it for a lawful purpose, or it may provide for the sale or other disposition of the property in accordance with a redevelopment plan in the same manner and upon the same terms as the housing and redevelopment authority and governing body of a municipality under the provisions of section 462.525, all subject to the provisions of section 473.215, subdivision 2, or to existing land use and development control measures approved by the council.*

**Subd. 3. [SHARING OF COSTS.]** *The metropolitan airports commission and any other government unit in the metropolitan area may enter into an agreement under which the cost of acquiring a property and the proceeds from the sale or other disposition of it under subdivision 2 are to be shared by the commission and such government unit. The commission, the metropolitan council, or any government unit may also enter into any agreements with the United States or the state of Minnesota, or any agency or subdivision of either, and do all acts and things required by state or federal law or rules as a condition or consideration for the loan or grant of funds or property for the purpose of land acquisition or improvement under subdivisions 1 and 2.*

**Sec. 50. [473.639] [RELATION TO AIRPORT HAZARD ZONING.]**

*Sections 473.215 and 473.216 and any criteria, guidelines, or land use and development control measure approved by the council under those sections in no way supersede or limit the powers conferred on a municipality to do airport hazard zoning, or the commissioner of transportation by sections 360.061 to 360.073. Any criteria, guidelines, or land use and development control measure approved by the council under section 473.215 or 473.216 must be consistent with any exercise of powers by the commissioner under sections 360.061 to 360.093.*

**Sec. 51. [473.64] [GOVERNMENT UNITS IN AIRPORT DEVELOPMENT AREA; TAX SHARING.]**

*The governing bodies of government units located wholly or partly in an airport development area shall jointly study and decide upon a plan for the sharing of property tax revenues derived from property located in an airport development area. If 80 percent of the government units having territory within the airport development area agree upon a plan, the plan is effective, and all government units shall enter into whatever agreements may be necessary for this purpose. The plan, however, may not impair the existing contract obligations of any government unit. This section does not apply to the metropolitan airports commission or the council.*

**Sec. 52. Minnesota Statutes 1984, section 473.704, is amended by adding a subdivision to read:**

*Subd. 19. The commission, by December 15 of each even-numbered year, shall prepare and submit to the legislature a financial report that contains the information required by section 18, subdivision 3, in a format consistent with the consolidated financial report required by that subdivision.*

**Sec. 53. Minnesota Statutes 1984, section 473.711, is amended by adding a subdivision to read:**

*Subd. 4. [CERTIFICATES OF INDEBTEDNESS.] The commission may issue certificates of indebtedness in anticipation of the collection and payment of a tax levied under this section in the same manner as a statutory city under section 412.261 and use their proceeds to accomplish its duties.*

**Sec. 54. Minnesota Statutes 1984, section 473.811, subdivision 7, is amended to read:**

**Subd. 7. [JOINT ACTION.]** Any local governmental unit or metropolitan (COMMISSION) agency may act together with any county, city, or town within or without the metropolitan area, or with the pollution control agency or the waste management board under the provisions of section 471.59 or any other appropriate law providing for joint or cooperative action between government units, to accomplish any purpose specified in sections 473.-149, 473.151, and 473.801 to 473.823 and sections 473.827, 473.-831, 473.833, 473.834, 116.05 and 115A.06.

Any agreement regarding data processing services relating to the generation, management, identification, labeling, classification, storage, collection, treatment, transportation, processing or disposal of waste and entered into pursuant to section 471.59, or other law authorizing joint or cooperative action may provide that any party to the agreement may agree to defend, indemnify

and hold harmless any other party to the agreement providing the services, including its employees, officers or volunteers, against any judgments, expenses, reasonable attorney's fees and amounts paid in settlement actually and reasonably incurred in connection with any third party claim or demand arising out of an alleged act or omission by a party to the agreement, its employees, officers or volunteers occurring in connection with any exchange, retention, storage or processing of data, information or records required by the agreement. Any liability incurred by a party to an agreement under this subdivision shall be subject to the limitations set forth in section 3.736 or 466.04.

Sec. 55. Minnesota Statutes 1984, section 473.823, subdivision 3, is amended to read :

Subd. 3. [SOLID WASTE FACILITIES ; REVIEW PROCEDURES.] The agency shall request applicants for solid waste facility permits to submit all information deemed relevant by the council to its review, including without limitation information relating to the geographic areas and population served, the need, the effect on existing facilities and services, the anticipated public cost and benefit, the anticipated rates and charges, the manner of financing, the effect on metropolitan plans and development programs, the supply of waste, anticipated markets for any product, and alternative means of disposal or energy production. No permit may be issued for the operation of a solid waste facility in the metropolitan area which is not in accordance with the metropolitan council's solid waste policy plan. The metropolitan council shall determine whether a permit is in accordance with the policy plan. In making its determination, the council shall consider the area-wide need and benefit of the applicant facility and may consider, without limitation, the effect of the applicant facility on existing and planned solid waste facilities described in a waste control commission (DEVELOPMENT PROGRAM) *implementation plan* or county report or master plan. If the council determines that a permit is in accordance with its policy plan, the council shall approve the permit. If the council determines that a permit is not in accordance with its policy plan, it shall disapprove the permit. The council's approval of permits may be subject to conditions necessary to satisfy criteria and standards in its policy plan, including conditions respecting the type, character, and quantities of waste to be processed at a solid waste facility used primarily for resource recovery and the geographic territory from which a resource recovery facility or transfer station serving such a facility may draw its waste. For the purpose of this review and approval by the council, the agency shall send a copy of each permit application and any supporting information furnished by the applicant to the metropolitan council within 15 days after receipt of the application and all other information requested from the applicant. Within 60 days after the application and supporting information are received by the council, unless a time extension is authorized by the agency, the council shall issue to the agency in writing its determination whether the permit is disapproved, approved, or approved with

conditions. If the council does not issue its determination to the agency within the 60 day period, unless a time extension is authorized by the agency, the permit shall be deemed to be in accordance with the council's policy plan. No permit shall be issued in the metropolitan area for a solid waste facility used primarily for resource recovery or a transfer station serving such a facility, if the facility or station is owned or operated by a public agency or if the acquisition or betterment of the facility or station is secured by public funds or obligations issued by a public agency, unless the council finds and determines that adequate markets exist for the products recovered and that establishment of the facility is consistent with the criteria and standards in the metropolitan and county plans respecting the protection of existing resource recovery facilities and transfer stations serving such facilities.

Sec. 56. Minnesota Statutes 1984, section 473.852, subdivision 8, is amended to read:

Subd. 8. "Metropolitan system plans" means the airports (PORTION) and transportation portions of the metropolitan development guide, and the policy plans, (DEVELOPMENT PROGRAMS) implementation plans, and capital budgets for metropolitan waste control, transportation, and regional recreation open space.

Sec. 57. [REPORT.]

*The report required in 1986 by section 18, subdivision 3, of this act should be in the scope and detail that the council, in consultation with the advisory committee, deems appropriate and practicable.*

Sec. 58. [EXISTING PLANS.]

*Existing plans and development programs of the council and affected agencies remain in effect until expressly superseded by plans adopted in accordance with this act.*

Sec. 59. [REPEALER.]

*Minnesota Statutes 1984, sections 473.01; 473.02; 473.03; 473.04; 473.05; 473.06; 473.07; 473.08; 473.09; 473.10; 473.11; 473.121, subdivisions 7 and 9; 473.128; 473.163, subdivisions 3 and 4; 473.193; 473.203; 473.215; 473.216; 473.217; 473.218; 473.219; 473.373, subdivision 3; 473.377, subdivisions 2 and 3; 473.38, subdivision 1; 473.502; 473.523, subdivision 3; and 473.802 are repealed.*

Sec. 60. [APPLICATION.]

*Sections 1 to 59 of this act apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. Sec-*

*tions 13 to 17 of this act are effective for plans and plan amendments adopted after January 1, 1987, and do not apply to the amendments to the transportation policy plan and transit implementation plan required to be adopted in 1986 by Laws 1984, chapter 654, article 3, sections 108 and 118."*

Delete the title and insert:

"A bill for an act relating to metropolitan government; defining metropolitan agency; providing for appointments, administration, reports, and duties of metropolitan agencies; recodifying certain provisions; amending Minnesota Statutes 1984, sections 473.121, subdivisions 6 and 11, and by adding a subdivision; 473.123, subdivisions 2a, 3, and 3a; 473.141, subdivisions 1, 2, 3, 4, and 4a; 473.146, subdivisions 1, 2, and 3; 473.149, subdivision 3; 473.161; 473.163, subdivisions 1 and 2; 473.171, subdivisions 1 and 2; 473.173, subdivisions 3 and 4; 473.194; 473.195, subdivision 4; 473.199; 473.201, subdivision 2; 473.245; 473.249, subdivision 1; 473.303, subdivisions 2, 4a, and 6; 473.373, subdivision 1; 473.377, subdivision 1; 473.409; 473.516, subdivision 2; 473.523, subdivisions 1 and 2; 473.535; 473.553, subdivision 4; 473.704, by adding a subdivision; 473.711, subdivision 4; 473.811, subdivision 7; 473.823, subdivision 3; 473.852, subdivision 8; Minnesota Statutes 1985 Supplement, sections 473.167, subdivision 3; 473.373, subdivision 4; 473.38, subdivision 2; and 473.39, subdivisions 1 and 1a; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1984, sections 473.01 to 473.11; 473.121, subdivisions 7 and 9; 473.128; 473.163, subdivisions 3 and 4; 473.193; 473.203; 473.215 to 473.219; 473.373, subdivision 3; 473.377, subdivisions 2 and 3; 473.38, subdivision 1; 473.502; 473.523, subdivision 3; and 473.802."

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

House Conferees: MARY M. FORSYTHE, BRAD G. STANIUS and JOHN D. TOMLINSON.

Senate Conferees: A. W. "BILL" DIESSNER, DARRIL WEGSCHEID and FRITZ KNAAK.

Forsythe moved that the name of Stanius be shown as chief author and the name of Forsythe be shown as second author on H. F. No. 1860. The motion prevailed.

Stanius moved that the report of the Conference Committee on H. F. No. 1860 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1860, A bill for an act relating to metropolitan government; permitting the metropolitan mosquito control com-

mission to issue certificates of indebtedness; amending Minnesota Statutes 1984, section 473.711, by adding a subdivision.

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.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 113 yeas and 9 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Knuth	O'Connor	Pappas	Scheid	Voss
Nelson, D.	Osthoff	Rice	Simoneau	

The bill was repassed, as amended by Conference, and its title agreed to.

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 2014

A bill for an act relating to elections; making changes in registration, caucuses, ballots, affidavits of candidacy and withdrawal, nominations, election certificates, and election judge qualifications; amending Minnesota Statutes 1984, sections 201.018, subdivision 2; 201.12, subdivision 2; 201.15, subdivision 1; 202A.11, subdivision 2; 202A.16, subdivision 1;

204B.03; 204B.06, subdivision 1; 204B.07, subdivision 4; 204B.09, subdivision 1; 204B.10, by adding a subdivision; 204B.12, subdivision 3; 204B.35, subdivision 2; 204C.40, subdivision 1; 204D.11, subdivisions 3, 5, and 6; 206.71, by adding a subdivision; and 208.03.

March 14, 1986

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. 2014, 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. 2014 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [10A.241] [TRANSFER OF DEBTS.]

*Notwithstanding any provisions of this chapter to the contrary except as provided in this section, a candidate may terminate the candidate's principal campaign committee for one state office by transferring any debts of that committee to the candidate's principal campaign committee for another state office, provided that any outstanding unpaid bills or loans from the committee being terminated are assumed and continuously reported by the committee to which the transfer is being made until paid or forgiven. A loan that is forgiven is covered by section 10A.20 and, for purposes of section 10A.32, is a contribution to the principal campaign committee from which the debt was transferred under this section.*

Sec. 2. Minnesota Statutes 1984, section 201.018, subdivision 2, is amended to read:

Subd. 2. [(COUNTY WITH PERMANENT SYSTEM) REGISTRATION REQUIRED.] An eligible voter (WHO MAINTAINS RESIDENCE IN A COUNTY WITH A PERMANENT VOTER REGISTRATION SYSTEM) must register in a manner specified by section 201.054, in order to vote in any primary, special primary, general, or special election held in the county. An eligible voter who maintains residence in a school district which uses the county voter registration system as authorized by section 201.095, must register in a manner specified by section 201.054, in order to vote in any school election held in that district.

Sec. 3. Minnesota Statutes 1984, section 201.12, subdivision 2, is amended to read:

Subd. 2. [CHALLENGES.] Upon return of the notice by the postal service, the county auditor or his staff shall personally ascertain the name and address of that individual. If the individual is no longer at the address recorded in the original registration file, the county auditor shall affix the word "challenged" to the duplicate registration card. Any individual challenged in accordance with this subdivision shall comply with the provisions of section 204C.12, before being allowed to vote. *If a second notice mailed at least 60 days after the return of the first notice is also returned by the postal service, the county auditor may remove the original and duplicate cards from the registration file.*

Sec. 4. Minnesota Statutes 1984, section 201.15, subdivision 1, is amended to read:

Subdivision 1. [GUARDIANSHIPS, INCOMPETENTS AND PSYCHOPATHS.] The probate judge in each county shall report monthly to the county auditor the name and address of each individual 18 years of age or over, who maintains residence in that county and who, during the month preceding the date of the report:

- (a) was placed under a guardianship of the person;
- (b) adjudged legally incompetent by reason of mental illness, mental deficiency, or inebriation; or
- (c) was adjudged a psychopathic personality.

The judge shall also report the same information for each individual transferred to the jurisdiction of the court who meets a condition specified in clause (a), (b) or (c). Upon receipt of the report, the county auditor shall determine whether any individual named in the report is registered to vote. The county auditor shall attach a notice to the original and duplicate registration cards of any individual named in the report informing the election judges that the individual is not eligible to reregister or vote. The notice shall contain the reason for ineligibility, the date of the determination, and the dated signature of the county auditor. *The cards may be retained in the registration file for the entire period of the voter's ineligibility and need not be purged in accordance with section 201.171.*

Sec. 5. Minnesota Statutes 1984, section 202A.11, subdivision 2, is amended to read:

Subd. 2. [RIGHT TO USE.] A major political party which has adopted a party name is entitled to the exclusive use of that



name for the designation of its candidates on all ballots, and no candidate of any other (MAJOR) political party is entitled to have printed on a ballot as a party designation any part of that name.

Sec. 6. Minnesota Statutes 1984, section 202A.16, subdivision 1, is amended to read:

Subdivision 1. Only those individuals who are or will be eligible to vote (IN THE PRECINCT) at the time of the next state general election, may vote or be elected a delegate or officer at the precinct caucus. *An eligible voter may vote or be elected a delegate or officer only in the precinct where the voter resides at the time of the caucus.*

Sec. 7. Minnesota Statutes 1984, section 204B.03, is amended to read:

#### 204B.03 [MANNER OF NOMINATION.]

Candidates of a major political party for (A) *any* partisan office *except presidential elector* and all candidates for non-partisan office shall apply for a place on the primary ballot by filing an affidavit of candidacy as provided in section 204B.06, and except as otherwise provided in section 204D.07, subdivision 3, shall be nominated by primary. Candidates for any partisan office who do not seek the nomination of a major political party shall be nominated by nominating petition as provided in sections 204B.07 and 204B.08, and, *except for presidential elector candidates*, shall file an affidavit of candidacy as provided in section 204B.06.

Sec. 8. Minnesota Statutes 1984, section 204B.06, subdivision 1, is amended to read:

Subdivision 1. [FORM OF AFFIDAVIT.] An affidavit of candidacy shall state the name of the office sought and shall state that the candidate:

(a) Is an eligible voter;

(b) Has no other affidavit on file as a candidate for any (OTHER) office at the same primary or next ensuing general election; and

(c) Is, or will be on assuming the office, 21 years of age or more, and will have maintained residence in the district from which he seeks election for 30 days before the general election.

*An affidavit of candidacy must include a statement that the candidate's name as written on the affidavit for ballot designa-*

*tion is the candidate's true name or the name by which the candidate is commonly and generally known in the community.*

An affidavit of candidacy for partisan office shall also state the name of the candidate's political party or political principle, stated in three words or less.

Sec. 9. Minnesota Statutes 1984, section 204B.07, subdivision 1, is amended to read:

Subdivision 1. [FORM OF PETITION.] A nominating petition may consist of one or more separate pages each of which shall state:

(a) The office sought;

(b) The candidate's name and residence address, including street and number if any; and

(c) The candidate's political party or political principle expressed in not more than three words. No candidate who files for a partisan office by nominating petition shall use the term "nonpartisan" as a statement of his political principle or the name of his political party. *No part of the name of a major political party may be used to designate the political party or principle of a candidate who files for a partisan office by nominating petition, except that the word "independent" may be used to designate the party or principle.* A candidate who files by nominating petition to fill a vacancy in nomination for a nonpartisan office pursuant to section 204B.13, shall not state any political principle or the name of any political party on the petition.

Sec. 10. Minnesota Statutes 1984, section 204B.07, subdivision 4, is amended to read:

Subd. 4. [OATH AND ADDRESS OF SIGNER.] Following the information required by subdivisions 1 and 2 and before the space for signing, each separate page that is part of the petition shall include an oath in the following form:

"I solemnly swear (or affirm) that I know the contents and purpose of this petition, that I do not intend to vote at the primary election for the office for which this nominating petition is made, and that I signed this petition of my own free will."

Notarization or certification of the signatures on a nominating petition is not required. (AFTER THE NAME OF EACH SIGNER SHALL BE WRITTEN) *Immediately after the signature, the signer shall write on the petition the signer's residence address including street and number, if any, and mailing address if different from residence address.*

Sec. 11. Minnesota Statutes 1984, section 204B.09, subdivision 1, is amended to read:

Subdivision 1. [CANDIDATES IN STATE AND COUNTY GENERAL ELECTIONS.] Except as otherwise provided by this subdivision, affidavits of candidacy and nominating petitions for county, state and federal offices filed at the state general election shall be filed not more than 70 days nor less than 56 days before the state primary. Candidates for presidential electors may file (AFFIDAVITS AND) petitions on or before the state primary day. Nominating petitions to fill vacancies in nominations shall be filed as provided in section 204B.13. No affidavit or petition shall be accepted later than 5:00 p.m. on the last day for filing. Affidavits and petitions for offices to be voted on in only one county shall be filed with the county auditor of that county. Affidavits and petitions for offices to be voted on in more than one county shall be filed with the secretary of state.

Sec. 12. Minnesota Statutes 1984, section 204B.10, is amended by adding a subdivision to read:

*Subd. 5. [IMPROPER NAME.] If the filing officer determines that use on the ballot of the candidate's name as written on the affidavit of candidacy would violate section 204B.35, subdivision 2, the filing officer shall immediately notify the candidate and shall certify for the ballot the candidate's true name instead of the name as written on the affidavit.*

Sec. 13. Minnesota Statutes 1984, section 204B.12, subdivision 3, is amended to read:

Subd. 3. [TIME FOR FILING.] An affidavit of withdrawal filed pursuant to subdivision 1 (OR 2) shall not be accepted later than 5:00 p.m. on the last day for withdrawal.

Sec. 14. Minnesota Statutes 1984, section 204B.35, subdivision 2, is amended to read:

Subd. 2. [MANNER OF PREPARATION.] Ballots shall be prepared in a manner that enables the voters to understand which questions are to be voted upon and the identity and number of candidates to be voted for in each office and to designate their choices easily and accurately. The name of a candidate shall not appear on a ballot in any way that gives the candidate an advantage over his opponent, *including words descriptive of the candidate's occupation, qualifications, principles, or opinions*, except as otherwise provided by law.

Sec. 15. Minnesota Statutes 1984, section 204C.40, subdivision 1, is amended to read:

Subdivision 1. [PREPARATION; METHOD OF DELIVERY.] The county auditor shall prepare an election certificate for every candidate declared elected by the county canvassing board, and the secretary of state shall prepare a certificate for every candidate declared elected by the state canvassing board. Except as otherwise provided in this section, the secretary of state or county auditor, as appropriate, shall deliver an election certificate on demand to the elected candidate. *In an election for United States representative in congress the filing officer shall deliver the original election certificate to the chief clerk of the United States house of representatives. In an election for United States senator, the governor shall prepare an original certificate of election, countersigned by the secretary of state, and deliver it to the secretary of the United States senate.* In an election for state representative or state senator, the (COUNTY AUDITOR OR SECRETARY OF STATE) *filing officer* shall deliver the original election certificate to the chief clerk of the house or the secretary of the senate. The chief clerk of the house or the secretary of the senate shall give a copy of the certificate to the representative-elect or senator-elect. Upon taking the oath of office, the representative or senator shall receive the original certificate of election. If a recount is undertaken by a canvassing board pursuant to section 204C.35, no certificate of election shall be prepared or delivered until after the recount is completed. In case of a contest, the court may invalidate and revoke the certificate as provided in chapter 209.

Sec. 16. Minnesota Statutes 1984, section 204D.11, subdivision 3, is amended to read:

Subd. 3. [CANARY BALLOT (; GRAY BALLOT).] All questions and the names of all candidates for offices to be voted on at the state general election which are not placed on the white ballot shall be placed on a single ballot printed on canary paper which shall be known as the "canary ballot". The canary ballot shall be prepared by the county auditor.

(WHEN THE LENGTH OF THE CANARY BALLOT WOULD EXCEED 30 INCHES, ALL OF THE MUNICIPAL JUDICIAL OFFICES THAT ARE TO BE PLACED ON THE CANARY BALLOT MAY BE PLACED INSTEAD ON A SINGLE SEPARATE BALLOT PRINTED ON GRAY PAPER. SEPARATE BALLOT BOXES MUST BE PROVIDED FOR THESE GRAY BALLOTS.)

Sec. 17. Minnesota Statutes 1984, section 204D.11, subdivision 5, is amended to read:

Subd. 5. [BALLOT HEADINGS.] The white, pink and special federal white ballot shall be headed with the words "State General Election Ballot." The canary ballot shall be headed with the words "County and Judicial (DISTRICT) Nonpartisan Gen-

eral Election Ballot." (WHEN THE CANARY BALLOT IS DIVIDED INTO TWO SEPARATE BALLOTS AS PROVIDED IN SUBDIVISION 3, THE BALLOT PRINTED ON CANARY PAPER MUST BE HEADED "COUNTY NONPARTISAN GENERAL ELECTION BALLOT" AND THE BALLOT PRINTED ON GRAY PAPER MUST BE HEADED "JUDICIAL MUNICIPAL NONPARTISAN GENERAL ELECTION BALLOT.")

Sec. 18. Minnesota Statutes 1984, section 204D.11, subdivision 6, is amended to read:

Subd. 6. [GRAY BALLOT.] (ALL SOIL AND WATER CONSERVATION DISTRICT SUPERVISOR OFFICES THAT ARE TO BE PLACED ON THE CANARY BALLOT UNDER THE PROVISIONS OF SECTION 40.05 MAY BE PLACED INSTEAD ON A SINGLE SEPARATE BALLOT PRINTED ON GRAY PAPER.) *When the canary ballot would be longer than 30 inches, the following offices that should be placed on the canary ballot may be placed instead on a separate gray ballot:*

(a) *all soil and water conservation district supervisor offices;*  
or

(b) *all soil and water conservation district supervisor and all county or municipal judicial offices; or*

(c) *all soil and water conservation district supervisor, all county or municipal judicial offices, and all district judicial offices.*

*The gray ballot must be headed with the words: "District Non-partisan General Election Ballot."* Separate ballot boxes must be provided for these gray ballots. (SO FAR AS IS PRACTICABLE, GRAY BALLOTS MUST BE DISTRIBUTED TO VOTERS, HANDLED, COUNTED, AND CANVASSED IN THE MANNER PROVIDED BY LAW FOR PRECINCTS USING ONLY PAPER BALLOTS. THE CANVASS OF THE GRAY PAPER BALLOTS MUST NOT DELAY THE CANVASS OF VOTES RECORDED ON THE VOTING MACHINES. A SEPARATE SUMMARY STATEMENT MAY BE PROVIDED FOR REPORTING OF THE CANVASS OF THE GRAY PAPER BALLOTS. THE RETURNS FROM THE VOTING MACHINES MAY BE FILED AS PROVIDED IN SECTION 206.21 BEFORE THE CANVASS OF THE GRAY PAPER BALLOTS IS COMPLETED. ADDITIONAL OR REPLACEMENT ELECTION JUDGES MAY BE APPOINTED TO COUNT THE GRAY PAPER BALLOTS. SOIL AND WATER DISTRICT SUPERVISOR OFFICES MAY BE PLACED ON THE SAME SEPARATE GRAY PAPER BALLOT USED FOR ANY OTHER OFFICES WHICH ARE PLACED ON A SEPARATE GRAY PAPER BALLOT UNDER THE PROVISIONS OF STATE LAW.)

Sec. 19. Minnesota Statutes 1984, section 206.71, is amended by adding a subdivision to read:

*Subd. 4. [INADEQUATE SPACE ON MACHINE.] When the number of offices and questions to be voted on exceeds the maximum number that can be included on the lever voting machines in use in any precinct, a separate gray paper ballot shall be prepared as provided in section 204D.11, subdivision 6. Separate ballot boxes must be provided for these gray ballots. So far as is practicable, gray ballots must be distributed to voters, handled, counted, and canvassed in the manner provided by law for precincts using only paper ballots. The canvass of the gray paper ballots must not delay the canvass of votes recorded on the voting machines. A separate summary statement may be provided for reporting of the canvass of the gray paper ballots. The returns from the voting machines may be filed as provided in section 206.75, subdivision 2, before the canvass of the gray paper ballots is completed. Additional or replacement election judges may be appointed to count the gray paper ballots.*

Sec. 20. Minnesota Statutes 1984, section 208.03, is amended to read:

**208.03 [NOMINATION OF PRESIDENTIAL ELECTORS.]**

Presidential electors for the (SEVERAL) major political parties of this state shall be nominated by delegate conventions called and held under the supervision of the respective state central committees of the parties of this state. (THE NAMES OF THE PERSONS NOMINATED AS PRESIDENTIAL ELECTORS SHALL BE CERTIFIED TO THE SECRETARY OF STATE BY THE CHAIRPERSON OF THE CONVENTION FOR THE OFFICE OF PRESIDENTIAL ELECTOR) On or before primary election day *the chairperson of the major political party shall certify to the secretary of state the names of the persons nominated as presidential electors and the names of the party candidates for president and vice president.*

Sec. 21. Laws 1980, chapter 362, section 8, subdivision 1, is amended to read:

**Sec. 8. [CAMPAIGN REPORTS.]**

Subdivision 1. [COMMITTEES REQUIRED TO REPORT; DEADLINES.] The treasurer of any political committee, political fund or principal campaign committee required to register pursuant to section 6 shall also file campaign reports with the filing officer. *In each year in which the name of the candidate is on the ballot, the report of the principal campaign committee shall be filed ten days before a regular primary and a regular election. Political committees and political funds other than principal campaign committees shall file campaign reports (SHALL*

BE FILED) ten days before (ANY) a regular primary or regular election. The treasurer of a principal campaign committee shall file additional reports ten days before a special primary or other special election and 30 days after a special election. The reports shall cover the period from the last day of the previous reporting period to seven days before the filing date. An additional campaign report shall be filed by all treasurers on January 31 of each year covering the period from the last day of the previous reporting period to December 31 of the preceding calendar year.

**Sec. 22. [EFFECTIVE DATE.]**

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

Delete the title and insert:

"A bill for an act relating to elections; providing for transfer of certain campaign debts; making changes in registration, caucuses, ballots, affidavits of candidacy and withdrawal, nominations, and election certificates; changing certain reporting requirements; amending Minnesota Statutes 1984, sections 201.018, subdivision 2; 201.12, subdivision 2; 201.15, subdivision 1; 202A.11, subdivision 2; 202A.16, subdivision 1; 204B.03; 204B.06, subdivision 1; 204B.07, subdivisions 1 and 4; 204B.09, subdivision 1; 204B.10, by adding a subdivision; 204B.12, subdivision 3; 204B.35, subdivision 2; 204C.40, subdivision 1; 204D.11, subdivisions 3, 5, and 6; 206.71, by adding a subdivision; and 208.03; Laws 1980, chapter 362, section 8, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 10A."

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

House Conferees: GORDON BACKLUND, TOM OSTHOFF and CRAIG H. SHAVER.

Senate Conferees: JEROME M. HUGHES, DEAN E. JOHNSON and DONNA C. PETERSON.

Backlund moved that the report of the Conference Committee on H. F. No. 2014 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2014, A bill for an act relating to elections; making changes in registration, caucuses, ballots, affidavits of candidacy and withdrawal, nominations, election certificates, and election judge qualifications; amending Minnesota Statutes 1984, sections 201.018, subdivision 2; 201.12, subdivision 2; 201.15, subdivision 1; 202A.11, subdivision 2; 202A.16, subdivision 1; 204B.03; 204B.06, subdivision 1; 204B.07, subdivision 4; 204B.09, subdivision 1; 204B.10, by adding a subdivision; 204B.12, subdivision 3;

204B.35, subdivision 2; 204C.40, subdivision 1; 204D.11, subdivisions 3, 5, and 6; 206.71, by adding a subdivision; and 208.03.

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.

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.	Fjoslien	Lieder	Peterson	Sparby
Anderson, R.	Forsythe	Long	Piepho	Stanius
Backlund	Frederick	Marsh	Piper	Staten
Battaglia	Frederickson	McDonald	Poppenhagen	Sviggum
Beard	Frerichs	McEachern	Price	Thiede
Becklin	Greenfield	McLaughlin	Quinn	Thorson
Begich	Gruenes	McPherson	Quist	Tjornhom
Bennett	Gutknecht	Metzen	Redalen	Tomlinson
Blatz	Hartinger	Miller	Rees	Tompkins
Boerboom	Hartle	Minne	Rest	Tunheim
Brandl	Haukoos	Munger	Rice	Uphus
Brinkman	Himle	Murphy	Richter	Valan
Brown	Jacobs	Nelson, D.	Riveness	Valento
Burger	Jaros	Neuenschwander	Rodosovich	Vanasek
Carlson, D.	Jennings, L.	Norton	Sarna	Vellenga
Carlson, J.	Johnson	O'Connor	Schafer	Voss
Carlson, L.	Kahn	Ogren	Scheid	Waltman
Clark	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	
Elioff	Krueger	Ozment	Simoneau	
Ellingson	Kvam	Pappas	Skoglund	
Erickson	Levi	Pauly	Solberg	

The bill was repassed, as amended by Conference, and its title agreed to.

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 2294

A bill for an act relating to labor; independent school district No. 709, Duluth; removing certain educational assistants from civil service; amending Laws 1967, chapter 252, section 2, as amended.

March 15, 1986

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. 2294, 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. 2294 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Laws 1967, chapter 252, section 2, as amended by Laws 1971, chapter 683, section 1, Laws 1983, chapter 161, section 1, Laws 1984, chapter 608, section 5, and Laws 1985, chapter 176, section 1, is amended to read:

Sec. 2. [INDEPENDENT SCHOOL DISTRICT NO. 709; EMPLOYEES; EXCEPTIONS.] The term "employees," as used in this act, shall not include members of the school board, superintendent of schools, assistant superintendents of schools, teachers, other employees of the school district whose positions require them to be certified pursuant to rules and regulations adopted by the state board of education, directors, administrative assistants, clerical or similar workers, food service workers, educational assistants *except for classification and reclassification of positions*, deputy clerk and purchasing agent, supervisors, advisors, coordinators, physicians, attorney, nurses, and temporary employees.

Sec. 2. [383C.392] [GRANTS FOR HOT LUNCHESES IN CERTAIN RURAL SCHOOLS.]

*Subdivision 1. [ST. LOUIS COUNTY GRANTS.] In St. Louis county, the social services board shall award grants each year for St. Louis county school district No. 710 to carry on a nutrition program in the schools and to provide hot lunches for needy school children. The total amount of the grants shall be not more than \$20,000. The county shall appropriate the amount needed each year from the general fund to the social services department.*

*Subd. 2. [ADMINISTRATION.] A committee of the chair of the county board, chair of the social services board, county health officer, and the superintendent of St. Louis county school district No. 710 shall award the grants. The committee shall establish the time and manner of grant applications and the criteria for awarding grants. The committee shall recommend to the social services board recipients for the grants and the recommended amount for each grant.*

Sec. 3. [REPEALER.]

*Minnesota Statutes 1984, section 383C.391 is repealed.*

## Sec. 4. [EFFECTIVE DATE.]

*Section 1 is effective upon compliance with Minnesota Statutes, section 645.021."*

Delete the title and insert:

"A bill for an act relating to St. Louis county; education and labor; removing persons from civil service in independent school district No. 709, Duluth; providing for grants for hot lunches in rural schools; amending Laws 1967, chapter 252, section 2, as amended; proposing coding for new law in Minnesota Statutes, chapter 333C; repealing Minnesota Statutes 1984, section 383C.391."

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

House Conferees: MIKE JAROS, BEN BOO and WENDELL O. ERICKSON.

Senate Conferees: SAM G. SOLON, RONALD R. DICKLICH and JIM GUSTAFSON.

Jaros moved that the report of the Conference Committee on H. F. No. 2294 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2294, A bill for an act relating to labor; independent school district No. 709, Duluth; removing certain educational assistants from civil service; amending Laws 1967, chapter 252, section 2, as amended.

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.

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.	Blatz	Clark	Erickson	Gutknecht
Anderson, R.	Boerboom	Cohen	Fjoslien	Hartinger
Backlund	Brandl	Dempsey	Forsythe	Hartle
Battaglia	Brinkman	DenOuden	Frederick	Haukoos
Beard	Brown	Dimler	Frederickson	Himle
Becklin	Burger	Dyke	Frerichs	Jacobs
Begich	Carlson, D.	Elioff	Greenfield	Jaros
Bennett	Carlson, L.	Ellingson	Gruenes	Jennings, L.

Johnson	McPherson	Ozment	Sarna	Thorson
Kahn	Metzen	Pappas	Schafer	Tjornhom
Kalis	Minne	Pauly	Scheid	Tomlinson
Kelly	Munger	Peterson	Schoenfeld	Tompkins
Kiffmeyer	Murphy	Piepho	Schreiber	Tunheim
Knickerbocker	Nelson, D.	Piper	Seaberg	Uphus
Knuth	Nelson, K.	Poppenhagen	Segal	Valan
Kostohryz	Neuenschwander	Price	Shaver	Valento
Krueger	Norton	Quinn	Sherman	Vanasek
Kvam	O'Connor	Quist	Simoneau	Vellenga
Levi	Ogren	Redalen	Skoglund	Voss
Lieder	Olsen, S.	Rees	Solberg	Waltman
Long	Olson, E.	Rest	Sparby	Welle
Marsh	Omann	Rice	Stanius	Wenzel
McDonald	Onnen	Richter	Staten	Wynia
McEachern	Osthoff	Riveness	Swiggum	Zaffke
McLaughlin	Otis	Rodosovich	Thiede	Spk. Jennings, D.

The bill was repassed, as amended by Conference, and its title agreed to.

#### CONFERENCE COMMITTEE REPORT ON 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.

March 15, 1986

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. 654, 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. 654 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1984, section 152.15, subdivision 1, is amended to read:

Subdivision 1. Any person who violates section 152.09, subdivision 1, clause (1) with respect to:

(1) *Seven or more grams or ten or more dosage units, when the substance is not sold by weight, of any controlled substance*

*classified in schedule I or II which is a narcotic drug, or of Phencyclidine or any hallucinogen listed in section 152.02, subdivision 2, clause (3), or Minnesota Rules, part 6800.4210, item C, except marijuana or tetrahydrocannabinols, is guilty of a crime and upon conviction may be imprisoned for not more than 20 years or fined not more than \$60,000, or both for a first violation, and for a second or subsequent violation, upon conviction, shall be imprisoned for not less than two years nor more than 30 years or fined not more than \$100,000, or both;*

**((1) A) (2)** Any other amount of any controlled substance classified in Schedule I or II which is a narcotic drug, is guilty of a crime and upon conviction may be imprisoned for not more than 15 years or fined not more than \$40,000, or both for a first violation, and for a second or subsequent violation, upon conviction, shall be imprisoned for not less than one year nor more than 30 years or fined not more than \$50,000, or both;

**((2) (3)** Any other controlled substance classified in Schedule I, II, or III, is guilty of a crime and upon conviction may be imprisoned for not more than five years, fined not more than \$30,000, or both for a first violation, and for a second or subsequent violation, upon conviction, shall be imprisoned for not less than one year nor more than ten years or fined not more than \$45,000, or both;

**((3) (4)** A substance classified in Schedule IV, is guilty of a crime and upon conviction may be imprisoned for not more than three years, fined not more than \$20,000, or both for a first violation, and for a second or subsequent violation, upon conviction, shall be imprisoned for not less than six months nor more than six years or fined not more than \$35,000, or both;

**((4) (5)** A substance classified in Schedule V, is guilty of a crime and upon conviction may be imprisoned for not more than one year, fined not more than \$3,000, or both;

**((5) (6)** The distribution of a small amount of marijuana for no remuneration, shall be treated as provided in subdivision 2, clause (5).

Sec. 2. Minnesota Statutes 1984, section 152.15, subdivision 4, is amended to read:

Subd. 4. Any person 18 years of age or over who violates section 152.09, subdivision 1, clause (1), by distributing a controlled substance listed in Schedules I or II which is a narcotic drug to a person under 18 years of age who is at least three years his junior is punishable by the fine authorized by section 152.15, subdivision 1, (CLAUSE) *clauses (1) or (2)*, by a term of imprisonment of up to twice that authorized by section 152.15, subdivision 1, (CLAUSE) *clauses (1) or (2)*, or by both. Any person

18 years of age or over who violates section 152.09, subdivision 1, by distributing any other controlled substance listed in Schedules I, II, III, IV, and V, except marijuana, to a person under 18 years of age who is at least three years his junior is punishable by the fine authorized by section 152.15, subdivision 1, clauses ((2),) (3), (OR) (4), or (5), by a term of imprisonment up to twice that authorized by section 152.15, subdivision 1, clauses ((2),) (3), (OR) (4), or (5), or both.

Sec. 3. Minnesota Statutes 1984, section 152.15, subdivision 5, is amended to read:

Subd. 5. Any person convicted of a second or subsequent offense under (LAWS 1971, CHAPTER 937) *this chapter*, except as provided in subdivision 1, clauses (1), (2), (3), (4), and ((5)) (6) may be imprisoned for a term up to twice the term otherwise authorized, fined an amount up to twice that otherwise authorized, or both.

Sec. 4. [297D.01] [DEFINITIONS.]

*Subdivision 1. "Marijuana" means any marijuana, whether real or counterfeit, as defined in section 152.01, subdivision 9, that is held, possessed, transported, transferred, sold, or offered to be sold in violation of Minnesota laws.*

*Subd. 2. "Controlled substance" means any drug or substance, whether real or counterfeit, as defined in section 152.01, subdivision 4, that is held, possessed, transported, transferred, sold, or offered to be sold in violation of Minnesota laws. "Controlled substance" does not include marijuana.*

*Subd. 3. "Dealer" means a person who in violation of Minnesota law manufactures, produces, ships, transports, or imports into Minnesota or in any manner acquires or possesses more than 42-1/2 grams of marijuana, or seven or more grams of any controlled substance, or ten or more dosage units of any controlled substance which is not sold by weight.*

*Subd. 4. "Commissioner" means the commissioner of revenue.*

Sec. 5. [297D.02] [ADMINISTRATION.]

*The commissioner of revenue shall administer this chapter. Payments required by this chapter must be made to the commissioner on the form provided by the commissioner. The commissioner shall collect all taxes under this chapter.*

Sec. 6. [297D.03] [RULES.]

*The commissioner may adopt rules necessary to enforce this chapter. The commissioner shall adopt a uniform system of pro-*

*viding, affixing, and displaying official stamps, official labels, or other official indicia for marijuana and controlled substances on which a tax is imposed.*

**Sec. 7. [297D.04] [TAX PAYMENT REQUIRED FOR POSSESSION.]**

*No dealer may possess any marijuana or controlled substance upon which a tax is imposed by section 11 unless the tax has been paid on the marijuana or other controlled substance as evidenced by a stamp or other official indicia.*

**Sec. 8. [297D.05] [NO IMMUNITY.]**

*Nothing in this chapter may in any manner provide immunity for a dealer from criminal prosecution pursuant to Minnesota law.*

**Sec. 9. [297D.06] [PHARMACEUTICALS.]**

*Nothing in this chapter requires persons registered under chapter 151 or otherwise lawfully in possession of marijuana or a controlled substance to pay the tax required under this chapter.*

**Sec. 10. [297D.07] [MEASUREMENT.]**

*For the purpose of calculating the tax under section 11, an ounce of marijuana or other controlled substance is measured by the weight of the substance in the dealer's possession.*

**Sec. 11. [297D.08] [TAX RATE.]**

*A tax is imposed on marijuana and controlled substances as defined in section 4 at the following rates:*

*(1) on each gram of marijuana, or each portion of a gram, \$3.50; and*

*(2) on each gram of controlled substance, or portion of a gram, \$200; or*

*(3) on each 50 dosage units of a controlled substance that is not sold by weight, or portion thereof, \$2,000.*

**Sec. 12. [297D.09] [FAILURE TO FILE, FILING FALSE OR FRAUDULENT RETURN; INTENT TO EVADE TAX; CRIMINAL PROVISIONS.]**

*Subdivision 1. [PENALTIES.] Any dealer violating this chapter is subject to a penalty of 100 percent of the tax in addition to the tax imposed by section 11. In addition to the tax*

*penalty imposed, a dealer distributing or possessing marijuana or controlled substances without affixing the appropriate stamps, labels, or other indicia is guilty of a crime and, upon conviction, 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.*

*Subd. 2. [STATUTE OF LIMITATIONS.] Notwithstanding section 628.26, or any other provision of the criminal laws of this state, an indictment may be found and filed upon any criminal offense specified in this section, in the proper court within six years after the commission of this offense.*

**Sec. 13. [297D.10] [STAMP PRICE.]**

*Official stamps, labels, or other indicia to be affixed to all marijuana or controlled substances shall be purchased from the department. The purchaser shall pay 100 percent of face value for each stamp, label, or other indicia at the time of the purchase. The department shall make the stamps, labels, or other indicia in denominations in multiples of ten dollars.*

**Sec. 14. [297D.11] [PAYMENT DUE.]**

*Subdivision 1. [STAMPS AFFIXED.] When a dealer purchases, acquires, transports, or imports into this state marijuana or controlled substances on which a tax is imposed by section 11, and if the indicia evidencing the payment of the tax have not already been affixed, the dealer shall have them permanently affixed on the marijuana or controlled substance immediately after receiving the substance. Each stamp or other official indicia may be used only once.*

*Subd. 2. [PAYABLE ON POSSESSION.] Taxes imposed upon marijuana or controlled substances by this chapter are due and payable immediately upon acquisition or possession in this state by a dealer.*

**Sec. 15. [297D.12] [ALL ASSESSMENTS ARE JEOPARDY.]**

*Subdivision 1. [ASSESSMENT PROCEDURE.] An assessment for a dealer not possessing stamps or other official indicia showing that the tax has been paid shall be considered a jeopardy assessment or collection, as provided in section 270.70. The commissioner shall assess a tax based on personal knowledge or information available to the commissioner; mail the taxpayer at the taxpayer's last known address or serve in person, a written notice of the amount of tax; demand its immediate payment; and, if payment is not immediately made, collect the tax by any method prescribed in chapter 270, except that the commissioner need not await the expiration of the times specified in chapter 270. Section 270.70, subdivision 4, paragraph (a), does not apply to this chapter.*

*Subd. 2. [INJUNCTION PROHIBITED.] No person may bring suit to enjoin the assessment or collection of any taxes, interest, or penalties imposed by this chapter.*

*Subd. 3. [STANDARD OF PROOF.] The tax and penalties assessed by the commissioner are presumed to be valid and correctly determined and assessed. The burden is upon the taxpayer to show their incorrectness or invalidity. Any statement filed by the commissioner with the court administrator, or any other certificate by the commissioner of the amount of tax and penalties determined or assessed is admissible in evidence and is prima facie evidence of the facts it contains.*

**Sec. 16. [297D.13] [CONFIDENTIAL NATURE OF INFORMATION.]**

*Neither the commissioner nor a public employee may reveal facts contained in a report or return required by this chapter, nor can any information contained in such a report or return be used against the dealer in any criminal proceeding, unless independently obtained, except in connection with a proceeding involving taxes due under this chapter from the taxpayer making the return.*

**Sec. 17. [297D.14] [INVESTIGATORY POWERS.]**

*For the purpose of determining the correctness of any return, determining the amount of tax that should have been paid, determining whether or not the dealer should have made a return or paid taxes, or collecting any taxes under this chapter, the commissioner may examine, or cause to be examined, any books, papers, records, or memoranda, that may be relevant to making such determinations, whether the books, papers, records, or memoranda, are the property of or in the possession of the dealer or another person. The commissioner may require the attendance of any person having knowledge or information that may be relevant, compel the production of books, papers, records, or memoranda by persons required to attend, take testimony on matters material to the determination, and administer oaths or affirmations. Upon demand of the commissioner or any examiner or investigator, the court administrator of any court shall issue a subpoena for the attendance of a witness or the production of books, papers, records, and memoranda. The commissioner may also issue subpoenas. Disobedience of subpoenas issued under this chapter is punishable by the district court of the district in which the subpoena is issued, or, if the subpoena is issued by the commissioner, by the district court of the district in which the party served with the subpoena is located, in the same manner as contempt of district court.*

**Sec. 18. Minnesota Statutes 1984, section 609.50, is amended to read:**



## 609.50 [OBSTRUCTING LEGAL PROCESS OR ARREST.]

Whoever intentionally obstructs, hinders or prevents the lawful execution of any legal process, civil or criminal, or apprehension of another on a charge or conviction of a criminal offense or interferes with a peace officer while the officer is engaged in the performance of his official duties, *or by force or threat of force endeavors to obstruct any employee of the department of revenue while the employee is lawfully engaged in the performance of official duties for the purpose of deterring or interfering with the performance of those duties*, may be sentenced as follows:

(1) If the act was accompanied by force or violence or the threat thereof, to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both; or

(2) In other cases to imprisonment for not more than 90 days or to payment of a fine of not more than \$700, or both.

Sec. 19. Minnesota Statutes 1984, section 609.582, is amended by adding a subdivision to read:

*Subd. 1a. [MANDATORY MINIMUM SENTENCE FOR BURGLARY OF OCCUPIED DWELLING.] A person convicted of committing burglary of an occupied dwelling, as defined in subdivision 1, clause (a), must be committed to the commissioner of corrections or county workhouse for a mandatory minimum term of imprisonment of not less than six months.*

Sec. 20. Minnesota Statutes 1984, section 609.583, is amended to read:

## 609.583 [SENTENCING; FIRST BURGLARY OF A DWELLING.]

*Except as provided in section 609.582, subdivision 1a, in determining an appropriate disposition for a first offense of burglary of a dwelling, the court shall presume that a stay of execution with a 90-day period of incarceration as a condition of probation shall be imposed unless the defendant's criminal history score determined according to the sentencing guidelines indicates a presumptive executed sentence, in which case the presumptive executed sentence shall be imposed unless the court departs from the sentencing guidelines pursuant to section 244.10. A stay of imposition of sentence may be granted only if accompanied by a statement on the record of the reasons for it. The presumptive period of incarceration may be waived in whole or in part by the court if the defendant provides restitution or performs community work service.*

Sec. 21. [EFFECTIVE DATE.]

*Sections 1 to 3 and 18 to 20 are effective August 1, 1986, and apply to crimes committed on or after that date. Sections 4 to 17 are effective August 1, 1986."*

Delete the title and insert:

"A bill for an act relating to crime; establishing terms of imprisonment for the crime of selling larger quantities of schedule II narcotics and hallucinogens; imposing a tax on marijuana and controlled substances; providing for the crime of using force or threats against revenue department employees; establishing a minimum jail term for burglary of a dwelling; amending Minnesota Statutes 1984, sections 152.15, subdivisions 1, 4, and 5; 609.50; 609.582, by adding a subdivision; and 609.583; proposing coding for new law as Minnesota Statutes, chapter 297D."

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

House Conferees: MARCUS M. MARSH, KATHLEEN A. BLATZ and RANDY C. KELLY.

Senate Conferees: TAD JUDE, ALLAN H. SPEAR and GENE MERRIAM.

Marsh moved that the report of the Conference Committee on H. F. No. 654 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

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 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.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 120 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Battaglia	Begich	Boerboom	Brinkman
Anderson, R.	Beard	Bennett	Boo	Brown
Backlund	Becklin	Blatz	Brandl	Burger

Carlson, D.	Haukoos	Metzen	Popenhagen	Solberg
Carlson, L.	Heap	Minne	Price	Sparby
Clark	Himle	Munger	Quinn	Stanius
Clausnitzer	Jacoba	Murphy	Quist	Staten
Cohen	Johnson	Nelson, D.	Redalen	Sviggum
Dempsey	Kalis	Neuenschwander	Rees	Thiede
DenOuden	Kelly	Norton	Rest	Thorson
Dimler	Kiffmeyer	O'Connor	Rice	Tomlinson
Dyke	Knickerbocker	Ogren	Riveness	Tompkins
Elioff	Knuth	Olsen, S.	Rodosovich	Tunheim
Ellingson	Kostohryz	Olson, E.	Sarna	Uphus
Erickson	Krueger	Omann	Schafer	Valan
Fjoslien	Kvam	Onnen	Scheid	Valento
Frederick	Levi	Osthoff	Schoenfeld	Vanasek
Frederickson	Lieder	Otis	Schreiber	Vellenga
Frerichs	Long	Ozment	Seaberg	Voss
Greenfield	Marsh	Pappas	Segal	Waltman
Gruenes	McDonald	Pauly	Shaver	Welle
Gutknecht	McEachern	Peterson	Sherman	Wenzel
Hartinger	McLaughlin	Piepho	Simoneau	Wynia
Hartle	McPherson	Piper	Skoglund	Spk. Jennings, D.

Those who voted in the negative were:

Kahn

The bill was repassed, as amended by Conference, and its title agreed to.

#### ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 707:

Knickerbocker, Simoneau, Gutknecht, Sviggum and Dempsey.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1910:

Ozment, Johnson and Anderson, G.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1744:

Quist, Kiffmeyer and Erickson.

#### SPECIAL ORDERS

S. F. No. 2114 was reported to the House.

Welle, Riveness and Krueger moved to amend S. F. No. 2114, as follows:

Page 8, line 28, delete "seven-tenths" and insert "six-tenths"

A roll call was requested and properly seconded.

The question was taken on the Welle 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 65 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jaros	Minne	Price	Sparby
Battaglia	Jennings, L.	Munger	Quinn	Staten
Beard	Kahn	Murphy	Rest	Tomlinson
Begich	Kalis	Nelson, D.	Rice	Tunheim
Brandl	Kelly	Nelson, K.	Riveness	Vanasek
Brinkman	Knuth	Norton	Rodosovich	Vellenga
Brown	Kostohryz	O'Connor	Sarna	Voss
Carlson, L.	Krueger	Ogren	Scheid	Welle
Clark	Lieder	Olson, E.	Schoenfeld	Wenzel
Cohen	Long	Osthoff	Segal	Wynia
Elioff	McEachern	Otis	Simoneau	
Ellingson	McLaughlin	Peterson	Skoglund	
Greenfield	Metzen	Piper	Solberg	

Those who voted in the negative were:

Anderson, R.	Dyke	Jacobs	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
Boo	Frerichs	Marsh	Redalen	Tompkins
Burger	Gutknecht	McDonald	Rees	Uphus
Carlson, J.	Hartinger	McKasy	Richter	Valan
Clausnitzer	Hartle	McPherson	Schafer	Valento
Dempsey	Haukoos	Miller	Schreiber	Waltman
DenOuden	Heap	Olsen, S.	Seaberg	Zaffke
Dimler	Himle	Omann	Shaver	Spk. Jennings, D.

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

The Speaker called Halberg to the Chair.

Wenzel was excused between the hours of 2:15 p.m. and 4:15 p.m.

S. F. No. 2114 was read for the third time.

## MOTION FOR RECONSIDERATION

Begich moved that the action whereby S. F. No. 2114 was given its third reading be now reconsidered.

A roll call was requested and properly seconded.

The question was taken on the Begich motion and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 65 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	McLaughlin	Otis	Segal
Battaglia	Jacobs	Metzen	Pappas	Simoneau
Beard	Jaros	Minne	Peterson	Skoglund
Begich	Jennings, L.	Munger	Piper	Solberg
Boo	Kahn	Murphy	Price	Sparby
Brandl	Kalis	Nelson, D.	Quinn	Staten
Brinkman	Kelly	Nelson, K.	Rest	Tomlinson
Brown	Knuth	Neuenschwander	Rice	Tunheim
Carlson, L.	Kostohryz	Norton	Riveness	Vanasek
Clark	Krueger	O'Connor	Rodosovich	Vellenga
Cohen	Lieder	Ogren	Sarna	Voss
Eloff	Long	Olson, E.	Scheid	Welle
Ellingson	McEachern	Osthoff	Schoenfeld	Wynia

Those who voted in the negative 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
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.

The Speaker pro tempore Halberg called Dempsey to the Chair.

S. F. No. 2114, A bill for an act relating to employment; regulating the administration of the unemployment compensation law; providing for the amount of benefits; regulating benefit eligibility; providing for employer contributions; transferring

certain hearing functions and personnel to the office of administrative hearings; amending Minnesota Statutes 1984, sections 14.03, subdivision 2; 14.53; 16A.671, subdivision 1; 43A.18, subdivision 4; 179A.10, subdivision 1; 268.03; 268.04, subdivisions 24, 25, 29, and 30, and by adding a subdivision; 268.06, subdivisions 5, 8, 18, 19, and 20; 268.07, subdivisions 2 and 2a; 268.071, subdivision 1; 268.08, subdivision 3; 268.09, subdivisions 1 and 2, and by adding a subdivision; 268.10, subdivisions 1, 2, 3, 4, 5, 6, and 9; 268.12, subdivisions 8, 9, 10, and 13; and 268.18, subdivisions 1 and 2; Minnesota Statutes 1985 Supplement, sections 14.48; 14.51; and 268.08, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 268.

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 85 yeas and 46 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dimler	Johnson	Onnen	Sherman
Anderson, R.	Dyke	Kalis	Ozment	Sparby
Backlund	Erickson	Kiffmeyer	Pauly	Stanius
Becklin	Fjoslien	Knickerbocker	Peterson	Sviggum
Bennett	Forsythe	Krueger	Piepho	Thiede
Bishop	Frederick	Kvam	Poppenhagen	Thorson
Blatz	Frederickson	Levi	Quist	Tjornhom
Boerboom	Frerichs	Lieder	Redalen	Tompkins
Boo	Gruenes	Marsh	Rees	Tunheim
Brinkman	Gutknecht	McDonald	Richter	Uphus
Brown	Halberg	McKasy	Rodosovich	Valan
Burger	Hartering	McPherson	Rose	Valento
Carlson, D.	Hartle	Miller	Schafer	Vanasek
Carlson, J.	Haukoos	Neuenschwander	Schoenfeld	Waltman
Clausnitzer	Heap	Olsen, S.	Schreiber	Welle
Dempsey	Himle	Olson, E.	Seaberg	Zaffke
DenOuden	Jennings, L.	Omann	Shaver	Spk. Jennings, D.

Those who voted in the negative were:

Battaglia	Jacobs	Munger	Piper	Skoglund
Beard	Jaros	Murphy	Price	Solberg
Begich	Kahn	Nelson, D.	Quinn	Staten
Brandl	Kelly	Nelson, K.	Rest	Tomlinson
Carlson, L.	Knuth	Norton	Rice	Voss
Clark	Kostohryz	O'Connor	Riveness	Wynia
Cohen	McEachern	Ogren	Sarna	
Elioff	McLaughlin	Osthoff	Scheid	
Ellingson	Metzen	Otis	Segal	
Greenfield	Minne	Pappas	Simoneau	

The bill was passed and its title agreed to.

The Speaker resumed the Chair.

S. F. No. 1745, A bill for an act relating to state lands; authorizing sale of Pearl Lake lakeshore parcel in Stearns 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.

Frerichs moved that those not voting be excused from voting. The motion prevailed.

There were 121 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Kvam	Pauly	Skoglund
Anderson, R.	Erickson	Levi	Peterson	Sparby
Backlund	Fjoslien	Lieder	Piepho	Stanius
Battaglia	Frederick	McDonald	Piper	Staten
Beard	Frerichs	McEachern	Poppenhagen	Sviggum
Becklin	Greenfield	McLaughlin	Quinn	Thiede
Begich	Gruenes	McPherson	Quist	Thorson
Bennett	Gutknecht	Metzen	Redalen	Tjornhom
Blatz	Halberg	Miller	Rees	Tomlinson
Boerboom	Hartle	Minne	Rest	Tompkins
Boo	Haukoos	Munger	Rice	Tunheim
Brandl	Heap	Murphy	Richter	Uphus
Brinkman	Himle	Nelson, D.	Rivness	Valan
Brown	Jacobs	Nelson, K.	Rodosovich	Valento
Burger	Jaros	Neuenschwander	Rose	Vanasek
Carlson, D.	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	Omann	Schreiber	Wynia
Dempsey	Kiffmeyer	Onnen	Seaberg	Zaffke
DenOuden	Knickerbocker	Osthoff	Segal	
Dimler	Knuth	Otis	Shaver	
Dyke	Kostohryz	Ozment	Sherman	
Elioff	Krueger	Pappas	Simoneau	

The bill was passed and its title agreed to.

S. F. No. 2171, A bill for an act relating to health; providing exemptions for certain air ambulance services; allowing first responders to drive life support transportation service vehicles under certain conditions; amending Minnesota Statutes 1984, sections 144.802, subdivision 5, and by adding a subdivision; and 144.804, subdivision 3, 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.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

S. F. No. 2147 was reported to the House.

Onnen moved to amend S. F. No. 2147, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 144.-562, subdivision 3, is amended to read:

Subd. 3. [APPROVAL OF LICENSE CONDITION.] The commissioner 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 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 eligibility, unless the commissioner of health approves a greater length of stay in an emergency situation. To determine whether an emergency situation exists, the commissioner shall require the hospital to provide documentation that continued services in the swing bed are required by the patient; that no skilled nursing facility beds are available within 25 miles from the patient's home, or in some more remote facility of the resident's choice, that 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 commissioner approves a greater length of stay, the hospital shall develop a plan providing for the discharge of the patient upon the availability of a nursing home bed or other services that 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 the end of the maximum length of stay.

(d) The hospital must agree, in writing, to limit admission to a swing bed only to (1) patients who have been hospitalized and not yet discharged from the facility, or (2) patients who are transferred directly from an acute care hospital.

(e) The hospital must agree, in writing, to report to the commissioner of health by December 1, 1985, and annually thereafter, in a manner required by the commissioner (1) the number of patients readmitted to a swing bed within 60 days of a patient's discharge from the facility, (2) the hospital's charges for care in a swing bed during the reporting period with a description of the care provided for the rate charged, and (3) the number of beds used by the hospital for transitional care and similar sub-acute inpatient care.

(f) The hospital must agree, in writing, to report statistical data on the utilization of the swing beds on forms supplied by the commissioner. 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.

## Sec. 2. [144.564] [MONITORING OF SUBACUTE OR TRANSITIONAL CARE SERVICES.]

*Subdivision 1. [HOSPITAL DATA.] The commissioner of health shall monitor the provision of subacute or transitional care services provided in hospitals. All hospitals providing these ser-*

*ices must report statistical data on the extent and utilization of these services on forms supplied by the commissioner. The data must include the following information: the number of admissions to and discharges from subacute or transitional care beds, charges for services in these beds, the length of stay and total patient days, admission origin and discharge destination, and other information required by the commissioner to assess the utilization of these services. For purposes of this subdivision, subacute or transitional care services is care provided in a hospital bed to patients who have been hospitalized and no longer meet established acute care criteria, and care provided to patients who are admitted for respite care.*

*Subd. 2. [NURSING HOME DATA.] Nursing homes which provide services to individuals whose length of stay in the facility is less than 42 days shall report the data required by subdivision 1 on forms supplied by the commissioner of health.*

*Subd. 3. [ANNUAL REPORT.] The commissioner shall monitor the provision of services described in this section and shall report annually to the legislature concerning these services, including recommendations on the need for legislation.*

**Sec. 3. Minnesota Statutes 1984, section 144.801, subdivision 4, is amended to read:**

*Subd. 4. "Life support transportation service" means transportation and treatment which is rendered or offered to be rendered preliminary to or during transportation to, from, or between health care facilities for ill or injured persons, or expectant mothers. The term includes all transportation involving the use of a stretcher, unless the person to be transported is not likely to require life support transportation service and medical treatment during the course of transport.*

**Sec. 4. Minnesota Statutes 1984, section 174.29, subdivision 1, is amended to read:**

*Subdivision 1. [DEFINITION.] For the purpose of sections 174.29 to 174.31 "special transportation service" means motor vehicle transportation provided on a regular basis by a public or private entity or person that is designed exclusively or primarily to serve individuals who are elderly, handicapped, or disabled and who are unable to use regular means of transportation but do not require life support transportation service, as defined in section 144.801, subdivision 4. Special transportation service includes but is not limited to service provided by specially equipped buses, vans, taxis, and volunteers driving private automobiles.*

**Sec. 5. Minnesota Statutes 1984, section 251.011, subdivision 4, is amended to read:**

Subd. 4. [OAK TERRACE NURSING HOME.] Any portion or unit of Glen Lake Sanatorium not used for the treatment of tuberculosis patients may be used by the commissioner of human services for the care of geriatric patients, under the name of Oak Terrace Nursing Home.

*The commissioner of administration may lease any portion or unit of Oak Terrace Nursing Home for the purpose of providing food and shelter for the homeless.*

Sec. 6. Minnesota Statutes 1985 Supplement, section 256.969, subdivision 2, is amended to read:

Subd. 2. [RATES FOR INPATIENT HOSPITALS.] Rates paid to inpatient hospitals shall be based on a rate per admission until the commissioner can begin to reimburse hospitals for services under the medical assistance and general assistance medical care programs based upon a diagnostic classification system appropriate to the service populations. On July 1, 1984, the commissioner shall begin to utilize to the extent possible existing classification systems, including medicare. The commissioner may incorporate the grouping of hospitals with similar characteristics for uniform rates upon the development and implementation of the diagnostic classification system. Prior to implementation of the diagnostic classification system, the commissioner shall report the proposed grouping of hospitals to the senate health and human services committee and the house health and welfare committee. *Effective August 1, 1985, the computation of the base year cost per admission and the computation of the relative values of the diagnostic categories must include identified outlier cases and their weighted costs up to the point that they become outlier cases, but must exclude costs and days beyond that point. Claims paid for care provided on or after August 1, 1985, may be adjusted to reflect a recomputation of rates. The commissioner shall reconstitute the diagnostic categories to reflect actual hospital practices, the specific character of specialty hospitals, or to reduce variances within the diagnostic categories after notice in the state register and a 30 day comment period. After May 1, 1986, acute care hospital billings under the medical assistance and general assistance medical care programs must not be submitted until the recipient is discharged. However, the commissioner shall establish monthly interim payments with inpatient hospitals that have individual patient lengths of stay in excess of 30 days regardless of diagnosis-related group. For purposes of establishing interim rates, the commissioner is exempt from the requirements of chapter 14.* Medical assistance and general assistance medical care reimbursement for treatment of mental illness shall be reimbursed based upon diagnosis classifications. The commissioner may selectively contract with hospitals for services within the diagnostic classifications relating to mental illness and chemical dependency under competitive bidding when reasonable geo-

graphic access by recipients can be assured. No physician shall be denied the privilege of treating a recipient required to utilize a hospital under contract with the commissioner, as long as the physician meets credentialing standards of the individual hospital.

Sec. 7. Minnesota Statutes 1985 Supplement, 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 sections 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. 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 a person who has been screened must be reassessed for purposes of assigning a case mix classification because admission to a nursing home occurs later than the time allowed by rule following the initial screening and assessment, the reassessment may be completed by the public health nurse member of the screening team. 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.

*Individuals not eligible for medical assistance who are being transferred from a hospital to a nursing home may be screened by only one member of the screening team in consultation with the other member. The interagency board for quality assurance, with the participation of members of screening teams, shall identify other circumstances when it would be appropriate for only one member of a screening team to conduct the nursing home preadmission screenings. The committee shall report its recommendations to the legislature in January, 1987.*

Sec. 8. Minnesota Statutes 1985 Supplement, 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 applicants, except (1) patients transferred from other nursing homes; (2) patients who, having entered acute care facilities from nursing homes, are returning to nursing home care; (3) persons entering a facility described in section 256B.431, subdivision 4, paragraph (b); (4) *individuals not eligible for medical assistance whose length of stay is expected to be 30 days or less based on a physician's certification, if the facility notifies the screening team upon admission and provides an update to the screening team on the 30th day after admission;* (5) *individuals who have a contractual right to have their nursing home care paid for indefinitely by the veteran's administration;* or ((4)) (6) persons entering a facility conducted by and for the adherents of a recognized church or religious denomination for the purpose of providing care and services for those who depend upon spiritual means, through prayer alone, for healing. The cost for screening (PERSONS) *applicants who are receiving medical assistance (OR WHO WOULD BE ELIGIBLE FOR MEDICAL ASSISTANCE WITHIN 180 DAYS OF NURSING HOME OR BOARDING CARE HOME ADMISSION,)* must be paid by (STATE, FEDERAL, AND COUNTY MONEY. OTHER PERSONS SHALL BE ASSESSED BY A SCREENING TEAM UPON PAYMENT OF A FEE APPROVED BY THE COMMISSIONER.) *the medical assistance program. The total screening cost for each county for applicants who are not eligible for medical assistance must be paid monthly by nursing homes and boarding care homes participating in the medical assistance program in the county. The monthly amount to be paid by each nursing home and boarding care home must be determined by dividing the county's estimate of the total annual cost of screenings allowed by the commissioner in the county for the following rate year by 12 to determine the monthly cost estimate and allocating the monthly cost estimate to each nursing home and boarding care home based on the number of licensed beds in the nursing home or boarding care home. The monthly cost estimate for each nursing home must be submitted to the nursing home and the state by the county no later than February 15 of each year for*

*inclusion in the nursing home's payment rate on the following rate year. The commissioner shall include the reported annual estimated cost of screenings for each nursing home or boarding care home as an operating cost of that nursing home in accordance with section 256B.431, subdivision 2b, clause (g). For all individuals regardless of payment source, if delay-of-screening timelines are not met because a county is late in screening an individual who meets the delay-of-screening criteria, the county is solely responsible for paying the nursing home rate for the resident days that exceed the delay-of-screening timelines until the screening is completed. Notwithstanding section 256B.0641, overpayments attributable to payment of the screening costs under the medical assistance program may not be recovered from a facility.*

Sec. 9. Minnesota Statutes 1985 Supplement, section 256B.091, subdivision 5, is amended to read:

Subd. 5. [APPEALS.] Appeals from the screening team's 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. 10. Minnesota Statutes 1985 Supplement, 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 *and nursing home residents who request a screening. Prior to July of each year, the commissioner shall allocate state funds available for alternative care grants to each local agency. This allocation must be made as follows: half of the state funds available for alternative care grants must be allocated to each county according to the total number of adults in that county who are recipients age 65 or older who are reported to the department by March 1 of each state fiscal year and half of the state funds available for alternative care grants must be allocated to a county according to that county's number of medicare enrollments age 65 or older for the most recent statistical report.* Payment is available under this subdivision only for individuals (1) for whom the screening team would recommend nursing home admission or *continued stay* 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; (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.

*The commissioner shall establish by rule, in accordance with chapter 14, procedures for determining grant reallocations, limits*

*on the rates for payment of approved services, including screenings, and submittal and approval of a biennial county plan for the administration of the preadmission screening and alternative care grants program. Grants may be used for payment of costs of providing care-related supplies, equipment, and 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), and that a client's service needs and eligibility is reassessed at least every six months. 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 and to the commissioner that the most cost effective alternatives available have been offered to the individual and that the individual was free to choose among available qualified providers, both public and private. The county agency shall document to the commissioner that the agency made reasonable efforts to inform potential providers of the anticipated need for services under the alternative care grants program and that the agency allowed potential providers an opportunity to be selected to contract with the county board. 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. 11. Minnesota Statutes 1985 Supplement, section 256B.48, subdivision 1b, is amended to read:

Subd. 1b. [EXCEPTION.] Notwithstanding any agreement between a nursing home and the department of human services or the provisions of this section or section 256B.411, other than subdivision 1a of this section, the commissioner may authorize continued medical assistance payments to a nursing home which ceased intake of medical assistance recipients prior to July 1, 1983, and which charges private paying residents rates that exceed those permitted by subdivision 1, paragraph (a), for (i) residents who resided in the nursing home before July 1, 1983, or (ii) residents for whom the commissioner or any predecessors of the commissioner granted a permanent individual waiver prior to October 1, 1983. *Nursing homes seeking continued medical assistance payments under this subdivision shall make the reports required under subdivision 2, except that on or after December 31, 1985, the financial statements required need not be audited by or contain the opinion of a certified public accountant or licensed public accountant, but need only be reviewed by a certified public accountant or licensed public accountant.* In the event that the state is determined by the federal government to be no longer eligible for the federal share of medical assistance payments made to a nursing home under this subdivision, the commissioner may cease medical assistance payments, under this subdivision, to that nursing home.

Sec. 12. Minnesota Statutes 1985 Supplement, section 256B.48, is amended by adding a subdivision to read:

Subd. 7. [REFUND OF EXCESS CHARGES.] *Any nursing home which has charged a resident a rate for a case-mix classification upon admission which is in excess of the rate for the case-mix classification established by the commissioner of health and effective on the date of admission, must refund the amount of charge in excess of the rate for the case-mix classification established by the commissioner of health and effective on the date of admission. Refunds must be credited to the next monthly billing or refunded within 15 days of receipt of the classification*



*notice from the department of health. Failure to refund the excess charge shall be considered to be a violation of this section.*

Sec. 13. Minnesota Statutes 1985 Supplement, section 256B.501, subdivision 3, is amended to read:

Subd. 3. [RATES FOR INTERMEDIATE CARE FACILITIES FOR PERSONS WITH MENTAL RETARDATION OR RELATED CONDITIONS.] The commissioner shall establish, by rule, procedures for determining rates for care of residents of intermediate care facilities for persons with mental retardation or related conditions. The procedures shall be based on methods and standards that the commissioner finds are adequate to provide for the costs that must be incurred for the care of residents in efficiently and economically operated facilities. In developing the procedures, the commissioner shall include:

(a) cost containment measures that assure efficient and prudent management of capital assets and operating cost increases which do not exceed increases in other sections of the economy;

(b) limits on the amounts of reimbursement for property, general and administration, and new facilities;

(c) requirements to ensure that the accounting practices of the facilities conform to generally accepted accounting principles; (AND)

(d) incentives to reward accumulation of equity; *and*

(e) *appeals procedures that satisfy the requirements of section 256B.50 for appeals of decisions arising from the application of standards or methods pursuant to Minnesota Rules, parts 9510.0500 to 9510.0890, 9553.0010 to 9553.0080, and 12 MCAR 2.05301 to 2.05315 (temporary).*

In establishing rules and procedures for setting rates for care of residents in intermediate care facilities for persons with mental retardation or related conditions, the commissioner shall consider the recommendations contained in the February 11, 1983, Report of the Legislative Auditor on Community Residential Programs for the Mentally Retarded and the recommendations contained in the 1982 Report of the Department of Public Welfare Rule 52 Task Force. Rates paid to supervised living facilities for rate years beginning during the fiscal biennium ending June 30, 1985, shall not exceed the final rate allowed the facility for the previous rate year by more than five percent.

Sec. 14. [GEOGRAPHIC GROUPINGS STUDY.]

*By February 1, 1987, the director of the state planning agency, in consultation with the commissioner of human services, shall*

*report to the legislature on the appropriateness of current geographic groupings for reimbursement of nursing home operating costs. The report shall contain recommendations for legislative action which address the following: nursing home input prices and regional variation in costs; and alternative methods for recognizing regional variations in the cost of doing business including approaches used by other states with comparable nursing home reimbursement systems.*

**Sec. 15. [TASK FORCE ON LONG-TERM CARE HEALTH PLANNING.]**

*Subdivision 1. [CREATION.] There is created a task force on long-term care health planning. The nine-member task force appointed by the governor shall include: two members from the legislative commission on long-term care; two representatives from the Minnesota nursing home trade associations; two members from long-term care consumer groups, and one representative each of the commissioners of health and human services. The director of the state planning agency or a designee shall chair and convene the task force.*

*Subd. 2. [DUTIES.] The task force on long-term care health planning shall conduct a study and report to the legislative commission on long-term care and to the legislature by January 15, 1987. In the study and report, the task force shall:*

*(1) propose a statewide plan for orderly and rational development of additional long-term care facilities;*

*(2) examine the need to amend the moratorium law to permit replacement or reconfiguration of beds provided no new beds are added to the system unless necessary;*

*(3) examine current classification of the intermediate care facilities class two (ICF II) as to the possibility of reclassification or upgrading; and*

*(4) address the need to modernize and renovate long-term care facilities built in 1950 to 1960 to improve energy efficiency and the quality of life in those older facilities.*

*Subd. 3. [TASK FORCE EXPIRATION DATE.] The task force on long-term care health planning expires January 15, 1987.*

**Sec. 16. [REFUND REQUIRED.]**

*Any current or previous nursing home provider obligated pursuant to a written agreement or otherwise to refund to a private paying resident, the resident's legal representative, or the resident's successor in interest, excess charges made in violation of section 256B.48, subdivision 1, clause (a), since July 1, 1976,*

*shall refund the excess charges plus interest to the private paying resident, the resident's legal representative, or the resident's successor in interest before July 1, 1986. Unless otherwise specified in a written agreement with the commissioner of human services, the amount of excess charges to be refunded shall be equal to the difference between the prospective desk audit rate, before appeal resolutions, established by the commissioner and the actual amount charged to each private paying resident. The interest refunded shall be equal to the greater of the actual interest earned by the provider or six percent per annum. However, where a current or previous nursing home provider has notified a resident, the resident's legal representative, or the resident's successor in interest, that the resident is due a refund and the refund is unclaimed, or if the resident, the resident's legal representative, or the resident's successor in interest cannot be located, the provider is exempt from any cause of action for civil damages. A private paying resident, the resident's legal representative, or the resident's successor in interest, has a cause of action for civil damages against the current or previous nursing home provider for the provider's failure to refund the excess charges and interest owing in violation of this section. The damages shall be three times the excess charges and interest payment that results from the violation, together with costs and disbursements, including reasonable attorney's fees or their equivalent. For prospective desk audit rates established prior to July 1, 1983, which are under appeal as of March 1, 1986, the provider must refund: (1) at the prospective desk audit rate, or; (2) at the amount not in dispute with notice that an additional refund based on the rate after appeal may be forthcoming upon resolution of an appeal. Any nursing home withholding all or part of a refund based on its pending rate appeal shall, by July 1, 1986, submit to the commissioner for each appeal a specification of 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, unless the above information has already been submitted to the commissioner. Any amounts still owing the resident, the resident's legal representative, or the resident's successor in interest, after the appeal is settled must be refunded within 30 days of the resolution of the appeal. Interest shall continue on the amount not immediately refunded, and shall be equal to the greater of the actual interest earned by the provider or six percent per annum.*

**Sec. 17. [TRANSFER.]**

*\$880,000 is transferred from the preadmission screening and alternative care grants account to the medical assistance account.*

**Sec. 18. [EFFECTIVE DATE.]**

*Sections 3, 4 and 6 to 13 and 16 are effective the day following enactment. Section 1 is effective May 1, 1986 and Sections 2, 5, 14, 15 and 17 are effective July 1, 1986."*

Delete the title and insert:

"A bill for an act relating to health and human services; requiring the commissioner of health to monitor transitional care; authorizing use of swing beds by patients transferred from hospitals; requiring transportation services involving the use of a stretcher to meet life support transportation licensing standards; changing the computation of inpatient hospital rates; modifying the preadmission screening program; changing financial statement certification requirements for nursing homes that are phasing out of the medical assistance program; providing for refunds of excess charges; establishing requirements for medical assistance rate appeals procedures for intermediate care facilities; requiring a study of geographic groupings of nursing homes; establishing a task force on long-term care health planning; requiring a refund for private pay residents; amending Minnesota Statutes 1984, sections 144.801, subdivision 4; 174.29, subdivision 1; and 251.011, subdivision 4; and Minnesota Statutes 1985 Supplement, sections 144.562, subdivision 3; 256.969, subdivision 2; 256B.091, subdivisions 2, 4, 5, and 8; 256B.48, subdivision 1b, and by adding a subdivision; and 256B.501, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 144."

The motion prevailed and the amendment was adopted.

S. F. No. 2147, A bill for an act relating to health; requiring transportation services involving the use of a stretcher to meet life support transportation licensing standards; amending Minnesota Statutes 1984, sections 144.801, subdivision 4; and 174.29, 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.

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.	Becklin	Brandl	Carlson, L.	Dimler
Anderson, R.	Begich	Brinkman	Clark	Dyke
Backlund	Bennett	Brown	Clausnitzer	Elioff
Battaglia	Bishop	Burger	Cohen	Ellingson
Beard	Boo	Carlson, D.	DenOuden	Erickson

Fjoslien	Kostohryz	Norton	Rees	Swiggum
Frederick	Krueger	O'Connor	Rest	Thiede
Frerichs	Kvam	Ogren	Rice	Thorson
Greenfield	Levi	Olsen, S.	Riveness	Tjornhom
Gruenes	Lieder	Olson, E.	Rodosovich	Tomlinson
Gutknecht	Long	Omann	Rose	Tompkins
Hartinger	Marsh	Onnen	Sarna	Tunheim
Hartle	McDonald	Osthoff	Schafer	Uphus
Haukoos	McEachern	Otis	Scheid	Valan
Himle	McKasy	Ozment	Schoenfeld	Valento
Jacobs	McLaughlin	Pappas	Seaberg	Vanasek
Jaros	McPherson	Pauly	Segal	Vellenga
Jennings, L.	Metzen	Peterson	Shaver	Voss
Johnson	Miller	Piepho	Sherman	Waltman
Kahn	Minne	Piper	Simoneau	Welle
Kalis	Munger	Poppenhagen	Skoglund	Wynia
Kelly	Murphy	Price	Solberg	Zaffke
Kiffmeyer	Nelson, D.	Quinn	Sparby	Spk. Jennings, D.
Knickerbocker	Nelson, K.	Quist	Stanius	
Knuth	Neuenschwander	Redalen	Staten	

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

S. F. No. 2127, A bill for an act relating to the city of Cologne; exempting certain general obligation bonds and tax levies from debt and levy limitations.

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 121 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, R.	DenOuden	Kalis	Murphy	Quinn
Backlund	Dimler	Kelly	Nelson, D.	Quist
Battaglia	Dyke	Kiffmeyer	Nelson, K.	Redalen
Beard	Elioff	Knickerbocker	Neuenschwander	Rees
Becklin	Ellingson	Knuth	Norton	Rest
Begich	Erickson	Kostohryz	O'Connor	Rice
Bennett	Fjoslien	Krueger	Ogren	Richter
Bishop	Frederick	Levi	Olsen, S.	Riveness
Blatz	Frerichs	Lieder	Olson, E.	Rodosovich
Boo	Greenfield	Long	Omann	Rose
Brandl	Gruenes	Marsh	Onnen	Sarna
Brinkman	Gutknecht	McDonald	Otis	Schafer
Brown	Hartinger	McEachern	Ozment	Scheid
Burger	Hartle	McKasy	Pappas	Schreiber
Carlson, D.	Haukoos	McLaughlin	Pauly	Seaberg
Carlson, L.	Himle	McPherson	Peterson	Segal
Clark	Jacobs	Metzen	Piepho	Shaver
Clausnitzer	Jaros	Miller	Piper	Sherman
Cohen	Jennings, L.	Minne	Poppenhagen	Simoneau
Dempsey	Johnson	Munger	Price	Solberg

Sparby	Thorson	Tunheim	Vanasek	Welle
Stanius	Tjornhom	Uphus	Vellenga	Wynia
Staten	Tomlinson	Valan	Voss	Zaffke
Sviggum	Tompkins	Valento	Waltman	Spk. Jennings, D.
Thiede				

Those who voted in the negative were:

Osthoff

The bill was passed and its title agreed to.

There being no objection the House recessed subject to the call of the Chair.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

There being no objection the order of business reverted to Messages from the Senate.

#### 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. 1971, A resolution memorializing the President and Congress of the United States to enact the Mississippi River National Heritage Corridor Act of 1986.

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. 2405, A bill for an act relating to elections in the city of Minneapolis; changing the time of election of certain board members; extending certain terms.

PATRICK E. FLAHAVEN, Secretary of the Senate

## CONCURRENCE AND REPASSAGE

Sarna moved that the House concur in the Senate amendments to H. F. No. 2405 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2405, A bill for an act relating to the city of Minneapolis; changing the time of election of certain board members; extending certain terms.

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.

Halberg moved that those not voting be excused from voting. The motion prevailed.

There were 85 yeas and 22 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Gutknecht	McPherson	Peterson	Simoneau
Backlund	Halberg	Metzen	Piepho	Solberg
Battaglia	Hartinger	Minne	Poppenhagen	Sparby
Beard	Haukoos	Murphy	Price	Stanius
Becklin	Heap	Nelson, D.	Quinn	Staten
Begich	Himle	Nelson, K.	Redalen	Sviggum
Bennett	Jacobs	Neuenschwander	Rees	Thorson
Blatz	Jaros	Norton	Rest	Tjornhom
Brinkman	Kahn	O'Connor	Rice	Tompkins
Burger	Kalis	Ogren	Riveness	Tunheim
Carlson, L.	Knickerbocker	Olsen, S.	Rodosovich	Valan
Clark	Knuth	Olson, E.	Sarna	Valento
Clausnitzer	Kostohryz	Omann	Schafer	Vanasek
Cohen	Krueger	Onnen	Scheid	Voss
Dempsey	Levi	Osthoff	Schreiber	Waltman
Frederick	Lieder	Otis	Seaberg	Welle
Greenfield	McEachern	Pappas	Shaver	Spk. Jennings, D.

Those who voted in the negative were:

Bishop	Fjoslien	Marsh	Quist	Tomlinson
Brandl	Frerichs	Miller	Segal	Uphus
DenOuden	Gruenes	Pauly	Skoglund	Vellenga
Dyke	Hartle	Piper	Thiede	Zaffke
Erickson	Jennings, L.			

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. 2170, A bill for an act relating to wild animals; authorizing the captive propagation and sale of raptors; amending Minnesota Statutes 1984, section 99.27, subdivision 1.

PATRICK E. FLAHAVERN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

McPherson moved that the House concur in the Senate amendments to H. F. No. 2170 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2170, A bill for an act relating to wild animals; authorizing the captive propagation and sale of raptors; amending Minnesota Statutes 1984, section 97.48, by adding a subdivision; and S. F. No. 1526, article 1, section 53, if enacted.

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, R.	Frederick	Levi	Ozment	Shaver
Backlund	Frederickson	Lieder	Pappas	Sherman
Battaglia	Frerichs	Marsh	Pauly	Simoneau
Beard	Greenfield	McDonald	Peterson	Skoglund
Becklin	Gruenes	McEachern	Piepho	Solberg
Begich	Gutknecht	McKasy	Piper	Sparby
Bennett	Halberg	McLaughlin	Poppenhagen	Stanius
Bishop	Hartinger	McPherson	Price	Staten
Blatz	Hartle	Metzen	Quinn	Sviggum
Brandl	Haukoos	Miller	Quist	Thiede
Brinkman	Heap	Minne	Redalen	Tjornhom
Burger	Himle	Munger	Rees	Tomlinson
Carlson, D.	Jacobs	Murphy	Rest	Tompkins
Carlson, L.	Jaros	Nelson, D.	Rice	Tunheim
Clark	Jennings, L.	Nelson, K.	Richter	Uphus
Clausnitzer	Johnson	Neuenschwander	Rivness	Valan
Cohen	Kahn	Norton	Rodosovich	Valento
Dempsey	Kalis	O'Connor	Rose	Vanasek
DenOuden	Kelly	Ogren	Sarna	Vellenga
Dimler	Kiffmeyer	Olson, S.	Schafer	Voss
Dyke	Knickerbocker	Olson, E.	Scheid	Waltman
Elioff	Knuth	Omann	Schoenfeld	Welle
Ellingson	Kostohryz	Onnen	Schreiber	Wynia
Erickson	Krueger	Osthoff	Seaberg	Zaffke
Fjoslien	Kvam	Otis	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. 2044, A bill for an act relating to courts; altering the responsibility for establishing the salary of the state court administrator and district court administrator; amending Minnesota Statutes 1984, sections 15A.083, subdivision 4; 480.13; and 484.68, subdivision 6.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Knickerbocker moved that the House concur in the Senate amendments to H. F. No. 2044 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2044, A bill for an act relating to compensation of certain public employees; altering the responsibility for establishing the salary of the state court administrator and district court administrator; authorizing the board of medical examiners to set the salary of its executive secretary within certain limits; amending Minnesota Statutes 1984, sections 15A.083, subdivision 4; and 214.04, subdivision 3; repealing Minnesota Statutes 1984, section 484.68, subdivision 6.

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 106 yeas and 18 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Boo	Dimler	Hartinger	Knuth
Anderson, R.	Brandl	Dyke	Hartle	Kostohryz
Backlund	Brinkman	Elioff	Haukoos	Kvam
Battaglia	Brown	Ellingson	Heap	Levi
Becklin	Burger	Frederick	Himle	Lieder
Begich	Carlson, L.	Frerichs	Jacobs	Long
Bennett	Clark	Greenfield	Jaros	Marsh
Bishop	Clausnitzer	Gruenes	Kahn	McEachern
Blatz	Cohen	Gutknecht	Kelly	McPherson
Boerboom	Dempsey	Halberg	Knickerbocker	Metzen

Miller	Otis	Rice	Simoneau	Valento
Minne	Ozment	Riveness	Skoglund	Vellenga
Munger	Pappas	Rose	Solberg	Voss
Murphy	Pauly	Sarna	Sparby	Waltman
Nelson, D.	Peterson	Schafer	Stanius	Welle
Nelson, K.	Piepho	Scheid	Sviggum	Wynia
Neuenschwander	Piper	Schoenfeld	Tjornhom	Zaffke
Norton	Poppenhagen	Schreiber	Tomlinson	Spk. Jennings, D.
Ogren	Price	Seaberg	Tompkins	
Olsen, S.	Quinn	Segal	Tunheim	
Olson, E.	Rees	Shaver	Uphus	
Onnen	Rest	Sherman	Valan	

Those who voted in the negative were:

Beard	Jennings, L.	Krueger	Quist	Staten
DenOuden	Johnson	O'Connor	Redalen	Thiede
Erickson	Kalis	Omann	Rodosovich	Vanasek
Fjoslien	Kiffmeyer	Osthoff		

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. 2364, A bill for an act relating to transportation; railroads; permitting transportation regulation board to approve certain rate changes and applications for track abandonment or discontinuance of service in certain cases without a public hearing; providing for imposition of misdemeanor penalty for certain violations relating to movement of hazardous materials; amending Minnesota Statutes 1984, sections 221.041, subdivision 1; and 221.291, subdivision 3; Minnesota Statutes 1985 Supplement, sections 219.741; and 219.85.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Johnson moved that the House concur in the Senate amendments to H. F. No. 2364 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2364, A bill for an act relating to transportation; railroads; clarifying procedures in certain contested matters brought before the transportation regulation board; permitting the transportation regulation board to grant clearance variances without evidentiary hearings in certain cases; permitting transportation regulation board to approve certain rate changes and applications for track abandonment or discontinuance of service in certain cases without a public hearing; providing a maximum

fine for motor carrier violations involving transportation of hazardous materials; amending Minnesota Statutes 1984, sections 174A.02, subdivision 4; 216A.05, subdivision 5; 221.041, subdivision 1; 221.291, subdivision 3; Minnesota Statutes 1985 Supplement, sections 219.47, subdivision 1; 219.741; and 219.85.

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 122 yeas and 4 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Brandl	Gruenes	Marsh	Osthoff
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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. 1970, A bill for an act relating to state lands; prescribing appraisal for conveyance of surplus state land in Dakota county to city of Hastings; amending Laws 1985, chapter 61, section 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Ozment moved that the House concur in the Senate amendments to H. F. No. 1970 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1970, A bill for an act relating to state lands; prescribing appraisal for conveyance of surplus state land in Dakota county to city of Hastings; amending Laws 1985, chapter 61, section 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 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

Tunheim	Valento	Voss	Wenzel	Zaffke
Uphus	Vanasek	Waltman	Wynia	Spk. Jennings, D.
Valan	Vellenga	Welle		

The bill was repassed, as amended by the Senate, and its title agreed to.

REPORTS FROM THE COMMITTEE ON RULES AND  
LEGISLATIVE ADMINISTRATION

Levi, for the Committee on Rules and Legislative Administration offered the following report and moved its adoption:

*Be It Resolved*, that during the period of time between adjournment sine die in 1986 and the convening of the House of Representatives in 1987, the House Chamber, House Retiring Room, House Hearing and Conference Rooms, House Offices, and the Chief Clerk's Offices shall be reserved for use by the House of Representatives as the Speaker of the House may authorize. The House Chamber and House Retiring Room may be made available for the annual meeting of the YMCA Youth in Government program and Girls' State, provided these organizations confirm dates with the Speaker of the House at least 30 days in advance.

The question was taken on the report 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	Kelly	Nelson, K.	Rest
Backlund	Elioff	Kiffmeyer	Neuenschwander	Rice
Battaglia	Ellingson	Knickerbocker	Norton	Richter
Beard	Erickson	Knuth	O'Connor	Riveness
Becklin	Fjoslien	Kostohryz	Ogren	Rodosovich
Begich	Frederick	Krueger	Olsen, S.	Rose
Bennett	Frederickson	Kvam	Olson, E.	Sarna
Bishop	Frerichs	Levi	Omman	Schafer
Blatz	Greenfield	Lieder	Onnen	Scheid
Boerboom	Gruenes	Long	Osthoff	Seaberg
Boo	Gutknecht	Marsh	Otis	Segal
Brandl	Halberg	McDonald	Ozment	Shaver
Brinkman	Hartinger	McEachern	Pappas	Simoneau
Brown	Hartle	McKasy	Pauly	Skoglund
Burger	Heap	McLaughlin	Peterson	Solberg
Carlson, D.	Himle	McPherson	Piper	Sparby
Carlson, L.	Jacobs	Metzen	Poppenhagen	Stanius
Clark	Jaros	Miller	Price	Staten
Clausnitzer	Jennings, L.	Minne	Quinn	Sviggum
Cohen	Johnson	Munger	Quist	Thiede
DenOuden	Kahn	Murphy	Redalen	Thorsen
Dimler	Kalis	Nelson, D.	Rece	Tjornhom

Tomlinson	Uphus	Vellenga	Welle	Zaffke
Tompkins	Valento	Voss	Wenzel	Spk. Jennings, D.
Tunheim	Vanasek	Waltman	Wynia	

The motion prevailed and the report was adopted.

Levi, for the Committee on Rules and Legislative Administration offered the following report and moved its adoption:

*Be It Resolved*, that the House of Representatives retain parts of parking lots B, C, D, and E during the period of time between adjournment sine die in 1986 and convening of the House of Representatives in 1987 which are necessary for use of members and employees of the House of Representatives.

The question was taken on the report and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 120 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The motion prevailed and the report was adopted.

Levi, for the Committee on Rules and Legislative Administration offered the following report and moved its adoption:

*Be It Resolved*, that the Chief Clerk of the House of Representatives be authorized and is hereby directed to correct and

approve the Journal of the House for the last day of the 74th Regular Session.

*Be It Further Resolved*, that the Chief Clerk of the House of Representatives be and is hereby authorized to include in the Journal of the House for the last day of the 74th Regular Session any subsequent proceedings and any appointments to legislative interim committees or commissions.

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

The motion prevailed and the report was adopted.

Levi, for the Committee on Rules and Legislative Administration offered the following report and moved its adoption:

*Be It Resolved*, that the Committee on Rules and Legislative Administration be and is hereby assigned all functions within its usual jurisdiction during the interim following adjournment sine die in 1986.

*Be It Further Resolved*, that the Committee on Rules and Legislative Administration or a duly appointed subcommittee there-

of, shall contract for necessary printing of the House of Representatives for the 75th Regular Session and any special sessions held prior to the 76th Regular Session.

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

The motion prevailed and 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 to be acted upon immediately preceding the remainder of Special Orders for today, March 17, 1986:

S. F. Nos. 1993, 1730, 1949, 1721, 2087, 1850, 1065, 2161, 1880, 1839, 1641 and 985; H. F. No. 1751; S. F. Nos. 2090, 2067, and 164; H. F. No. 1894; S. F. Nos. 1912, 2101, 1940 and 1193.

The Speaker called Halberg to the Chair.



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 bill as a Special Order to be acted upon immediately following Special Orders pending for Monday, March 17, 1986:

S. F. No. 2098.

## SPECIAL ORDERS

S. F. No. 1993 was reported to the House.

Bishop moved to amend S. F. No. 1993, as follows:

Page 29, after line 19, insert:

“Sec. 38. Minnesota Statutes 1985 Supplement, section 340A.-404, subdivision 5, is amended to read:

Subd. 5. [WINE LICENSES.] A municipality may issue an on-sale wine license with the approval of the commissioner to a restaurant having facilities for seating at least 25 guests at one time. A wine license permits the sale of wine of up to 14 percent alcohol by volume for consumption with the sale of food. *A wine license authorizes the sale of wine on all days of the week unless the issuing authority restricts the license's authorization to the sale of wine on all days except Sundays.*

Sec. 39. Minnesota Statutes 1985 Supplement, section 340A.-409, subdivision 1, is amended to read:

Subdivision 1. [INSURANCE REQUIRED.] No retail license may be issued, maintained or renewed unless the applicant demonstrates proof of financial responsibility with regard to liability imposed by section 340A.801. The issuing authority must submit to the commissioner the applicant's proof of financial responsibility. This subdivision does not prohibit a local unit of government from requiring higher insurance or bond coverages, or a larger deposit of cash or securities. The minimum requirement for proof of financial responsibility may be given by filing:

(1) a certificate that there is in effect for the license period an insurance policy or pool providing at least \$50,000 of coverage because of bodily injury to any one person in any one occurrence, \$100,000 because of bodily injury to two or more persons in any one occurrence, \$10,000 because of injury to or destruction of property of others in any one occurrence, \$50,000 for loss of means of support of any one person in any one occurrence, and \$100,000 for loss of means of support of two or more persons in any one occurrence (. AN ANNUAL AGGREGATE POLICY

LIMIT FOR DRAMSHOP LIABILITY OF NOT LESS THAN \$300,000 PER POLICY YEAR MAY BE INCLUDED IN THE POLICY PROVISIONS);

(2) a bond of a surety company with minimum coverages as provided in clause (1); or

(3) a certificate of the state treasurer that the licensee has deposited with the state treasurer \$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 (;

((4)) This subdivision does not prohibit an insurer from providing the coverage required by this subdivision in combination with other insurance coverage.

*An annual aggregate policy limit for dram shop insurance of not less than \$300,000 per policy year may be included in the policy provisions.*

*A liability insurance policy required by this section must provide that it may not be canceled for any cause by either the insured or the insurer unless the canceling party has first given ten days' notice in writing to the issuing authority of intent to cancel the policy.*

Sec. 40. Minnesota Statutes 1985 Supplement, section 340A.-410, is amended by adding a subdivision to read:

*Subd. 8. [COPY OF SUMMONS.] Every application for the issuance or renewal of intoxicating or nonintoxicating liquor licenses must include a copy of each summons received by the applicant under section 340A.802 during the preceding year.*

Sec. 41. Minnesota Statutes 1985 Supplement, section 340A.-412, subdivision 1, is amended to read:

Subdivision 1. [BOND REQUIRED.] A local unit of government shall not grant a retail license to sell intoxicating liquor until the applicant has filed a bond with corporate surety, or cash, or United States government bonds in the amount of not less than \$3,000 nor more than \$5,000 for on-sale licenses, and not less than \$1,000 nor more than \$3,000 for off-sale licenses. A common carrier who applies for a license to sell intoxicating liquor under section 340A.407, must file with the commissioner a bond with corporate surety, or cash, or government bonds in the sum of \$1,000. A bond filed under this subdivision must be conditional on the licensee obeying all laws governing the business and paying all taxes, fees, penalties, and other charges, and must provide that the bond is forfeited to the unit of government issuing the license on a violation of law. The commissioner must approve all bonds filed by applicants for an off-sale license.

(EVERY APPLICATION FOR THE ISSUANCE OR RENEWAL OF A LICENSE FOR THE SALE OF INTOXICATING OR NONINTOXICATING LIQUOR MUST INCLUDE A COPY OF EACH SUMMONS RECEIVED BY THE APPLICANT UNDER SECTION 340A.802 DURING THE PRECEDING YEAR.)

Sec. 42. Minnesota Statutes 1985 Supplement, section 340A.-412, subdivision 9, is amended to read:

Subd. 9. [LICENSE TRANSFER.] A license may be transferred with the consent of the issuing authority, provided that a license (IS) issued to a location at a racetrack licensed under chapter 240 may not be transferred. Where a license is held by a corporation, a change in ownership of ten percent or more of the stock of the corporation must be reported in writing to the authority who issued the license within ten days of the transfer.

Sec. 43. Minnesota Statutes 1985 Supplement, section 340A.-415, is amended to read:

340A.415 [LICENSE REVOCATION OR SUSPENSION.]

The authority issuing or approving any retail license or permit under this chapter shall either suspend for up to 60 days or revoke the license or permit or impose a civil fine not to exceed \$2,000 for each violation on a finding that the license or permit holder has failed to comply with an applicable statute, regulation, or ordinance relating to alcoholic beverages. No suspension or revocation takes effect until the license or permit holder has been afforded an opportunity for a hearing under (CHAPTER 14) sections 14.57 to 14.70 of the administrative procedure act.

Sec. 44. [340A.510] [WINE SAMPLES.]

*Off-sale licenses and municipal liquor stores may provide samples of wine, liqueurs, and cordials which the licensee or municipal liquor store currently has in stock and is offering for sale to the general public without obtaining an additional license, provided the wine, liqueur, and cordial samples are dispensed at no charge and consumed on the licensed premises during the permitted hours of off-sale in a quantity less than 50 milliliters of wine per variety per customer and 25 milliliters of liqueur or cordial per variety per customer.*

Sec. 45. Minnesota Statutes 1985 Supplement, section 340A.-802, subdivision 1, is amended to read:

Subdivision 1. [NOTICE OF INJURY.] A person who claims damages and a person or insurer who claims contribution or indemnity from a licensed retailer of alcoholic beverages or municipal liquor store for or because of an injury within the

scope of section 340A.801 must give a written notice to the licensee or municipality stating:

(1) the time and date when and person to whom the (LIQUOR WAS) *alcoholic beverages were sold or bartered*;

(2) the name and address of the person or persons who were injured or whose property was damaged; and

(3) the approximate time and date, and the place where the injury to person or property occurred.

A licensee or municipality who claims contribution or indemnification from another licensee or municipality must give a written notice to the other licensee or municipality in the form and manner specified in this section.

An error or omission in the notice does not void the notice's effect if the notice is otherwise valid unless the error or omission is of a substantially material nature."

Number the sections in sequence

Correct the cross-references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 1993, 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; providing instructions to the revisor; amending Minnesota Statutes 1984, sections 8.32, subdivision 2; 10A.01, subdivision 11; 10A.04, subdivision 4a; 16A.631; 47.58, subdivision 5; 62D.22, subdivision 8; 116J.70, subdivision 2a; 116M.08, subdivision 17; 121.15, subdivision 2; 124.155, subdivision 1; 124A.02, subdivision 14; 136D.74, subdivision 2; 144.224; 176A.01, subdivision 1; 179A.10, subdivision 3; 253B.02, subdivision 4a; 260.015, subdivision 24; 260.245; 327C.07, subdivision 3a; 349.214, subdivision 2; 383A.23, subdivision 5; 385.24; 403.12, subdivision 1; 414.061, subdivisions 4 and 4a; 462A.21, subdivision 8a; 494.03; 518B.01, subdivision 2; 571.495, subdivision 2; 590.01, subdivision 1; 609.346, subdivision 3; 609.347, subdivision 3; 609.348; 609.35; 611A.03, subdivision 3; 628.26; Minnesota Statutes 1985 Supplement, sections 47.20, subdivision 6c; 64B.05, subdivision 1; 64B.37, subdivision 2; 69.011, subdivision 1; 97.50, subdivision 1; 116M.03, subdivision 28; 124.32, subdivision 1d; 145.917, subdivision 4; 147.01, subdivision 4; 147.073, subdivision 1; 168.27, subdivision 11; 248.07, subdivision 7; 256B.091, subdivision 4; 256D.37, subdivision 1; 256F.05, subdivision 4;

256F.06, subdivision 1; 273.124, subdivision 5; 297C.03, subdivision 1; 298.02, subdivision 1; 340A.702; 356.216; 358.44; 414.061, subdivision 5; 458.16, subdivision 6; 473.831, subdivision 1; 527.41; 527.42; 527.43; 528.15; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivision 2; 609.3471; 626.556, subdivision 2; 631.045; proposing coding for new law in Minnesota Statutes, chapter 206; repealing Minnesota Statutes 1984, section 35.067; 383A.23, subdivisions 2, 3, and 4; 403.12, subdivisions 2 and 3; Laws 1984, chapter 560, section 24; Laws 1985, chapters 248, sections 28 and 29; 252, section 24; Laws 1985, First Special Session: chapters 9, article 2, section 89; 14, article 3, section 13; 14, article 4, sections 37 and 91.

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 121 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

Beard was excused between the hours of 5:00 p.m. and 6:00 p.m.

S. F. No. 1730, A bill for an act relating to theft; modifying circumstances justifying detention of suspects in business establishments; modifying immunity from liability for detention; amending Minnesota Statutes 1985 Supplement, section 629.366, subdivisions 1 and 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.

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

The bill was passed and its title agreed to.

S. F. No. 1949 was reported to the House.

There being no objection S. F. No. 1949 was temporarily laid over on Special Orders.

S. F. No. 1721 was reported to the House.

There being no objection S. F. No. 1721 was temporarily laid over on Special Orders.

S. F. No. 2087 was reported to the House.

Voss offered an amendment to S. F. No. 2087.

#### POINT OF ORDER

Bishop raised a point of order pursuant to rule 3.9 that the amendment was not in order. The Speaker pro tempore Halberg ruled the point of order well taken and the amendment out of order.

S. F. No. 2087, A bill for an act relating to county courts; specifying the prosecuting attorney for certain offenses; amending Minnesota Statutes 1984, section 487.25, subdivision 10.

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.	Fjoslien	Lieder	Pauly	Skoglund
Anderson, R.	Frederick	Long	Peterson	Solberg
Backlund	Frederickson	Marsh	Piepho	Sparby
Battaglia	Frerichs	McDonald	Piper	Stanius
Becklin	Greenfield	McEachern	Poppenhagen	Sviggum
Begich	Gruenes	McKasy	Price	Thiede
Bennett	Gutknecht	McLaughlin	Quinn	Thorson
Bishop	Halberg	McPherson	Quist	Tjornhom
Blatz	Hartinger	Metzen	Redalen	Tomlinson
Boerboom	Hartle	Miller	Rees	Tompkins
Boo	Haukoos	Minne	Rest	Tunheim
Brandl	Himle	Munger	Rice	Uphus
Brinkman	Jacobs	Murphy	Richter	Valan
Brown	Jaros	Nelson, D.	Riveness	Valento
Burger	Jennings, L.	Nelson, K.	Rodosovich	Vanasek
Carlson, D.	Johnson	Neuenschwander	Rose	Vellenga
Carlson, L.	Kahn	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
Dimler	Kostohryz	Osthoff	Segal	Spk. Jennings, D.
Dyke	Krueger	Otis	Shaver	
Elioff	Kvam	Ozment	Sherman	
Erickson	Levi	Pappas	Simoneau	

The bill was passed and its title agreed to.

S. F. No. 1850, A bill for an act relating to state government; regulating fees for state agency services; amending Minnesota Statutes 1985 Supplement, sections 16A.128 and 16A.1281.

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 120 yeas and 7 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Brandl	Jaros	Long	Staten	Wynia
Greenfield	Kahn			

The bill was passed and its title agreed to.

S. F. No. 1065 was reported to the House.

There being no objection S. F. No. 1065 was temporarily laid over on Special Orders.

S. F. No. 2161 was reported to the House.



Rose moved to amend S. F. No. 2161, as follows:

Page 1, after line 9, insert:

"Section 1. [145.94] [EXPOSURE TO HAZARDOUS SUBSTANCE.]

*Subdivision 1. [SITE INSPECTION.] To determine hazardous substance exposure to the community, the commissioner of health may enter the premises of any employer as defined in section 182.651, subdivision 7, including the University of Minnesota, to investigate the actual, suspected, or potential release of a hazardous substance if there is evidence or risk of exposure to the community. Before entering the commissioner shall present to the employer a statement of the reason, nature, and scope of the investigation at a particular location. As part of the investigation, and upon request to the employer, the commissioner must be allowed access to information required under the employee right-to-know act to determine if there are existing or potential health hazards to the community from the release of any hazardous substance originating in the workplace of the employer.*

*Subd. 2. [DISCLOSURE OF INFORMATION.] The commissioner may disclose to individuals or to the community, information including data made nonpublic by law, relating to the hazardous properties and health hazards of hazardous substances released from a workplace if the commissioner finds:*

*(1) evidence that a person requesting the information may have suffered or is likely to suffer illness or injury from exposure to a hazardous substance; or*

*(2) evidence of a community health risk and if the commissioner seeks to have the employer cease an activity which results in release of a hazardous substance.*

*Nonpublic data obtained under subdivision 1 is subject to handling, use, and storage according to established standards to prevent unauthorized use or disclosure. If the nonpublic data is required for the diagnosis, treatment, or prevention of illness or injury, a personal physician may be provided with this information if the physician agrees to preserve the confidentiality of the information, except for patient health records subject to section 144.355. After the disclosure of any hazardous substance information relating to a particular workplace, the commissioner shall advise the employer of the information disclosed, the date of the disclosure, and the person who received the information."*

Page 6, after line 1, insert:

"Sec. 4. [EFFECTIVE DATE.]

*Section 1 is effective July 1, 1987."*

Renumber the sections accordingly

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Haukoos moved to amend S. F. No. 2161, as amended, as follows:

Page 6, after line 1, insert:

"Sec. 4. [FIREFIGHTER TRAINING PROGRAMS.]

*Notwithstanding other law, the appropriations of \$250,000 in fiscal year 1987 in Laws 1985, First Special Session, Chapter 11, section 4, subdivision 3, for firefighter training programs at area vocational technical institutes must be spent to provide a tuition subsidy of up to 50 cents per student clock hour of instructions to each approved program.*

*Notwithstanding Minnesota Statutes, section 136C.04, subdivision 12, any AVTI may offer the programs at any location. If the total amount requested by AVTI's for approved programs exceeds the amount appropriated, the state board shall prorate the deficiency among all approved programs.*

*The tuition schedule for the programs need not be uniform."*

Renumber the sections in sequence

Correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

McLaughlin offered an amendment to S. F. No. 2161, as amended.

#### POINT OF ORDER

Sviggum raised a point of order pursuant to rule 3.9 that the amendment was not in order. The Speaker pro tempore Halberg ruled the point of order well taken and the amendment out of order.

S. F. No. 2161, A bill for an act relating to employment; providing training opportunities for technically qualified indi-

viduals who may be exposed to hazardous substances, harmful physical agents, or infectious agents; amending Minnesota Statutes 1985 Supplement, section 182.653, subdivisions 4b, 4c, and 4f.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Kvam	Otis	Sherman
Anderson, R.	Fjoslien	Levi	Ozment	Simoneau
Backlund	Frederick	Lieder	Pappas	Skoglund
Battaglia	Frederickson	Long	Pauly	Solberg
Becklin	Frerichs	Marsh	Peterson	Sparby
Begich	Greenfield	McDonald	Piepho	Stanius
Bennett	Gruenes	McEachern	Piper	Staten
Bishop	Gutknecht	McKasy	Poppenhagen	Svigum
Blatz	Halberg	McLaughlin	Price	Thiede
Boerboom	Hartinger	McPherson	Quinn	Thorson
Boo	Hartle	Metzen	Redalen	Tjornhom
Brandl	Haukoos	Miller	Rees	Tomlinson
Brinkman	Heap	Minne	Rest	Tompkins
Brown	Himle	Munger	Rice	Tunheim
Burger	Jacobs	Murphy	Richter	Uphus
Carlson, D.	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
Elioff	Kostohryz	Onnen	Segal	Zaffke
Ellingson	Krueger	Osthoff	Shaver	Spk. Jennings, D.

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

S. F. No. 1880 was reported to the House.

Metzen offered an amendment to S. F. No. 1880.

#### POINT OF ORDER

Quist raised a point of order pursuant to rule 5.10 that the amendment was out of order. The Speaker pro tempore Halberg ruled the point of order well taken and the amendment out of order.

S. F. No. 1880, A bill for an act relating to veterans; establishing a veterans' cemetery; proposing coding for new law in Minnesota Statutes, chapter 197.

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 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

S. F. No. 1839, A bill for an act relating to elections; recodifying and clarifying the laws on election contests; amending Minnesota Statutes 1984, sections 209.01; 209.02; 209.03; 209.05; 209.06; 209.07; 209.09; 209.10; and 209.12; proposing coding for new law in Minnesota Statutes, chapter 209; repealing Minnesota Statutes 1984, sections 209.02, subdivisions 2, 3, 4, 4a, 5, 6, 7, and 8; 209.04; and 209.11.

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.

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

The bill was passed and its title agreed to.

S. F. No. 1641 was reported to the House.

There being no objection S. F. No. 1641 was temporarily laid over on Special Orders.

S. F. No. 985 was reported to the House.

Knickerbocker moved to amend S. F. No. 985, as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1985 Supplement, section 14.02, subdivision 4, is amended to read:

Subd. 4. [RULE.] “Rule” means *the whole or a part of every agency statement of general applicability and future effect, including amendments, suspensions, and repeals of*

rules, adopted to implement or make specific the law enforced or administered by it or to govern its organization or procedure. *Every agency statement that meets this definition is a rule, regardless of whether the agency labels the statement with another term, such as a policy, informational, interpretive, or instructional bulletin or statement.* (IT) Rule does not include (a) rules concerning only the internal management of the agency or other agencies, and which do not directly affect the rights of or procedure available to the public; (b) rules of the commissioner of corrections relating to the internal management of institutions under the commissioner's control and those rules governing the inmates thereof prescribed pursuant to section 609.105; (c) rules of the division of game and fish published in accordance with section 97.53; (d) rules relating to weight limitations on the use of highways when the substance of the rules is indicated to the public by means of signs; (e) opinions of the attorney general; (f) the systems architecture plan and long-range plan of the state education management information system provided by section 121.931; (g) the data element dictionary and the annual data acquisition calendar of the department of education to the extent provided by section 121.932; (h) the comprehensive statewide plan of the crime control planning board provided in section 299A.03; or (i) occupational safety and health standards provided in section 182.655.

**Sec. 2. [14.045] [RULEMAKING PLANNING PROCESS.]**

*Subdivision 1. [PURPOSE.] In order to create a coordinated process for developing on an annual basis Minnesota's rulemaking program, establish the state's rulemaking priorities, increase the accountability of agency heads for the rulemaking actions of their agencies, provide for executive and legislative oversight of the rulemaking process, reduce the burdens of existing and future rules, minimize duplication and conflict of rules, and enhance public, executive, and legislative understanding of the state's rulemaking objectives, there is established a rulemaking planning process by which agencies will develop and publish a rulemaking program for each year.*

*Subd. 2. [AGENCY SUBMISSION OF RULEMAKING PROGRAM.] (a) The head of each agency shall submit to the legislative commission to review administrative rulemaking a rulemaking program consisting of information summarizing all actions of the agency relating to rulemaking, planned or underway. These actions include actions taken to consider whether to initiate rulemaking, requests for public comment, the development of documents that may influence, anticipate, or could lead to the commencement of rulemaking at a later date, actions taken to seek new rulemaking authority from the legislature, or any agency action designated by the commission as related to rulemaking. An action relating to rulemaking does not include a contested case proceeding or other agency enforcement proceeding. The rulemaking program must include a concise statement summarizing the need for the proposed rules and*

the costs and benefits expected to result from the rules that may be proposed. The rulemaking program shall be submitted to the legislative commission each year on January 1, unless otherwise determined by the commission, and shall cover the period January 1 to December 31 of that year. After the end of each regular legislative session, each agency head shall review the agency's rulemaking program in light of action taken by the legislature and, if necessary, shall submit a revised rulemaking program to the commission by July 1.

(b) The agency's submission must explain how the proposed rulemaking program is consistent with the agency's authorizing legislation. The rulemaking program must specifically discuss the actions of the agency to amend or repeal existing rules.

(c) Each agency head shall summarize the rulemaking actions described in paragraph (a) in the format that the legislative commission specifies, and provide additional information that the commission requests.

The legislative commission may exempt from the requirements of this section any class or category of actions that the commission determines is not necessary to review in order to achieve the effective implementation of the program.

**Subd. 3. [REVIEW OF THE RULEMAKING PROGRAM.]**

(a) In reviewing each agency's rulemaking program, the legislative commission shall (i) consider the consistency of the rulemaking program with the legislature's policies and priorities and the rulemaking programs submitted by other agencies; and (ii) identify further actions that may, in the commission's view, be necessary to achieve this consistency. The commission may make recommendations to any agency concerning its rulemaking program. The commission may publish parts or all of any rulemaking program along with the commission's recommendations.

(b) If the agency head proposes to take an action relating to rulemaking not previously submitted for review under this section, or if the agency head proposes to take an action relating to rulemaking that is materially different from the action described in the agency's rulemaking program, the agency head shall immediately submit the action to the commission for review. Except in the case of emergency situations, as defined by the commission or statutory or judicial deadlines, the agency head shall not take the proposed rulemaking action until 20 days after this submission to the legislative commission. The commission may make recommendations concerning these proposed rulemaking actions.

**Subd. 4. [JUDICIAL REVIEW.]** This section is intended only to improve the internal management of state government, and is not intended to create any right or benefit, substantive or

*procedural, enforceable at law by a party against the state, its agencies, its officers, or any person.*

**Sec. 3. [14.116] [REVIEW OF PROPOSED RULES.]**

*Subdivision 1. [PROPOSED RULEMAKING NOTICE.] Before an agency orders the publication of a notice of intent to adopt rules, the agency shall send the legislative commission to review administrative rulemaking a notice of intent to proceed with rulemaking, including adoption, suspension, amendment, or repeal of any rule. The notice shall include the text of the proposed rule. Except in the case of emergency rules or other cases specified by the commission, the agency must wait 30 days for any comment or objections to the proposed rule from the commission before publishing notice of intent to adopt rules. In the case of emergency rules, the agency must wait five working days.*

*Subd. 2. [COMMISSION REVIEW.] (a) The commission shall prescribe procedures for reviewing proposed agency rules and may hold public meetings on proposed rules.*

*(b) Commission meetings must be open to the public. Subject to commission procedures, persons may present oral or written data or views at those meetings. The commission may require a representative of an agency whose proposed rule is under examination to attend a commission meeting to answer relevant questions. The commission may also communicate to the agency its comments on any proposed rule and require the agency to respond to them in writing. Unless impracticable, advance notice must be given of the time and place of each commission meeting and the specific subject matter to be considered.*

*(c) The commission may request the attorney general to issue an opinion on whether or not an agency has statutory authority to adopt a proposed rule. The attorney general shall assure that persons responsible for assisting in the preparation of the opinion are not responsible for advising or assisting the agency in the adoption of the proposed rules. The attorney general shall respond to the commission within ten days of receipt of the commission's request for an opinion.*

*(d)(1) If the commission objects to all or some portion of a proposed rule the commission shall file that objection with the agency proposing the rule and with the revisor of statutes. The filed objection must contain a concise statement of the commission's reasons for its action. The commission shall maintain a permanent register of all objections by the commission.*

*(2) Within 14 days after the commission files an objection to a rule, the issuing agency shall respond in writing to the commis-*



*sion. After receipt of the response, the commission may withdraw or modify its objection.*

*(3) If the agency decides to proceed with adopting the portion of the rule that the commission objects to, the agency must publish notice of the commission's objection as soon as possible in the state register. If the commission does not withdraw its objection and if the agency adopts the rule, existence of the objection shall be indicated adjacent to any rule published in Minnesota Rules.*

*(4) After the commission files an objection that is not subsequently withdrawn, the burden is upon the agency, in any proceeding for judicial review or for enforcement of the rule, to establish that the whole or portion of the rule objected to is procedurally and substantively valid.*

*(5) The failure of the commission to object to a rule is not an implied legislative authorization of its procedural or substantive validity.*

#### Sec. 4. [14.117] [RULEMAKING ANALYSIS.]

*(a) An agency shall issue a rulemaking analysis of a proposed rule if, within 20 days after the notice of proposed rule adoption under section 14.14, subdivision 1a, or 14.22 is published, a written request for the analysis is filed with the agency by the commission to review administrative rulemaking or the governor.*

*(b) Except to the extent that the written request expressly waives one or more of the following, the rulemaking analysis must contain:*

*(1) a description of the classes of persons who probably will be affected by the proposed rule, including classes that will bear the costs of the proposed rule, and classes that will benefit from the proposed rule;*

*(2) a description of the probable quantitative and qualitative impact of the proposed rule, economic and otherwise, upon affected classes of persons;*

*(3) the probable costs to the agency and to any other agency of the implementation and enforcement of the proposed rule and any anticipated effect on state revenues;*

*(4) a comparison of the probable costs and benefits of the proposed rule to the probable costs and benefits of inaction;*

(5) a determination of whether there are less costly methods or less intrusive methods for achieving the purpose of the proposed rule;

(6) a description of any alternative methods for achieving the purpose of the proposed rule that were seriously considered by the agency and the reasons why they were rejected in favor of the proposed rule; and

(7) a description of how the proposed rule is different from any federal laws regulating the same activity, and why it is necessary and reasonable to have different state rules.

(c) Each rulemaking analysis must include quantification of the data to the extent practicable and must take account of both short-term and long-term consequences.

(d) A concise summary of the rulemaking analysis must be published in the state register and an agency may not proceed with a proposed rulemaking until at least 20 days after publication in the state register.

(e) The published summary of the rulemaking analysis must indicate where persons may obtain copies of the full text of the analysis and where, when, and how persons may present their views on the proposed rule and make a written request for a public hearing.

(f) If the agency has made a good faith effort to comply with the requirements of clauses (a) to (c), the rule may not be invalidated on the grounds that the contents of the rulemaking analysis are insufficient or inaccurate.

#### Sec. 5. [14.121] [SUSPENSION OF PROCEDURES.]

When compliance with the rulemaking provisions of the administrative procedure act would result in a denial of funds or services from the United States government that would otherwise be available to the state, upon written request of an agency, the attorney general, by order, may suspend one or more of the rulemaking provisions of the administrative procedure act. The written request must contain a full explanation of the grounds for the request, and a copy of the request must be sent to persons who have requested to be notified of agency rulemaking actions under section 14.14, subdivision 1a, at the time the request is provided to the attorney general. An order must suspend the minimum number of portions of the administrative procedure act for the minimum time necessary to avoid a denial of federal funds or services. The attorney general must issue an order terminating the suspension as soon as the suspension is no longer necessary to prevent the loss of funds or services from the United States government. The issuance of an order under this

*section is not subject to chapter 14, except as specifically provided in this section.*

*Before issuing an order suspending provisions of the administrative procedure act, the attorney general must notify the legislative commission to review administrative rulemaking. The notification must include a list of the rulemaking provision that the attorney general intends to suspend and any comments received from members of the public. If any of the rulemaking provisions of the administrative procedure act are suspended under this section, the attorney general shall promptly publish the order of suspension in the state register and report the suspension to the legislative commission to review administrative rules. Notwithstanding any suspension of portions of the rulemaking provisions of the administrative procedure act under this section, an agency must submit proposed rules to the legislative commission to review administrative rulemaking at least five working days before it begins the process of adopting the rules and the commission may object to the rules under section 3.*

*Any suspension issued under this section shall apply only to the agency requesting the suspension and only to the rules required to be adopted, amended, suspended, or repealed. An agency that receives a suspension order or an order terminating a suspension from the attorney general must immediately publish notice of the suspended or reinstated portions of the administrative procedure act in the state register and give immediate notice to all persons whose names are registered with the agency to receive rulemaking notices.*

Sec. 6. Minnesota Statutes 1984, section 14.29, subdivision 1, is amended to read:

Subdivision 1. (WHEN) *An agency shall adopt emergency rules in accordance with sections 14.29 to 14.36 if: (1) an agency is directed by statute, federal law or court order to adopt, amend, suspend or repeal a rule in a manner that does not allow for compliance with sections 14.14 to 14.28 (,); or (IF) (2) an agency is expressly required or authorized by statute to adopt emergency rules (, THE AGENCY SHALL ADOPT EMERGENCY RULES IN ACCORDANCE WITH SECTIONS 14.29 TO 14.36).*

Sec. 7. Minnesota Statutes 1984, section 14.29, subdivision 2, is amended to read:

Subd. 2. (UNLESS AN AGENCY IS DIRECTED BY FEDERAL LAW OR COURT ORDER TO ADOPT, AMEND, SUSPEND, OR REPEAL A RULE IN A MANNER THAT DOES NOT ALLOW FOR COMPLIANCE WITH SECTIONS 14.14 TO 14.28, NO) *If an agency is expressly required or authorized by statute to adopt emergency rules under subdivision 1, clause (2),*

*the agency may not adopt an emergency rule later than 180 days after the effective date of the statutory authority, except as provided in subdivision 3. If emergency rules are not adopted within the time allowed, the authority for the rules expires. The time limit of this section does not include any days used for review by the attorney general. If the 180-day period expires while the attorney general is reviewing the rule and the attorney general disapproves the rule, the agency may resubmit the rule to the attorney general after taking corrective action. The resubmission must occur within five working days after the agency receives written notice of disapproval. If the rule is again disapproved by the attorney general, it is withdrawn.*

Sec. 8. Minnesota Statutes 1984, section 14.39, is amended to read:

**14.39 [LEGISLATIVE COMMISSION TO REVIEW ADMINISTRATIVE (RULES) RULEMAKING; COMPOSITION; MEETINGS.]**

*A legislative commission (FOR REVIEW OF ADMINISTRATIVE RULES, CONSISTING OF FIVE SENATORS APPOINTED BY THE COMMITTEE ON COMMITTEES OF THE SENATE AND FIVE REPRESENTATIVES APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES) to review administrative rulemaking shall be appointed. The commission consists of the chair of the house rules and legislative administration committee or the chair's designee, the chair of the house governmental operations committee or the chair's designee, a member of the house minority caucus appointed by the house minority leader, the chair of the senate rules and legislative administration committee or the chair's designee, the chair of the senate governmental operations committee or the chair's designee, a member of the minority caucus appointed by the senate minority leader, two members of the house appointed by the speaker, and two members of the senate appointed by the committee on committees. The commission shall meet at the call of its chairman or upon a call signed by two of its members or signed by five members of the legislature. The legislative commission chairmanship shall alternate between the two houses of the legislature every two years.*

Sec. 9. Minnesota Statutes 1985 Supplement, section 14.40, is amended to read:

**14.40 [REVIEW OF RULES BY COMMISSION.]**

*Subdivision 1. [PURPOSES.] The commission shall promote adequate and proper rules by agencies and an understanding upon the part of the public respecting them.*

*Subd. 2. [REVIEW OF ADOPTED RULES.] The jurisdiction of the commission includes all rules as defined in section*

14.02, subdivision 4. The commission also has jurisdiction of rules which are filed with the secretary of state in accordance with section 14.38, subdivisions 5, 6, 7, 8, 9, and 11 or were filed with the secretary of state in accordance with the provisions of section 14.38, subdivisions 5 to 9, which were in effect on the date the rules were filed. It may hold public hearings to investigate complaints with respect to rules if it considers the complaints meritorious and worthy of attention. If the rules that are the subject of the public hearing were adopted without a rulemaking hearing, it may request the office of administrative hearings to hold the public hearing and prepare a report summarizing the testimony received at the hearing. The office of administrative hearings shall assess the costs of the public hearing to the agency whose rules are the subject of the hearing.

*Subd. 3. [SUSPENSION OF ADOPTED RULES.]* The commission may, on the basis of the testimony received at the public hearings, suspend any rule complained of by the affirmative vote of at least six members provided the provisions of section 14.42 have been met. If any rule is suspended, the commission shall as soon as possible place before the legislature, at the next year's session, a bill to repeal the suspended rule. If the bill is not enacted in that year's session, the rule is effective upon adjournment of the session unless the agency has repealed it. If the bill is enacted, the rule is repealed.

*Subd. 4. [REVIEW OF PROPOSED RULEMAKING ACTION.]* The commission shall review agency rulemaking programs under section 2. The commission shall review proposed rules as specified in section 3.

*Subd. 5. [OTHER ACTION.]* The commission has jurisdiction to hear complaints alleging that an agency was required to, but did not, comply with rulemaking procedures before taking an action. The commission may hold public hearings to investigate these complaints. The commission may object to an agency action on the ground that the agency was required to, but did not, comply with rulemaking procedures before taking an action.

*The commission must file any objection with the agency taking the action. An agency must submit notice of the objection to the state register within 20 days of receiving the objection from the commission. The agency must respond in writing to the commission concerning the objection. The commission may withdraw or modify its objection. If an objection is withdrawn or modified, the commission shall file notice of this with the agency. The agency must submit notice of the withdrawal or modification to the state register within 20 days of receiving notice.*

*When the commission files an objection that is not withdrawn, the burden is on the agency in any proceeding for judicial review of the action to establish that the action can lawfully be taken without complying with rulemaking procedures. A court shall*

*award reasonable attorney fees to a prevailing party for that portion of a lawsuit in which the court determines that an agency was required to, but did not, comply with rulemaking procedures before taking an action.*

*Subd. 6. [RECOMMENDED LEGISLATION.] The commission may recommend enactment of a statute to improve the operation of an agency. The commission may also recommend that a rule be repealed in whole or in part by statute. The commission shall request the speaker of the house and the majority leader of the senate to refer these recommendations to the appropriate standing committees for their consideration.*

*Subd. 7. [REPORT.] The commission shall make a biennial report to the legislature and governor of its activities and include its recommendations to promote adequate and proper rules and public understanding of the rules.*

*Subd. 8. [STAFF ASSISTANCE.] At the request of the commission, other legislative staff shall assist the commission in carrying out its duties.*

#### **Sec. 10. [EFFECTIVE DATE.]**

*Section 1 is effective the day following final enactment. Sections 2 to 5, 8 and 9 are effective January 1, 1987, and apply to rulemaking proceedings commenced after that date. Rulemaking planning programs required by section 2 must be submitted January 1, 1987."*

Delete the title and insert:

**"A bill for an act relating to administrative procedures; providing increased legislative oversight of administrative rulemaking; defining a rule; providing for exceptions to the rulemaking provisions of the administrative procedure act; clarifying provisions relating to emergency rules; amending Minnesota Statutes 1984, sections 14.29, subdivisions 1 and 2; 14.39; Minnesota Statutes 1985 Supplement, sections 14.02, subdivision 4; 14.40; proposing coding for new law in Minnesota Statutes, chapter 14."**

The motion prevailed and the amendment was adopted.

**S. F. No. 985, A bill for an act relating to administrative procedure; clarifying provisions relating to emergency rules; defining order and rule; limiting certain agency actions; requiring an order to be rendered in accordance with the contested case procedures of the administrative procedure act; amending Minnesota Statutes 1984, sections 14.02, by adding a subdivision; 14.29, subdivisions 1 and 2; and 14.57; Minnesota Statutes 1985 Supplement, section 14.02, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 14.**

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.

Frerichs moved that those not voting be excused from voting. The motion prevailed.

There were 125 yeas and 3 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Brandl	Pappas	Welle
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The bill was passed, as amended, and its title agreed to.

The Speaker resumed the Chair.

S. F. No. 2090, A bill for an act relating to counties; clarifying county commissioner conflict of interest provisions; authorizing counties to develop and market computer software products; providing a method for consolidation of the offices of county auditor and county treasurer; changing certain referendum provisions for adoption of optional forms of county government; exempting other departments or agencies of the same county from having to be billed by county recorder for certain recording transactions; amending Minnesota Statutes 1984, sec-

tions 375.09; 375.18, subdivision 7; 375A.11, subdivision 3; 375A.12, subdivisions 3 and 4; and 383C.17; Minnesota Statutes 1985 Supplement, section 386.77; proposing coding for new law in Minnesota Statutes, chapter 375; repealing Minnesota Statutes 1984, sections 394.01 to 394.05.

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 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to:

S. F. No. 2067, A bill for an act relating to local government; permitting the establishment of special service districts in the city of Mendota Heights; providing taxing and other financial authority for the city.

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 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

S. F. No. 164 was reported to the House.

Knickerbocker moved to amend S. F. No. 164, as follows:

Page 7, after line 23, insert:

"Sec. 5. [STATE EMPLOYEE COMPENSATION.]

*Subdivision 1. The labor agreement between the state of Minnesota and the American federation of state, county, and municipal employees, council 6, approved by the legislative commission on employee relations on July 23, 1985, is ratified.*

*Subd. 2. The labor agreement between the state of Minnesota and the Minnesota association of professional employees, approved by the legislative commission on employee relations on September 4, 1985, is ratified.*

*Subd. 3. The labor agreement between the state of Minnesota and the middle management association, approved by the legisla-*

*tive commission on employee relations on September 4, 1985, is ratified.*

*Subd. 4. The labor agreement between the state of Minnesota and the Minnesota government engineers' council, approved by the legislative commission on employee relations on September 4, 1985, is ratified.*

*Subd. 5. The commissioner of employee relations' plan for unrepresented employees, approved by the legislative commission on employee relations on September 4, 1985, is ratified.*

*Subd. 6. The commissioner of employee relations' plan for managerial employees, approved by the legislative commission on employee relations on September 4, 1985, is ratified.*

*Subd. 7. The salary plan for positions listed in Minnesota Statutes, section 15A.081 approved by the legislative commission on employee relations on September 4, 1985, is ratified, except that the salary of the commissioner of human services is \$62,494; the salary of the chief administrative law judge, office of administrative hearings, is \$57,060; the salary of the chairman, metropolitan council, is \$52,000; the salary of the commissioner of veterans affairs is \$48,100; and the salary of a commissioner, public utilities commission, is \$44,850.*

*Subd. 8. The labor agreement between the state of Minnesota and the Minnesota nurses association, approved by the legislative commission on employee relations on October 29, 1985, is ratified.*

*Subd. 9. The labor agreement between the state of Minnesota and the interfaculty organization, Minnesota education association, approved by the legislative commission on employee relations on December 18, 1985, is ratified.*

*Subd. 10. The labor agreement between the state of Minnesota and the Minnesota state university association of administrative service faculty, international brotherhood of teamsters, local 320, approved by the legislative commission on employee relations on December 18, 1985, is ratified.*

*Subd. 11. The labor agreement between the state of Minnesota and the state residential schools education association, approved by the legislative commission on employee relations on January 30, 1986, is ratified.*

*Subd. 12. The negotiated and arbitrated labor agreement between the state of Minnesota and the bureau of criminal apprehension agents' association, Minnesota conservation officers' association, and the Minnesota state patrol officers' association*

*approved by the legislative commission on employee relations on February 24, 1986, is ratified.*

*Subd. 13. After adjournment of the 1986 session but before the 1987 session of the legislature, the legislative commission on employee relations may give interim approval to any negotiated agreement, arbitration award, or compensation or salary plan submitted to it under other law. The commission shall submit the agreement, award, or plan to the entire legislature for ratification in the same manner and with the same effect as provided for agreements, awards, and plans submitted after adjournment of the legislature in an odd-numbered year.*

*Subd. 14. The negotiated and arbitrated labor agreement between the state of Minnesota and the Minnesota community college faculty association, Minnesota Education Association, submitted to the legislative commission on employee relations, is ratified."*

Renumber the section accordingly

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Kahn moved to amend S. F. No. 164, as amended, as follows:

Page 7, after line 13, delete Section 4

Renumber the sections

A roll call was requested and properly seconded.

The question was taken on the Kahn amendment and the roll was called.

Halberg moved that those not voting be excused from voting. The motion prevailed.

There were 61 yeas and 65 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Harteringer	Murphy	Price	Stanius
Anderson, R.	Jacobs	Nelson, D.	Quinn	Staten
Battaglia	Jaros	Nelson, K.	Rest	Tomlinson
Becklin	Kahn	Neuenschwander	Rice	Tunheim
Brandl	Kelly	Norton	Riveness	Vanasek
Brinkman	Knuth	O'Connor	Rodosovich	Vellenga
Brown	Kostohryz	Ogren	Sarna	Voss
Carlson, L.	Lieder	Olson, E.	Scheid	Welle
Clark	Long	Omann	Schoenfeld	Wynia
Cohen	McEachern	Otis	Segal	
Elioff	McLaughlin	Pappas	Simoneau	
Ellingson	Metzen	Peterson	Skoglund	
Greenfield	Minne	Piper	Solberg	

Those who voted in the negative were:

Begich	Fjoslien	Kalis	Ozment	Sparby
Bennett	Frederick	Kiffmeyer	Pauly	Sviggum
Bishop	Frederickson	Knickerbocker	Piepho	Thiede
Blatz	Frerichs	Krueger	Poppenhagen	Thorson
Boerboom	Gruenes	Kvam	Quist	Tjornhom
Boo	Gutknecht	Levi	Redalcn	Tompkins
Burger	Halberg	Marsh	Rees	Uphus
Clausnitzer	Hartle	McKasy	Richter	Valan
Dempsey	Haukoos	McPherson	Schafer	Valento
DenOuden	Heap	Munger	Schreiber	Waltman
Dimler	Himle	Olsen, S.	Seaberg	Wenzel
Dyke	Jennings, L.	Onnen	Shaver	Zaffke
Erickson	Johnson	Osthoff	Sherman	Spk. Jennings, D.

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

S. F. No. 164, A bill for an act relating to claims against the state; providing for payment of various claims; appropriating money.

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 114 yeas and 10 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Elioff	McEachern	O'Connor	Piper	Sarna
Kostohryz	Neuenschwander	Pappas	Rice	Staten

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

H. F. No. 1894 was reported to the House.

Becklin and Wynia moved to amend H. F. No. 1894, the fourth engrossment, as follows:

Page 3, delete section 6

Renumber the sections in sequence

Correct internal references

The motion prevailed and the amendment was adopted.

Ozment moved to amend H. F. No. 1894, the fourth engrossment, as amended, as follows:

Page 4, after line 35, insert:

“Sec. 7. [HAZARDOUS WASTE PERMIT REQUIRED.]

*The University of Minnesota properties in Rosemount, Minnesota, must obtain a final hazardous waste facility permit and a Dakota County hazardous waste facility storage and transfer license by July 1, 1987, or cease using the University of Minnesota properties in Rosemount, Minnesota, as a hazardous waste storage facility.”*

Renumber the remaining section

Amend the title as follows:

Page 1, line 4, after the semicolon, insert “requiring a hazardous waste permit;”

The motion prevailed and the amendment was adopted.

H. F. No. 1894, A bill for an act relating to environment; providing terms and conditions for the administration of wastewater treatment plant construction grants and loans; requiring a hazardous waste permit; amending Minnesota Statutes 1984, sections 115.07, subdivision 1; 115A.14, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 115 and 116.

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 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

S. F. No. 1912 was reported to the House.

Frederick moved to amend S. F. No. 1912, as follows:

Page 4, after line 20, insert:

“Sec. 8. [LICENSE AUTHORIZED.]

*Notwithstanding any law to the contrary, Sibley county may, with the approval of the commissioner, issue an on-sale wine license to a restaurant which*

(1) *is located in the unincorporated area of the county, and*

(2) meets the definition of "restaurant" in Minnesota Statutes, section 340A.101, subdivision 25, except that meals are served only to members and their guests.

*The fee for the license may be set by the county board in an amount not exceeding one-half the fee set by the county for an on-sale intoxicating liquor license or \$2,000, whichever is less. All provisions of Minnesota Statutes, chapter 340A, are applicable to the license except those which by their nature are inapplicable."*

Renumber the remaining sections

Page 5, line 2, after the period insert: "Section 8 is effective on approval by the Sibley county board and compliance with Minnesota Statutes, section 645.021."

The motion prevailed and the amendment was adopted.

S. F. No. 1912, A bill for an act relating to intoxicating liquor; authorizing various municipalities to issue on-sale licenses; amending Laws 1973, chapter 663, section 1, as amended by Laws 1974, chapter 335, section 1; repealing Laws 1978, chapter 677.

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.

Frerichs moved that those not voting be excused from voting. The motion prevailed.

There were 108 yeas and 14 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dimler	Johnson	Murphy	Quinn
Anderson, R.	Dyke	Kahn	Nelson, K.	Redalen
Backlund	Elioff	Kalis	Neuenschwander	Rees
Battaglia	Ellingson	Kelly	Norton	Rest
Becklin	Fjoslien	Kiffmeyer	O'Connor	Richter
Begich	Frederick	Knickerbocker	Ogren	Riveness
Bennett	Frederickson	Knuth	Olsen, S.	Rodosovich
Blatz	Frerichs	Kostohryz	Olson, E.	Rose
Boerboom	Greenfield	Kvam	Omann	Sarna
Boo	Gruenes	Lieder	Otis	Scheid
Brinkman	Gutknecht	Long	Ozment	Schoenfeld
Burger	Halberg	Marsh	Pappas	Schreiber
Carlson, D.	Hartle	McEachern	Pauly	Seaberg
Carlson, L.	Haukoos	McKasy	Peterson	Segal
Clark	Himle	McLaughlin	Piepho	Shaver
Clausnitzer	Jacobs	McPherson	Piper	Sherman
Cohen	Jaros	Metzen	Poppenhagen	Simoneau
Dempsey	Jennings, L.	Minne	Price	Solberg

Sparby	Thorson	Tunheim	Vanasek	Welle
Stanius	Tjornhom	Uphus	Voss	Wenzel
Sviggunn	Tomlinson	Valan	Waltman	Spk. Jennings, D.
Thiede	Tompkins	Valento		

Those who voted in the negative were:

Brandl	Harterger	Onnen	Skoglund	Wynia
Brown	Krueger	Quist	Staten	Zaffke
Erickson	Nelson, D.	Schafer	Vellenga	

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

S. F. No. 2101, A bill for an act relating to state lands; authorizing an exchange of certain state lands with the city of Thomson in Carlton county and sale of certain state land in Lake of the Woods 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.

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

The bill was passed and its title agreed to.



S. F. No. 1940 was reported to the House.

Solberg moved to amend S. F. No. 1940, as follows :

Page 2, delete lines 31 and 32

The motion prevailed and the amendment was adopted.

Voss moved to amend S. F. No. 1940, as amended, as follows :

Page 1, after line 6, insert :

“Section 1. Minnesota Statutes 1984, section 268.53, subdivision 1, is amended to read:

Subdivision 1. [IN GENERAL.] A community action agency is a political subdivision of the state, a combination of political subdivisions, a public agency, or a private nonprofit agency which has the authority under its applicable charter or laws to receive funds under section 268.52 to support community action programs as described in section 268.54 and which was designated as (A COMMUNITY ACTION AGENCY ACCORDING TO FEDERAL LAW OR REGULATIONS, OR RECOGNIZED AS A COMMUNITY ACTION AGENCY BY THE GOVERNOR) *an eligible entity under the Community Services Block Grant Act, Public Law Number 97-35, section 673(1), 95 Stat. 357, 512 (1981), as amended by, Act of October 30, 1984, Public Law Number 98-558, section 202, 98 Stat. 2878, 2884 (1984).*

Sec. 2. Minnesota Statutes 1984, section 268.53, subdivision 5, is amended to read:

Subd. 5. [FUNCTIONS; POWERS.] A community action agency shall:

(a) Plan systematically for an effective community action program; develop information as to the problems and causes of poverty in the community; determine how much and how effectively assistance is being provided to deal with those problems and causes; and establish priorities among projects, activities and areas as needed for the best and most efficient use of resources;

(b) Encourage agencies engaged in activities related to the community action program to plan for, secure, and administer assistance available under section 268.52 or from other sources on a common or cooperative basis; provide planning or technical assistance to those agencies; and generally, in cooperation with community agencies and officials, undertake actions to improve existing efforts to reduce poverty, such as improving day-to-day communications, closing service gaps, focusing resources on the

most needy, and providing additional opportunities to low-income individuals for regular employment or participation in the programs or activities for which those community agencies and officials are responsible;

(c) Initiate and sponsor projects responsive to needs of the poor which are not otherwise being met, with particular emphasis on providing central or common services that can be drawn upon by a variety of related programs, developing new approaches or new types of services that can be incorporated into other programs, and filling gaps pending the expansion or modification of those programs;

(d) Establish effective procedures by which the poor and area residents concerned will be enabled to influence the character of programs affecting their interests, provide for their regular participation in the implementation of those programs, and provide technical and other support needed to enable the poor and neighborhood groups to secure on their own behalf available assistance from public and private sources;

(e) Join with and encourage business, labor and other private groups and organizations to undertake, together with public officials and agencies, activities in support of the community action program which will result in the additional use of private resources and capabilities, with a view to developing new employment opportunities, stimulating investment that will have a measurable impact on reducing poverty among residents of areas of concentrated poverty, and providing methods by which residents of those areas can work with private groups, firms, and institutions in seeking solutions to problems of common concern.

*Community action agencies, the Minnesota migrant council, and the Indian reservations, may enter into cooperative purchasing agreements and self-insurance programs with local units of government."*

Renumber the sections accordingly

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 1940, A bill for an act relating to local government; regulating payment of severance pay; amending Minnesota Statutes 1984, section 465.72.

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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

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 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 126 yeas and 2 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	Jacobs	Minne	Quist	Staten
Carlson, D.	Jaros	Munger	Redalen	Sviggum
Carlson, L.	Jennings, L.	Murphy	Rees	Thiede
Clark	Johnson	Nelson, D.	Rest	Thorson
Clausnitzer	Kahn	Nelson, K.	Rice	Tjornhom
Cohen	Kalis	Neuenschwander	Richter	Tomlinson
Dimler	Kelly	Norton	Riveness	Tunheim
Dyke	Kiffmeyer	O'Connor	Rodosovich	Uphus
Eloff	Knickerbocker	Ogren	Rose	Valan
Ellingson	Knuth	Olsen, S.	Sarna	Valento
Erickson	Kostohryz	Olson, E.	Schafer	Vanasek
Fjoslien	Krueger	Omann	Scheid	Vellenga
Frederickson	Kvam	Onnen	Schoenfeld	Voss
Frerichs	Levi	Osthoff	Schreiber	Waltman
Greenfield	Lieder	Otis	Seaberg	Welle
Gruenes	Long	Ozment	Segal	Wenzel
Gutknecht	Marsh	Pappas	Shaver	Wynia
Halberg	McDonald	Pauly	Sherman	Zaffke
Hartinger	McEachern	Peterson	Simoneau	Spk. Jennings, D.
Hartle	McKasy	Piepho	Skoglund	
Haukoos	McLaughlin	Piper	Solberg	
Heap	Metzen	Price	Sparby	
Himle	Miller	Quinn	Stanius	

Those who voted in the negative were:

McPherson      Tompkins

The bill was passed and its title agreed to.

Dempsey, Gutknecht, Knickerbocker, Simoneau and Sviggum were excused while in conference.

S. F. No. 1949 which was temporarily laid over earlier today was again reported to the House.

McPherson moved to amend S. F. No. 1949, the unofficial engrossment, as follows:

Page 2, after line 35, insert:

**"Sec. 6. [LOWER ST. CROIX MARINA PERMIT RESTRICTIONS AND PUBLIC ACCESS.]**

*Except as otherwise expressly provided by law, every permit issued by the commissioner of natural resources under Minnesota Statutes, chapter 105, for marina developments at or near property described as section 14, T29N, R20W, county of Washington, state of Minnesota, shall provide for public access and shall not be restricted by designations of specific numbers of permitted slips for sailboats, transient motorboats, or other boats, except:*

*(a) ten percent of the permitted slips shall be restricted for use only by transient boaters with a maximum length of stay of seven days or less.*

*(b) owners of sailboats and owners of condominiums adjoining the marina development shall have priority over owners of motorboats for occupancy of a nontransient slip for the year following notice of the desire for slippage. Notice shall be provided in writing to the management of the marina development."*

Page 3, after line 7, insert the following:

*"Section 6 is effective the day following final enactment and applies to all permits described herein which are currently issued and valid."*

Renumber the sections accordingly

Amend the title accordingly

A roll call was requested and properly seconded.

#### POINT OF ORDER

Skoglund raised a point of order pursuant to rule 3.9 that the amendment was not in order. The Speaker ruled the point of order not well taken and the amendment in order.

The question recurred on the McPherson amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 65 yeas and 53 nays as follows:

Those who voted in the affirmative were:

Backlund	Frederick	Kvam	Piepho	Sviggunn
Beard	Frederickson	Levi	Price	Thiede
Bennett	Frerichs	Marsh	Redalen	Thorson
Bishop	Halberg	McKasy	Rees	Tjornhom
Blatz	Hartinger	McPherson	Richter	Tompkins
Boerboom	Hartle	Metzen	Rodosovich	Uphus
Burger	Haukoos	Miller	Schafer	Valan
Clausnitzer	Heap	Neuenschwander	Scheid	Valento
Dempsey	Himle	Olsen, S.	Schreiber	Vanasek
Dimler	Johnson	Omann	Shaver	Waltman
Dyke	Kiffmeyer	Onnen	Sherman	Wenzel
Erickson	Knickerbocker	Osthoff	Sparby	Zaffke
Fjoslien	Krueger	Pauly	Stanius	Spk. Jennings, D.

Those who voted in the negative were:

Anderson, G.	Brinkman	Ellingson	Kalis	McEachern
Anderson, R.	Brown	Greenfield	Kelly	McLaughlin
Battaglia	Carlson, L.	Jacobs	Knuth	Minne
Becklin	Clark	Jaros	Kostohryz	Munger
Begich	Cohen	Jennings, L.	Lieder	Murphy
Brandl	Elioff	Kahn	Long	Nelson, D.

Nelson, K.	Pappas	Rice	Skoglund	Vellenga
Norton	Peterson	Riveness	Solberg	Voss
O'Connor	Piper	Sarna	Staten	Wynia
Olson, E.	Quinn	Schoenfeld	Tomlinson	
Otis	Rest	Segal	Tunheim	

The motion prevailed and the amendment was adopted.

S. F. No. 1949, A bill for an act relating to natural resources; requiring public access restrictions to be the same as lake use restrictions; amending Minnesota Statutes 1984, sections 378.32, subdivisions 2, 6, and 7; and 459.20; proposing coding for new law in Minnesota Statutes, chapter 378.

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 86 yeas and 37 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Erickson	Marsh	Poppenhagen	Thiede
Backlund	Frederick	McDonald	Price	Thorson
Battaglia	Frederickson	McKasy	Quinn	Tjornhom
Beard	Frerichs	McPherson	Quist	Tompkins
Begich	Gruenes	Metzen	Redalen	Tunheim
Bennett	Hartinger	Miller	Rees	Uphus
Bishop	Hartle	Minne	Richter	Valan
Blatz	Heap	Murphy	Rodosovich	Valento
Boerboom	Himle	Neuenschwander	Scheid	Vanasek
Boo	Jacobs	Ogren	Schreiber	Vellenga
Brinkman	Johnson	Olsen, S.	Seaberg	Waltman
Burger	Kiffmeyer	Olson, E.	Segal	Wenzel
Carlson, D.	Knickerbocker	Omann	Shaver	Zaffke
Carlson, L.	Kostohryz	Onnen	Sherman	Spk. Jennings, D.
DenOuden	Krueger	Osthoff	Solberg	
Dimler	Kvam	Ozment	Sparby	
Dyke	Levi	Pauly	Stanius	
Eloff	Lieder	Peterson	Svigum	

Those who voted in the negative were:

Anderson, G.	Fjoslien	Long	Otis	Skoglund
Becklin	Greenfield	McEachern	Pappas	Staten
Brandl	Jaros	McLaughlin	Piper	Tomlinson
Brown	Jennings, L.	Munger	Rest	Voss
Clark	Kahn	Nelson, D.	Rice	Wynia
Clausnitzer	Kalis	Nelson, K.	Riveness	
Cohen	Kelly	Norton	Sarna	
Ellingson	Knuth	O'Connor	Schoenfeld	

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

S. F. No. 1721 which was temporarily laid over earlier today was again reported to the House.

Clausnitzer moved to amend S. F. No. 1721, as follows:

Delete everything after the enacting clause and insert:

**"Section 1. [124.647] [WAIVER; PILOT SCHOOL BREAKFAST PROGRAMS.]**

*The commissioner of education shall request a waiver from the United States government as necessary to allow pilot school breakfast programs to be implemented in school districts where no program currently exists. The pilot school breakfast program shall provide students with breakfasts designed to be taken with the student and consumed away from the school site.*

**Sec. 2. [124.6471] [SCHOOL BREAKFAST INCENTIVE.]**

*The commissioner of education may provide a cash incentive to schools to increase participation in school breakfast programs or to initiate a school breakfast program if none currently exists.*

**Sec. 3. [144.092] [COORDINATED NUTRITION DATA COLLECTION.]**

*The commissioner of health shall develop and coordinate a reporting system to improve the state's ability to document inadequate nutrient and food intake of Minnesota's children and adults and to identify problems and determine the most appropriate strategies for improving inadequate nutritional status. The board on aging shall develop a method to evaluate the nutritional status and requirements of the elderly in Minnesota. The commissioner of health and the board on aging shall report to the legislature on each July 1, beginning in 1988, on the results of their investigation and their recommendations on the nutritional needs of Minnesotans.*

Sec. 4. Minnesota Statutes 1984, section 145.892, subdivision 2, is amended to read:

Subd. 2. "Local health agency" means the (COUNTY PUBLIC HEALTH NURSING SERVICE) *community health services agency* or any public or private nonprofit organization which enters into a contract with the commissioner of health pursuant to sections 145.891 to 145.897.

Sec. 5. Minnesota Statutes 1984, section 145.894, is amended to read:

**145.894 [STATE COMMISSIONER OF HEALTH; DUTIES, RESPONSIBILITIES.]**

The commissioner of health shall:

(a) Develop a comprehensive state plan for the delivery of nutritional supplements to pregnant and lactating women, infants, and children;

(b) Contract with existing local public or private non-profit organizations for the administration of the nutritional supplement program;

(c) Develop and implement a public education program promoting the provisions of sections 145.891 to 145.897, and provide for the delivery of individual and family nutrition education and counseling at project sites;

(d) Develop in cooperation with other agencies and vendors a uniform state voucher system for the delivery of nutritional supplements;

(e) Develop, analyze and evaluate the health aspects of the nutritional supplement program and establish nutritional guidelines for the program;

(f) Apply for (AND), administer (ANY), and annually expend at least 99 percent of available federal or private funds;

(g) (COORDINATE WITH THE STATE AND LOCAL PUBLIC WELFARE AGENCIES IN IDENTIFYING) *Aggressively market services to eligible individuals by conducting ongoing outreach activities and by coordinating with and providing marketing materials and technical assistance to local human services and community service agencies and nonprofit service providers;*

(h) *Determine, on July 1 of each year, the number of pregnant women participating in each special supplemental food program for women, infants, and children (W.I.C.) and, in 1986, 1987, and 1988, at the commissioner's discretion, designate a different food program deliverer if the current deliverer fails to increase the participation of pregnant women in the program by at least ten percent over the previous year's participation rate;*

((H)) (i) Promulgate all rules and regulations necessary to carry out the provisions of sections 145.891 to 145.897; and

((I)) (j) Report to the legislature by November 15 of every year on the expenditures and activities under sections 145.891 to 145.897 of the state and local health agencies for the preceding fiscal year.

Sec. 6. [245.771] [SUPERVISION OF FOOD STAMP PROGRAM.]



*Subdivision 1. [SUPERVISION OF PROGRAM.] The commissioner of human services shall supervise the food stamp program to aid administration of the food stamp program by county welfare boards pursuant to section 393.07, subdivision 10, to promote excellence of administration and program operation, and to ensure compliance with all federal laws and regulations so that all eligible persons are able to participate.*

*Subd. 2. [WAIVERS.] The commissioner of human services shall apply to the United States Department of Agriculture for waivers of monthly reporting and retrospective budgeting requirements.*

**Sec. 7. Minnesota Statutes 1984, section 256.975, is amended by adding a subdivision to read:**

*Subd. 4. [HOME-DELIVERED MEALS.] The board on aging shall take appropriate action to secure reimbursement from public and private medical care programs, health plans, and health insurers for home-delivered meals that are a necessary part of medical treatment for the elderly.*

**Sec. 8. Minnesota Statutes 1984, section 393.07, subdivision 10, is amended to read:**

**Subd. 10. [FEDERAL FOOD STAMP PROGRAM.]** (a) The county welfare board shall establish and administer the food stamp program pursuant to rules of the commissioner of human services and all federal laws and regulations. *The commissioner of human services shall monitor food stamp program delivery on an ongoing basis to ensure that each county complies with federal laws and regulations. Program requirements to be monitored include, but are not limited to, number of applications, number of approvals, number of cases pending, length of time required to process each application and deliver benefits, number of applicants eligible for expedited issuance, length of time required to process and deliver expedited issuance, number of terminations and reasons for terminations, client profiles by age, household composition and income level and sources, and the use of phone certification and home visits. The commissioner shall determine the county-by-county and statewide participation rate. The commissioner shall report on the monitoring activities on a county-by-county basis in a report presented to the legislature by July 1 each year. This monitoring activity shall be separate from the management evaluation survey sample required under federal regulations.*

(b) *On July 1 of each year, the commissioner of human services shall determine a statewide and county-by-county food stamp program participation rate. The commissioner may designate a different agency to administer the food stamp program in a county if the agency administering the program fails to increase the food stamp program participation rate*

*among families or eligible individuals, or comply with all federal laws and regulations governing the food stamp program. The commissioner shall review agency performance annually to determine compliance with this paragraph.*

(c) The county welfare board shall participate in a food stamp quality control system subject to the supervision of the commissioner of human services and pursuant to federal regulations.

Any person who commits any of the following acts is guilty of theft and shall be sentenced pursuant to section 609.52, subdivision 3, clauses (1), (2), and (5) :

((A)) (1) Obtains or attempts to obtain, or aids or abets any person to obtain by means of a wilfully false statement or representation, or intentional concealment of a material fact, food stamps to which he is not entitled or in an amount greater than that to which he is entitled; or

((B)) (2) Presents or causes to be presented, coupons for payment or redemption knowing them to have been received, transferred or used in a manner contrary to existing state or federal law; or

((C)) (3) Willfully uses or transfers food stamp coupons or authorization to purchase cards in any manner contrary to existing state or federal law.

The amount of food stamps incorrectly issued shall be the difference between the amount of food stamps actually received and the amount to which the recipient would have been entitled under state and federal law had the welfare agency been informed of all material facts. The amount of any food stamps determined to have been incorrectly issued, used, transferred or presented shall, unless otherwise determined by the county welfare board in order to prevent undue hardship, be recoverable from the recipient, or user, or his estate by the county as a debt due the county.

Sec. 9. Minnesota Statutes 1984, section 393.07, is amended by adding a subdivision to read :

*Subd. 10a. [EXPEDITED ISSUANCE OF FOOD STAMPS.] The commissioner of human services shall continually monitor the expedited issuance of food stamp benefits to ensure that each county complies with federal regulations and that households eligible for expedited issuance of food stamps are identified, processed, and certified within the time frames prescribed in federal regulations. By July 1 each year the commissioner of human services shall present a report to the governor and the legislature regarding its monitoring of expedited issuance and*

*the degree of compliance with federal regulations on a county-by-county basis.*

*County food stamp offices shall screen and issue food stamps to applicants on the day of application. Applicants who meet the federal criteria for expedited issuance and have an immediate need for food assistance shall receive either:*

- (1) a manual Authorization to Participate (ATP) card; or*
- (2) the immediate issuance of food stamp coupons.*

*The local food stamp agency shall conspicuously post in each food stamp office a notice of the availability of and the procedure for applying for expedited issuance and verbally advise each applicant of the availability of the expedited process.*

#### **Sec. 10. [518.171] [MEDICAL SUPPORT.]**

*Subdivision 1. [ORDER.] Unless the obligee has group dependent health insurance coverage available at a more reasonable cost, the court shall order the obligor to name the minor child as beneficiary on any health and dental insurance plan that is available to the obligor on a group basis or through an employer or union.*

*If the court finds that dependent health or dental insurance is not available to the obligor on a group basis or through an employer or union, or that the group insurer is not accessible to the obligee, the court may require the obligor to obtain dependent health or dental insurance, or to be liable for reasonable and necessary medical or dental expenses of the child.*

*Subd. 2. [SPOUSAL COVERAGE.] The court shall require the obligor to provide dependent health and dental insurance for the benefit of the obligee if it is available at no additional cost to the obligor and in this case the provisions of this section apply.*

*Subd. 3. [IMPLEMENTATION.] A copy of the court order for insurance coverage shall be forwarded to the obligor's employer or union by the obligee or the public authority responsible for support enforcement only when ordered by the court or when the following conditions are met:*

- (1) the obligor fails to provide written proof to the obligee or the public authority, within 30 days of receiving effective notice of the court order, that the insurance has been obtained or that application for insurability has been made;*

- (2) the obligee or the public authority serves written notice of its intent to enforce medical support on the obligor by mail at his or her last known post office address; and*

(3) *the obligor fails within 15 days after the mailing of the notice to provide written proof to the obligee or the public authority that the insurance coverage existed as of the date of mailing.*

*Subd. 4. [EFFECT OF ORDER.] The order is binding on the employer or union when service under subdivision 3 has been made. Upon receipt of the order, or upon application of the obligor pursuant to the order, the employer or union shall enroll the minor child as a beneficiary in the group insurance plan and withhold any required premium from the obligor's income or wages. If more than one plan is offered by the employer or union, the child shall be enrolled in the insurance plan in which the obligor is enrolled or the least costly plan otherwise available to the obligor that is comparable to a number two qualified plan. The insurance coverage for a child eligible under subdivision 5 shall not be terminated except as authorized in subdivision 5.*

*Subd. 5. [ELIGIBLE CHILD.] A minor child that an obligor is required to cover as a beneficiary pursuant to this section is eligible for insurance coverage as a dependent of the obligor until the child is emancipated or until further order of the court.*

*Subd. 6. [INSURER NOTICE.] The signature of the custodial parent of the insured dependent is a valid authorization to the insurer for purposes of processing an insurance reimbursement payment to the provider of the medical services. When an order for dependent insurance coverage is in effect and the obligor's employment is terminated, or the insurance coverage is terminated, the insurer shall notify the obligee within 10 days of the termination date with notice of conversion privileges.*

*Subd. 7. [RELEASE OF INFORMATION.] When an order for dependent insurance coverage is in effect, the obligor's employer or union shall release to the obligee or the public authority, upon request, information on the dependent coverage, including the name of the insurer. Notwithstanding any other law, information reported pursuant to section 268.121 shall be released to the public agency responsible for support enforcement that is enforcing an order for medical or dental insurance coverage under this section.*

*Subd. 8. [OBLIGOR LIABILITY.] The obligor that fails to maintain the medical or dental insurance for the benefit of the children as ordered shall be liable to the obligee for any medical or dental expenses incurred from the date of the court order. Proof of failure to maintain insurance constitutes a showing of increased need by the obligee pursuant to section 518.64 and provides a basis for a modification of the obligor's child support order.*

*Subd. 9. [APPLICATION FOR SERVICE.] The public agency responsible for support enforcement shall take necessary*

*steps to implement and enforce an order for dependent health or dental insurance whenever the children receive public assistance, or upon application of the obligee to the public agency and payment by the obligee of any fees required by section 518.551.*

Sec. 11. Minnesota Statutes 1985 Supplement, 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 when service 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) *within ten days of the date the obligor is paid the remainder of the income*, the amounts withheld to the public authority. *Employers may combine all amounts withheld from one pay period into one payment to each public authority, but shall separately identify each obligor making payment.* 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. 12. Minnesota Statutes 1985 Supplement, section 518.611, subdivision 6, is amended to read:

Subd. 6. [PRIORITY.] An order for withholding 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 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, *giving priority first to amounts currently due and not in arrears and then to other amounts*, in the (ORDER) *sequence in which the withholding orders were received up to the maximum allowed in the Consumer Credit Protection Act.*

Sec. 13. Minnesota Statutes 1984, section 518.611, is amended by adding a subdivision to read:

*Subd. 8a. [LUMP SUM PAYMENTS.] Upon the transmittal of the last reimbursement payment to the employee, where lump sum severance pay, accumulated sick pay or vacation pay is paid upon termination of employment, and where the employee is in arrears in making court ordered child support payments, the employer shall withhold an amount which is the lesser of (1) the amount in arrears or (2) that portion of the arrearages which is the product of the obligor's monthly court ordered support amount multiplied by the number of months of net income that the lump sum payment represents.*

**Sec. 14. Minnesota Statutes 1985 Supplement, 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 showing the deter-

mination 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 fails to move the Court 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 of withholding on the employer or other payor of funds until the motion to 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 15 days after service of written notice of income withholding on the Obligor, ..... or the Obligee serves a copy of the notice of income withholding 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 .....

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 Obli-

gor's home address of record and, if known, the name and address of the Obligor's new employer or other payor of funds.

8. Upon transmittal of the last reimbursement payment to the obligor, where lump sum severance pay, accumulated sick pay or vacation pay is paid upon termination of employment, and where the employee is in arrears in making court ordered child support payments, the employer must withhold an amount which is the lesser of (1) the amount in arrears or (2) that portion of the arrearages which is the product of the obligor's monthly court ordered support amount multiplied by the number of months of net income that the lump sum payment represents.

((8.)) 9. If the Obligee serves the employer or other payor of funds under paragraph 3(d), the Obligee shall also serve the determination and order on . . . . ., together with an application and fee to use collection services.

((9.)) 10. Service of this Order shall be . . . . .

Sec. 15. [518.646] [NOTICE OF ORDER.]

Whenever these laws require service of a court's order on an employer, union or payor of funds, service of a verified notice of order may be made in lieu thereof. The verified notice shall contain the title of the action, the name of the court, the court file number, the date of the court order, and shall recite the operative provisions of the order.

Sec. 16. Minnesota Statutes 1984, section 518C.02, subdivision 3, is amended to read:

Subd. 3. [DUTY OF SUPPORT.] "Duty of support" means a duty of support, whether imposed or imposable by law or by order, decree or judgment of a court, whether interlocutory or final, or whether incidental to an action for divorce, separation, separate maintenance or otherwise and includes the duty to pay arrearages of support past due and unpaid, as well as the duty to provide medical, health, or dental insurance or support.

Sec. 17. [REPEALER.]

Minnesota Statutes 1984, section 518.551, subdivision 8, is repealed."

Renumber sections accordingly

Amend title accordingly

The motion prevailed and the amendment was adopted.



Clark moved to amend S. F. No. 1721, as amended, as follows :

Page 1, after line 3, insert :

"Section 1. Minnesota Statutes 1984, section 245.83, is amended by adding a subdivision to read :

*Subd. 6. "Resource and referral program" means a program that provides information to parents, including referrals and coordination of community child care resources for parents and public or private providers of care. Services may include parent education, technical assistance for providers, staff development programs, and referrals to social services.*

Sec. 2. Minnesota Statutes 1984, section 245.84, subdivision 1, is amended to read :

Subdivision 1. [AUTHORITY.] The county board is authorized to provide child care services, to make grants from the community social service fund or other sources to any municipality, corporation or combination thereof for the cost of providing technical assistance and child care services, or to contract for services with any licensed day care facility, as the board deems necessary or proper to carry out the purposes of sections 245.83 to 245.87.

The board is further authorized to make grants to or contract with any municipality, incorporated licensed child care facility or resource and referral program, or corporation or combination thereof for any of the following purposes :

(a) For creating new licensed day care facilities and expanding existing facilities including, but not limited to, supplies, equipment, and facility renovation and remodeling ;

(b) For improving licensed day care facility programs, including, but not limited to, staff specialists, staff training, supplies, equipment, and facility renovation and remodeling ;

(c) For supportive child development services including, but not limited to, inservice training, curriculum development, consulting specialist, resource centers, and program and resource materials ;

(d) For carrying out programs including, but not limited to, staff, supplies, equipment, facility renovation, and training ;  
(AND,)

(e) For interim financing ; *and*

(f) *For carrying out the resource and referral program services identified in section 3, subdivision 3.*

**Sec. 3. [268.911] [GRANTS FOR SCHOOL AGE CHILD CARE PROGRAMS AND CHILD CARE RESOURCE AND REFERRAL PROGRAMS.]**

*Subdivision 1. [AUTHORITY.] The commissioner may make grants to public or private nonprofit agencies for the planning, establishment, expansion, improvement, or operation of child care resource and referral programs and child care services according to the provisions of this section and may make grants to county boards to carry out the purposes of section 245.84.*

*Subd. 2. [FEDERAL DEPENDENT CARE GRANTS PROGRAM.] The commissioner shall submit an application annually to the United States secretary of health and human services for the purpose of obtaining the state's allotment of funds authorized under chapter 8 of Title VI of the Omnibus Budget Reconciliation Act, United States Code, title 42, sections 9871 to 9877. Federal funds received under this allotment for the planning, development, establishment, expansion, or improvement of local resource and referral systems and school age child care services which are awarded as grants under subdivision 1 must be used in conformance with the federal requirements.*

*Subd. 3. [PROGRAM SERVICES.] The commissioner may make grants to public or private nonprofit entities to fund child care resource and referral programs. Child care resource and referral programs must serve a defined geographic area.*

*(a) Each program shall identify all existing child care services through information provided by all relevant public and private agencies in the areas of service, and shall develop a resource file of the services which shall be maintained and updated at least quarterly. These services must include family day care homes; public and private day care programs; full-time and part-time programs; infant, preschool, and extended care programs; and programs for school age children.*

*The resource file must include: the type of program, hours of program service, ages of children served, fees, location of the program, eligibility requirements for enrollment, and transportation available to the program. The file may also include program information and special needs services.*

*(b) Each program shall establish a referral process which responds to parental need for information and which fully recognizes confidentiality rights of parents. The referral process must afford parents maximum access to all referral information. This access must include telephone referral available for no less than 20 hours per week.*

*Each child care resource and referral agency shall publicize its services through popular media sources, agencies, and other appropriate methods.*

(c) *Each program shall maintain ongoing documentation of requests for service. All child care resource and referral agencies must maintain documentation of the number of calls and contacts to the child care information and referral agency or component. A program may collect and maintain the following information:*

- (1) *ages of children served;*
- (2) *time category of child care request for each child;*
- (3) *special time category, such as nights, weekends, and swing shift; and*
- (4) *reason that the child care is needed.*

(d) *Each program shall have available the following information as an educational aid to parents:*

- (1) *information on aspects of evaluating the quality and suitability of child care services, including licensing regulation, financial assistance available, child abuse reporting procedures, appropriate child development information;*
- (2) *information on available parent, early childhood, and family education programs in the community.*

(e) *A program may provide technical assistance to existing and potential providers of all types of child care services. This assistance shall include:*

- (1) *information on all aspects of initiating new child care services including licensing, zoning, program and budget development, and assistance in finding information from other sources;*
- (2) *information and resources which help existing child care providers to maximize their ability to serve the children and parents of their community;*
- (3) *dissemination of information on current public issues affecting the local and state delivery of child care services;*
- (4) *facilitation of communication between existing child care providers and child-related services in the community served; and*
- (5) *recruitment of licensed providers.*

*Services prescribed by this section must be designed to maximize parental choice in the selection of child care and to facilitate the maintenance and development of child care services and resources.*

(f) *Child care resource and referral information must be provided to all persons requesting services and to all types of child care providers.*

(g) *Public or private entities may apply to the commissioner for funding. The maximum amount of money which may be awarded to any entity for the provision of service under this subdivision is \$60,000 per year. A local match of up to 25 percent is required.*

*Subd. 4. [APPLICATION; RULES.] Applicants for grants under subdivision 1 shall apply on a form provided by the commissioner. Applications for grants using funds received by the state pursuant to subdivision 2 shall include assurances that federal requirements have been met. The commissioner may adopt emergency rules and shall adopt permanent rules to implement this section."*

Renumber the sections

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 1721, A bill for an act relating to human services; providing for health and dental coverage as child support; regulating withholding for purposes of child support; amending Minnesota Statutes 1984, sections 518.64, by adding a subdivision; 518C.02, subdivision 3; Minnesota Statutes 1985 Supplement, section 518.611, subdivisions 4 and 6; proposing coding for new law in Minnesota Statutes, chapter 518; repealing Minnesota Statutes 1984, section 518.551, subdivision 8.

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 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Beard	Bishop	Brandl	Carlson, D.
Anderson, R.	Becklin	Blatz	Brinkman	Carlson, L.
Backlund	Begich	Boerboom	Brown	Clark
Battaglia	Bennett	Boo	Burger	Clausnitzer

Cohen	Jaros	Munger	Quist	Staten
Dempsey	Johnson	Murphy	Redalen	Sviggum
DenOuden	Kahn	Nelson, D.	Rees	Thiede
Dimler	Kalis	Neuenschwander	Rest	Thorson
Dyke	Kelly	Norton	Rice	Tjornhom
Elioff	Kiffmeyer	O'Connor	Richter	Tomlinson
Ellingson	Knickerbocker	Ogren	Riveness	Tompkins
Erickson	Knuth	Olsen, S.	Rodosovich	Tunheim
Fjoslien	Kostohryz	Olson, E.	Rose	Uphus
Frederick	Krueger	Omann	Sarna	Valan
Frederickson	Kvam	Onnen	Schafer	Valento
Frerichs	Levi	Osthoff	Scheid	Vanasek
Greenfield	Lieder	Otis	Schoenfeld	Vellenga
Gruenes	Long	Ozment	Schreiber	Waltman
Gutknecht	Marsh	Pappas	Seaberg	Wenzel
Halberg	McDonald	Pauly	Segal	Wynia
Hartinger	McEachern	Peterson	Shaver	Zaffke
Hartle	McLaughlin	Piepho	Sherman	Spk. Jennings, D.
Haukoos	McPherson	Piper	Skoglund	
Heap	Metzen	Poppenhagen	Solberg	
Himle	Miller	Price	Sparby	
Jacobs	Minne	Quinn	Stanius	

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

S. F. No. 1641 which was temporarily laid over earlier today was again reported to the House.

Frerichs moved to amend S. F. No. 1641, as follows:

Page 1, after line 8, insert:

“Section 1. [65B.481] [DRIVER TO HAVE PROOF OF INSURANCE IN POSSESSION.]

*Every driver shall have in his immediate possession at all times when operating a motor vehicle evidence that insurance covering the vehicle is in effect. On demand of a peace officer, an authorized representative of the department of public safety, or an officer authorized by law to enforce the laws relating to the operation of motor vehicles on public streets and highways, the driver must produce proof of insurance in the form of a valid insurance policy or an identification card issued by an insurer. No person shall be in violation of this section if the person provides the required proof of insurance to the officer within seven days or to the court on or before the date set for appearance. The commissioner of public safety may suspend the license of any operator who violates this section. Commercial vehicles required to file proof of insurance pursuant to chapter 221 are exempt from this section.*

Sec. 2. Minnesota Statutes 1984, section 65B.67, subdivision 3, is amended to read:

Subd. 3. [VIOLATION BY DRIVER.] Any other person who operates a motor vehicle or motorcycle upon a public highway, street or road in this state (WITH KNOWLEDGE) *who knows or has reason to know* that the owner does not have security complying with the terms of section 65B.48 in full force and effect is guilty of a misdemeanor and shall be sentenced as provided in subdivision 4.

Sec. 3. Minnesota Statutes 1984, section 65B.67, subdivision 4a, is amended to read:

Subd. 4a. The commissioner of public safety (MAY) *shall* revoke the registration of any motor vehicle or motorcycle, and may suspend the driver's license of any operator, without preliminary hearing upon a showing by department records, including accident reports required to be submitted by section 169.09, or other sufficient evidence that security required by section 65B.48 has not been provided and maintained. Before reinstatement of the registration, there shall be filed with the commissioner of public safety the written certificate of an insurance carrier authorized to do business in the state stating that security has been provided as required by section 65B.48. The commissioner of public safety may require the certificate of insurance provided to satisfy this subdivision to be certified by the insurance carrier to be noncancelable for a period not to exceed one year. The commissioner of public safety may also require a certificate of insurance to be filed with respect to all vehicles required to be insured under section 65B.48 and owned by any person whose driving privileges have been suspended or revoked as provided in this section before reinstating the person's driver's license.

Sec. 4. Minnesota Statutes 1985 Supplement, 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. *After July 31, 1985, motor vehicle does not include a three-wheel off-road vehicle as defined in section 84.92, subdivision 8; except that if the three-wheel off-road vehicle was licensed as a motor vehicle before August 1, 1985, the owner may continue to license it as a motor vehicle until it is conveyed or otherwise transferred to another owner, is destroyed, or fails to comply with the registration and licensing requirements of this chapter."*

Page 3, after line 3, insert:

"Sec. 5. Minnesota Statutes 1985 Supplement, section 168.012, subdivision 1c, is amended to read:

Subd. 1c. (a) The annual *administrative 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.) *The license plate fee for a tax-exempt vehicle, except a trailer, is \$10 for two plates per vehicle, payable only on the first tax-exempt registration of the vehicle.* ((C) ON OR 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) *The administrative fee is 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.)*

(b) *The owner of a tax-exempt vehicle shall apply for tax-exempt license plates, and pay the administrative and plate fees, and the filing fee under section 168.33, subdivision 7, only to a deputy registrar in the county in which the vehicle is domiciled.*

Sec. 6. Minnesota Statutes 1985 Supplement, 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 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 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 *each* of the first eight years of vehicle life and 36 percent of the Minnesota base rate during the ninth and succeed-

ing 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 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 SUCCEEDING YEARS OF VEHICLE LIFE, THE TAX SHALL BE 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. 7. Minnesota Statutes 1985 Supplement, 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, on truck-tractor and semitrailer combinations except those defined as farm 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	475
M 39,001 - 45,000	595
N 45,001 - 51,000	715
O 51,001 - 57,000	865
P 57,001 - 63,000	1015
Q 63,001 - 69,000	1185
R 69,001 - 73,280	1325
S 73,281 - 78,000	1525
T 78,001 - 81,000	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 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.

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 221.60, 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 *each of* 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 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 *each of* 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 COMMERCIAL ZONE VEHICLES SPECIFICALLY PROVIDED FOR IN THIS SUBDIVISION, DURING EACH OF THE FIRST EIGHT YEARS OF VEHICLE LIFE THE TAX SHALL BE 100 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE).

Sec. 8. Minnesota Statutes 1984, section 168.28, is amended to read:

168.28 [VEHICLES SUBJECT TO TAX; EXCEPTIONS.]

Every motor vehicle (except those exempted in section 168.012, and except those (EXEMPTED IN SECTION 168.012) which are being towed upon the streets and highways and which

shall not be deemed to be using the streets and highways within the meaning of this section) shall be deemed to be one using the public streets and highways and hence as such subject to taxation under this act if such motor vehicle has since April 23, 1921, used such public streets or highways, or shall actually use them, or if it shall come into the possession of an owner other than as a manufacturer, dealer, warehouseman, mortgagee or pledgee. New and unused motor vehicles in the possession of a dealer solely for the purpose of sale, and used or secondhand motor vehicles which have not theretofore used the public streets or highways of this state which are in the possession of a dealer solely for the purpose of sale and which are duly listed as herein provided, shall not be deemed to be vehicles using the public streets or highways. The driving or operating of a motor vehicle upon the public streets or highways of this state by a motor vehicle dealer or any employee of such motor vehicle dealer for demonstration purposes or for any purpose incident to the usual and customary conduct and operation of his business in which he has been licensed under section 168.27 to engage, or solely for the purpose of moving it from points outside or within the state to the place of business or storage of a licensed dealer within the state or solely for the purpose of moving it from the place of business of a manufacturer, or licensed dealer within the state to the place of business or residence of a purchaser outside the state, shall not be deemed to be using the public streets or highways in the state within the meaning of this chapter or of the Constitution of the State of Minnesota, Article 14, and shall not be held to make the motor vehicle subject to taxation under this chapter as one using the public streets or highways, if during such driving or moving the dealer's plates herein provided for shall be duly displayed upon such vehicle. Any dealer or distributor may register a motor vehicle prior to its assessment or taxation as personal property, and pay the license fee and tax thereon for the full calendar year as one using the public streets and highways, and thereafter such vehicle shall be deemed to be one using the public streets and highways and shall not be subject to assessment or taxation as personal property during the calendar year for which it is so registered, whether or not such vehicle shall actually have used the streets or highways.

Sec. 9. Minnesota Statutes 1984, section 169.123, subdivision 5c, is amended to read:

Subd. 5c. [PETITION FOR JUDICIAL REVIEW.] Within 30 days following receipt of a notice and order of revocation pursuant to this section, a person may petition the court for review. The petition shall be filed with the clerk of county or municipal court in the county where the alleged offense occurred, together with proof of service of a copy on the commissioner of public safety, and accompanied by the standard filing fee for civil actions. No responsive pleading shall be required of the commissioner of public safety, and no court fees shall be charged for his appearance in the matter.

The petition shall be captioned in the name of the person making the petition as petitioner and the commissioner of public safety as respondent. *The petition shall include the petitioner's date of birth and driver's license number, the date of the offense, and a copy of the notice of revocation.* The petition shall state with specificity the grounds upon which the petitioner seeks rescission of the order of revocation or denial.

The filing of the petition shall not stay the revocation or denial. The reviewing court may order a stay of the balance of the revocation if the hearing has not been conducted within 60 days after filing of the petition upon terms the court deems proper. Judicial reviews shall be conducted according to the rules of civil procedure.

Sec. 10. Minnesota Statutes 1984, section 169.44, is amended by adding a subdivision to read:

*Subd. 16. [MOTOR COACH USED FOR SCHOOL ACTIVITIES.] After January 1, 1986, a school district or an area vocational technical institute shall not acquire a motor coach. Motor coaches acquired by school districts or area vocational technical institutes before January 1, 1986, may be used by school districts or area vocational technical institutes only to transport students participating in school activities, their instructors, and supporting personnel, to and from school activities. The motor coaches shall not in any way be outwardly equipped and identified as school buses. A motor coach operated under this subdivision is not a school bus for purposes of section 124.225. By August 1, 1986, the state board of education shall adopt rules governing the equipment, identification, operation, inspection, and certification of motor coaches operated under this subdivision. After January 1, 1998, a school district or area vocational technical institute shall not own or operate a motor coach for any purpose.*

Sec. 11. Minnesota Statutes 1984, section 171.02, subdivision 3, is amended to read:

*Subd. 3. [MOTORIZED BICYCLES.] No motorized bicycle shall be operated on any public roadway by any person who does not possess a valid drivers license, unless the person has obtained a motorized bicycle operator's permit from the commissioner of public safety. The permit may be issued to any person who has attained the age of 15 years and who has passed the examination prescribed by the commissioner. The commissioner may promulgate rules and regulations prescribing the content of the examination and the information to be contained on the permit.*

The fees for motorized bicycle operator's permit are as follows:

- (a) Examination and operator's permit, valid for one year \$4
- (b) Duplicate \$2

- (c) Renewal permit before age (18) 19 and valid until age (18) 19 \$6
- (d) Renewal permit after age (18) 19 and valid for four years \$10
- (e) Duplicate of any renewal permit \$3

Sec. 12. Minnesota Statutes 1984, section 171.07, subdivision 5, is amended to read:

Subd. 5. The department may provide a donor document to each person making application for a driver's license or a Minnesota identification card whereby any such person (, 18 YEARS OF AGE OR MORE,) may execute an anatomical gift, pursuant to the provisions of the uniform anatomical gift act, sections 525.921 to 525.93. The commissioner of public safety shall prescribe the form of the donor document. *If the donor is 18 years of age or older*, the donor document must be signed by the donor in the presence of two witnesses who must sign the donor document in the donor's presence. If the donor cannot sign, the donor document may be signed for the donor at the donor's direction, in the donor's presence, and in the presence of two witnesses who must sign the donor document in the donor's presence. *If the donor is a minor, the donor document must be signed by the minor donor, and both of the minor donor's parents, a legal guardian, or the parent or parents having legal custody. If the minor cannot sign, the donor document may not be signed for the minor.* The department shall identify donors of anatomical gifts by the designation "donor" on the front side of the donor's driver's license or Minnesota identification card. The designation "donor" shall constitute sufficient legal authority for the removal of all body organs or parts upon death of the donor for the purpose of transplantation and the designation shall be removed only upon written notice to the department. (NO DESIGNATION MAY BE NOTED UPON THE DRIVER'S LICENSE OR MINNESOTA IDENTIFICATION CARD OF ANY PERSON UNDER 18.) Delivery of the license or Minnesota identification card during the donor's lifetime is not necessary to make the gift valid.

Sec. 13. Minnesota Statutes 1985 Supplement, section 171.27, is amended to read:

#### 171.27 [EXPIRATION OF LICENSES.]

The expiration date for each driver's license, other than provisional licenses, is the birthday of the driver in the fourth year following the date of issuance of the license. The birthday of the driver shall be as indicated on the application for a driver's license. A license may be renewed on or before expiration or within one year after expiration upon application, payment of the required fee, and passing the examination required of all drivers for renewal. Driving privileges shall be extended

or renewed on or preceding the expiration date of an existing driver's license unless the commissioner believes that the licensee is no longer qualified as a driver.

The expiration date for each provisional license shall be the (18TH) 19th birthday of the licensee. Upon the provisional licensee attaining the age of (18) 19 and upon the application, payment of the required fee, and passing the examination required of all drivers for renewal, a driver's license shall be issued if the commissioner deems the record of the provisional licensee to be satisfactory.

Any valid Minnesota driver's license issued to a person then or subsequently on active duty with the Armed Forces of the United States, or the person's spouse, shall continue in full force and effect without requirement for renewal until 90 days after the date of the person's discharge from such service, provided that a spouse's license must be renewed if the spouse is residing within the state at the time the license expires or within 90 days after the spouse returns to Minnesota and resides within the state.

Sec. 14. Minnesota Statutes 1985 Supplement, section 221.033, subdivision 3, is amended to read:

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) for tank motor vehicles with a capacity of 3,000 gallons or less which are used to transport gasoline and were designed and manufactured between 1950 and 1975 (ACCORDING TO AMERICAN SOCIETY OF MECHANICAL ENGINEERS SPECIFICATIONS IN EFFECT AT THE TIME OF MANUFACTURE) to transport petroleum products. 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. 15. [PREPAID FEES FOR TAX-EXEMPT VEHICLES CARRIED FORWARD.]

*The owner of a tax-exempt vehicle registered for the two-year period beginning March 1, 1986, whose fees for administrative handling, license plates, and filing exceeded \$20 per vehicle, may apply the excess toward payment of administrative handling fees for tax-exempt vehicles in subsequent registration periods, as provided in this section. Only payments made before the effective date of section 5 may be applied to subsequent administrative handling fees. The registrar shall notify each*

*owner of a tax-exempt vehicle of the amount of the credit, if any, for which the owner is eligible under this section."*

Page 3, after line 7, insert:

"Sec. 16. [REPEALER.]

*Minnesota Statutes 1984, section 171.15, subdivision 2, is repealed.*

Sec. 17. [EFFECTIVE DATE.]

*Section 10 is effective the day following final enactment."*

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 1641, as amended, was read for the third time.

#### MOTION FOR RECONSIDERATION

Tomlinson moved that the action whereby S. F. No. 1641, as amended, was given its third reading be now reconsidered. The motion prevailed.

Tomlinson moved to amend S. F. No. 1641, as amended by the Frerichs amendment, as follows:

Strike Section 1 of the Frerichs amendment

Frerichs moved that S. F. No. 1641, as amended, be continued on Special Orders. The motion prevailed.

S. F. No. 1014 was reported to the House.

Sviggum moved to amend S. F. No. 1014, the unofficial engrossment, as follows:

Page 2, after line 30, insert:

"Sec. 2. Minnesota Statutes 1984, section 260.015, subdivision 5, is amended to read:

Subd. 5. [DELINQUENT CHILD.] "Delinquent child" means a child:

(a) Who has violated any state or local law, except as provided in section 260.193, subdivision 1, and except for juvenile offenders as described in subdivisions 19 to 23; (OR)

(b) Who has violated a federal law or a law of another state and whose case has been referred to the juvenile court if the violation would be an act of delinquency if committed in this state or a crime or offense if committed by an adult; or

*(c) Who has escaped from confinement to a state juvenile correctional facility after being committed to the custody of the commissioner of corrections.*

Sec. 3. Minnesota Statutes 1984, section 260.125, subdivision 3, is amended to read:

Subd. 3. A prima facie case that the public safety is not served or that the child is not suitable for treatment shall have been established if the child was at least 16 years of age at the time of the alleged offense and:

(1) Is alleged by delinquency petition to have committed an aggravated felony against the person and (a) in committing the offense, the child acted with particular cruelty or disregard for the life or safety of another; or (b) the offense involved a high degree of sophistication or planning by the juvenile; or

(2) Is alleged by delinquency petition to have committed murder in the first degree; or

*(3) Is alleged by delinquency petition (a) to have committed the delinquent act of escape from confinement to a state juvenile correctional facility and (b) to have committed an offense as part of, or subsequent to, escape from custody that would be a felony listed in section 609.11, subdivision 9 if committed by an adult; or*

((3)) (4) Has been found by the court, pursuant to an admission in court or after trial, to have committed an offense within the preceding 24 months which would be a felony if committed by an adult, and is alleged by delinquency petition to have committed murder in the second or third degree, manslaughter in the first degree, criminal sexual conduct in the first degree or assault in the first degree; or

((4)) (5) Has been found by the court, pursuant to an admission in court or after trial, to have committed two offenses, not in the same behavioral incident, within the preceding 24 months which would be felonies if committed by an adult, and is alleged by delinquency petition to have committed manslaughter in the second degree, kidnapping, criminal sexual



conduct in the second degree, arson in the first degree, aggravated robbery, or assault in the second degree; or

((5)) (6) Has been found by the court, pursuant to an admission in court or after trial, to have committed two offenses, not in the same behavioral incident, within the preceding 24 months, one or both of which would be the felony of burglary of a dwelling if committed by an adult, and the child is alleged by the delinquency petition to have committed another burglary of a dwelling. For purposes of this subdivision, "dwelling" means a building which is, in whole or in part, usually occupied by one or more persons living there at night; or

((6)) (7) Has previously been found by the court, pursuant to an admission in court or after trial, to have committed three offenses, none in the same behavioral incident, within the preceding 24 months which would be felonies if committed by an adult, and is alleged by delinquency petition to have committed any felony other than those described in (CLAUSES) *clause* (2), ((3) OR) (4), or (5).

For the purposes of this subdivision, "aggravated felony against the person" means a violation of any of the following provisions: sections 609.185; 609.19; 609.195; 609.20, subdivision 1 or 2; 609.221; 609.222; 609.223; 609.245; 609.25; 609.342; 609.343; 609.344, clause (c) or (d); 609.345, clause (c) or (d); 609.561; 609.58, subdivision 2, clause (b); or 609.713."

Renumber the remaining sections

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "defining escape from a juvenile correctional facility as a delinquent act;"

Page 1, line 11, after the semicolon, insert "260.015, subdivision 5; 260.125, subdivision 3;"

The motion prevailed and the amendment was adopted.

Kelly moved to amend S. F. No. 1014, the unofficial engrossment, as amended, as follows:

Page 9, after line 19, insert:

"Sec. 10. [611A.033] [SPEEDY TRIAL; NOTICE OF SCHEDULE CHANGE.]

(a) *A victim has the right to request that the prosecutor make a demand under rule 11.10 of the Rules of Criminal Pro-*

*cedure that the trial be commenced within 60 days of the demand. The prosecutor shall make reasonable efforts to comply with the victim's request.*

*(b) A prosecutor shall make reasonable efforts to provide advance notice of any change in the schedule of the court proceedings to a victim who has been subpoenaed or requested to testify.*

**Sec. 11. [611A.034] [SEPARATE WAITING AREAS IN COURT HOUSE.]**

*The court shall provide a waiting area for victims during court proceedings which is separate from the waiting area used by the defendant, the defendant's relatives, and defense witnesses, if such a waiting area is available and its use is practical. If a separate waiting area for victims is not available or practical, the court shall provide other safeguards to minimize the victim's contact with the defendant, the defendant's relatives, and defense witnesses during court proceedings."*

Amend the title as follows :

Page 1, line 13, delete the second "and" and insert "611A.032 and 611A.034"

Page 1, line 16, delete "chapter" and insert "chapters" and before the period insert "and 611A"

The motion prevailed and the amendment was adopted.

Schafer moved to amend S. F. No. 1014, the unofficial engrossment, as amended, as follows :

Page 9, after line 19, insert:

**"Sec. 12. [POSSESSION OF LIQUOR BY A PERSON BETWEEN THE AGES OF 19 AND 21.]**

*Notwithstanding any provision of law to the contrary, possession of liquor by a person between the ages of 19 and 21 shall be a petty misdemeanor, punishable by a fine of up to \$100.00.*

**Sec. 13. [FURNISHING LIQUOR TO A PERSON BETWEEN THE AGES OF 19 AND 21.]**

*Notwithstanding any provision of law to the contrary, furnishing liquor to a person between the ages of 19 and 21 shall be a petty misdemeanor, punishable by a fine of up to \$100.00."*

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Marsh moved to amend S. F. No. 1014, the unofficial engrossment, as amended, as follows:

Page 3, line 6, delete "\$3,000" and insert "\$5,000"

The motion prevailed and the amendment was adopted.

#### MOTION FOR RECONSIDERATION

Seaberg moved that the vote whereby the Schafer amendment to S. F. No. 1014, the unofficial engrossment, as amended, was adopted be now reconsidered. The motion prevailed.

Schafer withdrew his amendment to S. F. No. 1014, the unofficial engrossment, as amended.

Ogren offered an amendment to S. F. No. 1014, as amended.

#### POINT OF ORDER

Quist 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.

S. F. No. 1014, A bill for an act relating to public safety; subjecting rules relating to drunk driving to certain provisions of the administrative procedure act; repealing rules; providing for the application of certain traffic regulations; eliminating redundant and surplus language; requiring courts to furnish information relating to prior convictions without charge in gross misdemeanor prosecutions of the driving while under the influence of alcohol law; clarifying the prosecution for failure to appear in court; providing for notice to grandparents in certain matters concerning juveniles; providing for rights of grandparents at hearings concerning juveniles; requiring revocation of the drivers license of a person who flees in a motor vehicle from a peace officer; authorizing criminal trials with petit juries composed of six persons for gross misdemeanor prosecutions; clarifying the receipt of a copy of a confession or admission; admitting into evidence for impeachment purposes certain convictions of prior driving offenses; amending Minnesota Statutes 1984, sections 14.02, subdivision 4; 169.02, subdivision 1; 169.121, subdivisions 1, 2, and 3; 169.123, subdivision 2; 169.128; 169.129; 169.92, subdivision 1; 171.17; 171.30, subdivision 1; 260.141, subdivision 1; 260.155, subdivision 6; 593.01, subdivision 2; and 611.033; proposing coding for new law in Minnesota Statutes, chapter 634.

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 126 yeas and 4 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Bishop	Quinn	Scheid	Seaberg
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The bill was passed, as amended, and its title agreed to.

There being no objection the order of business reverted to Messages from the Senate.

### MESSAGES FROM THE SENATE

The following messages were received from 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. 1930, A bill for an act relating to public safety; barring traffic citation quotas; proposing coding for new law in Minnesota Statutes, chapter 299D.

The Senate has appointed as such Committee Messrs. Taylor; Bertram and Moe, R. D.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVER, 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. 2287, A bill for an act relating to the financing of state and local government; modifying the computation of education aids and levies for certain school districts with tax increment financing districts; imposing limitations on tax increment financing; modifying tax increment financing procedures; allocating issuance authority for obligations subject to a federal volume limitation act; eliminating the maximum interest rate for certain municipal obligations; authorizing the issuance of bonds for new purposes; authorizing establishment of a capital improvement reserve fund; modifying the procedures for issuing certain municipal bonds; modifying the investment powers of municipalities; amending Minnesota Statutes 1984, sections 115.07, subdivision 1; 115A.14, subdivision 4; 116.07, by adding a subdivision; 116D.04, subdivision 1a; 117.521, subdivision 3; 124.2131, by adding a subdivision; 124.214, by adding a subdivision; 272.01, subdivision 2; 273.72; 273.73, subdivisions 2, 8, and 10; 273.74, subdivisions 1 and 4; 273.75, subdivisions 2, 6, and 7, and by adding subdivisions; 273.76, subdivisions 4, and 7, and by adding a subdivision; 273.78; 273.86, subdivision 1; 355.11, subdivision 5; 412.301; 462C.02, subdivisions 6 and 9; 462C.06; 462C.07, subdivision 1; 466.06; 471.59, subdivision 11; 471.88, subdivisions 1, 9, and 11; 471.981, by adding subdivisions; 474.02, subdivision 3, and by adding a subdivision; 474.16, subdivision 2; 475.51, subdivision 5; 475.55, subdivisions 1, 2, and 3; 475.61, subdivision 5; and 475.66, subdivision 2; Minnesota Statutes 1985 Supplement, sections 273.74, subdivisions 2 and 3; 273.75, subdivisions 1 and 4; 273.76, subdivision 1; 353.01, subdivision 2a; 395.08; 462C.12, subdivision 2; 472B.04; 473F.02, subdivision 3; 475.52, subdivision 6; 475.56; 475.58, subdivision 1; 475.60, subdivision 2; 475.66, subdivision 1; and 475.76, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 115; 116; 297A; 458; 471; and 475; proposing coding for new law as Minnesota Statutes, chapters 116N; 458C; 471A; and 474A; repealing Minnesota Statutes, sections 462C.09, subdivisions 1 and 4; 474.16, subdivisions 1, 2, and 5; 474.21; 474.25; and 475.55, subdivisions 4 and 5; and Minnesota Statutes 1985 Supplement, sections 462C.09, subdivisions 2a, 3, 5, and 6; 474.16, subdivisions 3, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15; 474.17; 474.19; 474.20; 474.23; and 474.26.

The Senate has appointed as such Committee Messrs. Pogemiller and Frank; Ms. Olson and Messrs. Johnson, D. J., and Freeman.

Said House File is herewith returned to the House.

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. 1744, A bill for an act relating to education; making changes to the definition of a school; providing for the admission into evidence of certain attendance records; establishing a task force to make recommendations about compulsory attendance laws; amending Minnesota Statutes 1984, section 120.10, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 634.

The Senate has appointed as such Committee Messrs. Pehler; Nelson and Peterson, R. W.

Said House File is herewith returned to the House.

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. 1886, A bill for an act relating to local government; changing the notice requirements for special assessments; amending Minnesota Statutes 1984, section 429.061, subdivision 2; Minnesota Statutes 1985 Supplement, section 429.061, subdivision 1.

The Senate has appointed as such Committee Messrs. Jude and Schmitz and Mrs. McQuaid.

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. 2010, A bill for an act relating to the state high school league; providing for the appointment of certain board members; providing penalties for recruiting students; providing for student athletics and activity eligibility after certain transfers; providing standards for student participation in nonscholastic activities; providing administrative appeals from various decisions; amending Minnesota Statutes 1984, section 129.121, subdivision 1, and by adding subdivisions.

PATRICK E. FLAHAVEN, Secretary of the Senate

Shaver moved that the House refuse to concur in the Senate amendments to H. F. No. 2010, 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 has concurred in and adopted the report of the Conference Committee on:

S. F. No. 31, A bill for an act relating to motorboat safety; requiring liability insurance on watercraft; strengthening prohibitions and penalties regarding operation of motorboat while under the influence of alcohol or a controlled substance; providing a penalty; amending Minnesota Statutes 1984, sections 361.02, subdivision 9; 361.03, by adding subdivisions; and 361.12; proposing coding for new law in Minnesota Statutes, chapter 361.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONFERENCE COMMITTEE REPORT ON S. F. NO. 31

A bill for an act relating to motorboat safety; requiring liability insurance on watercraft; strengthening prohibitions and penalties regarding operation of motorboat while under the influence of alcohol or a controlled substance; providing a penalty;

amending Minnesota Statutes 1984, sections 361.02, subdivision 9; 361.03, by adding subdivisions; and 361.12; proposing coding for new law in Minnesota Statutes, chapter 361.

March 14, 1986

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable David M. Jennings  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 31, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 31 be further amended as follows:

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 3, “underway or in use” means any motorboat in operation unless it is fastened to a dock or other mooring, anchored, or beached.*

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) and (d);*

(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) au-



thorize or permit any (PERSON WHO) *individual the person 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, sheriff's deputies, and other peace officers may arrest a person for a violation under subdivision 1 without a warrant upon probable cause, if the violation was committed in the officer's presence. If the violation did not occur in the officer's presence, the officer may arrest the person if the person was involved in a motorboat accident resulting in death, personal injury, or property damage.*

*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 test 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 any 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) *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 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 civil liability under section 3, subdivision 2, or within ten years of two or more prior convictions under that subdivision or civil liability under 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 motorboat 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 motorboat 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 criminal and civil*

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 motorboat operator's permits 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 while 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 361.12, 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 361.12, subdivision 1, paragraph (a), and one of the following conditions exist:*

(1) *the person has been lawfully placed under arrest for violating section 361.12, 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 361.12, 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 subject to a civil penalty not to exceed \$700 and, in addition, the person is prohibited from operating any motorboat on the waters of this state for a period of one year.*

(b) 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 (a) 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 the person is under the influence of alcohol or a controlled substance;

(2) that a person is subject to a civil penalty not to exceed \$700 for refusing to take the test and, in addition, 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 361.12, 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 361.12, 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.]**

*Sections 1 to 3 are effective May 15, 1986, and apply to offenses committed on or after that date."*

Delete the title and insert:

*"A bill for an act relating to motorboat safety; strengthening prohibitions and penalties regarding operation of motorboat 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."*

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

Senate Conferees: A. W. "BILL" DIESSNER, GENE MERRIAM and ALLAN H. SPEAR.

House Conferees: KATHLEEN A. BLATZ, DONALD L. FRERICHS and RANDY C. KELLY.

Blatz moved that the report of the Conference Committee on S. F. No. 31 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 31, A bill for an act relating to motorboat safety; requiring liability insurance on watercraft; strengthening prohibitions and penalties regarding operation of motorboat while under the influence of alcohol or a controlled substance; providing a penalty; amending Minnesota Statutes 1984, sections 361.02, subdivision 9; 361.03, by adding subdivisions; and 361.12; proposing coding for new law in Minnesota Statutes, chapter 361.

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.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 93 yeas and 29 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Kelly	Onnen	Skoglund
Beard	Erickson	Kiffmeyer	Otis	Stanius
Bennett	Fjoslien	Knickerbocker	Pappas	Staten
Bishop	Forsythe	Knuth	Pauly	Sviggum
Blatz	Frederick	Kostohryz	Peterson	Thorsom
Boerboom	Frederickson	Krueger	Piper	Tjornhom
Boo	Frerichs	Levi	Poppenhagen	Tomlinson
Brandl	Greenfield	Lieder	Price	Tompkins
Brinkman	Gruenes	Long	Quist	Uphus
Brown	Gutknecht	McKasy	Rees	Valan
Burger	Halberg	Metzen	Rest	Valento
Carlson, J.	Hartinger	Miller	Rice	Vellenga
Carlson, L.	Hartle	Munger	Riveness	Voss
Clark	Haukoos	Murphy	Rodosovich	Waltman
Cohen	Heap	Nelson, D.	Schoenfeld	Welle
Dempsey	Himle	Nelson, K.	Schreiber	Wynia
DenOuden	Johnson	Norton	Segal	Spk. Jennings, D.
Dimler	Kahn	Olsen, S.	Shaver	
Dyke	Kalis	Omann	Simoneau	

Those who voted in the negative were:

Backlund	Begich	Jacobs	McPherson	O'Connor
Battaglia	Carlson, D.	Jennings, L.	Minne	Ogren
Becklin	Elioff	McEachern	Neuenschwander	Olson, E.

Osthoff  
Quinn  
Redalen

Sarna  
Schafer  
Scheid

Seaberg  
Sherman  
Solberg

Sparby  
Thiede  
Tunheim

Vanasek  
Wenzel

The bill was repassed, as amended by Conference, 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. 2263, A bill for an act relating to corporations; conforming to federal law; changing applicability of shareholder voting on control share acquisitions; providing for lesser relief than dissolution under certain circumstances; amending Minnesota Statutes 1984, section 302A.751, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 302A.449, subdivision 7; and 302A.671, subdivisions 1 and 3; repealing Laws 1985, First Special Session chapter 5, section 21.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Heap moved that the House concur in the Senate amendments to H. F. No. 2263 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2263, A bill for an act relating to corporations; regulating control share acquisitions; providing for solicitations of proxies and meetings of shareholders; amending Minnesota Statutes 1984, section 302A.751; Minnesota Statutes 1985 Supplement, sections 302A.449, subdivision 7; and 302A.671, subdivision 3 and Laws 1985, First Special Session, chapter 5, section 21.

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

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 1950, A bill for an act relating to taxation; limiting application of the open space property tax law to facilities that do not discriminate on the basis of sex; amending Minnesota Statutes 1984, section 273.112, subdivisions 3 and 4, and by adding a subdivision.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 1950

A bill for an act relating to taxation; limiting application of the open space property tax law to facilities that do not discriminate on the basis of sex; amending Minnesota Statutes 1984, section 273.112, subdivisions 3 and 4, and by adding a subdivision.



March 15, 1986

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable David M. Jennings  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1950, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 1950 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 273.112, subdivision 3, is amended to read:

Subd. 3. Real estate shall be entitled to valuation and tax deferment under this section only if it is:

(a) actively and exclusively devoted to golf, skiing or archery or firearms range recreational use or uses and other recreational uses carried on at the establishment;

(b) five acres in size or more, except in the case of an archery or firearms range; (AND)

(c) (1) operated by private individuals and open to the public; or

(2) operated by firms or corporations for the benefit of employees or guests; or

(3) operated by private clubs having a membership of 50 or more, *provided that the club does not discriminate in membership requirements or selection on the basis of sex; and*

(d) *made available, in the case of real estate devoted to golf, for use without discrimination on the basis of sex during the time when the facility is open to use by the public or by members, except that use for golf may be restricted on the basis of sex no more frequently than one, or part of one, weekend each calendar month for each sex and no more than two, or part of two, weekdays each week for each sex.*

*For purposes of this subdivision and subdivision 7a, discrimination means a pattern or course of conduct and not linked to an isolated incident.*

Sec. 2. Minnesota Statutes 1984, section 273.112, subdivision 4, is amended to read:

Subd. 4. The value of any real estate described in subdivision 3 shall upon timely application by the owner, in the manner provided in subdivision 6, be determined solely with reference to its appropriate private outdoor, recreational, open space and park land classification and value notwithstanding (MINNESOTA STATUTES 1967,) sections 272.03, subdivision 8, and 273.11. In determining such value for ad valorem tax purposes the assessor shall not consider the value such real estate would have if it were converted to commercial, industrial, residential or seasonal residential use.

Sec. 3. Minnesota Statutes 1984, section 273.112, subdivision 6, is amended to read:

Subd. 6. Application for deferment of taxes and assessment under this section shall be made at least 60 days prior to January 2 of each year. Such application shall be filed with the assessor of the taxing district in which the real property is located on such form as may be prescribed by the commissioner of revenue. The assessor may require proof by affidavit or (OTHERWISE) *other written verification* that the property qualifies under subdivision 3. *In the case of property operated by private clubs pursuant to subdivision 3, clause (c) (3), in order to qualify for valuation and tax deferment under this section, the taxpayer must submit to the assessor proof by affidavit or other written verification that the bylaws or rules and regulations of the club meet the eligibility requirements provided under this section. The signed affidavit or other written verification shall be sufficient demonstration of eligibility for the assessor unless the county attorney determines otherwise.*

*The county assessor shall refer any question regarding the eligibility for valuation and deferment under this section to the county attorney for advice and opinion under section 338.051, subdivision 1. Upon request of the county attorney, the taxpayer shall furnish information that the county attorney considers necessary in order to determine eligibility under this section.*

Sec. 4. Minnesota Statutes 1984, section 273.112, is amended by adding a subdivision to read:

*Subd. 7a. Notwithstanding subdivision 7, when real property ceases to qualify under subdivision 3 because of failure to comply with prohibitions against discrimination on the basis of sex, payment of additional taxes imposed under subdivision 7 is not required.*

Sec. 5. [EFFECTIVE DATE.]

*Sections 1, 3, and 4 are effective for taxes levied in 1986, payable in 1987, and thereafter. The assessor of any taxing district*

*that contains property that has been valued under Minnesota Statutes, section 273.112, for taxes levied in 1985, payable in 1986, shall notify the owner of that property by May 1, 1986, regarding the requirements imposed by this act. Notwithstanding section 273.112, subdivision 6, in order to qualify for the valuation and tax deferral for the 1986 assessment, the taxpayer of the property operated by private clubs pursuant to subdivision 3, clause (c)(3), must submit an affidavit or other written verification to the assessor by October 1, 1986, stipulating that the bylaws or rules and regulations of the private club will meet the eligibility provisions of this act by December 31, 1986."*

Amend the title as follows:

Page 1, line 5, delete "and" and insert a comma and after "4," insert "6,"

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

Senate Conferees: GENE MERRIAM, DEAN E. JOHNSON and RANDOLPH W. PETERSON.

House Conferees: DAVID T. BISHOP, KATHLEEN A. BLATZ and LINDA SCHEID.

Bishop moved that the report of the Conference Committee on S. F. No. 1950 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1950, A bill for an act relating to taxation; limiting application of the open space property tax law to facilities that do not discriminate on the basis of sex; amending Minnesota Statutes 1984, section 273.112, subdivisions 3 and 4, and by adding a subdivision.

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.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 120 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Beard	Bishop	Brinkman	Carlson, L.
Anderson, R.	Becklin	Blatz	Brown	Clark
Backlund	Begich	Boerboom	Burger	Clausnitzer
Battaglia	Bennett	Brandl	Carlson, J.	Cohen

Dempsey	Johnson	Munger	Price	Stanius
DenOuden	Kahn	Murphy	Redalen	Staten
Dimler	Kalis	Nelson, D.	Rees	Sviggum
Dyke	Kelly	Nelson, K.	Rest	Thiede
Elioff	Kiffmeyer	Neuenschwander	Rice	Thorson
Ellingson	Knickerbocker	Norton	Riveness	Tjornhom
Erickson	Knuth	O'Connor	Rodosovich	Tomlinson
Fjoslien	Kostohryz	Ogren	Sarna	Tompkins
Frederick	Krueger	Olsen, S.	Schafer	Tunheim
Frederickson	Kvam	Olsen, E.	Scheid	Uphus
Frerichs	Levi	Omann	Schoenfeld	Valan
Greenfield	Lieder	Onnen	Schreiber	Valento
Gruenes	Long	Osthoff	Seaberg	Vanasek
Gutknecht	Marsh	Otis	Segal	Vellenga
Hartinger	McEachern	Pappas	Shaver	Voss
Hartle	McKasy	Pauly	Sherman	Waltman
Haukoos	McPherson	Peterson	Simoneau	Welle
Heap	Metzen	Piepho	Skoglund	Wenzel
Jacobs	Miller	Piper	Solberg	Wynia
Jaros	Minne	Poppenhagen	Sparby	Spk. Jennings, D.

Those who voted in the negative were :

Forsythe            Zaffke

The bill was repassed, as amended by Conference, and its title agreed to.

The following conference committee report was received :

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2169

A bill for an act relating to public lands; providing for a procedure to sell state leased lands; providing for maximum lease rates; providing for an endowment fund and the disposition of proceeds of the land acquisition account; permitting Winona county to convey certain real estate to a county agricultural society; proposing coding for new law in Minnesota Statutes, chapter 92.

March 15, 1986

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. 2169, 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. 2169 be further amended as follows :

Delete everything after the enacting clause and insert :

“Section 1. Minnesota Statutes 1985 Supplement, section 92.46, subdivision 1, is amended to read:

Subdivision 1. [PUBLIC CAMP GROUNDS.] (a) The director may designate suitable portions of the state lands withdrawn from sale and not reserved, as provided in section 92.45, as permanent state public camp grounds. The director may have the land surveyed and platted into lots of convenient size, and lease them for cottage and camp purposes under terms and conditions he or she prescribes, subject to the provisions of this section.

(b) A lease may not be made for a term more than 20 years. The lease may allow renewal, from time to time, for additional terms of no longer than 20 years each. The lease may be canceled by the commissioner 90 days after giving the person leasing the land written notice of violation of lease conditions. The lease rate shall be based on the appraised value of leased land as determined by the commissioner of natural resources. The appraised value shall be the value of the leased land without any private improvements and must be comparable to similar land without any improvements within the same county.

(c) By July 1, 1986, the commissioner of natural resources shall adopt rules under chapter 14 to establish procedures for leasing land under this section. The rules shall be subject to review and approval by the commissioners of revenue and administration prior to the initial publication pursuant to chapter 14 and prior to their final adoption. 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.

(d) All money received from these leases must be credited to the fund to which the proceeds of the land belong.

Notwithstanding section 16A.125 or any other law to the contrary, 50 percent of the money received from the lease of permanent school fund lands leased pursuant to this subdivision shall be deposited into the permanent school trust fund. *However, in fiscal years 1986, 1987, 1988, and 1989 up to 50 percent of the money received from the lease of permanent school fund lands that would otherwise be deposited into the permanent school trust fund may be used to survey lots as required in section 2, subdivision 3. Any money that is not needed to survey lots shall be deposited in the permanent school trust fund.*

## Sec. 2. [92.67] [SALE PROCEDURE.]

*Subdivision 1. [SALE REQUIREMENT.] Notwithstanding section 92.45, at the request of a lessee the commissioner of natural resources shall sell state property bordering public waters that is leased for the purpose of a private cabin under section 92.46 and recommended to be sold under the inventory prepared pursuant to Laws 1985, First Special Session chapter 14, article 17, section 4. Requests for sale must be made prior to July 1, 1991, and the commissioner shall complete all requested sales by July 1, 1992. The lessee making the request may designate the lesser of \$500 or the lease payment in the year the request is made to be used as part of the down payment. The sale shall be made in accordance with laws providing for the sale of trust fund land except as modified by the provisions of this section.*

*Subd. 2. [APPRAISAL.] An appraisal shall be made in accordance with section 92.12, except as modified by this section. The improvements that are owned by the lessee shall be appraised separately.*

*Subd. 3. [APPOINTMENT OF APPRAISERS; ALLOCATION OF APPRAISAL AND SURVEY COSTS.] (a) The commissioner of natural resources shall provide the lessee requesting the sale with a list of all appraisers approved by the commissioner of administration for the appraisal of property for the state. The lessee requesting the sale may select a person from the list to appraise the property to be sold. If more than one lessee of a cabin site lot leased by the commissioner under section 92.46 within a platted area requests the sale of a leased lot, all requesting lessees may jointly agree upon an appraiser from the list. If the lessee or lessees do not select an appraiser, the commissioner of natural resources shall select the appraiser.*

*(b) The costs of appraisal shall be allocated by the commissioner to the lots offered for sale and the successful bidder on each lot shall reimburse the commissioner for the appraisal costs allocated to the lot bid upon. If there are no successful bidders on a lot, the commissioner is responsible for the appraisal cost allocated to that lot.*

*(c) The commissioner shall survey a lot prior to offering it for sale. The commissioner is responsible for the survey cost.*

*(d) The lessee may stop the sale process after the appraisal but before the sale. The lessee must reimburse the commissioner for the cost of the appraisal if the sale is stopped.*

*Subd. 4. [TIMING OF SALES.] (a) The commissioner shall offer lakeshore cabin site lots for sale pursuant to written request and in accordance with the following schedule:*

(1) *as to requests received before January 1, 1987, the sale shall be held in June, July, or August 1987;*

(2) *as to requests received each calendar year after December 31, 1986, the sale shall be held in June, July, or August of the year after the request is received.*

(b) *The last sales shall be held in 1992. Lots not sold the first year offered may be reoffered in a succeeding year, following reappraisal if it is determined necessary by the commissioner.*

(c) *If a person other than the lessee purchases the leased lakeshore cabin site, the purchaser must make payment in full to the lessee at the time of the sale for the appraised value of any improvements. Failure of a successful bidder to comply with this provision voids the sale and the property must be rebid, if possible, at the same sale.*

*Subd. 5. [TERMS OF SALE.] For the sale of the public lands under this section, the purchaser shall pay the state ten percent of the purchase price at the time of the sale. The balance must be paid in no more than 20 equal annual installments. The interest rate on the remaining balance shall be eight percent per year.*

*Subd. 6. [SALE PROCEEDS.] After deducting the costs of the sale, excluding survey costs, from the purchase price, the balance shall be invested as provided by the Minnesota Constitution, article XI, section 8.*

### **Sec. 3. [92.68] [MISCELLANEOUS.]**

*Subdivision 1. [SHORELINE INCLUDED.] Notwithstanding section 92.45, the shoreline of leased sites sold under section 2 is not reserved for public travel.*

*Subd. 2. [LOCAL ZONING.] For the purpose of local zoning ordinances, land sold under section 2 shall be treated as if purchased at the time the state first leased the sites.*

*Subd. 3. [ROAD ACCESS.] Rights of access across state property to the lots offered for sale that are in existence at the time of sale, and not included in the sale, may not be terminated by the commissioner without the consent of the purchasers of the lots or their successors in interest. The commissioner may impose a fee for the access rights in the same manner as for other similar accesses except that the commissioner may not impose a fee for access rights where no fee is now being charged.*

### **Sec. 4. [92.69] [ENDOWMENT ACCOUNT.]**

*Subdivision 1. [PROCEEDS OF LAND ACQUISITION ACCOUNT.] To ensure educational opportunities provided by Minnesota scientific and natural areas as described in section 86A.05, subdivision 5, are adequately available for present and future generations, the proceeds received under sections 1 to 3 that are credited to the land acquisition account under section 94.165 must be spent on scientific and natural areas.*

*Subd. 2. [ACCOUNT.] (a) A natural areas legacy endowment account is established in the state treasury. The commissioner of natural resources shall accept private contributions for educational opportunities provided by scientific and natural areas and deposit the contributions in the account. The principal deposited in the account shall be retained in the endowment account.*

*(b) The interest from the principal may be spent by the commissioner of natural resources for the protection, management, and inventory of lands with rare and endangered species or undisturbed plant communities that qualify as state scientific and natural areas under section 86A.05, subdivision 5.*

#### **Sec. 5. [WINONA COUNTY LAND SALE.]**

*Subdivision 1. [AUTHORITY.] Notwithstanding any contrary provision of Minnesota Statutes, section 373.01 or other law, Winona county may sell and convey the real estate described in this section for a nominal consideration to a county agricultural society that owns adjoining property and conducts a county fair on it.*

*Subd. 2. [DESCRIPTION.] That part of the South Half of the Northwest Quarter and the North Half of the Southwest Quarter, of Section 19, Township 106 North, Range 10 West of the Fifth Principal Meridian, bounded and described as follows: Commencing at a point on the West line of Lot 65 in Ives and Fox's Addition to St. Charles, distant 200 feet Northeasterly, measured at right angles, from the center line of the main track of the Winona and South Western Railway Company (later the Wisconsin Minnesota and Pacific Rail Road Company, the Chicago Great Western Railway Company, now the Chicago and North Western Transportation Company), as said main track center line was originally located and established across said Section 19; thence Northwesterly parallel with said original main track center line a distance of 550 feet to the point of beginning of the parcel of land herein described; thence continuing Northwesterly parallel with said original main track center line to a point on the East and West Quarter line of said Section 19; thence Northwesterly along a straight line to a point of tangency with a line parallel with and distant 50 feet Northerly, measured radially, from said original main track center line; thence Westerly parallel with said original main track center line to a point distant 50 feet Northeasterly, measured radially, from the center*



*line of the main track of the Chicago and North Western Transportation Company (formerly the Winona and St. Peter Railroad Company), as said main track is now located; thence Southeast-erly parallel with said last described main track center line to a point distant 10 feet Northerly, measured radially, from the center line of the most Northerly side track of said Transportation Company, as said side track is now located; thence Easterly parallel with said side track center line to a point on a line drawn at right angles to said original (Winona and South Western Rail-way Company) main track center line through the point of begin-ning; thence Northwesterly along said last described right angle line to the point of beginning.*

**Sec. 6. [REPEALER.]**

*Sections 2 and 3 of this act are repealed on July 1, 1992.*

**Sec. 7. [EFFECTIVE DATE.]**

*Sections 1 to 4 and 6 are effective the day following final enact-ment. Section 5 is effective the day after compliance with Minne-sota Statutes, section 645.021, subdivision 3, by the governing body of Winona county."*

Delete the title and insert:

"A bill for an act relating to public lands; providing for maxi-mum lease rates; providing for an endowment fund and the dis-position of proceeds of the land acquisition account; permitting Winona county to convey certain real estate to a county agricul-tural society; amending Minnesota Statutes 1985 Supplement, section 92.46, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 92."

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

House Conferees: LONA A. MINNE, PAUL M. THIEDE and SALLY OLSEN.

Senate Conferees: RONALD R. DICKLICH, GENE MERRIAM and JAMES C. PEHLER.

Minne moved that the report of the Conference Committee on H. F. No. 2169 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2169, A bill for an act relating to public lands; pro-viding for a procedure to sell state leased lands; providing for max-imum lease rates; providing for an endowment fund and the dis-position of proceeds of the land acquisition account; permitting Winona county to convey certain real estate to a county agricul-

tural society; proposing coding for new law in Minnesota Statutes, chapter 92.

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.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 117 yeas and 6 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Kahn	Osthoff	Skoglund	Staten	Voss
Munger				

The bill was repassed, as amended by Conference, 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 H. F. No. 2010:

Shaver, Quinn and Fjoslien.

There being no objection the House recessed subject to the call of the Chair.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker pro tempore Halberg.

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 to be acted upon immediately preceding Special Orders pending for Monday, March 17, 1986:

S. F. Nos. 1641, 1648, 1974, 1965, 1930, 1980, 2014, 1735, 1897, 2233, 1909, 1961, 1931, 2078, 1774, 1698, 2186, 1879, 1808 and 1733; H. F. No. 2190; S. F. Nos. 1945, 1707, 1801 and 1734; H. F. No. 2472; S. F. Nos. 1884, 1963, 1852 and 2054.

SPECIAL ORDERS

S. F. No. 1641 was reported to the House.

MOTION FOR RECONSIDERATION

Frerichs moved that the vote whereby the Frerichs amendment to S. F. No. 1641, the unofficial engrossment, as amended, adopted earlier today be now reconsidered. The motion prevailed.

Frerichs withdrew his amendment to S. F. No. 1641, the unofficial engrossment.

Stanius offered an amendment to S. F. No. 1641, the unofficial engrossment.

POINT OF ORDER

Osthoff raised a point of order pursuant to rule 3.9 that the amendment was not in order. The Speaker pro tempore Halberg ruled the point of order well taken and the amendment out of order.

S. F. No. 1641, A bill for an act relating to motor vehicles; establishing a system of registration of fleet vehicles; amending Minnesota Statutes 1984, section 168.011, by adding a subdivi-

sion; proposing coding for new law in Minnesota Statutes, chapter 168.

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

The bill was passed and its title agreed to.

S. F. No. 1648 was reported to the House.

Carlson, D., moved to amend S. F. No. 1648, as follows:

Page 1, after line 8, insert:

“Section 1. [CONSTITUTIONAL AMENDMENT PROPOSED.]

*An amendment to the Minnesota Constitution, adding a section to article I, is proposed to the people of the state. If the amendment is adopted, the section will read:*

*Sec. 18. The right of a citizen to keep and bear arms for the defense and security of the person, family, or home, or for lawful hunting, recreation, or marksmanship training shall not be abridged.*

**Sec. 2. [SUBMISSION TO VOTERS.]**

*The amendment shall be submitted at the 1986 general election. The following question shall be proposed:*

*"Shall the Minnesota Constitution be amended to provide that the right of a citizen to keep and bear arms for the defense and security of the person, family, or home, or for lawful hunting, recreation, or marksmanship training shall not be abridged?"*

Yes.....

No....."

Page 2, after line 25, insert:

**"Sec. 5. [APPROPRIATION.]**

*\$12,000 is appropriated from the general fund to the secretary of state for purposes of placing the proposed question in section 2 on the ballot at the 1986 general election."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon insert "proposing an amendment to the Minnesota Constitution, article I, adding a section to provide that the right to keep and bear arms shall not be abridged; appropriating money;"

A roll call was requested and properly seconded.

**POINT OF ORDER**

Skoglund raised a point of order pursuant to rule 3.9 that the amendment was not in order. The Speaker pro tempore Halberg ruled the point of order not well taken and the amendment in order.

**POINT OF ORDER**

Wynia raised a point of order pursuant to rule 5.10 that the Carlson, D., amendment was not in order. The Speaker pro

tempore Halberg ruled the point of order not well taken and the Carlson, D., amendment in order.

The question recurred on the Carlson, D., amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 108 yeas and 21 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Elioff	Kostohryz	Osthoff	Sherman
Anderson, R.	Ellingson	Krueger	Ozment	Solberg
Backlund	Erickson	Kvam	Pauly	Sparby
Battaglia	Fjoslien	Levi	Peterson	Stanius
Beard	Frederick	Lieder	Piepho	Svigum
Becklin	Frederickson	Marsh	Poppenhagen	Thiede
Begich	Frerichs	McDonald	Quinn	Thorson
Bennett	Gruenes	McEachern	Quist	Tjornhom
Bishop	Gutknecht	McKasy	Redalen	Tompkins
Blatz	Halberg	McPherson	Rees	Tunheim
Boo	Hartinger	Metzen	Rest	Uphus
Brinkman	Hartle	Miller	Richter	Valan
Brown	Haukoos	Minne	Riveness	Valento
Burger	Heap	Murphy	Rodosovich	Vanasek
Carlson, D.	Himle	Nelson, D.	Rose	Voss
Carlson, J.	Jacobs	Neuenschwander	Sarna	Waltman
Carlson, L.	Jennings, L.	O'Connor	Schafer	Welle
Clausnitzer	Johnson	Ogren	Scheid	Wenzel
Dempsey	Kalis	Olsen, S.	Schoenfeld	Zaffke
DenOuden	Kelly	Olsen, E.	Schreiber	Spk. Jennings, D.
Dimler	Kiffmeyer	Omann	Seaberg	
Dyke	Knickerbocker	Onnen	Shaver	

Those who voted in the negative were:

Brandl	Kahn	Nelson, K.	Piper	Staten
Clark	Long	Norton	Segal	Tomlinson
Cohen	McLaughlin	Otis	Simoneau	Vellenga
Greenfield	Munger	Pappas	Skoglund	Wynia
Jaros				

The motion prevailed and the amendment was adopted.

Jacobs offered an amendment to S. F. No. 1648, as amended.

Levi requested a division of the Jacobs amendment to S. F. No. 1648, as amended.

#### POINT OF ORDER

Levi raised a point of order pursuant to rule 3.9 that the entire Jacobs amendment was not in order. The Speaker pro

tempore Halberg ruled the point of order well taken and the amendment out of order.

Ogren 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 Speaker pro tempore Halberg 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 70 yeas and 60 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
Boo	Frerichs	Marsh	Rees	Uphus
Brandl	Gruenes	McKasy	Richter	Valan
Burger	Gutknecht	McPherson	Rose	Valento
Carlson, D.	Halberg	Miller	Schafer	Vellenga
Clausnitzer	Hartinger	Nelson, K.	Seaberg	Voss
Dempsey	Hartle	Olsen, S.	Shaver	Waltman
DenOuden	Haukoos	Omann	Sherman	Zaffke
Dimler	Heap	Onnen	Skoglund	Spk. Jennings, D.

Those who voted in the negative were:

Anderson, G.	Jacobs	McLaughlin	Otis	Schoenfeld
Battaglia	Jaros	Metzen	Pappas	Segal
Beard	Jennings, L.	Minne	Peterson	Simoneau
Begich	Kahn	Munger	Piper	Solberg
Brinkman	Kalis	Murphy	Price	Sparby
Brown	Kelly	Nelson, D.	Quinn	Staten
Carlson, L.	Knuth	Neuenschwander	Rest	Tomlinson
Clark	Kostohryz	Norton	Rice	Tunheim
Cohen	Krueger	O'Connor	Riveness	Vanasek
Elioff	Lieder	Ogren	Rodosovich	Welle
Ellingson	Long	Olson, E.	Sarna	Wenzel
Greenfield	McEachern	Osthoff	Scheid	Wynia

So it was the judgment of the House that the decision of Speaker pro tempore Halberg should stand.

Sparby moved to amend S. F. No. 1648, as amended, as follows:

Page 1, after line 8, insert:

"Sec. 3. Minnesota Statutes 1984, section 100.29, subdivision 5, is amended to read:

Subd. 5. Except as permitted by section 98.48, subdivision 10, it is unlawful to take any wild animal by discharging any firearm or bow and arrow from a motor vehicle or airplane or snowmobile. Except for a pistol or revolver carried in compliance with sections 624.714 and 624.715, it is unlawful to transport any firearm, including a muzzle loading firearm, in a motor vehicle or airplane or snowmobile, unless ((1)) the firearm is unloaded in both barrels and magazine (AND CONTAINED IN A GUN CASE EXPRESSLY MADE FOR THAT PURPOSE WHICH IS FULLY ENCLOSED BY BEING ZIPPED, SNAPPED, BUCKLED, TIED, OR OTHERWISE FASTENED, WITH NO PORTION OF THE FIREARM EXPOSED, OR (2) THE FIREARM IS UNLOADED AND IN THE TRUNK OF A CAR WITH THE TRUNK DOOR CLOSED). *In municipalities greater than 12,000 population, a firearm transported in a motor vehicle also must be contained in a gun case expressly made for that purpose, or in the vehicle's trunk with the trunk door closed.* It is also (UNLAWFUL) lawful to transport a bow and arrow in a motor vehicle, airplane, or snowmobile (UNLESS (1) UNSTRUNG, (2) COMPLETELY CONTAINED IN A CASE, OR (3) CONTAINED IN THE TRUNK OF THE CAR WITH THE TRUNK DOOR CLOSED) *if it is strung in the state of Minnesota and its municipalities of 12,000 population or less.* A muzzle loading firearm with a flintlock ignition is fully unloaded if it has no priming powder in any pan and a muzzle loading firearm with percussion ignition is fully unloaded if it has no percussion cap on any nipple. Subject to the requirements of subdivision 17, migratory waterfowl may be taken from a floating craft including those propelled by motor, sail and wind, or both, if the motor is shut off and the sails are furled, the progress of the craft caused by such propulsion has ceased, and the craft is drifting, beached, moored, resting at anchor, or is being propelled by paddle, oars, or pole."

Renumber the sections accordingly

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Sparby amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 93 yeas and 36 nays as follows :

Those who voted in the affirmative were :

Anderson, R.	Beard	Bishop	Boo	Burger
Backlund	Becklin	Blatz	Brinkman	Carlson, D.
Battaglia	Begich	Boerboom	Brown	Carlson, J.



Carlson, L.	Hartle	Metzen	Piepho	Solberg
Clausnitzer	Heap	Miller	Poppenhagen	Sparby
Dempsey	Himle	Minne	Price	Sviggam
DenOuden	Jacobs	Murphy	Quinn	Thiede
Dimler	Johnson	Nelson, D.	Quist	Thorson
Dyke	Kalis	Neuenschwander	Redalen	Tjornhom
Elioff	Kiffmeyer	Norton	Rees	Tompkins
Erickson	Knickerbocker	O'Connor	Rest	Tunheim
Fjoslien	Krueger	Ogren	Richter	Uphus
Forsythe	Kvam	Olsen, S.	Riveness	Voss
Frederick	Levi	Olson, E.	Rodosovich	Waltman
Frederickson	Lieder	Omann	Sarna	Welle
Frerichs	Marsh	Onnen	Schafer	Wenzel
Gutknecht	McEachern	Ozment	Seaberg	Zaffke
Halberg	McKasy	Pauly	Shaver	
Hartinger	McPherson	Peterson	Sherman	

**Those who voted in the negative were:**

Anderson, G.	Haukoos	Long	Piper	Stanius
Bennett	Jaros	McLaughlin	Rice	Staten
Brandl	Jennings, L.	Munger	Rose	Tomlinson
Clark	Kahn	Nelson, K.	Scheid	Valento
Cohen	Kelly	Osthoff	Segal	Vanasek
Ellingson	Knuth	Otis	Simoneau	Vellenga
Greenfield	Kostohryz	Pappas	Skoglund	Wynia
Gruenes				

The motion prevailed and the amendment was adopted.

S. F. No. 1648, A bill for an act relating to firearms; permitting certain licensed dealers and manufacturers to own or possess machine guns and short-barreled shotguns for certain purposes; amending Minnesota Statutes 1984, section 609.67, subdivisions 3 and 4.

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 103 yeas and 26 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Blatz	Clausnitzer	Forsythe	Haukoos
Anderson, R.	Boerboom	Dempsey	Frederick	Heap
Backlund	Boo	DenOuden	Frederickson	Himle
Battaglia	Brinkman	Dimler	Frerichs	Jacobs
Beard	Brown	Dyke	Gruenes	Jennings, L.
Becklin	Burger	Elioff	Gutknecht	Johnson
Begich	Carlson, D.	Ellingson	Halberg	Kalis
Bennett	Carlson, J.	Erickson	Hartinger	Kiffmeyer
Bishop	Carlson, L.	Fjoslien	Hartle	Knickerbocker

Krueger	Nelson, D.	Price	Schoenfeld	Tunheim
Kvam	Neuenschwander	Quinn	Schreiber	Uphus
Levi	O'Connor	Quist	Shaver	Valan
Lieder	Ogren	Redalen	Sherman	Valento
Marsh	Olsen, S.	Rees	Solberg	Vanasek
McEachern	Olson, E.	Rest	Sparby	Vosa
McKasy	Omann	Richter	Stanuis	Waltman
McPherson	Onnen	Riveness	Swiggum	Welle
Metzen	Osthoff	Rodosovich	Thiede	Wenzel
Miller	Ozment	Sarna	Thorson	Zaffke
Minne	Pauly	Schafer	Tjornhom	
Murphy	Piepho	Scheid	Tompkins	

Those who voted in the negative were:

Brandl	Knuth	Nelson, K.	Piper	Skoglund
Clark	Kostohryz	Norton	Rice	Staten
Cohen	Long	Otis	Rose	Tomlinson
Greenfield	McLaughlin	Pappas	Segal	Vellenga
Jaros	Munger	Peterson	Simoneau	Wynia
Kahn				

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

S. F. No. 1974 was reported to the House.

Bishop moved to amend S. F. No. 1974, as follows:

Page 1, after line 14, insert:

"Section 1. Minnesota Statutes 1984, section 501.125, subdivision 1, is amended to read:

Subdivision 1. [GENERAL PROPERTIES AND INVESTMENTS.] (a) In acquiring, investing, reinvesting, exchanging and managing property, a trustee is authorized to acquire every kind of property, real, personal or mixed, and every kind of investment, specifically including, but not by way of limitation, bonds, debentures and other individual or corporate obligations, *mutual funds*, and corporate stocks (, WHICH AN ORDINARILY PRUDENT PERSON OF DISCRETION AND INTELLIGENCE, WHO IS A TRUSTEE OF THE PROPERTY OF OTHERS, WOULD ACQUIRE AS SUCH TRUSTEE). A trustee, in determining the prudence of a particular investment, shall consider the role that the proposed investment or investment course of action plays within the overall portfolio of assets. In applying the total asset management approach, a trustee shall exercise the judgment and care under the circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds. If the trustee has special skills or expertise or if the trustee holds itself out as having special skills or expertise, the trustee is under a duty to use those skills or expertise.

(b) *Except as may be provided to the contrary in the instrument, the following are among the factors that should be considered by a trustee in applying the total asset management approach:*

(1) *the probable income as well as the probable safety of the capital;*

(2) *marketability of investments;*

(3) *length of the term of investments;*

(4) *duration of the trust;*

(5) *liquidity needs;*

(6) *requirements of the beneficiary or beneficiaries;*

(7) *other assets of the beneficiary or beneficiaries, including earning capacity; and*

(8) *effect of investments in increasing or diminishing liability for taxes.*

Sec. 2. Minnesota Statutes 1984, section 501.125, is amended by adding a subdivision to read:

*Subd. 1a. [INVESTMENT IN CERTAIN GROWTH ENTERPRISES.] Subject to the standards of subdivision 1, a trustee is authorized to invest in new, unproven, untried, or other enterprises with a potential for significant growth whether producing a current return, either by investing directly or by investing as a limited partner or otherwise in one or more commingled funds which in turn invest primarily in those enterprises. The aggregate amount of investments held by a trustee under the authority of this subdivision valued at cost may not exceed ten percent of the net fair market value of the trust corpus, including investments made under the authority of this section valued at fair market value, immediately after the investment is made. Any investment that would have been authorized by this subdivision if it had been in effect at the time the investment was made is authorized by this subdivision.*

Sec. 3. Minnesota Statutes 1985 Supplement, section 501.125, subdivision 6, is amended to read:

Subd. 6. [INVESTMENT COMPANIES.] (a) 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) *acquire and retain securities of any open-end or closed-end management type investment company ((1)) or investment trust* 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).

(b) Nothing in this subdivision shall be construed to alter the degree of care and judgment required of trustees by subdivision 1.

Sec. 4. Minnesota Statutes 1984, section 501.66, is amended by adding a subdivision to read:

*Subd. 6a. The trustee may invest and reinvest trust assets in new, unproven, untried, or other enterprises with a potential for significant growth whether producing a current return, either by investing directly or by investing as a limited partner or otherwise in one or more commingled funds which in turn invest primarily in those enterprises; provided that the aggregate amount of investments held by a trustee under the authority of this subdivision valued at cost may not exceed ten percent of the net fair market value of the trust corpus, including investments made under the authority of this section valued at fair market value, immediately after the investment is made.*

Sec. 5. Minnesota Statutes 1984, section 501.66, subdivision 28, is amended to read:

Subd. 28. The trustee may employ attorneys, accountants, investment advisors, agents or other persons, even if they are associated with the trustee, to advise or assist the trustee in the performance of his duties; to act without independent investigation upon their recommendations; and instead of acting personally, to employ one or more agents to perform any act of administration, whether or not discretionary; *except that:*

(1) *the trustee may not delegate all of the trustee's duties; and*

(2) *the employment does not relieve the trustee of liability for the discretionary acts of a person, which if done by the trustee, would result in liability to the trustee, or of the duty to select and retain a person with reasonable care."*

Renumber the remaining sections

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

Page 5, delete lines 2 and 3 and insert: "*(1) insurance required by a judgment and decree or court order; (2) credit life insurance; (3) insurance required by the terms of a contract; (4) insurance obtained for the purpose of discharging any other liability, contingent or fixed, to the extent the proceeds are used to discharge the liability; or (5) insurance obtained for a bona fide business purpose;*"

Page 12, after line 31, insert:

"Sec. 14. [SCOPE OF APPLICATION.]

(a) *Nothing in sections 1 to 5 invalidates:*

(1) *any instrument or property relationship that is executed and irrevocable as of the effective date of sections 1 to 5; or*

(2) *any action commenced prior to the effective date of sections 1 to 5, provided that the instrument, property relationship, or action otherwise complies with the provisions of Minnesota Statutes, chapter 501, in effect when the action was commenced.*

(b) *Sections 1 to 5 apply to all instruments, property relationships, and proceedings existing on or after the effective date of sections 1 to 5."*

Renumber the remaining section

Page 12, line 33, delete "This act is" and insert "Sections 2 and 4 are effective July 1, 1987. Sections 6 to 13 are"

Page 12, line 34, after the period insert: "*Notwithstanding the order of their enactment, sections 1 to 5 take precedence over any other bill enacted at the 1986 regular session which amends Minnesota Statutes 1984, sections 501.125, subdivisions 1 or 6 or by adding a subdivision 1a; 501.66, subdivision 28 or by adding a subdivision 6a, or Minnesota Statutes 1985 Supplement, section 501.125, subdivision 6."*

Amend the title as follows:

Page 1, line 2, after the semi-colon insert "providing for the standard of care of trustees; authorizing certain investments of trust property; providing for powers of trustees;"

Page 1, line 8, after "sections" insert "501.125, subdivision 1, and by adding a subdivision; 501.66, subdivision 28 and by adding a subdivision;"

Page 1, line 10, after "sections" insert "501.125, subdivision 6;"

The motion prevailed and the amendment was adopted.

The Speaker resumed the Chair.

S. F. No. 1974, A bill for an act relating to courts; providing for the standard of care of trustees; authorizing certain investments of trust property; providing for powers of trustees; providing for the exclusion of the homestead from the augmented estate; providing for the inclusion of certain items in the augmented estate; amending Minnesota Statutes 1984, sections 501.125, subdivision 1, and by adding a subdivision; and 501.66, subdivision 28, and by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 501.125, subdivision 6; 524.2-109; 524.2-202; 524.2-205; and 525.145.

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 120 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Backlund	Clausnitzer	Gruenes	Knickerbocker	Minne
Battaglia	Cohen	Gutknecht	Knuth	Munger
Beard	Dempsey	Halberg	Kostohryz	Murphy
Becklin	DenOuden	Hartinger	Krueger	Nelson, D.
Begich	Dimler	Hartle	Kvam	Nelson, K.
Bennett	Dyke	Haukoos	Levi	Neuenschwander
Bishop	Elioff	Heap	Lieder	Norton
Blatz	Ellingson	Himle	Long	O'Connor
Boo	Erickson	Jacobs	Marsh	Ogren
Brinkman	Fjoslien	Jaros	McDonald	Olsen, S.
Brown	Forsythe	Jennings, L.	McEachern	Omann
Burger	Frederick	Johnson	McLaughlin	Osthoff
Carlson, D.	Frederickson	Kahn	McPherson	Otis
Carlson, L.	Frerichs	Kalis	Metzen	Ozment
Clark	Greenfield	Kiffmeyer	Miller	Pauly

Peterson	Rice	Seaberg	Sviggun	Valento
Piepho	Richter	Segal	Thiede	Vanasek
Piper	Riveness	Shaver	Thorson	Vellenga
Poppenhagen	Rodosovich	Sherman	Tjornhom	Voss
Price	Rose	Simoneau	Tomlinson	Waltman
Quist	Sarna	Skoglund	Tompkins	Wenzel
Redalen	Schafer	Solberg	Tunheim	Wynia
Rees	Scheid	Sparby	Uphus	Zafke
Rest	Schreiber	Stanius	Valan	Spk. Jennings, D.

Those who voted in the negative were:

Staten

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

There being no objection the order of business reverted to Messages from the Senate.

### MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 2169, A bill for an act relating to public lands; providing for a procedure to sell state leased lands; providing for maximum lease rates; providing for an endowment fund and the disposition of proceeds of the land acquisition account; permitting Winona county to convey certain real estate to a county agricultural society; proposing coding for new law in Minnesota Statutes, chapter 92.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVER, 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. 2010, A bill for an act relating to the state high school league; providing for the appointment of certain board members; providing penalties for recruiting students; providing for student athletics and activity eligibility after certain trans-

fers; providing standards for student participation in nonscholastic activities; providing administrative appeals from various decisions; amending Minnesota Statutes 1984, section 129.121, subdivision 1, and by adding subdivisions.

The Senate has appointed as such Committee Mr. Merriam; Ms. Peterson, D. C., and Mr. Ramstad.

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. 229, A bill for an act relating to retirement; early retirement without reduction in annuities; amending Minnesota Statutes 1984, section 356.70, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

Dempsey moved that the House refuse to concur in the Senate amendments to H. F. No. 229, 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. 1035, A bill for an act relating to frauds; fixing conditions for the legal determination of fraud in property transfers; enacting the uniform fraudulent transfer act; proposing coding for new law in Minnesota Statutes, chapter 513; repealing Minnesota Statutes 1984, sections 513.20; 513.21; 513.22; 513.23; 513.24; 513.25; 513.26; 513.27; 513.28; 513.29; 513.30; 513.31; and 513.32.

PATRICK E. FLAHAVEN, Secretary of the Senate



Dempsey moved that the House refuse to concur in the Senate amendments to H. F. No. 1035, that the Speaker appoint a Conference Committee of 5 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 amendments to :

S. F. No. 1949, A bill for an act relating to natural resources; requiring public access restrictions to be the same as lake use restrictions; amending Minnesota Statutes 1984, sections 378.32, subdivisions 2, 6, and 7; and 459.20; proposing coding for new law in Minnesota Statutes, chapter 378.

And the Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee Messrs. Merriam, Bernhagen and Peterson, R. W.

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

Carlson, D., 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. 1949. The motion prevailed.

Mr. Speaker :

I hereby announce that the Senate refuses to concur in the House amendments to :

S. F. No. 1993, 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; providing instructions to the revisor; amending Minnesota Statutes 1984, sections 8.32, subdivision 2; 10A.01, subdivision 11; 10A.04, subdivision 4a; 16A.631; 47.58, subdivision 5; 62D.22, subdivision 8; 116J.70, subdivision 2a; 116M.08, subdivision 17; 121.15, subdivision 2; 124.155, subdivision 1; 124A.02, subdivision 14; 136D.74, subdivision 2; 144.224; 176A.01, subdivision 1; 179A.10, subdivision 3; 253B.02, subdivision 4a; 260.015, subdivision 24; 260.245; 327C.07, subdivision 3a; 349.214, subdivision 2; 383A.23, subdivision 5; 385.24; 403.-12, subdivision 1; 414.061, subdivisions 4 and 4a; 462A.21, sub-

division 8a; 494.03; 518B.01, subdivision 2; 571.495, subdivision 2; 590.01, subdivision 1; 609.346, subdivision 3; 609.347, subdivision 3; 609.348; 609.35; 611A.03, subdivision 3; 628.26; Minnesota Statutes 1985 Supplement, sections 47.20, subdivision 6c; 64B.05, subdivision 1; 64B.37, subdivision 2; 69.011, subdivision 1; 97.50, subdivision 1; 116M.03, subdivision 28; 124.32, subdivision 1d; 145.917, subdivision 4; 147.01, subdivision 4; 147.073, subdivision 1; 168.27, subdivision 11; 248.07, subdivision 7; 256B.091, subdivision 4; 256D.37, subdivision 1; 256F.05, subdivision 4; 256F.06, subdivision 1; 273.124, subdivision 5; 297C.03, subdivision 1; 298.02, subdivision 1; 340A.702; 356.216; 358.44; 414.061, subdivision 5; 458.16, subdivision 6; 473.831, subdivision 1; 527.41; 527.42; 527.43; 528.15; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivision 2; 609.3471; 626.556, subdivision 2; 631.045; proposing coding for new law in Minnesota Statutes, chapter 206; repealing Minnesota Statutes 1984, section 35.067; 383A.23, subdivisions 2, 3, and 4; 403.12, subdivisions 2 and 3; Laws 1984, chapter 560, section 24; Laws 1985, chapters 248, sections 28 and 29; 252, section 24; Laws 1985, First Special Session: chapters 9, article 2, section 89; 14, article 3, section 13; 14, article 4, sections 37 and 91.

And the Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee Mr. Jude, Ms. Reichgott and Mr. Knaak.

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

Bishop 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. 1993. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to:

S. F. No. 985, A bill for an act relating to administrative procedure; clarifying provisions relating to emergency rules; defining order and rule; limiting certain agency actions; requiring an order to be rendered in accordance with the contested case procedures of the administrative procedure act; amending Minnesota Statutes 1984, sections 14.02, by adding a subdivision; 14.29, subdivisions 1 and 2; and 14.57; Minnesota Statutes 1985 Supplement, section 14.02, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 14.

And the Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee Messrs. Merriam; Moe, D. M., and Benson.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVER, Secretary of the Senate

Knickerbocker 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. 985. The motion prevailed.

### SPECIAL ORDERS

S. F. No. 1965 was reported to the House.

Svigum moved to amend S. F. No. 1965, as follows:

Page 6, after line 11, insert:

“Sec. 5. [EFFECTIVE DATE.]

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

The motion prevailed and the amendment was adopted.

Kvam offered an amendment to S. F. No. 1965, as amended.

### POINT OF ORDER

Osthoff 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.

S. F. No. 1965, A bill for an act relating to human services; revising the community social services act; clarifying allocation of funds; expanding responsibilities of county boards; requiring the county boards to publish biennial plans relating to community social services; amending Minnesota Statutes 1984, sections 256E.05, subdivision 3; 256E.06, subdivision 2; 256E.09, subdivision 1; and Minnesota Statutes 1985 Supplement, section 256E.08, 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.

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

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

S. F. No. 1930, A bill for an act relating to real estate; providing for cancellation of real estate contract depending upon when contract was executed; providing for determination of purchase price; appropriating money; amending Minnesota Statutes 1984, section 559.21, by adding subdivisions; and Minnesota Statutes 1985 Supplement, section 559.21, subdivisions 2a, 3, 4, and 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.

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	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	Staten
Bennett	Gruenes	McKasy	Poppenhagen	Sviggum
Bishop	Gutknecht	McLaughlin	Price	Thiede
Blatz	Halberg	McPherson	Quinn	Thorson
Boo	Hartinger	Metzen	Quist	Tjornhom
Brandl	Hartle	Miller	Redalen	Tomlinson
Brown	Haukoos	Minne	Rees	Tompkins
Burger	Heap	Munger	Rest	Tunheim
Carlson, D.	Himle	Murphy	Rice	Uphus
Carlson, J.	Jacobs	Nelson, D.	Richter	Valan
Carlson, L.	Jaros	Nelson, K.	Riveness	Valento
Clark	Jennings, L.	Neuenschwander	Rodosovich	Vanasek
Clausnitzer	Johnson	Norton	Rose	Vollenga
Cohen	Kahn	O'Connor	Sarna	Voss
Dempsey	Kalis	Ogren	Schafer	Waltman
DenOuden	Kelly	Olsen, S.	Scheid	Welle
Dimler	Kiffmeyer	Olson, E.	Schoenfeld	Wenzel
Dyke	Knuth	Omann	Seaberg	Wynia
Elioff	Kostohryz	Onnen	Segal	Zaffke
Ellingson	Krueger	Osthoff	Shaver	Spk. Jennings, D.
Erickson	Kvam	Otis	Sherman	

The bill was passed and its title agreed to.

S. F. No. 1980 was reported to the House.

Boo, Brandl and Stanius moved to amend S. F. No. 1980, as follows:

Page 2, after line 34, insert:

"Sec. 4. Minnesota Statutes 1984, section 252.32, is amended to read:

**252.32 [FAMILY SUBSIDY PROGRAM.]**

*Subdivision 1. [PROGRAM ESTABLISHED; APPLICATION.] (WITHIN THE LIMITS OF APPROPRIATIONS, THE COMMISSIONER OF HUMAN SERVICES MAY PROVIDE SUBSIDIES TO FAMILIES WITH MENTALLY RETARDED CHILDREN IN ORDER TO ENABLE THOSE FAMILIES TO CONTINUE CARING FOR THE CHILDREN IN THEIR OWN HOMES. THE COMMISSIONER MAY ESTABLISH CRITERIA FOR DETERMINING ELIGIBILITY FOR A SUBSIDY AND SUBSIDY AMOUNTS AND CONDITIONS FOR USE OF SUBSIDIES) The commissioner of human services shall establish a program to provide subsidies to families to enable them to care for their dependents with handicaps in their own home. This program must be limited to families whose dependents are under the age of 22 and who are mentally*

*retarded or who have a related condition and otherwise would require or be eligible for placement in a licensed residential facility as set forth in section 245.782, subdivision 6.*

*Applications for the subsidy shall be made by the county social service agency to the department of human services. The application shall specify the needs of the family and how the subsidy will be used.*

*Subd. 2. [INDIVIDUAL SERVICE PLAN.] An individual service plan for the dependent shall be developed by the county social service agency and agreed upon by the parents. A transitional plan shall be developed for the dependent when the dependent turns age 17 in order to assure an orderly transition to other services when the family terminates services from this program and to assure that an application is made for supplemental security income and other benefits.*

*Subd. 3. [SUBSIDY AMOUNT; USE.] Subsidy amounts shall be determined by the commissioner of human services. The subsidy may be used to cover the costs of special equipment, special clothing or diets, related transportation, therapy, medications, respite care, medical care, diagnostic assessments, modifications to the home and vehicle, and other services or items that assist the family and dependent. The maximum monthly amount shall be \$250. The commissioner may consider the child's supplemental security income in determining the amount of the subsidy. A variance may be granted by the commissioner to exceed \$250 for emergency circumstances in cases where exceptional resources of the family are required to meet the health, welfare-safety needs of the child, for a period not to exceed 90 days per fiscal year. The commissioner may set aside one percent of the appropriation to fund emergency situations.*

*Subd. 4. [RULEMAKING.] The commissioner shall amend permanent rules to govern subsidy applications, criteria for approval, and other areas necessary to implement this program.*

**Sec. 5. [REPEALER.]**

*Minnesota Statutes 1984, section 252.27, subdivision 4, is repealed."*

Amend the title as follows:

Page 1, line 4, after the semicolon insert "establishing a family subsidy program for families with children with developmental disabilities;"

Page 1, line 5, delete "section" and insert "sections 252.32 and"

Page 1, line 6, before the period insert “; repealing Minnesota Statutes 1984, section 252.27, subdivision 4”

The motion prevailed and the amendment was adopted.

S. F. No. 1980, A bill for an act relating to human services; providing for exhaustion of benefits from other programs before payment of adoption subsidies; amending Minnesota Statutes 1984, section 259.40, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 259.

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 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

S. F. No. 2014 was reported to the House.

Rose moved that S. F. No. 2014 be continued on Special Orders. The motion prevailed.

There being no objection the order of business reverted to Messages from the Senate.

### MESSAGES FROM THE SENATE

The following message was 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. 1991, A bill for an act relating to metropolitan government; providing for appointments, administration, reports, and duties of metropolitan agencies; amending Minnesota Statutes 1984, sections 473.121, subdivision 6, and by adding subdivisions; 473.123, subdivisions 2a, 3, and 3a; 473.141, subdivisions 2, 3, and 4a; 473.146, subdivisions 1, 2, and 3; 473.161; 473.163, subdivisions 1 and 2; and 473.303, subdivisions 2 and 4a; Minnesota Statutes 1985 Supplement, section 473.38, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1984, sections 473.121, subdivision 7; 473.163, subdivisions 3 and 4; 473.373, subdivision 3; 473.377; and 473.38, subdivision 1.

PATRICK E. FLAHAVER, Secretary of the Senate

Stanis moved that the House refuse to concur in the Senate amendments to H. F. No. 1991, 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 reports were received:

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 1930

A bill for an act relating to public safety; barring traffic citation quotas; proposing coding for new law in Minnesota Statutes, chapter 299D.

March 17, 1986

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. 1930, 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. 1930 be further amended as follows:

Delete everything after the enacting clause and insert:

**"Section 1. [84.0285] [GAME AND FISH CITATION QUOTAS PROHIBITED.]**

*The commissioner of natural resources, or the director of the division of enforcement and field service, shall not order, mandate, require, or suggest to a conservation officer that the conservation officer issue a certain number of game and fish law violations on a daily, weekly, monthly, quarterly, or yearly quota basis.*

**Sec. 2. [299D.08] [TRAFFIC CITATION QUOTAS PROHIBITED.]**

*The state patrol shall not order, mandate, require, or suggest to a patrol trooper that the patrol trooper issue a certain number of traffic citations on a daily, weekly, monthly, quarterly, or yearly quota basis."*

Delete the title and insert:

**"A bill for an act relating to law enforcement; barring traffic citation quotas; barring game and fish citation quotas; proposing coding for new law in Minnesota Statutes, chapters 84 and 299D."**

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

House Conferees: DOUGLAS W. CARLSON, BOB NEUENSCHWANDER and VIRGIL J. JOHNSON.

Senate Conferees: GLEN TAYLOR, JOE BERTRAM, SR., and ROGER D. MOE.

Carlson, D., moved that the report of the Conference Committee on H. F. No. 1930 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1930, A bill for an act relating to public safety; barring traffic citation quotas; proposing coding for new law in Minnesota Statutes, chapter 299D.

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.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 116 yeas and 10 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Brandl	Kelly	Nelson, K.	Skoglund	Vellenga
Kahn	Nelson, D.	Pappas	Staten	Wynia

The bill was repassed, as amended by Conference, and its title agreed to.

Tomlinson moved that the rules be so far suspended that the Conference Committee report on H. F. No. 1815 be now considered.

A roll call was requested and properly seconded.

The question was taken on the Tomlinson motion and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 65 yeas and 63 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jacobs	Metzen	Pappas	Simoneau
Battaglia	Jaros	Minne	Peterson	Skoglund
Beard	Jennings, L.	Munger	Piper	Solberg
Begich	Kahn	Murphy	Price	Sparby
Brandl	Kalis	Nelson, D.	Quinn	Staten
Brinkman	Kelly	Nelson, K.	Rest	Tomlinson
Brown	Knuth	Neuenschwander	Rice	Tunheim
Carlson, L.	Kostohryz	Norton	Riveness	Vanasek
Clark	Krueger	O'Connor	Rodosovich	Vellenga
Cohen	Lieder	Ogren	Sarna	Voss
Elioff	Long	Olson, E.	Scheid	Welle
Ellingson	McEachern	Osthoff	Schoenfeld	Wenzel
Greenfield	McLaughlin	Otis	Segal	Wynia

Those who voted in the negative were:

Backlund	Dyke	Johnson	Piepho	Sviggum
Becklin	Erickson	Kiffmeyer	Poppenhagen	Thiede
Bennett	Forsythe	Knickerbocker	Quist	Thorson
Bishop	Frederick	Levi	Redalen	Tjornhom
Blatz	Frederickson	Marsh	Rees	Tompkins
Boo	Frerichs	McKasy	Richter	Uphus
Burger	Gruenes	McPherson	Rose	Valan
Carlson, D.	Gutknecht	Miller	Schafer	Valento
Carlson, J.	Halberg	Olsen, S.	Schreiber	Waltman
Clausnitzer	Hartinger	Omman	Seaberg	Zaffke
Dempsey	Hartle	Onnen	Shaver	Spk. Jennings, D.
DenOuden	Haukoos	Ozment	Sherman	
Dimler	Himle	Pauly	Stanuis	

The motion did not prevail.

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 1744

A bill for an act relating to education; making changes to the definition of a school; providing for the admission into evidence of certain attendance records; establishing a task force to make recommendations about compulsory attendance laws; amending Minnesota Statutes 1984, section 120.10, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 634.

March 17, 1986

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. 1744, 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. 1744 be further amended as follows:

Delete everything after the enacting clause and insert:

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

Subd. 2. [SCHOOL.] A school, to satisfy the requirements of compulsory attendance, must be one: (1) in which all the common branches are taught in the English language, from textbooks written in the English language, and (TAUGHT BY TEACHERS WHOSE QUALIFICATIONS ARE ESSENTIALLY EQUIVALENT TO THE MINIMUM STANDARDS FOR PUBLIC SCHOOL TEACHERS OF THE SAME GRADES OR SUBJECTS AND) (2) which is in session each school year for at least 175 days or their equivalent (; PROVIDED THAT). In a program of instruction for children of limited English proficiency, instruction and textbooks may be in the primary language of the children of limited English proficiency enrolled therein. Any other language may be taught as provided in section 126.07. As used in this subdivision, the terms “children of limited English proficiency” and “primary language” shall have the meanings ascribed to them in section 126.262.

Sec. 2. Minnesota Statutes 1984, section 120.10, is amended by adding a subdivision to read:

*Subd. 2a. [REPORTS ABOUT INSTRUCTION IN A HOME.] If a parent of a child required to attend school, according to subdivision 1, is providing for instruction of the child primarily in a home, the parent shall report by October 1 each year the name, address, and age of the child to the superintendent of the district in which the child resides. The parent shall not be required to report other information to the superintendent.*

Sec. 3. Minnesota Statutes 1984, section 120.10, is amended by adding a subdivision to read:

*Subd. 2b. [PROTECTION FOR INSTRUCTION IN A HOME.] A parent of a child required to attend school, according to subdivision 1, may provide for instruction of the child in a home if the instruction meets the requirements of subdivision 2. Civil or criminal proceedings shall not be commenced under sections 120.10, 120.12, 127.20, chapter 260, or similar law against a parent complying with this subdivision as a result of providing for instruction in a home.*

Sec. 4. [COMPULSORY SCHOOL ATTENDANCE TASK FORCE.]

*By June 1, 1986, the commissioner of education shall appoint a task force of 12 members to make recommendations about com-*

*pulsory attendance laws. At least one member shall be from each congressional district. The task force shall be composed of the following: a parent of a private school pupil, a parent of a public school pupil, a home educator, a representative of private sectarian schools, a representative of private nonsectarian schools, a public school teacher, a public school administrator, a representative of a private school accrediting association, a representative of the home educators association, a representative of the state board of education, a representative of the board of teaching, and the commissioner of education. Members of the task force shall receive expenses according to Minnesota Statutes, section 15.059, subdivision 6.*

*The task force shall study and make recommendations about various issues related to the compulsory attendance law. Some of the issues to be considered are: standards for pupil performance, including satisfactory performance on standardized achievement tests; to the extent available, data about pupil achievement in various types of schools; alternative ways to comply with the definition of a school; accreditation; correspondence programs; association with a church or religious organization; supervision by teachers; teacher qualifications in various types of schools, including licensure and ways to determine teacher effectiveness; reporting requirements; methods of enforcement; and penalties for noncompliance.*

*The department of education shall provide staff assistance to the task force.*

*The state board of education may review and comment upon the recommendations of the task force.*

*The task force shall present the recommendations and any comments to the education committees of the legislature by February 1, 1987.*

**Sec. 5. [REPEALER.]**

*Sections 2, 3, and 4 are repealed June 30, 1988.*

**Sec. 6. [EFFECTIVE DATE.]**

*Sections 1, 3, and 4 are effective the day following final enactment."*

Delete the title and insert:

**"A bill for an act relating to education; making technical changes to the definition of a school; providing for limited reporting by a parent providing instruction in a home; prohibiting certain proceedings against a parent providing instruction in a home; establishing a task force to make recommendations about**

compulsory attendance laws; amending Minnesota Statutes 1984, section 120.10, subdivision 2, and by adding subdivisions."

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

House Conferees: ALLEN J. QUIST, RALPH R. KIFFMEYER and WENDELL O. ERICKSON.

Senate Conferees: JAMES C. PEHLER and RANDOLPH W. PETERSON.

Quist moved that the report of the Conference Committee on H. F. No. 1744 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1744, A bill for an act relating to education; making changes to the definition of a school; providing for the admission into evidence of certain attendance records; establishing a task force to make recommendations about compulsory attendance laws; amending Minnesota Statutes 1984, section 120.10, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 634.

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.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 102 yeas and 21 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Ellingson	Kvam	Pauly	Simoneau
Backlund	Erickson	Levi	Peterson	Solberg
Battaglia	Fjoslien	Lieder	Piepho	Stenius
Beard	Forsythe	Marsh	Poppenhagen	Sviggum
Becklin	Frederick	McDonald	Price	Thiede
Begich	Frederickson	McEachern	Quinn	Thorson
Bennett	Gruenes	McKasy	Quist	Tjornhom
Bishop	Gutknecht	McLaughlin	Redalen	Tompkins
Blatz	Halberg	McPherson	Rees	Tunheim
Boo	Hartinger	Metzen	Rest	Uphus
Brandl	Hartle	Miller	Rice	Valan
Brown	Haukoos	Minne	Richter	Valento
Burger	Heap	Murphy	Riveness	Vanasek
Carlson, D.	Himle	Neuenschwander	Rodosovich	Vellenga
Carlson, J.	Jennings, L.	O'Connor	Rose	Waltman
Carlson, L.	Johnson	Ogren	Sarna	Wenzel
Clausnitzer	Kiffmeyer	Olsen, S.	Schafer	Zaffke
DenOuden	Knickerbocker	Olsen, E.	Scheid	Spk. Jennings, D.
Dimler	Knuth	Omann	Schreiber	
Dyke	Kostohryz	Onnen	Seaberg	
Elioff	Krueger	Ozment	Shaver	

Those who voted in the negative were:

Brinkman	Kahn	Nelson, K.	Piper	Tomlinson
Clark	Kelly	Norton	Segal	Voss
Cohen	Long	Otis	Skoglund	Welle
Greenfield	Munger	Pappas	Staten	Wynia
Jaros				

The bill was repassed, as amended by Conference, and its title agreed to.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1875

A bill for an act relating to health; creating a public corporation to provide health care services, education, and research; providing for governance of St. Paul Ramsey Medical Center and creation of a physicians and dentists subsidiary; proposing coding for new law as Minnesota Statutes, chapter 246A; repealing Minnesota Statutes 1984, section 383A.41, as amended.

March 17, 1986

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. 1875, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendment and that H. F. No. 1875 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [246A.01] [DEFINITIONS.]

*Subdivision 1. [TERMS.] For the purposes of sections 1 to 27, the terms defined in this section have the meanings given them unless the context clearly indicates otherwise.*

*Subd. 2. [CORPORATION.] “Corporation” means the public corporation created by section 2.*

*Subd. 3. [HOSPITAL SUBSIDIARY CORPORATION.] “Hospital subsidiary corporation” means the subsidiary corporation created pursuant to section 6, subdivisions 1, clause (9), and 3, and charged with the governance and operation of the St. Paul Ramsey Medical Center.*

**Sec. 2. [246A.02] [CREATION OF CORPORATION.]**

*There is created a corporation which shall be public in nature. The corporation shall be known as . . . . . The purpose of the corporation is to engage in the provision and delivery of health care and related services, including education and research.*

**Sec. 3. [246A.03] [BOARD OF DIRECTORS.]**

*Subdivision 1. [GOVERNANCE.] The corporation shall be governed by a board of directors consisting of 15 members. The initial members of the board shall be selected as specified in subdivision 2. The terms of office of members of the board shall be as provided in the corporation's bylaws. No term of office will exceed three years.*

*Subd. 2. [SELECTION PANEL.] The chairperson of the Ramsey county board of commissioners, the chairperson of the St. Paul Ramsey Medical Center commission, and the chairperson of Ramsey clinic associates shall each appoint three persons to a selection panel. The selection panel shall name the initial 15 members of the board of directors established in subdivision 1. When the initial members of the board of directors have taken office, the selection panel shall dissolve.*

*Subd. 3. [NOMINATING COMMITTEE.] Whenever a vacancy occurs on the board of directors of the corporation, whether through resignation, removal, expiration of a director's term of office, or otherwise, the board shall appoint a nominating committee composed of five members, at least one of whom shall be a member of the board of commissioners of Ramsey county. The nominating committee shall meet as soon as practicable for the purpose of nominating individuals to fill the vacancy. The nominating committee shall nominate two candidates in the event there is one vacancy on the board and 1-1/2 candidates for each vacancy should there be more than one vacancy to be filled. In the event an odd number of positions on the board is vacant, the nominating committee is authorized to propose the next highest whole number of candidates when applying the foregoing formula. The board shall elect individuals to fill any vacancy from those individuals nominated by the committee, but no director may vote if that director's position is to be filled by the election.*

*Subd. 4. [QUORUM.] Unless otherwise specified in the bylaws, eight members of the board of directors constitutes a quorum for the transaction of business.*

*Subd. 5. [BOARD MEETINGS.] Except when the bylaws prescribe otherwise:*

- (1) notice of every meeting shall be given;



(2) *an act of the majority of the directors present at a meeting at which a quorum is present is the act of the board, except that a vote of a majority of the board shall be required to adopt the annual budget or to hire or discharge the chief executive officer;*

(3)(a) *A conference among directors, or among members of any committee designated by the board of directors, by any means of communication through which the participants may simultaneously hear each other during the conference, constitutes a meeting of the board, or the committee, if the same notice is given of the conference as would be required for a meeting, and if the number of persons participating in the conference would be sufficient to constitute a quorum at the meeting. Participation in a meeting in this manner constitutes personal presence at the meeting. Except as authorized by section 16, subdivision 2, if a meeting is conducted pursuant to this clause, a location and means by which members of the public may listen to the meeting shall be provided, and where such a meeting includes visual media, means by which members of the public may observe the meeting shall be provided. Notice of the meeting shall be provided and it shall specify that location, as well as the electronic method to be used.*

(b) *A director may participate in a meeting of the board or any committee designated by the board not described in paragraph (a) by any means of communication through which the director, other persons so participating, and all persons physically present at the meeting may simultaneously hear each other during the meeting. Participation in a meeting in this manner constitutes personal presence at the meeting.*

#### Sec. 4. [246A.04] [OFFICERS.]

*Subdivision 1. [ELECTION, APPOINTMENT.] (a) Unless the bylaws provide otherwise, the board of directors shall elect persons to exercise the functions of the offices of president, secretary, and treasurer and may elect or appoint any other officers and agents deemed to be necessary.*

(b) *Unless the bylaws prescribe that only directors may be officers, officers need not be directors.*

(c) *Any of the offices or functions of the offices may be held or exercised by the same person.*

*Subd. 2. [QUALIFICATIONS.] The president, secretary, and treasurer shall be adult natural persons. The bylaws may prescribe special qualifications for these offices.*

*Subd. 3. [REMOVAL.] An officer may be removed, with or without cause, by the persons authorized to elect or appoint*

*officers. The removal is without prejudice to the officer's contract rights.*

*Subd. 4. [AUTHORITY, DUTIES.] (a) Officers have the authority and duties in the management of the business of the corporation that the bylaws prescribe or, in the absence of the prescription, as the board of directors determines.*

*(b) An officer shall discharge the duties in good faith and with the diligence and care which an ordinarily prudent person, in a like position and under similar circumstances, would exercise.*

**Sec. 5. [246A.05] [BYLAWS.]**

*Subdivision 1. [BOARD ADOPTS OR AMENDS.] The board of directors may adopt or amend bylaws which may contain any provision for the purpose of administering and regulating the affairs of the corporation not inconsistent with law.*

*Subd. 2. [PROCEDURE AND NOTICE.] The procedure for amending the bylaws shall be specified in the bylaws. Notice of the meeting at which the amendment shall be considered and notice of the amendment shall be given as provided in the bylaws.*

**Sec. 6. [246A.06] [CORPORATE POWERS.]**

*Subdivision 1. [AUTHORITY AND POWERS OF THE BOARD.] The corporation, through its board of directors, shall have the authority and all necessary power to do the following:*

*(1) prepare an annual budget governing the affairs of the corporation;*

*(2) hire and discharge a chief executive officer and assistants or other employees deemed necessary to carry out the corporation's affairs;*

*(3) establish personnel policies and a system of personnel management governing the employees of the corporation;*

*(4) acquire, encumber, hold, and convey through lease, purchase, gift, or otherwise any property, either real or personal;*

*(5) contract for the purchase of or furnishing of medical care and services, including the furnishing of medical care for the indigent;*

*(6) enter shared service and other cooperative ventures;*

*(7) join or sponsor membership in organizations intended to benefit the hospital or hospitals in general;*

- (8) *enter partnerships;*
- (9) *incorporate other corporations, both for profit and not for profit;*
- (10) *have members of its governing authority or its officers or administrators serve as directors, officers, or employees of the ventures, associations, or corporations;*
- (11) *own shares of stock in business corporations;*
- (12) *offer, directly or indirectly, products and services of the hospital, organization, association, partnership, or corporation to the general public;*
- (13) *sue and be sued;*
- (14) *continue as a public corporation perpetually;*
- (15) *enter into obligations or contracts and do any act incidental to the transaction of its business or expedient to its purposes, including purchasing insurance;*
- (16) *acquire, hold, mortgage, pledge, or dispose of shares, bonds, securities, and other evidences of indebtedness of any domestic or foreign corporation, either profit or nonprofit and either public or private, and, if the owner thereof, to exercise all the rights, powers, and privileges of ownership, including the right to vote;*
- (17) *conduct its affairs within and without this state;*
- (18) *merge and consolidate with other corporations, domestic or foreign, organized for related purposes;*
- (19) *make donations to other corporations, domestic or foreign, organized for related purposes;*
- (20) *be a member of other corporations, whether domestic or foreign;*
- (21) *obtain funds necessary for its operations by borrowing upon terms and conditions which the corporation finds to be in its best interests;*
- (22) *accept from the United States, the state of Minnesota or its agencies or political subdivisions of government, and from private sources land, money, or other assistance;*
- (23) *take any action relative to the delivery of health care services which could be taken by a nonprofit corporation under*

*chapter 317, and shall, when so acting, have, in addition to any authority vested by law, the authority and legal capacity of a nonprofit corporation under chapter 317;*

*(24) pay a per diem and expenses to the members of the board of directors; and*

*(25) exercise any power conferred upon a private nonprofit corporation by chapter 317.*

*Subd. 2. [OTHER POWERS.] The corporation shall have all the powers necessary and convenient for the operation, administration, management, and control of the corporation's affairs. The enumeration of specific powers in this chapter is not intended to restrict the power of the corporation to take any action which in the exercise of its discretion is necessary or convenient to further the purposes for which the corporation exists, and that is not otherwise prohibited by law, whether or not the power to take the action is necessarily implied from the powers expressly granted.*

*Subd. 3. [SUBSIDIARY CORPORATIONS.] Pursuant to the authority granted to the corporation in subdivision 1, clause (9), the corporation shall, at a minimum, create two subsidiary corporations. One subsidiary corporation shall be charged with the governance and operation of the St. Paul Ramsey Medical Center. The other subsidiary corporation shall be an association of physicians and dentists. Both subsidiaries shall be governed by boards of directors that are elected by the corporation's board of directors. The bylaws of both subsidiaries must be ratified by the corporation's board of directors prior to taking effect.*

*Subd. 4. [EXCEPTION TO OTHER LAW.] Notwithstanding any law to the contrary, the hospital subsidiary corporation shall not be subject to the provisions of chapter 179A and sections 471.345 to 471.37. Notwithstanding any law to the contrary, any organization, association, partnership, or corporation created by, controlled by, or owned by the corporation shall not be subject to the provisions of chapters 13 and 179A, and sections 471.345 to 471.37 and 471.705.*

**Sec. 7. [246A.07] [CORPORATE SEAL.]**

*The corporation shall not have a corporate seal.*

**Sec. 8. [246A.08] [ANNUAL MEETING.]**

*Each year the corporation shall hold a meeting which must be open to the public. At this meeting the board of directors and the chief executive officers of the corporation shall report on the affairs of the corporation and goals for the future.*

**Sec. 9. [246A.09] [ANNUAL AUDIT.]**

*Each year an audit must be conducted regarding the corporation's finances. The audit must be conducted by an independent accountant selected by the board of directors and be performed in accordance with generally accepted accounting practices and auditing standards. The audit report must be available for public inspection.*

**Sec. 10. [246A.10] [PUBLIC DEPOSITORY.]**

*The corporation shall have jurisdiction over its accounts and payrolls and shall establish and maintain a public depository. The depository must be subject to chapter 118, except that the corporation shall determine the appropriate security. The corporation shall establish and maintain all necessary accounts. The corporation may establish reserve accounts, depreciation accounts, and working capital funds in order to operate on an accrual basis.*

**Sec. 11. [246A.11] [TRANSFER OF ASSETS.]**

*Subdivision 1. [TRANSFER.] Notwithstanding any other law to the contrary, Ramsey county and the city of St. Paul, or either of them, may lease any property, real or personal, acquired by either or both for the establishment, operation, or maintenance of St. Paul Ramsey Medical Center, created by section 383A.41, or that has been turned over to the center for its use; however, the lease must only be to the corporation or one of its subsidiaries.*

*Subd. 2. [NO ADVERTISING OR BIDS.] In the event Ramsey county and the city of St. Paul, or either of them, choose to exercise the authority granted in subdivision 1, they may do so without first advertising for bids and without receipt of any bids.*

*Subd. 3. [CORPORATE STATUS.] The corporation shall be considered a "public corporation" for purposes of section 465.035.*

*Subd. 4. [REQUIREMENTS OF TRANSFER.] In the event Ramsey county and the city of St. Paul, or either of them, choose to exercise the authority granted in subdivision 1, the lease must also address the following:*

*(1) continued primary use of the property for health and hospital services;*

*(2) indigent care; and*

*(3) consideration to be paid for the property.*

*Subd. 5. [PROPERTY TRANSFER TO CORPORATION.] All property, both real and personal, that is held by the St. Paul*

*Ramsey Medical Center commission on the effective date of sections 1 to 27 is transferred to the corporation.*

**Sec. 12. [246A.12] [TRANSITIONAL PROVISIONS; STATUS OF PRESENT EMPLOYEES.]**

*Subdivision 1. [EMPLOYEE TRANSFER.] All employees of the St. Paul Ramsey Medical Center commission, section 383A.41, shall be transferred to the hospital subsidiary corporation.*

*Subd. 2. [CURRENT POSITIONS.] Each person holding a position with the St. Paul Ramsey Medical Center commission who has acquired permanent tenure or who was serving a probationary period on the effective date of this section may retain employment, seniority, and accrued benefits, including participation in deferred compensation programs. These persons shall not be subject to the Ramsey county civil service personnel system law and the rules related to it.*

*Subd. 3. [CHARITABLE HOSPITAL ACT.] Employees of the hospital subsidiary corporation shall be subject to the charitable hospitals act, sections 179.35 to 179.39.*

*Subd. 4. [BARGAINING UNITS.] The hospital subsidiary corporation shall recognize existing bargaining units organized by employees of the St. Paul Ramsey Medical Center commission. The hospital subsidiary corporation shall recognize all current labor agreements and the terms of those agreements shall remain in force until the agreements expire by their terms.*

*Subd. 5. [RETIREMENT EXCLUSION.] Persons initially employed by the hospital subsidiary corporation following the effective date of this section shall be excluded from the definition of "public employee" pursuant to the public employees retirement act, chapter 353.*

*Subd. 6. [RETIREMENT ELECTION.] All employees presently members of the public employees retirement association transferred to the hospital subsidiary corporation pursuant to subdivision 2 shall continue to be included in the definition of "public employee" pursuant to the public employees retirement act, chapter 353. The transferred employees shall not have the election to terminate their participation in the public employees retirement association created pursuant to chapter 353 prior to June 30, 1987.*

*Subd. 7. [POLITICAL SUBDIVISION.] Solely for the purpose of establishing equitable compensation relationships, the hospital subsidiary corporation shall be considered a political subdivision pursuant to Laws 1984, chapter 651. Unless expressly provided otherwise in sections 1 through 29, this subdivision*

*shall not be construed to mean that the hospital subsidiary corporation is a political subdivision for any other purpose.*

Sec. 13. [246A.13] [TRANSFER OF RIGHTS.]

*Subdivision 1. [CORPORATION AS CONTINUATION OF COMMISSION.] The hospital subsidiary corporation created by section 2 shall be considered a continuation of the Saint Paul Ramsey Medical Center commission and not the creation of a new authority. The subsidiary corporation succeeds to all rights and contractual obligations of the commission with the same force and effect as if those rights and obligations had been continued in the commission itself.*

*Subd. 2. [PENDING MATTERS.] The hospital subsidiary corporation may conduct and complete a legal action, administrative proceeding, or other matter commenced by the Saint Paul Ramsey Medical commission before the effective date of sections 1 to 27, and still pending on that date, in the same manner, under the same conditions, and with the same effect as though the action, proceeding, or other matter were conducted or completed by the commission.*

*Subd. 3. [TRANSFER OF DOCUMENTS REQUIRED.] The Saint Paul Ramsey Medical commission shall transfer and deliver to the hospital subsidiary corporation all contracts, books, bonds, plans, papers, records, and other property of every description within the jurisdiction or control of the commission.*

*Subd. 4. [TRANSFER OF FUNDS.] All unspent funds appropriated to the Saint Paul Ramsey Medical Center commission are transferred and appropriated to the hospital subsidiary corporation.*

Sec. 14. [246A.14] [LEGAL COUNSEL.]

*The corporation and its subsidiaries may retain the Ramsey county attorney as its attorney and legal advisor. If legal services are provided by the Ramsey county attorney, the corporation and its subsidiaries shall reimburse Ramsey county for the services and the reimbursement is to be credited to the budget of the Ramsey county attorney.*

Sec. 15. [246A.15] [BONDING AUTHORITY.]

*Subdivision 1. [MUNICIPALITY.] The corporation shall be considered a "municipality" pursuant to section 475.51, subdivision 2, for purposes of bond issuance and shall have all the authority conferred on municipalities by chapter 475 unless that authority is modified in this section.*

*Subd. 2. [SALE OF BONDS.] Notwithstanding any enumerated powers, the corporation may issue and sell revenue bonds or other revenue obligations to finance capital improvements or for the acquisition and betterment of additional facilities to be utilized for the delivery of health care and related research or for other proper corporate purposes. The revenue bonds or other revenue obligations must be payable solely from all or a portion of the revenues of the corporation.*

*Subd. 3. [SECURITY FOR BONDS.] The bonds may be secured by a mortgage of the site and facilities, or any part of it. The bonds must be in an amount and shall mature as provided by resolution of the board of directors and may be issued in one or more series and shall bear a date or dates, bear interest at a rate or rates, be in a denomination or denominations, be in the form either coupon or registered, carry the conversion or registration privileges, have rank or priority, be executed in the manner, be payable in medium of payment at the place or places, and be subject to the terms of redemption with or without premium as the resolution may provide. The bonds may be sold at public or private sale at a price or prices determined by the resolution. Notwithstanding any law to the contrary, the bonds must be fully negotiable. The corporation may enter into the covenants the board by resolution shall deem necessary and proper to secure payment of the bonds. The revenue bonds must state on their face that they are not payable from nor may be a charge upon any funds other than the revenues and property pledged or mortgaged for their payment, nor shall the corporation be subject to any liability on them or have the power to obligate itself to pay or pay the revenue bonds from funds other than the revenues and property pledged and mortgaged. No holder or holders of the bonds shall ever have the right to compel any exercise of any taxing power of Ramsey county or any other public body to pay the principal of or interest on any of them, nor to enforce payment of them against any property of Ramsey county, the corporation, or any other public body other than that expressly pledged or mortgaged for their payment.*

**Sec. 16. [246A.16] [OPEN MEETINGS.]**

*Subdivision 1. [CORPORATION AND HOSPITAL SUBSIDIARY SUBJECT TO OPEN MEETING LAW.] The corporation and the hospital subsidiary corporation shall each be a "public body" for purposes of the Minnesota open meeting law, section 471.705.*

*Subd. 2. [BOARD ACTION.] Notwithstanding any law to the contrary, the corporation and the hospital subsidiary corporation may meet in closed session to discuss and take action on specific matters involving contracts or marketing activity in cases where the corporation or its subsidiaries are in competition with health care providers that offer similar goods or services, and where the disclosure of information pertaining to*



*such matters would cause harm to the competitive position of the corporation or its subsidiaries.*

*Subd. 3. [CLOSED MEETINGS; RECORDING.] The board of directors may by a majority vote in a public meeting decide to hold a closed meeting pursuant to subdivision 2. The time of commencement and place of the closed meeting shall be announced at the public meeting. A written roll of members present at the closed meeting shall be made available to the public after the closed meeting. The proceedings of a closed meeting shall be tape recorded at the expense of the board of directors and shall be preserved by it for two years. The data on the tape are considered nonpublic data pursuant to Minnesota Statutes, section 13.02, subdivision 9.*

**Sec. 17. [246A.17] [GOVERNMENT DATA PRACTICES ACT.]**

*Subdivision 1. [POLITICAL SUBDIVISION.] The corporation and the hospital subsidiary corporation shall each be a "political subdivision" for purposes of the Minnesota government data practices act, chapter 13.*

*Subd. 2. [TRADE SECRET INFORMATION.] Notwithstanding any law to the contrary, data concerning specific matters involving contracts or marketing activity in cases where the corporation or its subsidiaries are in competition with health care providers that offer similar goods or services are "trade secret information" for purposes of section 13.37, subdivision 2, to the extent disclosure of information pertaining to such matters would cause harm to the competitive position of the corporation or its subsidiaries.*

**Sec. 18. [246A.18] [TORT LIABILITY.]**

*The corporation and the hospital subsidiary corporation shall each be a "municipality" for purposes of tort liability pursuant to chapter 466.*

**Sec. 19. [246A.19] [PURCHASING.]**

*Subdivision 1. [MUNICIPALITY STATUS.] The corporation shall not be a "municipality" pursuant to section 471.345, subdivision 1, for the purposes of the uniform municipal contracting law, sections 471.345 to 471.37.*

*Subd. 2. [SERVICE CONTRACTS.] Notwithstanding any law to the contrary, the corporation may purchase directly or utilize the services of a nonprofit cooperative hospital service organization, the city of St. Paul, the state, the University of Minnesota, or any other political subdivision or agency of the state in the purchase of all goods, materials, and services that*

*the corporation may require. These purchases must be made in compliance with laws of the state, except that purchase through a nonprofit cooperative hospital service organization is not subject to sections 471.345 to 471.37.*

**Sec. 20. [246A.20] [PUBLIC EMPLOYMENT.]**

*Unless otherwise provided by sections 1 to 27, the employees of the corporation and its subsidiaries are not "public employees" and the corporation is not a "public employer" for purposes of the public employment labor relations act, chapter 179A and the public employees retirement act, chapter 353.*

**Sec. 21. [246A.21] [EMPLOYEE SALARY LIMITS AND COMPENSATION.]**

*Subdivision 1. [EMPLOYEE SALARIES.] Notwithstanding section 43A.17, subdivision 9, or any other law to the contrary, the corporation and its subsidiaries have the discretion to set all employee salaries at levels which are considered appropriate by the respective boards of directors.*

*Subd. 2. [EMPLOYEE COMPENSATION; CONSTRUCTION AND BUILDING TRADE.] The total compensation package, including wage plus benefit rates, of all employees that are members of a construction or building trade for which there is a generally established and recognized scale of wages inside the county, shall be equal to the total compensation package of private sector construction trade employees within the county as established by collective bargaining agreements.*

**Sec. 22. [246A.22] [WORKERS' COMPENSATION.]**

*Subdivision 1. [SELF-INSURANCE.] The corporation and its subsidiaries are permitted to self-insure their liability pursuant to section 176.181, subdivision 2.*

*Subd. 2. [BENEFITS.] The appointing authority may provide for the payment of additional benefits to employees from their accumulated vacation, sick leave, or overtime credits if the employees of the corporation and any of its subsidiaries are entitled to the benefits of the workers' compensation law and have at the time of compensable injury accumulated credits under a vacation, sick leave, or overtime plan or system maintained by the corporation by which they are employed. The additional payments to an employee may not exceed the amount of the total sick leave, vacation, or overtime credits accumulated by the employee and shall not result in the payment of a total weekly rate of compensation that exceeds the weekly wage of the employee. The additional payments to any employee shall be charged against the sick leave, vacation, and overtime credits accumulated by the employee. Employees of the corporation and any of its subsidiaries entitled to the benefits of the workers' com-*

*compensation law may receive additional benefits pursuant to a collective bargaining agreement or other plan, entered into or in effect on or after January 1, 1980, providing payments by or on behalf of the employer and these additional benefits may be unrelated to any accumulated sick leave, holiday, or overtime credits and need not be charged against any accumulation; provided that the additional payments must not result in the payment of a total weekly rate of compensation that exceeds the weekly wage of the employee. The corporation and its subsidiaries may adopt rules and regulations consistent with chapter 179 to carry out this section relating to payment of additional benefits to employees from accumulated sick leave, vacation, overtime credits, or other sources.*

**Sec. 23. [246A.23] [DEFERRED COMPENSATION; INDIVIDUAL ANNUITY CONTRACTS.]**

*Subdivision 1. [DEFERRAL OF COMPENSATION.] Notwithstanding any law to the contrary, at the request of an employee of the corporation or any of its subsidiaries, the appointing authority shall by payroll deduction defer the payment of part of the compensation of the employee, as provided in a written agreement between the employee and the appointing authority, in a manner that will qualify the deferred amount for benefits afforded under federal and state tax laws, regulations, and rulings.*

*Subd. 2. [ANNUITY CONTRACT.] At the request of an employee and as part of the employee's compensation arrangement, the corporation, or any of its subsidiaries may negotiate and purchase an individual annuity contract from a company licensed to do business in the state of Minnesota for an employee for retirement or other purposes and may make payroll allocations in accordance with the arrangement for the purpose of paying the entire premium due or to become due under the annuity contract. The allocation shall be made in a manner that will qualify the annuity premiums, or a portion of them, for the benefit afforded under section 403(b) of the Internal Revenue Code of 1954, or any equivalent provisions of subsequent federal income tax law. The employee is the owner of the contract and the employee's rights under the contract are nonforfeitable except for failure to pay premiums.*

**Sec. 24. [246A.24] [TAX EXEMPT STATUS.]**

*The corporation is an organization exempt from taxation pursuant to chapter 290 and chapter 297A.*

**Sec. 25. [246A.25] [PREPAID HEALTH PLAN.]**

*The hospital subsidiary corporation is a county affiliated public teaching hospital for purposes of section 256D.03, subdivision 4.*

Sec. 26. [246A.26] [LIMITATIONS UPON CORPORATE POWERS.]

*Subdivision 1. [ATTEMPTS TO INFLUENCE LEGISLATION.] The corporation shall not create propaganda or otherwise attempt to influence legislation to such an extent as would result in the loss of exemption under section 501(c)(3) of the Internal Revenue Code of 1954. The corporation shall not participate by the publication or distribution of statements or by any other means, in any political campaign on behalf of any candidate for public office.*

*Subd. 2. [USE OF INCOME.] No part of the assets or income of the corporation shall be used for objects or purposes which are not exclusively charitable, educational, or scientific under section 501(c)(3) of the Internal Revenue Code of 1954, and the laws of the state of Minnesota.*

*Subd. 3. [COMPENSATION LIMITATIONS.] No compensation or payment shall ever be made or paid to any officer, director, or trustee or the corporation except as reimbursement for actual expenditures made on behalf of the corporation and as reasonable compensation for services actually rendered. No part of the net earnings and assets of the corporation shall inure to the benefit of any private individual, nor shall any part of the income or assets of the corporation be distributed to or divided among any private individual as dividends or otherwise. The corporation shall not afford pecuniary gain, incidentally or otherwise, to its members except that the corporation may afford pecuniary gain to any member, as designated in the bylaws, that is a nonprofit corporation described in section 501(c)(3) of the Internal Revenue Code of 1954.*

*Subd. 4. [TRANSFER UPON LIQUIDATION.] In the event of the liquidation or dissolution of the corporation, the net assets of the corporation shall be distributed to an entity qualified for exemption under section 501(c)(3) of the Internal Revenue Code of 1954 or to any federal, state, or local governmental unit for use by it for public purposes.*

Sec. 27. [246A.27] [INDIGENT CARE.]

*Subdivision 1. [SERVICES.] The hospital subsidiary corporation shall provide hospital and medical services for the indigent of Ramsey county. The services shall be equivalent to those made available to nonindigent patients.*

*Subd. 2. [FUNDS.] Notwithstanding any law to the contrary, Ramsey county may provide funds for the purchase of medical care for the indigent of Ramsey county from a provider selected by the county with or without public bid.*

Sec. 28. Laws 1982, chapter 523, article 25, section 1, is amended to read:

Section 1. [HOTEL AND MOTEL TAX.]

A tax, supplemental to the general sales tax imposed by Minnesota Statutes, Chapter 297A, is imposed on transient lodging in the city of St. Paul at a rate equal to three percent of the consideration paid for lodging and related services by a hotel, rooming house, tourist court, motel or trailer camp or for the granting of any similar license to use real property. The tax does not apply to a rental or lease for 30 or more days continuously. This tax supersedes any similar tax imposed pursuant to city charter. The tax shall be collected by and its proceeds paid to the city. (AT LEAST 25) *Twenty-five percent of the revenues generated by the tax shall be used for the payment of the bonds and any interest or premium on the bonds authorized by section 2. Seventy-five percent of the revenues generated by the tax shall be deposited in the city's general fund.*

Sec. 29. Laws 1977, chapter 402, section 2, is amended to read:

Sec. 2. [LEXINGTON AVENUE SOUTH OF LARPEN-TEUR.]

The city of Saint Paul may (NOT) take or use existing park land for the redesign, reconstruction or widening of Lexington avenue south of Larpenteur avenue *only if the redesign, reconstruction or widening:*

(a) *does not result in a traveled way on Lexington avenue between Horton avenue and Hoyt avenue greater than 32 feet, except for turning lanes, and*

(b) *is consistent with the Como Park master plan approved by the metropolitan council.*

Sec. 30. [VARIANCE NOT REQUIRED.]

*Notwithstanding any other provision of law, the section of Lexington avenue that is located within Como Park in the city of Saint Paul does not require a variance from municipal state-aid engineering standards in order to be redesigned, reconstructed, or widened, and is eligible for inclusion in the money needs of the city on the same basis as other municipal state-aid streets in the city.*

Sec. 31. [AUTHORITY FOR TAXATION.]

*Notwithstanding Minnesota Statutes, section 477A.016, or any other law, and supplemental to the tax imposed by Laws 1982,*

*chapter 523, article 25, section 1, the city of St. Paul may impose, by ordinance, a tax, at a rate not greater than two percent, on the gross receipts from the furnishing for consideration of lodging at a hotel, rooming house, tourist court, motel, or resort, other than the renting or leasing of space for a continuous period of 30 days or more. The tax does not apply to the furnishing of lodging by a business having less than 50 lodging rooms. The tax shall be collected by and its proceeds paid to the city. Ninety-five percent of the revenues generated by this tax shall be used to fund a convention bureau to market and promote the city as a tourist or convention center.*

**Sec. 32. [REPEALER.]**

*Minnesota Statutes 1984, section 383A.41, as amended by Laws 1985, chapter 89, section 21, is repealed.*

**Sec. 33. [EFFECTIVE DATE.]**

*Sections 11, 12, 13, and 32 are effective when the initial board of directors take office according to section 3. Sections 1 to 10, and 14 to 27 are effective the day after the Ramsey county board files a certificate of local approval in compliance with section 645.021, subdivision 3.*

*Sections 28, 29, and 30 are effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the St. Paul city council. Section 31 is effective the day after final enactment."*

Delete the title and insert:

"A bill for an act relating to public and municipal corporations; creating a public corporation to provide health care services, education, and research; providing for governance of St. Paul Ramsey Medical Center and creation of a physicians and dentists subsidiary; providing for the imposition and use of certain taxes on lodging; providing for the redesign, reconstruction, and widening of Lexington avenue south of Larpenteur avenue; amending Laws 1977, chapter 402, section 2; Laws 1982, chapter 523, article 25, section 1; proposing coding for new law as Minnesota Statutes, chapter 246A; repealing Minnesota Statutes 1984, section 383A.41, as amended."

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

House Conferees: RANDY C. KELLY, GERALD KNICKERBOCKER and RICH O'CONNOR.

Senate Conferees: MARILYN M. LANTRY, NEIL DIETERICH and RON SIELOFF.

Kelly moved that the report of the Conference Committee on H. F. No. 1875 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1875, A bill for an act relating to health; creating a public corporation to provide health care services, education, and research; providing for governance of St. Paul Ramsey Medical Center and creation of a physicians and dentists subsidiary; proposing coding for new law as Minnesota Statutes, chapter 246A; repealing Minnesota Statutes 1984, section 383A.41, as amended.

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.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 123 yeas and 2 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Kalis                      Voss

The bill was repassed, as amended by Conference, and its title agreed to.

## ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1991:

Stanius, Tjornhom and McLaughlin.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 985:

Knickerbocker, Knuth and Rodosovich.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1993:

Bishop, Dempsey and Vanasek.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1949:

Carlson, D.; McPherson and Battaglia.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 229:

Dempsey, Gutknecht and Sviggum.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1035:

Dempsey, Blatz, Bishop, Piepho and Rest.

## SPECIAL ORDERS

S. F. No. 1065 which was temporarily laid over earlier today was again reported to the House.

The Speaker called Halberg to the Chair.



Carlson, D., moved to amend S. F. No. 1065, as follows :

Delete page 1, line 15 to page 13, line 14 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 truck 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 proper 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 ad-*

ministering 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 or holding a valid driver's license. 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 or holding a valid driver's license.*

*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 16 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 all-terrain 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 if the vehicle is equipped with headlight and taillight;

(4) without a functioning stoplight if so equipped; 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.] Except for employees and agents while acting incident to the operation of the airport, 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 or event, subject to the consent of the official or board having jurisdiction over the highway or public lands or waters.

In permitting the contest or event, 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 OR TRAIL AUTHORITY.]** *When a road, trail, 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 authority having jurisdiction and the officers and employees of the authority are exempt from liability for any claim by any person arising from that use. This section shall have no effect on the liability of any party or organization having responsibility for the maintenance of a trail or roadway for all-terrain vehicles.*

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 non-motorized 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."

Renumber the remaining sections

Page 22, after line 24, insert:

"Sec. 31. [LIMITS ON TRANSFERRED PARKWAY.]

*Notwithstanding any other provision of law the commissioner of transportation shall add that section of marked Trunk High-*

*way No. 101 from its intersection with marked Trunk Highway No. 12 in the city of Wayzata to its intersection with Hennepin County State-Aid Highway No. 5 in the city of Minnetonka to the county state-aid highway system following its transfer to Hennepin county. Notwithstanding any other provision of law or of the commissioner's rules relating to county state-aid highways, neither the commissioner nor Hennepin county may make any alterations in the present design, or configuration of the highway, or in its limits on speed or gross weight, which would*

(a) *provide more than two lanes of travel,*

(b) *permit a speed on any part of the highway in excess of 35 miles per hour, or*

(c) *permit the use of the highway by a vehicle with a gross vehicle weight in excess of 10,000 pounds.*

*Notwithstanding any other provision of law or of the commissioner's rules relating to county state-aid highways, neither the commissioner nor Hennepin county may reconstruct, replace or alter the marked trunk highway no. 101 bridge across Grays Bay, or the marked trunk highway no. 101 bridge on Bushway Road across the right of way of the Burlington Northern railroad, both in the city of Wayzata, to provide on either bridge a roadway more than 24 feet exclusive of shoulders."*

Renumber the remaining sections

Page 22, line 26, delete "\$400,000" and insert "\$475,000"

Page 22, line 28, delete "1 to 19" and insert "1 to 17. For the development and administration of trails under this act, the complement of the commissioner of natural resources is increased by two positions."

Page 22, line 30, delete "24" and insert "20"

Amend the title as follows:

Page 1, line 8, delete everything after "85.018"

Page 1, line 9, delete "5"

Shaver moved to amend the Carlson, D., amendment to S. F. No. 1065, as follows:

In the Carlson, D., amendment, pages 14 and 15, delete section 31

Renumber the remaining sections

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

The question recurred on the Carlson, D., amendment, as amended. The motion prevailed and the amendment, as amended, was adopted.

Anderson, G., moved to amend S. F. No. 1065, as amended, as follows:

Page 15, after line 11, insert:

"Sec. 24. 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 routes 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 routes the gross weight on any single axle shall not exceed 20,000 pounds;

(c) Where, *prior to July 1, 1989*, the maximum wheel load exceeds 600 pounds per inch of tire width or the manufacturer's recommended load, whichever is less.

*After July 1, 1989, the maximum wheel load may not exceed the following:*

<i>Axle Group</i>	<i>Maximum Weight in Pounds Per Inch of Tire Width</i>
<i>Single</i>	600
<i>Tandem</i>	450
<i>Tridem and quad axle groups</i>	400

*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."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Boerboom moved to amend S. F. No. 1065, as amended, as follows:

Page 15, after line 11, insert:

*"For purposes of the Minnesota base rate schedule, for vehicles with six or more axles in the "S" and "T" categories, the base rates are \$1,520 and \$1,620 respectively."*

The motion prevailed and the amendment was adopted.

S. F. No. 1065, A bill for an act relating to transportation; regulating recreational vehicles; regulating all-terrain vehicles; regulating routes to the trunk highway system; 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, subdivisions 1, 2, 3, 4, and 5; 100.273, subdivision 9; 161.117; 168.012, subdivision 3a; 169.045; and 296.16, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 84.

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.

Himle moved that those not voting be excused from voting. The motion prevailed.

There were 113 yeas and 13 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Battaglia	Erickson	Long	Redalen	Welle
Begich	Fjoslien	Minne	Shaver	Wynia
Elioff	Jennings, L.	Neuenschwander		

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

The Speaker resumed the Chair.

The following conference committee report was received:

CONFERENCE COMMITTEE REPORT ON 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.

March 17, 1986

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. 1599, report that we have agreed upon the items in dispute and recommend as follows:



That the Senate recede from its amendments and that H. F. No. 1599 be further amended as follows:

Delete everything after the enacting clause and insert:

**"ARTICLE 1**

**MEDIATION**

Section 1. Minnesota Statutes 1984, section 336.9-501, is amended to read:

**336.9-501 [DEFAULT; PROCEDURE WHEN SECURITY AGREEMENT COVERS BOTH REAL AND PERSONAL PROPERTY.]**

(1) When a debtor is in default under a security agreement, a secured party has the rights and remedies provided in this part and except as limited by subsection (3) those provided in the security agreement. He may reduce his claim to judgment, foreclose, or otherwise enforce the security interest by any available judicial procedure. If the collateral is documents the secured party may proceed either as to the documents or as to the goods covered thereby. A secured party in possession has the rights, remedies, and duties provided in section 336.9-207. The rights and remedies referred to in this subsection are cumulative.

(2) After default, the debtor has the rights and remedies provided in this part, those provided in the security agreement, and those provided in section 336.9-207.

(3) To the extent that they give rights to the debtor and impose duties on the secured party, the rules stated in the subsections referred to below may not be waived or varied except as provided with respect to compulsory disposition of collateral (subsection (3) of section 336.9-504 and section 336.9-505) and with respect to redemption of collateral (section 336.9-506) but the parties may by agreement determine the standards by which the fulfillment of these rights and duties is to be measured if such standards are not manifestly unreasonable:

(a) Subsection (2) of section 336.9-502 and subsection (2) of section 336.9-504 insofar as they require accounting for surplus proceeds of collateral;

(b) Subsection (3) of section 336.9-504 and subsection (1) of section 336.9-505 which deal with disposition of collateral;

(c) Subsection (2) of section 336.9-505 which deals with acceptance of collateral as discharge of obligation;

(d) Section 336.9-506 which deals with redemption of collateral; and

(e) Subsection (1) of section 336.9-507 which deals with the secured party's liability for failure to comply with this part.

(4) If the security agreement covers both real and personal property, the secured party may proceed under this part as to the personal property or he may proceed as to both the real and the personal property in accordance with his rights and remedies in respect of the real property in which case the provisions of this part do not apply.

(5) When a secured party has reduced his claim to judgment the lien of any levy which may be made upon his collateral by virtue of any execution based upon the judgment shall relate back to the date of the perfection of the security interest in such collateral. A judicial sale, pursuant to such execution, is a foreclosure of the security interest by judicial procedure within the meaning of this section, and the secured party may purchase at the sale and thereafter hold the collateral free of any other requirements of this article.

(6) A person may not begin to enforce a security interest in collateral that is agricultural property subject to sections 5 to 17 that has secured a debt of more than \$5,000 unless: a mediation notice under subsection (7) is served on the debtor and a copy filed with the director; and the debtor and creditor have completed mediation under sections 5 to 17.

(7) A mediation notice under subsection (6) must contain the following notice with the blanks properly filled in.

"TO: . . . (Name of Debtor) . . .

YOU HAVE DEFAULTED ON THE . . . (Debt in Default)  
SECURED BY AGRICULTURAL PROPERTY DESCRIBED AS . . . (Reasonable Description of Agricultural Property Collateral) . . .

AS A SECURED PARTY, . . . (Name of Secured Party)  
INTENDS TO ENFORCE THE SECURITY AGREEMENT AGAINST THE AGRICULTURAL PROPERTY DESCRIBED ABOVE BY REPOSSESSING, FORECLOSING ON, OR OBTAINING A COURT JUDGMENT AGAINST THE PROPERTY.

YOU HAVE THE RIGHT TO HAVE THE DEBT REVIEWED FOR MEDIATION. IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE A CREDIT ANALYST TO HELP YOU TO PREPARE FINANCIAL INFORMA-

**TION. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.**

**TO HAVE THE DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE DIRECTOR . . . . (Date of 14 Days after Service of the Mediation Notice) . . . . THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OR COUNTY EXTENSION OFFICE.**

**FROM: . . . . (Name and Address of Secured Party) . . . ."**

**Sec. 2. [550.365] [MEDIATION NOTICE AND CONDITIONS FOR AGRICULTURAL PROPERTY.]**

**Subdivision 1. [REQUIREMENT.] A person may not attach, execute on, levy on, or seize agricultural property subject to sections 5 to 17 that has secured a debt of more than \$5,000 unless: (1) a mediation notice is served on the judgment debtor and a copy filed with the director; and (2) the debtor and creditor have completed mediation under sections 5 to 17.**

**Subd. 2. [CONTENTS.] A mediation notice must contain the following notice with the blanks properly filled in.**

**"TO: . . . . (Name of Judgment Debtor) . . . ."**

**A JUDGMENT WAS ORDERED AGAINST YOU BY . . . . (Name of Court) . . . . ON . . . . (Date of Judgment).**

**AS A JUDGMENT CREDITOR, . . . . (Name of Judgment Creditor) . . . . INTENDS TO TAKE ACTION AGAINST THE AGRICULTURAL PROPERTY DESCRIBED AS . . . . (Description of Agricultural Property) . . . . TO SATISFY THE JUDGMENT.**

**YOU HAVE THE RIGHT TO HAVE THE DEBT REVIEWED FOR MEDIATION. IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE A CREDIT ANALYST TO HELP YOU PREPARE FINANCIAL INFORMATION. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.**

**TO HAVE THE DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE DIRECTOR . . . . (Date of 14 Days after Service of the Mediation Notice) . . . . THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OR COUNTY EXTENSION OFFICE.**

**FROM:** . . . . (Name and Address of Judgment Creditor)

**Sec. 3. [559.209] [MEDIATION NOTICE AND CONDITIONS FOR AGRICULTURAL PROPERTY.]**

*Subdivision 1. [REQUIREMENT.] A person may not begin to terminate a contract for deed under section 559.21 to purchase agricultural property subject to sections 5 to 17 that secured a debt of more than \$5,000 unless: (1) a mediation notice is served on the contract for deed purchaser and a copy filed with the director; and (2) the contract for deed vendor and purchaser have completed mediation under sections 5 to 17.*

*Subd. 2. [CONTENTS.] A mediation notice must contain the following notice with the blanks properly filled in.*

**"TO:** . . . . (Name of Contract for Deed Purchaser) . . . .

**YOU HAVE DEFAULTED ON THE CONTRACT FOR DEED OF THE AGRICULTURAL PROPERTY DESCRIBED AS . . . . (Size and Reasonable Location of Property, Not Legal Description) . . . .**

**AS THE CONTRACT FOR DEED VENDOR, . . . . (Contract for Deed Vendor) . . . . INTENDS TO TERMINATE THE CONTRACT AND TAKE BACK THE PROPERTY.**

**YOU HAVE THE RIGHT TO HAVE THE CONTRACT FOR DEED DEBT REVIEWED FOR MEDIATION. IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE A CREDIT ANALYST TO HELP YOU PREPARE FINANCIAL INFORMATION. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.**

**TO HAVE THE CONTRACT FOR DEED DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE DIRECTOR BY . . . . (Date of 14 Days after Service of the Mediation Notice) . . . . THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OR COUNTY EXTENSION OFFICE.**

**FROM:** . . . . (Name and Address of Contract for Deed Vendor) . . . ."

**Sec. 4. [581.015] [MEDIATION NOTICE AND CONDITIONS FOR AGRICULTURAL PROPERTY.]**

*Subdivision 1. [REQUIREMENT.] A person may not begin a proceeding under this chapter to foreclose a mortgage on agri-*

*cultural property subject to sections 5 to 17 that has a secured debt of more than \$5,000 unless: (1) a mediation notice is served on the mortgagor and a copy is filed with the director; and (2) the mortgagor and mortgagee have completed mediation under sections 5 to 17.*

*Subd. 2. [CONTENTS.] A mediation notice must contain the following notice with the blanks properly filled in.*

*"TO: . . . . (Name of Record Owner) . . . .*

*YOU HAVE DEFAULTED ON THE MORTGAGE OF THE AGRICULTURAL PROPERTY DESCRIBED AS . . . . (Size and Reasonable Location, Not Legal Description) . . . .*

*AS HOLDER OF THE MORTGAGE, . . . . (Name of Holder of Mortgage) . . . . INTENDS TO FORECLOSE ON THE PROPERTY DESCRIBED ABOVE.*

*YOU HAVE THE RIGHT TO HAVE THE MORTGAGE DEBT REVIEWED FOR MEDIATION. IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE A CREDIT ANALYST TO HELP YOU PREPARE FINANCIAL INFORMATION. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.*

*TO HAVE THE MORTGAGE DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE DIRECTOR . . . . (Date of 14 Days after Service of the Mediation Notice) . . . . THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OR COUNTY EXTENSION OFFICE.*

*FROM: . . . . (Name and Address of Holder of Mortgage) . . . ."*

**Sec. 5. [583.20] [CITATION.]**

*Sections 5 to 17 may be cited as the "farmer-lender mediation act."*

**Sec. 6. [583.21] [LEGISLATIVE FINDINGS.]**

*The legislature finds that the agricultural sector of the state's economy is under severe financial stress due to low farm commodity prices, continuing high interest rates, and reduced net farm income. The suffering agricultural economy adversely affects economic conditions for all other businesses in rural communities as well. Thousands of this state's farmers are unable to meet current payments of interest and principal payable on mortgages and other loan and land contracts and are threatened with the loss of their farmland, equipment, crops, and livestock*

*through mortgage and lien foreclosures, cancellation of contracts for deed, and other collection actions. The agricultural economic emergency requires an orderly process with state assistance to adjust agricultural indebtedness to prevent civil unrest and to preserve the general welfare and fiscal integrity of the state.*

Sec. 7. [583.22] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 7 to 17.*

*Subd. 2. [AGRICULTURAL PROPERTY.] "Agricultural property" means real property that is principally used for farming as defined in section 500.24, subdivision 2, paragraph (a), and raising poultry, and personal property that is used as security to finance a farm operation or used as part of a farm operation including equipment, crops, livestock, and proceeds of the security. "Agricultural property" shall also include agriculturally related businesses as defined by the commission.*

*Subd. 3. [COMMISSION.] "Commission" means the commissioners of agriculture, finance, and commerce.*

*Subd. 4. [CREDITOR.] "Creditor" means the holder of a mortgage on agricultural property, a vendor of a contract for deed of agricultural property, a person with a lien or security interest in agricultural property, or a judgment creditor with a judgment against a debtor with agricultural property.*

*Subd. 5. [DIRECTOR.] "Director" means the director of the agricultural extension service or the director's designee.*

*Subd. 6. [FILE.] "File" means to deliver by the required date by certified mail or another method acknowledging receipt.*

*Subd. 7. [MEDIATOR.] "Mediator" means a farm mediator appointed by the director.*

*Subd. 8. [SERVE.] "Serve" means personal service as in a district court civil action.*

Sec. 8. [583.23] [FARM MEDIATION.]

*Subdivision 1. [TRAINING.] The director must provide training and support for mediators.*

*Subd. 2. [APPOINTMENT.] The director must provide mediators by contracting with qualified persons experienced in farm finance, agricultural law, and negotiation.*

*Subd. 3. [ADMINISTRATION.] The director may appoint a farm mediation administrator. The administrator and director*

*shall provide training for farm mediators and credit analysts and coordinate community legal education programs for farmers.*

Sec. 9. [583.24] [APPLICABILITY.]

*Subdivision 1. [CREDITORS.] (a) The farmer-lender mediation act applies to creditors who are:*

- (1) the United States or an agency of the United States;*
- (2) corporations, partnerships, and other business entities; and*
- (3) individuals.*

*(b) The farmer-lender mediation act does not apply to creditors of a debtor described under subdivision 2, paragraph (b).*

*Subd. 2. [DEBTORS.] (a) Except as provided in paragraph (b) the farmer-lender mediation act applies to a debtor who is:*

- (1) a person operating a family farm as defined in section 500.24, subdivision 2;*
- (2) a family farm corporation as defined in section 500.24, subdivision 2;*
- (3) an authorized farm corporation as defined in section 500.24, subdivision 2; or*
- (4) an owner of an agriculturally related business.*

*(b) The farmer-lender mediation act does not apply to a debtor who owns and leases less than 60 acres with less than \$20,000 in gross sales of agricultural products the preceding year, except for an owner of an agriculturally related business as defined by the director.*

Sec. 10. [583.25] [VOLUNTARY MEDIATION PROCEEDINGS.]

*A debtor that owns agricultural property or a creditor of the debtor may request mediation of the indebtedness by a farm mediator by applying to the director. The director shall make voluntary mediation application forms available at the county recorder's and county extension office in each county. The director must evaluate each request and may direct a mediator to meet with the debtor and creditor to assist in mediation.*

Sec. 11. [583.26] [MANDATORY MEDIATION PROCEEDINGS.]

*Subdivision 1. [MEDIATION NOTICE.] A creditor desiring to start a proceeding to enforce a debt against agricultural property under chapter 580 or 581 or sections 336.9-501 to 336.9-508, to terminate a contract for deed to purchase agricultural property under section 559.21, or to garnish, levy on, execute on, seize, or attach agricultural property, must serve an applicable mediation notice under sections 1, 2, 3, and 4 on the debtor and the director. The creditor may not begin the proceeding until the creditor and debtor have completed mediation or as allowed under sections 5 to 17.*

*Subd. 2. [MEDIATION REQUEST.] (a) A debtor must file a mediation request form with the director by 14 days after receiving a mediation notice. The mediation request form must state all known creditors. The director shall make mediation request forms available in the county recorder's and county extension office of each county.*

*(b) A debtor who fails to file a timely mediation request waives the right to mediation under the farmer-lender mediation act. The director shall notify a creditor stating that the creditor may proceed against the agricultural property because the debtor has failed to file a mediation request.*

*(c) If a debtor has not received a mediation notice and is subject to a proceeding of a creditor enforcing a debt against agricultural property under chapter 580 or 581 or sections 336.9-501 to 336.9-508, terminating a contract for deed to purchase agricultural property under section 559.21, or garnishing, levying on, executing on, seizing, or attaching agricultural property, the debtor may file a mediation request with the commission. The mediation request form must indicate that the debtor has not received a mediation notice.*

**Subd. 3. [CREDIT ANALYST AND FARM ADVOCATE.]**

*(a) After receiving a mediation notice, the director shall provide a credit analyst knowledgeable in agricultural and financial matters to meet with the debtor and assure that information relative to the finances of the debtor is prepared for the initial mediation meeting.*

*(b) After receiving the mediation notice, the director shall notify the debtor that a farm advocate may be available without charge to assist the debtor and the credit analyst.*

**Subd. 4. [INITIAL MEDIATION MEETING.]** *(a) By ten days after receiving a mediation request, the director shall send: (1) a mediation meeting notice to the debtor; and (2) a mediation meeting notice and claim form to all known creditors of the debtor.*



(b) *The mediation meeting notice must include a time and place for an initial mediation meeting between the debtor, all known creditors of the debtor, and a list of three mediators. An initial mediation meeting must be held within 20 days of the notice.*

(c) *Each creditor and the debtor may request the director to exclude one mediator from the list by sending the director a notice to such effect within 3 days after receiving the mediation meeting notice. In the event that requests from the creditors to remove mediators from the list would result in the exclusion of all of the remaining mediators the director shall appoint the mediator not excluded by the creditor owed the largest debt. In the event that a debtor and creditor request the same mediator, the director shall appoint that mediator.*

**Subd. 5. [EFFECT OF MEDIATION MEETING NOTICE.]**

(a) *Except as provided in paragraph (b), if a creditor receives a mediation meeting notice under subdivision 4 the creditor and the creditor's successors in interest may not continue proceedings to enforce a debt against agricultural property of the debtor under chapter 580 or 581 or sections 336.9-501 to 336.9-508, to terminate a contract for deed to purchase agricultural property under section 559.21, or to garnish, levy on, execute on, seize, or attach agricultural property. Time periods under and affecting those procedures stop running until (1) 90 days after the conclusion of mediation, or (2) a mediation agreement is reached.*

(b) *If a creditor is an agency of the United States and receives a mediation meeting notice under subdivision 4, the creditor and the creditor's successors in interest may not continue proceedings to enforce a debt against agricultural property of the debtor under chapter 580 or 581 or sections 336.9-501 to 336.9-508, to terminate a contract for deed to purchase agricultural property under section 559.21, or to garnish, levy on, execute on, seize, or attach agricultural property. Time periods under and affecting those procedures stop running until (1) 180 days after the conclusion of mediation, or (2) a mediation agreement is reached.*

**Subd. 6. [DUTIES OF MEDIATOR.]** *At the initial mediation meeting and subsequent meetings, the mediator shall:*

(1) *listen to the debtor and the creditors desiring to be heard;*

(2) *attempt to mediate between the debtor and the creditors;*

(3) *advise the debtor and creditors of assistance programs available;*

(4) attempt to arrive at an agreement to fairly adjust, refinance, or pay the debts; and

(5) advise, counsel, and assist the debtor and creditors in attempting to arrive at an agreement for the future conduct of financial relations among them.

Subd. 7. [MEDIATOR LIABILITY AND IMMUNITY.]

(a) A mediator is immune from civil liability for actions within the scope of the position as mediator. A mediator does not have a duty to advise a creditor or debtor about the law or to encourage or assist a debtor or creditor in reserving or establishing legal rights. This subdivision is an addition to and not a limitation of immunity otherwise accorded to a mediator under law.

(b) A mediator cannot be examined about a communication or document, including worknotes, made or used in the course of or because of mediation under this section and section 12. This paragraph does not apply to the parties in the dispute in an application to a court by a party to have a mediated settlement agreement set aside or reformed. A communication or document otherwise not privileged does not become privileged because it is used in the cause of mediation. This paragraph is not intended to limit the privilege accorded to communication during mediation by the common law.

Subd. 8. [MEDIATION PERIOD.] The mediator may call mediation meetings during the mediation period, which is up to 60 days after the initial mediation meeting.

Subd. 9. [MEDIATION AGREEMENT.] (a) If an agreement is reached among the debtor and creditors the mediator shall draft a written mediation agreement, have it signed by the creditors, and, if applicable, submit the agreement to the Minnesota rural finance administration for approval of debt restructuring.

(b) The debtor and creditors who are parties to the approved mediation agreement and creditors who have filed claim forms and have not objected to the mediation agreement:

(1) are bound by the terms of the agreement;

(2) may enforce the mediation agreement as a legal contract; and

(3) may use the mediation agreement as a defense against an action contrary to the mediation agreement.

Sec. 12. [583.27] [GOOD FAITH REQUIRED, COURT SUPERVISED MEDIATION.]

*Subdivision 1. [OBLIGATION OF GOOD FAITH.] The parties must engage in mediation in good faith. Not participating in good faith includes: (1) a failure on a regular or continuing basis to attend and participate in mediation sessions without cause; (2) failure to provide full information regarding the financial obligations of the parties and other creditors; (3) failure of the creditor to designate a representative to participate in the mediation with adequate authority to fully settle, compromise, or otherwise mediate the matter; (4) lack of a written statement of debt restructuring alternatives and a statement of reasons why alternatives are unacceptable to one of the parties; (5) failure of the creditor to release to the debtor necessary living and farm operating expenses; or (6) other similar behavior which evidences lack of good faith by the party. A failure to agree to reduce, restructure, refinance, or forgive debt does not, in itself, evidence lack of good faith by the creditor.*

*Subd. 2. [LACK OF GOOD FAITH AFFIDAVIT; MEDIATOR'S RESPONSIBILITY.] If the mediator determines that either party is not participating in good faith as defined in subdivision 1, the mediator shall file an affidavit indicating the reasons for the finding with the agricultural extension service and both parties.*

*Subd. 3. [CREDITOR'S LACK OF GOOD FAITH; COURT SUPERVISED MEDIATION.] If the mediator finds the creditor has not participated in mediation in good faith, the debtor may require court supervised mandatory mediation by filing the affidavit with the district court of the county where the property is located with a request for court supervision of mediation and filing a copy of the request with the creditor. Upon request the court shall require both parties to mediate under the supervision of the court in good faith for a period of not less than 60 days. All creditor remedies must be suspended during this period. The court may issue orders necessary to effect good faith mediation. Following the 60-day period, if the court finds the creditor has not participated in mediation in good faith, the court shall by order suspend the creditor's remedies for an additional period of 180 days. A creditor found by the mediator not to have participated in good faith shall pay attorneys' fees and costs of the debtor requesting court-supervision of mediation or additional suspension of creditor's remedies.*

*Subd. 4. [DEBTOR LACK OF GOOD FAITH.] A creditor may immediately proceed with creditor's remedies upon receipt of a mediator's affidavit of a debtor's lack of good faith notwithstanding any other requirements of sections 5 to 17.*

**Sec. 13. [583.28] [CREDITOR NOT ATTENDING MEDIATION MEETING.]**

*Subdivision 1. [FILING AND EFFECT OF CLAIM FORM.] A creditor that is notified of the initial mediation meeting is subject to and bound by a mediation agreement if the creditor does not attend mediation meetings unless the creditor files a claim form. In lieu of attending a mediation meeting, a creditor may file a notice of claim and proof of claim on a claim form with the mediator before the scheduled meeting. By filing a claim form the creditor agrees to be bound by a mediation agreement reached at the mediation meeting unless an objection is filed within the time specified. The mediator must notify the creditors who have filed claim forms of the terms of any agreement reached at the farm mediation board meeting.*

*Subd. 2. [OBJECTIONS TO AGREEMENTS.] A creditor who has filed a claim form may serve a written objection to the terms of the agreement on the mediator and the debtor by ten days after receiving notice of the agreement. If a creditor files an objection to the terms of an agreement, the mediator may meet again with debtors and creditors by ten days after receiving the objection to attempt to reach a new agreement. Notwithstanding the mediation period under section 11, subdivision 8, if an objection is filed, the mediator may call mediation meetings during the ten-day period following receipt of the objection.*

**Sec. 14. [583.29] [PRIVATE DATA.]**

*All data regarding the finances of individual debtors and creditors created, collected, and maintained by the mediators or the debt restructuring commission are classified as private data on individuals under section 13.02, subdivision 12, or nonpublic data under section 13.02, subdivision 9.*

**Sec. 15. [583.30] [FORMS AND COMPENSATION.]**

*Subdivision 1. [COMPENSATION.] The director shall set the compensation of mediators and credit analysts.*

*Subd. 2. [FORMS.] The director shall adopt voluntary mediation application, mediation request, and claim forms.*

**Sec. 16. [583.31] [ENFORCEMENT.]**

*The mediation agreement must be enforced by the district court.*

**Sec. 17. [583.32] [INCONSISTENT LAWS.]**

*The farmer-lender mediation act has precedence over any inconsistent or conflicting laws and statutes including chapters 336, 580, and 581, and section 559.21.*

Sec. 18. [REPEALER.]

*Sections 1 to 17 and Minnesota Statutes, section 336.9-501, subsections (6) and (7), are repealed on July 1, 1988.*

Sec. 19. [EFFECTIVE DATE.]

*The article is effective the day following final enactment.*

ARTICLE 2

REDEMPTION OF AGRICULTURAL HOMESTEADS

Section 1. [550.175] [EXECUTION ON REAL PROPERTY THAT INCLUDES HOMESTEAD.]

*Subdivision 1. [NOTIFICATION OF HOMESTEAD DESIGNATION.] If real property is to be sold on execution and the property contains a portion of the homestead of the debtor, the debtor must be notified by the executing creditor that the homestead may be sold and redeemed separately from the remaining property. The notice in subdivision 2 must be included in the notice of execution served on the debtor under section 550.19.*

*Subd. 2. [HOMESTEAD DESIGNATION NOTICE.] The following notice must be included in the execution notice of real property containing a homestead that is served on a debtor under section 550.19. The notice must be in 10 point capitalized letters.*

**"PART OF THE PROPERTY TO BE SOLD CONTAINS YOUR HOUSE. YOU MAY DESIGNATE THE AREA OF A HOMESTEAD TO BE SOLD AND REDEEMED SEPARATELY.**

**YOU MAY DESIGNATE THE HOUSE YOU OCCUPY AND ANY AMOUNT OF THE PROPERTY AS A HOMESTEAD. THE DESIGNATED HOMESTEAD PROPERTY MUST CONFORM TO THE LOCAL ZONING ORDINANCES AND BE COMPACT SO THAT IT DOES NOT UNREASONABLY REDUCE THE VALUE OF THE REMAINING PROPERTY.**

**YOU MUST PROVIDE THE CREDITOR CAUSING THIS PROPERTY TO BE SOLD, THE SHERIFF, AND THE COUNTY RECORDER WITH A COPY OF THE LEGAL DESCRIPTION OF THE HOMESTEAD YOU HAVE DESIGNATED BY TEN BUSINESS DAYS BEFORE THE DATE THE PROPERTY IS TO BE SOLD."**

*Subd. 3. [DESIGNATION OF HOMESTEAD PROPERTY.] The debtor must designate the legal description of the homestead property to be sold separately. The homestead property designated may include any amount of the property. The designation*

*must conform to local zoning, include the dwelling occupied by the debtor, and be compact so that it does not unreasonably affect the value of the remaining property. The debtor must serve a copy of the designation on the executing creditor, the sheriff, and the county recorder by ten business days before the sale is scheduled.*

**Subd. 4. [SALE OF PROPERTY.]** *If the sheriff receives a homestead property designation under subdivision 3, the sheriff must offer and sell the designated homestead property, and the remaining property, separately.*

**Subd. 5. [REDEMPTION.]** *The debtor may redeem the designated homestead, the remaining property, or the entire property including the homestead. The period of redemption for the designated homestead or the remaining property is the same as the period of redemption for the entire property including the designated homestead.*

**Sec. 2. [550.205] [REDEMPTION OF HOMESTEAD AFTER FORECLOSURE OR EXECUTION SALE.]**

**Subdivision 1. [APPLICABILITY.]** *This section applies to mortgagors or debtors who have had real property used in agricultural production executed on or foreclosed and have not received notices under sections 1 and 3, and is effective until the redemption period ends.*

**Subd. 2. [AGREEMENT.]** (a) *A buyer that purchases real property used in agricultural production at a foreclosure or execution sale, and a party with the right to redeem, may agree to have the homestead redeemed separately. The written agreement must be recorded and include:*

- (1) *a legal description of the homestead; and*
- (2) *the amount to be paid to redeem the homestead.*

(b) *The homestead must comply with local zoning requirements.*

**Subd. 3. [PETITION.]** (a) *After a foreclosure or execution sale of real property used in agricultural production that contains a homestead, the party entitled to redeem the property may petition to have the homestead redeemed separately. The petition must be directed to the district court of the county where the foreclosure or execution sale was held and include:*

- (1) *a request that the homestead be appraised and redeemed separately;*

(2) a description designating the dwelling occupied by the mortgagor, and up to 80 acres of the property that conforms to local zoning and is compact so that it does not unreasonably affect the value of the remaining property.

(b) The court shall appoint an appraiser to make the appraisal and have the determination returned to the court within 30 days after the petition is filed.

Subd. 4. [DETERMINATION OF REDEMPTION COST.]

(a) The district court shall schedule and hold a hearing within 30 days after receiving the appraiser's determination. The court shall consider whether redeeming the homestead separately would unjustly affect the party who purchased the property at the foreclosure or execution sale. The court may equitably adjust the size of the homestead. If the petitioner is entitled to redeem the homestead separately, the court shall determine the cost of redeeming the designated homestead and the remaining property. The cost of redeeming the homestead must include:

(1) the appraised value of the homestead;

(2) the interest attributable to the portion of the debt allocated to the homestead; and

(3) the reasonable appraisal, court, and survey costs.

(b) The order of the court must be made and filed within five days of the hearing.

Subd. 5. [REDEMPTION.] The party entitled to redeem may redeem the designated homestead, the remaining property, or the entire property including the homestead. The period of redemption is the period for the entire property including the designated homestead.

Sec. 3. [582.041] [FORECLOSURE OF MORTGAGE THAT INCLUDES HOMESTEAD.]

Subdivision 1. [NOTIFICATION OF HOMESTEAD DESIGNATION.] If a mortgage on real property is foreclosed and the property contains a portion of the homestead of the mortgagor, the mortgagor must be notified by the foreclosing mortgagee that the homestead may be sold and redeemed separately from the remaining property. The notice in subdivision 2 must be included in the notice of foreclosure served on the mortgagor under section 580.04 or for a foreclosure by action under chapter 581, in the summons and complaint.

Subd. 2. [HOMESTEAD DESIGNATION NOTICE.] (a) The following notice must be included in the foreclosure notice of property containing a homestead that is served on the mortgagor under section 580.04. The notice must be in 10 point capitalized letters.

**"PART OF THE PROPERTY TO BE SOLD CONTAINS YOUR HOUSE. YOU MAY DESIGNATE THE AREA OF A HOMESTEAD TO BE SOLD AND REDEEMED SEPARATELY.**

**YOU MAY DESIGNATE THE HOUSE YOU OCCUPY AND ANY AMOUNT OF THE PROPERTY AS A HOMESTEAD. THE DESIGNATED HOMESTEAD PROPERTY MUST CONFORM TO THE LOCAL ZONING ORDINANCES AND BE COMPACT SO THAT IT DOES NOT UNREASONABLY REDUCE THE VALUE OF THE REMAINING PROPERTY.**

**YOU MUST PROVIDE THE PERSON FORECLOSING ON THE PROPERTY, THE SHERIFF, AND THE COUNTY RECORDER WITH A COPY OF THE LEGAL DESCRIPTION OF THE HOMESTEAD YOU HAVE DESIGNATED BY TEN BUSINESS DAYS BEFORE THE DATE THE PROPERTY IS TO BE SOLD."**

*(b) The following notice must be served with the summons and complaint in an action to foreclose a mortgage of property containing a homestead under chapter 581. The notice must be in 10 point capitalized letters.*

**"PART OF THE PROPERTY TO BE SOLD CONTAINS YOUR HOUSE. YOU MAY DESIGNATE THE AREA OF A HOMESTEAD TO BE SOLD AND REDEEMED SEPARATELY.**

**YOU MAY DESIGNATE THE HOUSE YOU OCCUPY AND UP TO 80 ACRES OF THE PROPERTY AS A HOMESTEAD. THE DESIGNATED HOMESTEAD PROPERTY MUST CONFORM TO THE LOCAL ZONING ORDINANCES AND BE COMPACT SO THAT IT DOES NOT UNREASONABLY REDUCE THE VALUE OF THE REMAINING PROPERTY.**

**YOU MUST PROVIDE THE COURT WITH A LEGAL DESCRIPTION OF THE HOMESTEAD YOU HAVE DESIGNATED."**

*Subd. 3. [DESIGNATION OF HOMESTEAD PROPERTY.] The mortgagor must designate a legal description of the homestead property to be sold separately. The homestead property designated may include any amount of the property. The designation must conform to local zoning, include the dwelling occupied by the mortgagor, and be compact so that it does not unreasonably affect the value of the remaining property. The mortgagor must serve a copy of the designation on the foreclosing mortgagee, the sheriff, and the county recorder by ten business days before the sale is scheduled, or for a foreclosure by action under chapter 581, a copy of the designation must be provided to the court.*



*Subd. 4. [SALE OF PROPERTY.] If the sheriff receives a homestead property designation under subdivision 3, or is ordered by the court, the sheriff must offer and sell the designated homestead property, and the remaining property, separately.*

*Subd. 5. [REDEMPTION.] The mortgagor may redeem the designated homestead, the remaining property, or the entire property including the homestead. The period of redemption is the period for the entire property including the designated homestead.*

**Sec. 4. [REPEALER.]**

*Minnesota Statutes 1984, section 582.04, is repealed. Section 2 is repealed effective August 30, 1987.*

**Sec. 5. [EFFECTIVE DATE.]**

*This article is effective the day after final enactment and applies to all foreclosures or executions on real property that have foreclosure notices or summons and complaint served on the mortgagor or execution notices served on the debtor on or after the effective date.*

**ARTICLE 3**

**FAMILY FARM LEGAL ASSISTANCE PROGRAM**

**Section 1. [480.250] [ADMINISTRATION OF FAMILY FARM LEGAL ASSISTANCE PROGRAM.]**

*Subdivision 1. [CONTRACT AND ADMINISTRATION.] The supreme court shall contract with one or more established nonprofit corporations to provide a family farmer legal assistance program for financially distressed state farmers by 60 days after funding is available. The family farmer legal assistance must be directed at farm financial problems, including, but not limited to, bankruptcy, discharge of debt, general debtor-creditor relations, and tax considerations. The supreme court may delegate responsibility for administering funds under the contract to the advisory committee established under section 480.242, subdivision 1.*

*Subd. 2. [LEGAL ASSISTANCE PROVIDER.] The supreme court may contract only with a legal assistance provider that:*

*(1) is established as a nonprofit corporation under chapter 317 and tax exempt under section 501(c)(3) of the Internal Revenue Code as amended through December 31, 1985;*

*(2) is organized principally to provide legal assistance;*

(3) *has a proven record of delivery of effective, high quality legal assistance;*

(4) *has experience and demonstrated expertise in addressing legal issues affecting financially distressed family farmers;*

(5) *can begin providing delivery of legal assistance to financially distressed farmers within 30 days after the contract is awarded; and*

(6) *can provide legal assistance to farmers throughout the state.*

**Subd. 3. [DISTRIBUTION OF FUNDS; LIMITATIONS.]**

(a) *None of the funds distributed to recipients selected in accordance with the provisions of this section may be used for activities promoting nonjudicial changes in the law. Actions precluded include:*

(1) *appearance before legislative or administrative rulemaking bodies for the purpose of promoting changes in existing law, unless the appearance is requested by a member of that body; and*

(2) *preparation or assisting in the preparation of written statements promoting changes in existing law intended to be entered into the record of a legislative or rulemaking procedure.*

(b) *The preceding restrictions limit only those activities for which contract funding is received and in no way limit the activities of any attorney acting in a pro bono capacity.*

**Sec. 2. [480.252] [FAMILY FARM LEGAL ASSISTANCE PROGRAM.]**

**Subdivision 1. [REQUIREMENTS.]** *The family farmer legal support program shall provide:*

(1) *legal backup and research support to attorneys throughout the state who represent financially distressed farmers;*

(2) *direct legal advice and representation to eligible farmers in the most effective and efficient manner, giving special emphasis to enforcement of legal rights affecting large numbers of farmers;*

(3) *legal information to individual farmers;*

(4) *general farm related legal education and training to farmers, private attorneys, legal services staff, and the public;*

(5) *an incoming, statewide, toll free telephone line to provide the advice and referral requirements in this subdivision; and*

(6) *legal advice and representation to farmers and small business operators whose loans are currently held by the Federal Deposit Insurance Corporation.*

*Subd. 2. [PRIORITIES.] In meeting the requirements of subdivision 1, recipients of funds under the family farm legal support program shall adhere to the following priorities:*

(1) *provide legal services to eligible persons whose bank loans are held by the Federal Deposit Insurance Corporation;*

(2) *provide basic legal information relating to liquidation of farm property, farm credit, farm foreclosure, repossession of farm assets, restructuring of farm debt and other farm financial problems upon request by farmers, state and local officials, and state-supported farm management advisors;*

(3) *represent and provide advice to individual eligible farmers in pursuit of legal remedies relating to liquidation of farm property, farm credit, farm foreclosure, repossession of farm assets, restructuring of farm debt, and other farm financial problems; and*

(4) *provide legal backup and research support to private attorneys who are representing farmers in matters relating to liquidation of farm property, farm credit, farm foreclosure, repossession of farm assets, restructuring of farm debt, and other farm financial problems.*

*Subd. 3. [REPORT.] The legal assistance provider shall submit a report to the supreme court each six months during the contract period demonstrating that the requirements in subdivision 1 have been met.*

*Subd. 4. [TERMINATION.] A contract under sections 1 to 4 may be terminated by the supreme court, or denied for renewal, upon reasonable written notice and good cause shown. A contract under sections 1 to 4 must be terminated if funds are used in a manner inconsistent with section 1.*

**Sec. 3. [480.254] [LEGAL ASSISTANCE ELIGIBILITY.]**

(a) *A person is eligible for legal assistance under section 2 if the person:*

(1) *is a state resident;*

(2) *is or has been a farmer, or a family shareholder of a family farm corporation within the preceding 24 months;*

(3) *has a debt-to-asset ratio greater than 50 percent;*

(4) *has a reportable federal adjusted gross income of \$15,000 or less in the previous tax year; and*

(5) *is financially unable to retain legal representation.*

(b) *Qualifying farmers and small business operators whose bank loans are held by the Federal Deposit Insurance Corporation are eligible for legal assistance under section 2.*

Sec. 4. [480.256] [ANNUAL REPORT.]

*A legal assistance provider shall submit a report to the supreme court, the senate committee on agriculture and natural resources, and the agriculture committee of the house of representatives by January 15 after each year of funding. The report must describe the activities and expenses under the contract during the previous calendar year and a summary of additional legal representation needed by distressed family farmers.*

Sec. 5. [EFFECTIVE DATE.]

*This article is effective the day following final enactment.*

ARTICLE 4

INTERSTATE COMPACT ON AGRICULTURAL  
GRAIN MARKETING

Section 1. [236A.01] [INTERSTATE COMPACT ON AGRICULTURAL GRAIN MARKETING.]

*The state of Minnesota ratifies and approves the following compact:*

*Interstate Compact on Agricultural  
Grain Marketing*

*Article I. — Purpose*

*It is the purpose of this compact to protect, preserve, and enhance:*

(a) *the economic and general welfare of citizens of the joining states engaged in the production and sale of agricultural grains;*

(b) *the economies and very existence of local communities in such states, the economies of which are dependent upon the production and sale of agricultural grains; and*

(c) *the continued production of agricultural grains in such states in quantities necessary to feed the increasing population of the United States and the world.*

## Article II. — Definitions

*As used in this compact:*

(a) *“State” means any state of the United States in which agricultural grains are produced for the markets of the nation and world.*

(b) *“Agricultural grains” means wheat, durum, spelt, triticale, oats, rye, corn, barley, buckwheat, flaxseed, safflower, sunflower seed, soybeans, sorghum grains, peas, and beans.*

## Article III. — Commission

### (a) Organization and Management

(1) *There is hereby created an agency of the member states to be known as the Interstate Agricultural Grain Marketing Commission, hereinafter called the commission. The commission shall consist of three residents of each member state who shall have an agricultural background and who shall be appointed as follows: (i) one member appointed by the governor, who shall serve at the pleasure of the governor; (ii) one senator appointed in the manner prescribed by the senate of such state, except that two senators may be appointed by the Governor of the State of Nebraska from the unicameral legislature of the state of Nebraska; and (iii) one member of the house of representatives appointed in the manner prescribed by the house of representatives of such state.*

*The member first appointed by the governor shall serve for a term of one year and the senator and representative first appointed shall each serve for a term of two years; thereafter all members appointed shall serve for two-year terms. The attorneys general of member states or assistants designated thereby shall be nonvoting members of the commission.*

(2) *Each member shall be entitled to one vote. A member must be present to vote and no voting by proxy shall be permitted. The commission shall not act unless a majority of the voting members are present, and no action shall be binding unless approved by a majority of the total number of voting members present.*

(3) *The commission shall be a body corporate of each member state and shall adopt an official seal to be used as it may provide.*

(4) *The commission shall hold an annual meeting and such other regular meetings as its bylaws may provide and such special meetings as its executive committee may determine. The commission bylaws shall specify the dates of the annual and any other regular meetings, and shall provide for the giving of notice of annual, regular, and special meetings. Notices of special meetings shall include the reasons therefor and an agenda of the items to be considered.*

(5) *The commission shall elect annually, from among its voting members, a chairperson, a vice-chairperson, and a treasurer. The commission shall appoint an executive director who shall serve at its pleasure, and shall fix the duties and compensation of such director. The executive director shall be secretary of the commission. The commission shall make provision for the bonding of such of its officers and employees as it may deem appropriate.*

(6) *Irrespective of the civil service, personnel, or other merit system laws of any member state, the executive director shall appoint or discharge such personnel as may be necessary for the performance of the functions of the commission and shall fix, with the approval of the commission, their duties and compensation. The commission bylaws shall provide for personnel policies and programs. The commission may establish and maintain, independently of or in conjunction with any one or more of the member states, a suitable retirement system for its full-time employees. Employees of the commission shall be eligible for social security coverage in respect of old age and survivors insurance provided that the commission takes such steps as may be necessary pursuant to federal law to participate in such program of insurance as a governmental agency or unit. The commission may establish and maintain or participate in such additional programs of employee benefits as may be appropriate. The commission may borrow, accept, or contract for the services of personnel from any state, the United States, or any other governmental entity.*

(7) *The commission may accept for any of its purposes and functions any and all donations and grants of money, equipment, supplies, materials, and services, conditional or otherwise, from any governmental entity, and may utilize and dispose of the same.*

(8) *The commission may establish one or more offices for the transacting of its business.*

(9) *The commission shall adopt bylaws for the conduct of its business. The commission shall publish its bylaws in convenient form, and shall file a copy of the bylaws and any amendments*

thereto with the appropriate agency or officer in each of the member states.

(10) The commission annually shall make to the governor and legislature of each member state a report covering its activities for the preceding year. Any donation or grant accepted by the commission or services borrowed shall be reported in the annual report of the commission, and shall include the nature, amount, and conditions, if any, of the donation, gift, grant, or services borrowed and the identity of the donor or lender. The commission may make additional reports as it may deem desirable.

(b) Committees

(1) The commission may establish such committees from its membership as its bylaws may provide for the carrying out of its functions.

Article IV. — Powers and Duties of Commission

(a) The commission shall conduct comprehensive and continuing studies and investigations of agricultural grain marketing practices, procedures, and controls and their relationship to and effect upon the citizens and economies of the member states.

(b) The commission shall make recommendations for the correction of weaknesses and solutions to problems in the present system of agricultural grain marketing or the development of alternatives thereto, including the development, drafting, and recommendation of proposed state or federal legislation.

(c) The commission is hereby authorized to do all things necessary and incidental to the administration of its functions under this compact.

Article V. — Finance

(a) The commission shall submit to the governor of each member state a budget of its estimated expenditures for such period as may be required by the laws of that state for presentation to the legislature thereof.

(b) The money necessary to finance the general operations of the commission not otherwise provided for in carrying forth its duties, responsibilities, and powers as stated herein shall be appropriated to the commission by the member states, when authorized by the respective legislatures. Appropriations by member states for the financing of the operations of the commission in the initial biennium of the compact shall be in the amount of \$50,000 for each member state; thereafter the total amount of appropriations requested shall be apportioned among the member states in the manner determined by the commission. Failure of a member

*state to provide its share of financing shall be cause for the state to lose its membership in the compact.*

*(c) The commission shall not incur any obligations of any kind prior to the making of appropriations adequate to meet the same; nor shall the commission pledge the credit of any of the member states, except by and with the authority of the member state.*

*(d) The commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the commission shall be subject to the audit and accounting procedures established under its bylaws. However, all receipts and disbursements of funds handled by the commission shall be audited yearly by a certified or licensed public accountant and the report of the audit shall be included in and become part of the annual report of the commission.*

*(e) The accounts of the commission shall be open for inspection at any reasonable time.*

#### *Article VI.—Eligible Parties, Entry Into Force, Withdrawal and Termination*

*(a) Any agricultural grain marketing state may become a member of this compact.*

*(b) This compact shall become effective initially when enacted into law by any five states prior to July 1, 1988, and in additional states upon their enactment of the same into law.*

*(c) Any member state may withdraw from this compact by enacting a statute repealing the compact, but such withdrawal shall not become effective until one year after the enactment of such statute and the notification of the commission thereof by the governor of the withdrawing state. A withdrawing state shall be liable for any obligations which it incurred on account of its membership up to the effective date of withdrawal, and if the withdrawing state has specifically undertaken or committed itself to any performance of an obligation extending beyond the effective date of withdrawal, it shall remain liable to the extent of such obligation.*

*(d) This compact shall terminate one year after the notification of withdrawal by the governor of any member state which reduces the total membership in the compact to less than five states.*

#### **Sec. 2. [EFFECTIVE DATE.]**

*This article is effective the day after final enactment.*



## ARTICLE 5

## ASSET EXEMPTION

Section 1. Minnesota Statutes 1985 Supplement, section 256.73, subdivision 2, is amended to read:

Subd. 2. [ALLOWANCE BARRED BY OWNERSHIP OF PROPERTY.] Ownership by an assistance unit of property as follows is a bar to any allowance under sections 256.72 to 256.87:

(1) The value of real property other than the homestead, which when combined with other assets exceeds the limits of paragraph (2), unless the assistance unit is making a good faith effort to sell the nonexcludable real property. The time period for disposal must not exceed nine months and the assistance unit shall execute an agreement to dispose of the property to repay assistance received during the nine months up to the amount of the net sale proceeds. The payment must be made when the property is sold. If the property is not sold within the required time or the assistance unit becomes ineligible for any reason the entire amount received during the nine months is an overpayment and subject to recovery. For the purposes of this section "homestead" means the house owned and occupied by the child, relative or other member of the assistance unit as his dwelling place, together with the land upon which it is situated in an area no greater than two contiguous lots in a platted or laid out city or town or (80) all contiguous acres in rural areas; or

(2) Personal property of an equity value in excess of \$1,000 for the entire assistance unit, exclusive of personal property used as the home, one motor vehicle of an equity value not exceeding \$1,500, one burial plot for each member of the assistance unit, one prepaid burial contract with an equity value of no more than \$1,000 for each member of the assistance unit, clothing and necessary household furniture and equipment and other basic maintenance items essential for daily living, in accordance with rules promulgated by and standards established by the commissioner of human services.

Sec. 2. [EFFECTIVE DATE.]

*This article is effective the day following final enactment.*

## ARTICLE 6

## MINNESOTA RURAL FINANCE ADMINISTRATION

Section 1. [41B.01] [CITATION; PURPOSE.]

*Subdivision 1. [CITATION.] This article shall be known as and may be cited as the "Minnesota rural finance administration act of 1986."*

*Subd. 2. [PURPOSE.] This article creates and establishes the Minnesota rural finance administration and establishes a program under which state bonds are authorized to be issued and proceeds of their sale are appropriated under the authority of article XI, section 5, clause (h) of the Minnesota Constitution, to develop the state's agricultural resources by extending credit on real estate security. The purpose of the program and of the bonds issued to finance or provide security for the program is to purchase participation interests in loans to be made available by agricultural lenders to farmers in order to restructure existing debt and to make available additional credit to farmers who own or purchase agricultural properties on terms and conditions not otherwise available from other credit sources. It is hereby found and declared that there presently exist in the state economic conditions which have severely adversely affected the economic viability of farms to the detriment of the rural economy and to the detriment of the economy of the state of Minnesota as a whole. It is further found and declared that as a result of public agricultural policies, agricultural market conditions, and other causes, the condition of the farm economy of the state of Minnesota is such as to jeopardize the continued existence and successful operation of farms in this state, necessitating the establishment of the program in this article to provide new sources of credit on favorable terms and conditions. It is further found and declared that providing credit for farmers on favorable terms and conditions will serve and promote the public welfare by assuring the viability of farm operations, by preventing erosion of the tax base in rural areas, by reducing foreclosures on farm property, and by enhancing the financial stability of farmers and of the businesses which depend on farmers as customers. It is further found and declared that in establishing a Minnesota rural finance administration and in authorizing the programs in this article, the legislature is acting in all respects for the benefit of the people of the state of Minnesota to serve the public purpose of improving and otherwise promoting their health, welfare, and prosperity and that the Minnesota rural finance administration, as created and established, is empowered to act on behalf of the people of the state of Minnesota in serving this public purpose for the benefit of the general public.*

**Sec. 2. [41B.02] [DEFINITIONS.]**

*Subdivision 1. [SCOPE.] For the purposes of this article the terms defined in this section have the meanings given them.*

*Subd. 2. [ADMINISTRATION.] "Administration" means the Minnesota rural finance administration created in section 3.*

*Subd. 3. [FARM.] "Farm" means a family farm as defined in section 500.24, located in Minnesota.*

**Subd. 4. [ELIGIBLE AGRICULTURAL LENDER; ELIGIBLE LENDER.]** *“Eligible agricultural lender” or “eligible lender” means an entity of the kind described in section 5, subdivision 6, which enters into an agreement with the administration providing for the purchase by the administration of participation interests in eligible agricultural loans originated and serviced by the qualified agricultural lender.*

**Subd. 5. [ELIGIBLE BORROWER.]** *“Eligible borrower” means a borrower who meets the eligibility criteria in section 3.*

**Subd. 6. [QUALIFIED AGRICULTURAL LOAN.]** *“Qualified agricultural loan” means a loan to an eligible borrower made by an eligible agricultural lender which the administration purchases or in which the administration purchases a participation interest.*

**Subd. 7. [BONDS.]** *“Bonds” means bonds, notes, or other obligations issued by the administration. For the purposes of section 19, “bonds” also includes bonds or other obligations issued by the state.*

**Subd. 8. [SECURITY ACCOUNT.]** *“Security account” means the rural finance administration security account established in section 19, subdivision 5.*

**Subd. 9. [PRIMARY PRINCIPAL.]** *“Primary principal” means that portion of the principal outstanding on a loan covered by this article that is equal to the current market value of the property secured by the loan.*

**Subd. 10. [SECONDARY PRINCIPAL.]** *“Secondary principal” means that portion of the principal outstanding on a loan covered by this article that is in excess of the current market value of the property secured by the loan.*

**Subd. 11. [BASIC INTEREST.]** *“Basic interest” means that part of interest on primary principal that is payable annually.*

**Subd. 12. [DEFERRED INTEREST.]** *“Deferred interest” means that portion of the interest on primary principal and secondary principal the payment of which is deferred for the term of the loan. The deferred interest on primary principal may accrue at a different rate from the deferred interest on secondary principal as described in section 5.*

**Subd. 13. [CURRENT MARKET VALUE.]** *“Current market value” means the value determined by an appraisal considering comparable sales in the area where the real estate is located and the reasonable productive value of the property*

based on past production history. The state and the eligible agricultural lender must mutually agree on the current market value.

Subd. 14. [BORROWER.] "Borrower" means the person or persons liable on a restructured note.

Subd. 15. [ORIGINAL LOAN.] "Original loan" means a loan prior to restructuring.

Subd. 16. [RESTRUCTURED LOAN.] "Restructured loan" means a loan after it is modified pursuant to section 5.

Subd. 17. [MARKET RATE.] "Market rate" means an interest rate based on a formula established in rule and certified each month by the commissioner of finance.

Sec. 3. [41B.03] [BORROWER ELIGIBILITY CRITERIA.]

To be eligible for a program in this article:

(a) A borrower must be a resident of Minnesota or a domestic family farm corporation, as defined in section 500.24, subdivision 2.

(b) The borrower or one of the borrowers must be the principal operator of the farm.

(c) The borrower or one of the borrowers must have received at least 50 percent of his or her annual gross income from farming, and farming must be the principal occupation of the borrower.

(d) The borrower must have a debt to asset ratio equal to or greater than 50 percent. In determining this ratio, the assets must be determined by the current market value of the assets.

(e) The borrower's projected annual expenses, including operating expenses, family living, and interest expenses after the restructuring, must not exceed 95 percent of the borrower's projected annual income considering prior production history and projected prices for farm production.

(f) The borrower must be unable to meet projected annual expenses without restructuring the loan.

(g) The borrower must not previously have received restructuring assistance pursuant to this article.

Sec. 4. [41B.035] [RURAL FINANCE ADMINISTRATION.]

*Subdivision 1. [ESTABLISHMENT.] There is created a public body corporate and politic to be known as the "Minnesota rural finance administration," which shall perform the governmental functions and exercise the sovereign powers delegated to it in this article in furtherance of the public policies and purposes declared in section 1. The board of the administration consists of the commissioners of agriculture, commerce, and finance, the state auditor, and three public members appointed by the governor with the advice and consent of the senate. No public member may reside within the metropolitan area, as defined in section 473.02, subdivision 5. Each member shall hold office until a successor has been appointed and has qualified. A certificate of appointment or reappointment of any member is conclusive evidence of the proper appointment of the member.*

*Subd. 2. [TERMS; COMPENSATION; REMOVAL; VACANCIES.] The membership terms, compensation, removal of members, and filling of vacancies for the public members of the administration are as provided in section 15.0575.*

*Subd. 3. [CHAIRPERSON.] The commissioner of finance is the chairperson of the board. The commissioner of agriculture is the vice-chairperson of the board.*

*Subd. 4. [MANAGEMENT AND CONTROL.] The management and control of the administration is vested solely in the board in accordance with this article.*

*Subd. 5. [BOARD ACTIONS.] The powers of the board are vested in the members in office from time to time. A majority of the members of the board, excluding vacancies, constitutes a quorum for the purpose of conducting its business and exercising its powers and for all other purposes. Action may be taken by the board upon a vote of a majority of a quorum present.*

*Subd. 6. [ADMINISTRATIVE CONTROL.] The administration is under the administrative control of the commissioner of finance.*

*Subd. 7. [PERSONAL LIABILITY.] The members and officers of the administration are not liable personally, either jointly or severally, for any debt or obligation created or incurred by the administration.*

## **Sec. 5. [LOAN RESTRUCTURING PROGRAM.]**

*Subdivision 1. [RESTRUCTURING AUTHORITY.] The administration may enter into agreements or programs with eligible agricultural lenders for the restructuring of mortgage loans on real property located in Minnesota which is farmed by Minnesota residents, on such terms and conditions as the*

*administration determines are not inconsistent with this article. This section governs the programs of the administration.*

*Subd. 2. [IMPLEMENTATION OF PROGRAM.] The administration may implement a program to restructure agricultural loans and to purchase loan participation interests in qualified restructuring loans made by eligible agricultural lenders to eligible borrowers. Each such purchase shall be made only upon determination by or on behalf of the administration that the loan is a qualified restructuring loan as provided in this section.*

*Subd. 3. [CRITERIA.] Loans must comply with the following criteria:*

*(a) Each loan must be for the purpose of developing the state's agricultural resources and must be an extension of credit on real estate security. The loan may be secured by eligible security in addition to real estate. The security interests granted by the eligible borrower must be senior and prior to any other security interest in the pledged assets.*

*(b) No loan may be made to finance activities of the borrower which are not an agricultural use as defined in section 40A.02, subdivision 3.*

*(c) A participation interest in a restructuring loan may be purchased by the administration only if the eligible agricultural lender has determined and has certified to the administration that the borrower is an eligible borrower who has the reasonable ability to make timely payment of principal and interest on the loan when due over the term of the loan. The eligible agricultural lender shall further certify to the administration that the loan is a qualified agricultural loan.*

*Subd. 4. [PROGRAM AVAILABILITY.] The administration shall exercise its best efforts to assure that credit made available through the loan restructuring program is made available throughout the agricultural areas of the state, and that the number or amount of loans are not unduly concentrated in any one area of the state.*

*Subd. 5. [BENEFITS.] The administration shall exercise its best efforts to assure that the program provides the maximum feasible benefits to as many eligible borrowers as is reasonably possible.*

*Subd. 6. [TYPES OF LENDERS.] Any bank, credit union, savings and loan association chartered by the state or federal government, unit of the farm credit system, the federal deposit insurance corporation, the federal savings and loan insurance*

*corporation, and any insurance company, fund, or other financial institution doing business as an agricultural lender within the state is eligible for consideration as an eligible agricultural lender if the administration determines that the lender has sufficient personnel and other resources to efficiently and properly originate and service the qualified agricultural loans. Each such eligible agricultural lender shall enter into one or more agreements with the administration providing for the origination and servicing of qualified restructuring loans on the terms and conditions the administration determines to be appropriate.*

*Subd. 7. [RESTRUCTURING PROCEDURE.] The eligible agricultural lender or borrower shall propose restructuring a loan to the administration. Within 30 days of receiving adequate information concerning a proposal, the administration and the eligible lender shall notify the borrower of their determination of eligibility. An eligible agricultural lender shall then expeditiously conduct necessary appraisals and draft the loan restructuring agreement which must be consistent with this section and documents previously approved by the administration and eligible lenders. The loan restructuring agreement must be approved by the eligible lender, the administration, and the borrower.*

*An eligible borrower may participate in the restructured loan or the homestead redemption loan, but not both loans.*

*Subd. 8. [STATE'S PARTICIPATION.] With respect to loans that are eligible for restructuring under this article and upon acceptance by the administration, the administration shall enter into a participation agreement or other financial arrangement whereby it shall participate in a restructured loan to the extent of one quarter of the primary principal or \$50,000, whichever is less, except that the administration may participate in restructured loans made for the redemption of homesteads to the extent of one-half of the primary principal or \$25,000, whichever is less. The administration's portion of the loan must thereafter be protected by the first mortgage held by the eligible lender to the extent of its participation in the loan.*

*Subd. 9. [RESTRUCTURED LOAN AGREEMENT.] (a) All payments on the primary and secondary principal of the restructured loan, all payments of interest on the secondary principal, and an agreed portion of the interest payable to the eligible agricultural lender on the primary principal must be deferred to the end of the term of the loan.*

*(b) A borrower may prepay the restructured loan, with all primary and secondary principal and interest and deferred interest at any time without prepayment penalty.*

*(c) Interest on secondary principal must accrue at a below market interest rate.*

(d) *At the conclusion of the term of the restructured loan, the borrower owes primary principal, secondary principal, and deferred interest on primary and secondary principal. However, part of this balloon payment may be forgiven following an appraisal by the lender and the administration to determine the current market value of the real estate subject to the mortgage. If the current market value of the land after appraisal is less than the amount of debt owed by the borrower to the lender and administration on this obligation, that portion of the obligation that exceeds the current market value of the real property must be forgiven by the lender and the administration in the following order:*

- (1) *deferred interest on secondary principal;*
- (2) *secondary principal;*
- (3) *deferred interest on primary principal;*
- (4) *primary principal as provided in an agreement between the administration and the lender; and*
- (5) *accrued but not deferred interest on primary principal.*

*The debt forgiveness may be combined with a renegotiated loan on the unforgiven balance due if the borrower is able to establish that there are reasonable prospects of repayment on a debt equal to the current market value of real estate at then existing interest rates. If so, the loan must be reamortized on terms and conditions acceptable to the lender, the administration, and the farmer.*

*Subd. 10. [INTEREST RATE.] The interest rate per annum on the portion of the restructuring loan represented by the participation interest purchased by the administration must be that rate of interest determined by the administration to be necessary to provide for the timely payment of principal and interest when due on bonds or other obligations issued by the administration, and to provide for the reasonable and necessary costs of issuing, carrying, administering, and securing the bonds or notes and to pay the costs incurred and to be incurred by the administration in the implementation of the program. The interest rate per annum borne by the primary principal portion of the restructuring loan retained by the eligible agricultural lender must be a rate of interest approved by the administration. The administration may specify the points, fees, and other charges which the eligible agricultural lender may charge to the eligible borrower.*

*Subd. 11. [ADMINISTRATION.] The eligible lender shall administer the loans and shall bear all costs of the loan administration. Ordinary costs of administration include appraisals, litigation, abstracts of title, and similar costs. The administra-*



*tion agrees to share in any other responsibilities common to a loan participation agreement.*

*Subd. 12. [ASSIGNABILITY.] Loans restructured under this section may not be assigned to anyone other than a direct descendant of the original borrower and the assignee must intend to engage in the direct operation and management of the farm which is subject to the mortgage. If such an assignment is contemplated, the borrower must obtain prior written approval of the eligible lender and the administration and the assignee shall thereafter be subject to the same terms and conditions and events of default as the original borrower. If assigned to some other party, the eligible agricultural lender may exercise its foreclosure remedies as provided by its contracts and by law.*

*Subd. 13. [DEFAULT.] In addition to default caused by nonpayment of the basic interest on the primary principal, it is intended that the documents establishing the restructured loans will include the following conditions, which, if violated, constitute default.*

*(a) The borrower must submit an annual operating budget to the eligible agricultural lender at a time specified by the lender.*

*(b) The borrower must submit quarterly, semiannual, and annual financial statements which must include balance sheets and income and expense records maintained pursuant to an acceptable farm record system as specified by the eligible agricultural lender.*

*(c) The borrower must comply with capital expenditure limitations imposed by the eligible agricultural lender.*

*(d) The borrower must obtain an annual commitment for an operating loan or assured sources of operating expenses sufficient to adequately operate the farm.*

*(e) The eligible agricultural lender may impose other reasonable requirements to reduce overall risk such as requiring purchase of crop insurance.*

*The lender may not waive any default specified in this subdivision without the consent of the administration.*

*Subd. 14. [GUARANTEED PAYMENT.] The administration may enter into agreements with qualified agricultural lenders, insurance companies, or others insuring or guaranteeing to the state the payment of all or a portion of qualified agricultural loans.*

*Subd. 15. [ADVANCE RESERVATIONS.] The administration may enter into agreements with eligible agricultural lenders providing for advance reservations of purchases of participation interests in restructuring loans, if the agreements provide that the administration may only purchase participation interests in restructuring loans pursuant to normal procedure. The administration may provide in an agreement for special procedures or requirements designed to meet specific conditions or requirements.*

*Subd. 16. [DATA PRIVACY.] Financial information, including but not limited to credit reports, financial statements, and net worth calculations, received or prepared by the administration regarding any administration loan or grant and the name of each individual who is the recipient of a loan are private data on individuals, pursuant to section 13.02, subdivision 12.*

**Sec. 6. [41B.05] [GENERAL POWERS OF THE ADMINISTRATION.]**

*For the purpose of exercising the specific powers granted in section 5 and effectuating the other purposes of this article the administration has the general powers granted in this section.*

- (a) It may sue and be sued.*
- (b) It may have a seal and alter the seal.*
- (c) It may make, and from time to time, amend and repeal rules consistent with this article.*
- (d) It may acquire, hold, and dispose of personal property for its corporate purposes.*
- (e) It may enter into agreements, contracts, or other transactions with any federal or state agency, any person and any domestic or foreign partnership, corporation, association, or organization, including contracts or agreements for administration and implementation of all or part of this article.*
- (f) It may acquire real property, or an interest therein, in its own name, by purchase or foreclosure, where such acquisition is necessary or appropriate.*
- (g) It may provide general technical services related to rural finance.*
- (h) It may provide general consultative assistance services related to rural finance, and shall make available technical assistance to potential lenders and applicants to encourage applications for loans.*

(i) *It may promote research and development in matters related to rural finance.*

(j) *It may enter into agreements with lenders, borrowers, or the issuers of securities for the purpose of regulating the development and management of farms financed in whole or in part by the proceeds of qualified agricultural loans.*

(k) *It may enter into agreements with other appropriate federal, state, or local governmental units to foster rural finance. It may give advance reservations of loan financing as part of the agreements, with the understanding that the administration will only approve the loans pursuant to normal procedures, and may adopt special procedures designed to meet problems inherent in such programs.*

(l) *It may undertake and carry out studies and analyses of rural financing needs within the state and ways of meeting such needs including: data with respect to geographical distribution; farm size; the distribution of farm credit needs according to debt ratios and similar factors; the amount and quality of available financing and its distribution according to factors affecting rural financing needs and the meeting thereof; and may make the results of such studies and analyses available to the public and may engage in research and disseminate information on rural finance.*

(m) *It may survey and investigate the rural financing needs throughout the state and make recommendations to the governor and the legislature as to legislation and other measures necessary or advisable to alleviate any existing shortage in the state.*

(n) *It may establish cooperative relationships with such county and multicounty authorities as may be established and may develop priorities for the utilization of administration resources and assistance within a region in cooperation with county and multicounty authorities.*

(o) *It may contract with, use, or employ any federal, state, regional, or local public or private agency or organization, legal counsel, financial advisors, investment bankers or others, upon terms it deems necessary or desirable, to assist in the exercise of any of the powers granted in this article and to carry out the objectives of this article and may pay for the services from administration funds.*

(p) *It may establish cooperative relationships with counties to develop priorities for the use of administration resources and assistance within counties and to consider county plans and programs in the process of setting the priorities.*

*The administration may adopt rules for the efficient administration of this article. The rules need not be adopted in compliance with chapter 14.*

**Sec. 8. [41B.08] [REVENUE BONDS; PURPOSES, TERMS, APPROVAL.]**

*Subdivision 1. [BONDS FOR PROGRAM.] The administration from time to time may issue its negotiable bonds in a principal amount which, in the opinion of the administration, is necessary to provide sufficient funds for achieving its purposes including the making of qualified agricultural loans or the purchase of interests in those loans, the payment of interest on bonds of the administration, the establishment of reserves to secure the bonds, and the payment of all other expenditures of the administration incident to and necessary or convenient to carry out its corporate purposes and powers. Bonds of the administration may be issued as bonds or notes or in any other form authorized by law.*

*Subd. 2. [REFUNDING OF BONDS.] The administration from time to time may issue bonds for the purpose of refunding any bonds of the administration then outstanding, including the payment of any redemption premiums thereon and any interest accrued or to accrue to the redemption date next succeeding the date of delivery of those refunding bonds. The proceeds of any refunding bonds may, in the discretion of the administration, be applied to the purchase or payment at maturity of the bonds to be refunded, or to the redemption of such outstanding bonds on the redemption date next succeeding the date of delivery of such refunding bonds and may, pending such application, be placed in escrow to be applied to such purchase, retirement, or redemption. Any such escrowed proceeds, pending such use, may be invested and reinvested in obligations issued or guaranteed by the state or the United States or by any agency or instrumentality thereof, or in certificates of deposit or time deposits secured in a manner determined by the administration, maturing at a time or times appropriate to assure the prompt payment of the principal of and interest and redemption premiums, if any, on the bonds to be refunded. The income earned or realized on any such investment may also be applied to the payment of the bonds to be refunded. After the terms of the escrow have been fully satisfied, any balance of such proceeds and any investment income may be returned to the administration for use by it in any lawful manner. All refunding bonds issued under the provisions of this subdivision must be issued and secured in the manner provided by resolution of the administration.*

*Subd. 3. [KIND OF BONDS.] All bonds issued under this section must be negotiable investment securities within the meaning and for all purposes of the uniform commercial code, subject only to any provisions of the bonds and notes for registration. All bonds so issued may be either general obligations of the adminis-*

*tration, secured by its full faith and credit, and payable out of any money, assets, or revenues of the administration, subject to the provisions of resolutions or indentures pledging and appropriating particular money, assets, or revenues to particular bonds, or limited obligations of the administration not secured by its full faith and credit, and payable solely from specified sources or assets.*

*Subd. 4. [REQUIRED RATING.] No bonds may be issued unless a rating of "A" or better has been awarded to the bonds by a national bond rating agency.*

**Sec. 9. [41B.09] [REVENUE BONDS; RESOLUTIONS AUTHORIZING, ADDITIONAL TERMS, SALE.]**

*The bonds of the administration must be authorized by a resolution or resolutions adopted by the administration, bear such date or dates, mature at such time or times, bear interest at such rate or rates, be in such denominations, be in such form, carry such registration privileges, be executed in such manner, be payable in lawful money of the United States, at such place or places within or without the state, and be subject to such terms of redemption or purchase prior to maturity as the resolutions or certificates may provide. If, for any reason, whether existing at the date of issue of any bonds or at the date of making or purchasing any loan or securities from the proceeds or after that date, the interest on any bonds is or becomes subject to federal income taxation, this shall not impair or affect the validity or the provisions made for the security of the bonds. The administration may make covenants and take or cause to be taken actions which are in its judgment necessary or desirable and possible to comply with conditions established by federal law or regulations for the exemption of interest on its obligations. The administration may refrain from compliance with those conditions if in its judgment this would serve the purposes and policies set forth in this article with respect to any particular issue of bonds, unless this would violate covenants made by the administration. The bonds of the administration may be sold at public or private sale at a price or prices determined by the administration. The underwriting discount, spread, or commission paid or allowed to the underwriters of the bonds, however, must be an amount not in excess of the amount determined by the administration to be reasonable in the light of the risk assumed and the expenses of issuance, if any, required to be paid by the underwriters.*

**Sec. 10. [41B.10] [REVENUE BONDS; OPTIONAL RESOLUTION AND CONTRACT PROVISIONS.]**

*Any resolution authorizing any bonds or any issue of bonds may contain provisions, which must be a part of the contract with the holders of the bonds, as to the matters referred to in this section.*

(a) *It may pledge or create a lien on all or any part of the money or property of the administration and any money held in trust or otherwise by others to secure the payment of the bonds or of any issue of bonds, subject to any agreements with bondholders which exist.*

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

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

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

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

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

(g) *It may vest in a trustee or trustees property, rights, powers, and duties in trust determined by the administration, which may include any or all of the rights, powers, and duties of the bondholders, or may limit the rights, powers, and duties of the trustee.*

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

#### Sec. 11. [41B.11] [PLEDGES.]

*Any pledge made by the administration is valid and binding from the time the pledge is made. The money or property pledged and later received by the administration is immediately subject to the lien of the pledge without any physical delivery of the property or money or further act, and the lien of any pledge is valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the administration,*

*whether or not those parties have notice of the lien or pledge. Neither the resolution nor any other instrument by which a pledge is created need be recorded.*

**Sec. 12. [41B.12] [REVENUE BONDS; NONLIABILITY OF INDIVIDUALS.]**

*Neither the members of the administration nor any person executing the bonds is liable personally on the bonds or subject to any personal liability or accountability by reason of their issuance.*

**Sec. 13. [41B.13] [REVENUE BONDS; PURCHASE AND CANCELLATION BY ADMINISTRATION.]**

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

**Sec. 14. [41B.14] [REVENUE BONDS; NONLIABILITY OF STATE.]**

*The state of Minnesota is not liable on bonds of the administration issued under section 8 and those bonds are not a debt of the state. The bonds must contain on their face a statement to that effect.*

**Sec. 15. [41B.15] [STATE PLEDGE AGAINST IMPAIRMENT OF CONTRACTS.]**

*The state pledges and agrees with the holders of any bonds issued under section 8, that the state will not limit or alter the rights vested in the administration to fulfill the terms of any agreements made with the bondholders, or in any way impair the rights and remedies of the holders until the bonds, together with interest on them, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the bondholders, are fully met and discharged. The administration may include this pledge and agreement of the state in any agreement with the holders of bonds issued under section 8.*

**Sec. 16. [41B.16] [SECURITY ACCOUNT.]**

*Upon determining that a default may occur in the payment of principal or interest on any issue of bonds issued under section*

8, or if any debt service reserve fund established in connection with those bonds is drawn upon because the revenues of the program are not then sufficient to make any payment of the principal or interest on them, the administration shall certify those facts to the commissioner of finance and shall request that the commissioner of finance transfer from the security account established under section 19, subdivision 5, to accounts or funds designated by the administration an amount required to cure the deficiency.

**Sec. 17. [41B.17] [POWERS AND DUTIES OF TRUSTEE.]**

*Subdivision 1. [GENERAL.] The trustee designated in any indenture or resolution securing an issue of bonds may, and upon written request of the holders of 25 percent in principal amount of the notes or bonds then outstanding shall, in the trustee's own name, subject to the provisions of the indenture or resolution:*

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

*(2) bring suit upon the bonds;*

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

*(4) enjoin any acts or things which may be unlawful or in violation of the rights of holders of the bonds; or*

*(5) declare all the bonds due and payable, and if all defaults are made good, then, with the consent of the holders of 25 percent of the principal amount of the bonds then outstanding, the trustee may annul the declaration and consequences.*

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

*Subd. 3. [VENUE; NOTICE.] The venue of any action or proceedings brought by a trustee under this article, is in Ramsey county. Before declaring the principal of bonds due and payable,*



*the trustee shall first give 30 days notice in writing to the governor, the administration, and the state treasurer.*

**Sec. 18. [41B.18] [REVENUE BOND FUND; REPORTS.]**

*Subdivision 1. [AUTHORITY.] The administration may create and establish a special fund or funds for the security of one or more or all series of its bonds, which funds are known as debt service reserve funds. The administration may pay into each debt service reserve fund:*

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

*(2) any money transferred from the security fund for the purposes of that fund;*

*(3) any proceeds of sale of bonds to the extent provided in the resolution or indenture authorizing their issuance;*

*(4) any funds directed to be transferred by the administration to that debt service reserve fund; and*

*(5) any other money made available to the administration only for the purpose of that fund from any other source.*

*Subd. 2. [USE OF MONEY.] The money held in or credited to each debt service reserve fund, except as provided in this section, must be used solely for the payment of the principal of bonds of the administration as the bonds mature, the purchase of the bonds, the payment of interest on the bonds, or the payment of any premium required when the bonds or notes are redeemed before maturity; provided, that money in a debt service reserve fund may not be withdrawn at any time in an amount which would reduce the amount of the fund to less than the amount which the administration determines to be reasonably necessary for the purposes of the fund, except for the purpose of paying principal or interest due on bonds secured by the fund, for the payment of which other money of the administration is not available.*

*Subd. 3. [LIMITATION.] If the administration creates a debt service reserve fund for the security of any series of bonds, it shall not issue any additional bonds which are similarly secured if the amount of any of the debt service reserve funds at the time of issuance does not equal or exceed the minimum amount, if any, required by the resolution creating that fund, unless the administration deposits in each fund at the time of issuance, from the proceeds of the bonds or otherwise, an amount which, together with the amount then in the fund, will not be less than the minimum amount required.*

*Subd. 4. [EXCESS FUNDS.] To the extent consistent with the resolutions and indentures securing outstanding bonds, the administration may, at the close of any fiscal year, transfer to any other fund or account from any debt service reserve fund, any excess in that fund over the amount deemed by the administration to be reasonably necessary for the purpose of the fund. Any excess must be transferred first to the security fund to the extent of any prior withdrawals from the security fund which have not previously been restored to the security fund.*

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

*Subd. 6. [REPORT.] The administration shall submit a biennial report of its activities, projected activities, receipts, and expenditures for the next biennium, to the governor and the legislature on or before January 15 in each odd-numbered year. The report must include the distribution of money under each administration program by county. In addition, the report must include the cost to the administration of the issuance of its bonds for each issue in the biennium.*

*Subd. 7. [AUDIT.] The books and records of the administration are subject to audit by the legislative auditor in the manner prescribed for other state agencies. The administration may also employ and contract in its resolutions and indentures for the employment of public accountants for the audit of books and records pertaining to any fund.*

#### **Sec. 19. [41B.19] [GENERAL OBLIGATION BONDS.]**

*Subdivision 1. [PROCEDURE.] For the purpose of developing the state's agricultural resources by providing for the extension of credit on real estate security and to assure the timely payment of the principal of and interest on the bonds or other obligations issued by the rural finance administration, and upon request of the rural finance administration under section 8, the commissioner of finance may at the direction of the administration, issue general obligation bonds of the state in a principal amount not exceeding \$50,000,000. The bonds must be secured as provided in the Minnesota Constitution, article XI, section 7, and, except as provided in this section, must be issued and secured as provided in Minnesota Statutes, section 16A.641. The proceeds of the bonds, except any premium and accrued interest, must be deposited in the security account established by this section and used solely for the purposes specified in this section. The premium and accrued interest, if any, must be deposited in the rural renewal bond account in the state bond fund.*

*Subd. 2. [TERMS OF BONDS.] Notwithstanding any provision of section 16A.641 to the contrary, the commissioner of*

*finance may fix the terms of the bonds as provided in sections 475.54, subdivision 5a, and 475.56, paragraph (b), and may enter into, on behalf of the state all agreements deemed necessary for this purpose, including those authorized to be entered into by municipalities by that section. The proceeds of the general obligation bonds may be used to reimburse the commissioner of finance for the costs of issuance of the bonds and the costs of development of programs authorized in this article.*

*Subd. 3. [SALE OF BONDS.] If determined by the commissioner of finance to be necessary in order to reduce costs of issuance, to secure a favorable prevailing interest rate, or to receive the bond proceeds by a specified date, or if the terms of the bonds are fixed as provided in sections 475.54, subdivision 5a, and 475.56, paragraph (b), the bonds may be sold by negotiation and without solicitation of sealed bids.*

*Subd. 4. [BOND FUND ACCOUNT.] The commissioner of finance shall maintain in the state bond fund a separate bookkeeping account designated as the rural renewal bond account, to record receipts and disbursements of money transferred to the account to pay bonds issued under this section and to record income from the investment of the money in the account. The income must be credited to the account in each fiscal year in an amount equal to the approximate average return that year on all funds invested by the commissioner of finance, as determined by the commissioner of finance, times the average balance in the account that year.*

*Subd. 5. [RURAL FINANCE ADMINISTRATION SECURITY ACCOUNT.] The commissioner of finance shall maintain a separate state building fund account designated as the rural finance administration security account, into which must be deposited the proceeds of the rural renewal general obligation bonds issued as provided in this section. The commissioner of finance shall maintain a separate bookkeeping account to record receipts and disbursements of money transferred to or from the security account and to record income from the investment of money in the account. Upon the written request of the administration, the commissioner of finance shall transfer from the security account to an account or accounts the administration shall designate, a sum of money sufficient in amount, if available, when added to the balances then on hand in the designated accounts, to pay bonds issued by the administration under this article and the interest on them due and to become due on the next succeeding date for the payment of the principal of and interest on the bonds of the administration or to restore to any debt service reserve fund established in connection with the bonds any amount withdrawn from the debt service reserve account to pay the bonds. The commissioner of finance shall further transfer from the security account on or before the date on which any installment of the principal of and interest on bonds authorized by this section is due, a sum sufficient in*

*amount, when added to the balance then on hand in the rural renewal bond account, to pay all bonds issued under this section and the interest on them due and to become due on the next succeeding date for payment of the bonds.*

*Subd. 6. [INVESTMENT OF SECURITY ACCOUNT.] Money from time to time on deposit in the security account must be invested by the state board of investment at the request of the administration in any investment authorized by this subdivision. Money on deposit in the security account may be invested in (1) certificates of deposit insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation; (2) certificates of deposit issued by eligible agricultural lenders, whether or not fully insured or secured; (3) deposits secured by obligations of the United States or of the state of a market value equal at all times to the amount of the deposit and all banks and trust companies are authorized to give security for those deposits; (4) in qualified agricultural loans or in participation interests in qualified agricultural loans; or (5) qualified restructured loans. If and to the extent money has been transferred from the security account to provide for the timely payment of the principal of and interest on bonds issued by the administration, or to transfer money to a debt service reserve fund established in connection with the bonds, the administration shall transfer to the security account on or before December 1 of each succeeding year an amount equal to that previously transferred from the security account, provided that the administration's obligation to transfer money to the security account is limited to money then on hand in funds or accounts of the administration in excess of those appropriated to other purposes or required to provide for the payment of the principal of and interest on bonds issued by the administration and to pay the costs of issuing, carrying, administering, and securing the bonds of the administration and of administering and implementing the programs of the administration financed by the bonds.*

*Subd. 7. [TRANSFERS, APPROPRIATION.] In addition to the money required to be transferred to the rural renewal bond account under subdivision 5, and in order to reduce the amount of taxes otherwise required by the Minnesota Constitution to be levied for the state bond fund, the commissioner of finance shall transfer from the general fund to the rural renewal bond account, on December 1 in each year, a sum of money sufficient in amount, when added to the balance then on hand in that account, to pay all bonds issued under this section and the interest on them due and to become due to and including July 1 in the second ensuing year. All money to be so credited and all income from its investment is annually appropriated for the payment of the bonds and interest on them, and shall be available in the rural renewal bond account before the levy of the tax in any year required by the Minnesota Constitution, article XI, section 7. The legislature may also appropriate to the rural renewal bond account any other money in*

*the state treasury not otherwise appropriated, for the security of bonds issued under this section in the event that sufficient money is not available in the account from the appropriation in this section, before the levy of the tax in any year. The commissioner of finance shall make the appropriate entries in the accounts of the respective funds.*

*Subd. 8. [CONSTITUTIONAL LEVY.] On or before December 1 in each year the state auditor shall levy on all taxable property within the state whatever tax may be necessary to produce an amount sufficient, with all money then in the rural renewal bond account, to pay the entire amount of principal and interest due on or before July 1 in the second year thereafter on bonds issued under this section. This tax must be levied upon all real property used for a homestead, as well as other taxable property, notwithstanding section 273.13, subdivision 22. The tax must not be limited in rate or amount until all the bonds and interest on them are fully paid. The proceeds of this tax are appropriated and must be credited to the state bond fund, and the principal and interest on the bonds are payable from all the proceeds. As much of the proceeds as is necessary is appropriated for the payments. If at any time there is insufficient money from the proceeds of the taxes to pay the principal and interest when due on the bonds, the principal and interest must be paid out of the general fund in the state treasury, and the amount necessary for the payment is hereby appropriated.*

*Subd. 9. [COMPLIANCE WITH FEDERAL LAW.] The commissioner of finance may covenant and agree with the holders of the bonds issued under this section that the state will comply, insofar as possible, with the provisions of the United States Internal Revenue Code now or hereafter enacted that are applicable to the bonds and that establish conditions under which the interest to be paid on the bonds will not be includable in gross income for federal tax purposes.*

*Subd. 10. [TAXABILITY OF INTEREST.] Interest on the bonds authorized by this section may be issued without regard to whether the interest to be paid on them is includable in gross income for federal tax purposes.*

**Sec. 20. [41B.20] [EXEMPTION FROM TAXES.]**

*The property of the administration and its income and operation shall be exempt from all taxation by the state or any of its political subdivisions.*

**Sec. 21. [41B.21] [CERTAIN ACTIONS.]**

*Any action brought by any person with respect to the rights or powers of the administration or calling into question the validity or enforceability of bonds or obligations authorized by this article is a remedial case of which the supreme court has*

*original jurisdiction pursuant to article VI, section 2 of the constitution. The action may be commenced solely by service upon the state auditor, the commissioner of agriculture, or the executive director of the administration and by filing of the summons and complaint with the supreme court. Upon filing of an answer to the complaint, the court shall order a hearing which must be held not later than 30 days from the date of filing of the answer. At the hearing, the court shall establish an expedited schedule for the action.*

Sec. 22. [41B.22] [CONSTRUCTION.]

*This article is necessary for the welfare of the state of Minnesota and its inhabitants; therefore, it shall be liberally construed to effect its purpose.*

Sec. 23. [SEVERABILITY; ACTIONS.]

*Each of the provisions of this article, and each application thereof to particular circumstances, is severable. If any provision or application is found to be unconstitutional and void, it is the intention that the remaining provisions and applications shall be valid and enforceable to the full extent possible under section 645.20. The supreme court shall have original jurisdiction, pursuant to article VI, section 2 of the constitution, in all cases seeking a remedy based upon an issue raised as to the validity of any such provision or application.*

Sec. 24. [EFFECTIVE DATE.]

*This article is effective the day after final enactment.*

## ARTICLE 7

### PROTECTION OF CONSERVATION PRACTICES

Section 1. Minnesota Statutes 1985 Supplement, section 40.26, is amended to read:

40.26 [(APPLICATION FOR) COST-SHARING FUNDS.]

*Subdivision 1. [COST-SHARE REQUIRED.] ((A)) Except for a development activity, a land occupier may not be required to establish soil conservation practices unless state cost-sharing funds have been specifically approved for that land and have been made available to the land occupier under sections 40.23 and 40.242, equal to at least 75 percent of the cost of the permanent conservation practices on a voluntary basis, or a 50 percent cost share if an application for cost share is not made within 90 days after the board approves a mediated written agreement or within 90 days after the court orders implementation of a plan and time schedule prepared by the landowner or*

the court. For mediated settlements, a court order that implements the landowner's alternatives or the court's alternatives must state the time schedule for application for 50 percent cost share. If the court orders implementation of the district's plan and time schedule, a landowner is only eligible for 50 percent cost share.

*Subd. 2. [REVIEW OF REQUIREMENTS.] ((B))* The state soil and water conservation board shall review these requirements at least once each year, and may authorize a district to provide a higher percentage of cost sharing than is required by this section. To aid in this determination, the state board may consider the location of the affected area in relation to the priority areas as established in the soil and water conservation district annual and long-range plans.

*Subd. 3. [RECORDING.]* *The permanent conservation practices must be recorded with the county recorder on the tracts where they occur if the cost-sharing funds are issued to the landowner.*

Sec. 2. Minnesota Statutes 1984, section 500.24, is amended by adding a subdivision to read:

*Subd. 3a. [LEASE AGREEMENT; CONSERVATION PRACTICE PROTECTION CLAUSE.]* *A corporation, other than a family farm corporation or an authorized farm corporation, when leasing farm land to a family farm unit, a family farm corporation, or an authorized farm corporation under provisions of section 500.24, subdivision 3, clause (i), must include within the lease agreement a provision prohibiting intentional damage or destruction to a conservation practice on the agricultural land.*

Sec. 3. Minnesota Statutes 1984, section 500.24, is amended by adding a subdivision to read:

*Subd. 3b. [PROTECTION OF CONSERVATION PRACTICES.]* *If a corporation, other than a family farm corporation or an authorized farm corporation, during the period of time it holds agricultural land under section 500.24, subdivision 3, clause (i), intentionally destroys a conservation practice as defined in section 40.19, subdivision 5, to which the state has made a financial contribution, the corporation must pay the commissioner of agriculture, for deposit in the general fund, an amount equal to the state's total contributions to that conservation practice plus interest from the time of investment in the conservation practice. Interest must be calculated at an annual percentage rate of 12 percent.*

Sec. 4. [EFFECTIVE DATE.]

*This article is effective April 1, 1986.*

## ARTICLE 8

## FAMILY FARM SECURITY INTEREST EXCLUSION

## Section 1. [FAMILY FARM SECURITY INTEREST EXCLUSIONS.]

(a) *The commissioner shall annually pay to qualified sellers of property, financed by a family farm security loan, an amount approximately equal to the additional state income tax paid as a result of the inclusion in gross income of the interest and payment adjustment earned on a seller-sponsored family farm security loan.*

(b) *The payment amount must be determined as follows:*

(1) *In order to qualify for a payment, the seller must apply to the commissioner. The application must include a copy of the seller's 1985 state income tax return and any other information that the commissioner requests to verify that the applicant is a qualified seller. The commissioner shall recompute the seller's total state income tax liability that would be due if the interest and payment adjustment amounts were not includable in gross income for state income tax purposes. The commissioner may require the seller to compute these amounts as part of the application. For calendar year 1986 the amount of the payment equals the reduction in state income tax liability that would occur if the interest and payment adjustment were not included in gross income for state tax purposes.*

(2) *For calendar years beginning with 1987, the additional payment amount must be determined as follows:*

(i) *The calendar year 1986 payment must be divided by the amount of interest and payment adjustment received during calendar year 1986.*

(ii) *The resulting quotient must be multiplied by the interest and payment adjustment received for the calendar year.*

(iii) *The product determined under clause (ii) is the payment for the calendar year.*

(c) *If for a tax year after 1986 the qualified seller's taxable income has changed substantially, the commissioner may provide by rule that upon reapplication a later tax year will be used to compute the quotient under clause (b)(2)(i).*

(d) *The commissioner may make the payments under this subdivision in the same manner provided for the payment adjustment under subdivision 2.*



(e) For purposes of this subdivision, the following terms have the meanings given:

(1) "Gross income" means gross income as defined for purposes of chapter 290.

(2) "Qualified seller" means an individual who sold farm land under a seller-sponsored loan prior to July 1, 1985, and who is a resident of Minnesota during the calendar year and subject to the payment of Minnesota income taxes.

## Sec. 2. [EFFECTIVE DATE.]

*This article is effective the day following final enactment.*

## ARTICLE 9

### VETERINARIAN LIEN

Section 1. Minnesota Statutes 1984, section 514.92, is amended to read:

514.92 [VETERINARIAN'S LIEN (; STATEMENT OF CLAIM; FORECLOSURE).]

Subdivision 1. [ATTACHMENT.] (EVERY DULY) A licensed (AND REGISTERED) veterinarian (SHALL HAVE A LIEN FOR ALL) who performs emergency veterinary services (OVER) that cost more than \$25 (RENDERED UPON ANY ANIMAL OR) for animals at the request of the owner or (LAWFUL POSSESSOR OF SAME, INCLUDING BUT NOT LIMITED TO) a person in possession of the animals has a lien on the animals for the value of the services. Veterinary services include emergency surgical procedures, administering vaccines, antisera, (VIRUS,) and antibiotics, (OR) and other veterinary (TREATMENT, FROM THE DATE OF FILING THE LIEN. WITHIN 180 DAYS FROM THE DAY ON WHICH THE TREATMENT WAS COMPLETED, THE CLAIMANT OF THE LIEN SHALL FILE IN THE APPROPRIATE FILING OFFICE UNDER THE UNIFORM COMMERCIAL CODE, MINNESOTA STATUTES, SECTION 336.9-401, A VERIFIED LIEN STATEMENT SETTING FORTH THE KIND AND NUMBER OF ANIMALS TREATED, THE REASONABLE VALUE FOR THE TREATMENT OR SERVICES RENDERED, OR THE PRICE CONTRACTED BETWEEN THE PARTIES, THE NAME OF THE PERSON FOR WHOM THE TREATMENT WAS DONE, THE REASONABLE IDENTIFICATION OF THE ANIMAL OR GROUP OF ANIMALS TREATED, DATES WHEN THE TREATMENT WAS COMMENCED AND WAS COMPLETED, THE NAME OF THE OWNER, OR REPUTED OWNER, OF THE ANIMALS, THE NAME AND ADDRESS OF THE VETERINARIAN CLAIMING THE LIEN. WITHIN ONE YEAR

AFTER THE DATE THE LAST SERVICE WAS RENDERED, BUT NOT THEREAFTER, THE LIEN CLAIMANT MAY FORECLOSE HIS LIEN IN THE MANNER PRESCRIBED FOR SECURITY INTERESTS UNDER ARTICLE 9 OF THE UNIFORM COMMERCIAL CODE) *medicines and treatments. Veterinary services also include services performed primarily to protect human health, prevent the spread of animal diseases, or to preserve the immediate health of an animal.*

*Subd. 1a. [FILING AND PERFECTING LIEN.] The veterinarian must file a lien statement in the appropriate filing office for a financing statement covering the animals to be filed under section 336.9-401 by 180 days after the veterinary services are performed. The lien is perfected by properly filing the lien statement.*

*Subd. 2. [LIEN STATEMENT.] (MINNESOTA STATUTES, SECTION 514.74 SHALL APPLY TO ALL LIENS CREATED UNDER SUBDIVISION 1.) (a) A lien statement must be verified and state:*

- (1) the name of the owner, or reputed owner, of the animals;*
  - (2) the name of the person for whom the veterinary services were performed;*
  - (3) the kind, number, and reasonable identification of animals treated;*
  - (4) the dates when the veterinary services were begun and finished;*
  - (5) the fraction of veterinary services performed which were primarily for the purpose of protecting human health, preventing the spread of animal diseases, or preserving the health of the animal or animals treated;*
  - (6) the reasonable value of the veterinary services rendered, or the price contracted between the parties; and*
  - (7) the name and address of the veterinarian claiming the lien.*
- (b) The provisions of section 514.74 relating to inaccuracies in lien statements apply to lien statements under this subdivision.*

*Subd. 3. [ENFORCEMENT OF LIEN.] An action to enforce a perfected lien under this section must be started by one year after the date the last veterinary service was performed. A perfected lien may be enforced in the manner prescribed for security interests under section 336.9-501 to 336.9-508.*

*Subd. 4. [PRIORITY OF LIEN.] (a) A perfected veterinarian's lien under this section has priority over other liens and security interests on the same animals to the extent the veterinary services were performed primarily for the purpose of protecting human health, preventing the spread of animal diseases, or preserving the health of the animal or animals treated.*

*(b) A veterinarian's lien has priority over a security interest perfected before the veterinarian's lien only if the security interest is perfected after the effective date of this article.*

*(c) The priority among veterinarian's liens filed under this section is according to the first lien filed.*

*Subd. 5. [TERMINATION.] (a) A veterinarian's lien under this section terminates:*

*(1) 180 days after the last veterinarian's services was performed if a proper lien statement is not filed; or*

*(2) one year after the lien is filed if an action to enforce the lien has not been started.*

*(b) A filing officer may remove and destroy terminated lien statements in the same manner as provided for a financing statement under section 336.9-410.*

## Sec. 2. [EFFECTIVE DATE.]

*This article is effective the day following final enactment.*

## ARTICLE 10

### NATIVE AMERICAN MEMORIAL

#### Section 1. [NATIVE AMERICAN MEMORIAL PLAN.]

*The Minnesota historical society shall develop a plan for selecting a design for a capitol mall memorial to Native Americans. The selection may involve a design competition with a prize for the winning design. Funding may involve state funds or gifts from private or public sources.*

**Sec. 2.** Minnesota Statutes 1984, section 138.585, is amended by adding a subdivision to read:

*Subd. 31. Native American monument, in Ramsey county, to memorialize Native Americans, located in a place of honor in the capitol complex in St. Paul.*

## ARTICLE 11

### AGRICULTURAL DATA TASK FORCE

#### Section 1. [REACTIVATION OF THE AGRICULTURAL DATA TASK FORCE.]

*The agricultural data collection task force created by Laws 1985, chapter 19, is reactivated.*

Sec. 2. Laws 1985, chapter 19, section 2, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] The duties of the data collection task force are to:

(1) (DEVELOP A) *continue the uniform procedure for collecting data on the financial status of agriculture in Minnesota;*

(2) (OVERSEE THE IMPLEMENTATION OF THE FARM CRISIS INTERVENTION ACT; AND)

((3)) report the results of the program to the legislature no later than December 31, (1985) 1986.

Sec. 3. Laws 1985, chapter 19, section 2, is amended by adding a subdivision to read:

*Subd. 3a. [INFORMATION HELD BY TASK FORCE "NOT PUBLIC DATA" UNTIL RELEASED.] All information gathered by or for the task force or processed by staff and provided to the task force is "not public data" as defined in Minnesota Statutes, section 13.02, subdivision 8a, until it is released by a majority vote of the members of the task force.*

Sec. 4. Laws 1985, chapter 19, section 6, subdivision 6, is amended to read:

Subd. 6. [EXPIRATION.] The data collection task force (SHALL CEASE TO EXIST WITHIN TEN DAYS OF SUBMITTING ITS REPORT) *expires January 15, 1987, or 15 days after reporting to the legislature whichever date comes later, but in no circumstance later than March 1, 1987.*

Sec. 5. [EFFECTIVE DATE.]

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

## ARTICLE 12

### CROP RIGHTS ON FORECLOSED LAND

Section 1. Minnesota Statutes 1984, section 542.06, is amended to read:

542.06 [REPLEVIN.]

Actions to recover the possession of personal property wrongfully taken shall be tried in the county in which the taking oc-

curred (,) or (, AT CLAIMANT'S ELECTION, IN THE COUNTY IN WHICH HE RESIDES; IN OTHER CASES) in the county in which the property is situated.

Sec. 2. [557.10] [OWNERSHIP OF CROPS.]

*Planted and growing crops are personal property of the person or entity that has the property right to plant the crops.*

Sec. 3. [557.11] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to this section and section 4.*

*Subd. 2. [PLANTING CROP OWNER.] "Planting crop owner" means the person or entity that has a property right to plant crops, including a leasehold interest, the interest of a contract for deed vendee, and the redemption interest of a foreclosed mortgagor.*

*Subd. 3. [CROP VALUE.] "Crop value" means the value of the crop and crop inputs, including the real property fair market rental value, up to the time the planting crop owner's property right to harvest the crop is terminated.*

Sec. 4. [557.12] [HARVESTING CROPS AFTER TERMINATION OF PROPERTY INTERESTS.]

*Subdivision 1. [TERMINATION OF PROPERTY INTEREST AFTER CROPS ARE PLANTED.] If the planting crop owner's property right to harvest crops is involuntarily terminated before the crops are harvested, the person or entity with the property right to harvest the crops is liable to the planting crop owner for the crop value.*

*Subd. 2. [PLANTING CROP OWNER'S LIEN.] A planting crop owner has a lien for the crop value that attaches to the crop and crop products, and if the lien is not satisfied under subdivision 3, a planting crop owner has a lien for the crop value that attaches to the real property where the crop was planted.*

*Subd. 3. [SATISFACTION OF CROP OWNER'S LIEN.] (a) A person with the right to harvest a crop that is subject to a planting crop owner's lien may satisfy the lien by:*

*(1) compensating the planting crop owner for the crop value;*  
*or*

*(2) allowing the planting crop owner to enter the property to grow and harvest the crops, and charging the planting crop own-*

*er the fair market rental value of the property where the crop was grown for the period when the planting crop owner's right to harvest the crops was terminated until the crops are harvested.*

*(b) If the person with the right to harvest the crop does not notify the planting crop owner within 30 days after termination of the planting crop owner's right to harvest the crops that the lien will be satisfied under paragraph (a), clause (2), the person with the right to harvest the crop must satisfy the lien under clause (1) unless otherwise agreed by the planting crop owner.*

**Subd. 4. [LIEN ON CROPS HARVESTED BY PLANTING CROP OWNER; PRIORITY.]** *If the person with the right to harvest the crop satisfies the planting crop owner's lien by allowing the planting crop owner to harvest the crops, the person with the right to harvest the crops has a lien for the fair market rental value of the property where the crop was grown that attaches to the crops and crop products. The perfected lien has priority over all other liens and security interests in the crop and crop products.*

**Subd. 5. [FILING AND ENFORCEMENT OF LIENS.] (a)** *A planting crop owner's lien under subdivision 2 and a lien for the fair market rental value where the crop was grown under subdivision 4 are perfected against the crop and crop products by attaching and filing a financing statement covering the crop and crop products as provided under sections 336.9-401 to 336.9-410 by 90 days after the planting crop owner's right to harvest the crop is terminated. The financing statement must include a statement indicating whether it is a planting crop owner's lien or a lien for a crop harvested by a planting crop owner. A perfected lien may be enforced in the same manner as a security interest under sections 336.9-501 to 336.9-508.*

*(b) A lien against the real property under subdivision 2 must be recorded and foreclosed in the same manner as a mechanics' lien under sections 514.08 to 514.15 as if the planting crop owner was a contractor. For purposes of this paragraph, the lien statement must be filed and served under section 514.08, subdivision 1, by 120 days after the crop was harvested, or if the crop was not harvested, by 12 months after the crop was planted.*

**Sec. 5. [REPEALER.]**

*Minnesota Statutes 1984, sections 561.11; 561.12; 561.13; 561.14; 561.15; and 561.16, are repealed.*

**Sec. 6. [EFFECTIVE DATE.]**

*This article is effective the day after final enactment.*

## ARTICLE 13

## TRANSPORTATION

Section 1. Minnesota Statutes 1985 Supplement, 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, on truck-tractor and semitrailer combinations except those defined as farm 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	475
M	39,001 - 45,000	595
N	45,001 - 51,000	715

O	51,001 - 57,000	865
P	57,001 - 63,000	1015
Q	63,001 - 69,000	1185
R	69,001 - 73,280	1325
S	73,281 - 78,000	(1525) 1595
T	78,001 - 81,000	(1625) 1760

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 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.

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 221.60, 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 re-register 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 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 commercial zone vehicles specifically provided for in this subdivision, during each of the first eight years of vehicle life the tax shall be 100 percent of the tax imposed in the Minnesota base rate schedule.

Sec. 2. Minnesota Statutes 1984, section 169.01, subdivision 7, is amended to read:

Subd. 7. [TRUCK-TRACTOR.] "Truck-tractor" means:

(a) a motor vehicle designed and used primarily for drawing other vehicles and not constructed to carry a load other than a part of the weight of the vehicle and load drawn; and

(b) a motor vehicle designed and used primarily for drawing other vehicles used exclusively for transporting motor vehicles *or boats* and capable of carrying motor vehicles *or boats* on its own structure.

Sec. 3. Minnesota Statutes 1984, section 169.80, subdivision 1, is amended to read:

Subdivision 1. [LIMITATIONS.] It is a misdemeanor for a person to drive or move, or for the owner to cause or knowingly permit to be driven or moved, on a highway a vehicle or vehicles of a size or weight exceeding the limitations stated in sections 169.80 to 169.88, or otherwise in violation of sections 169.80 to 169.88, and the maximum size and weight of vehicles as prescribed in sections 169.80 to 169.88 shall be lawful throughout this state, and local authorities shall have no power or authority to alter these limitations except as express authority may be granted in sections 169.80 to 169.88.

When all the axles of a vehicle or combination of vehicles are weighed separately the sum of the weights of the axles so weighed shall be evidence of the total gross weight of the vehicle or combination of vehicles so weighed.

When each of the axles of any group that contains two or more consecutive axles of a vehicle or combination of vehicles have been weighed separately the sum of the weights of the axles so weighed shall be evidence of the total gross weight on the group of axles so weighed.

When, in any group of three or more consecutive axles of a vehicle or combination of vehicles any axles have been weighed separately and two or more axles consecutive to each other in the group have been weighed together, the sum of the weights of the axles weighed separately and the axles weighed together shall be evidence of the total gross weight of the group of axles so weighed.

The provisions of sections 169.80 to 169.88 governing size, weight, and load shall not apply to fire apparatus, or to implements of husbandry temporarily moved upon a highway, or to loads of loose hay or corn stalks if transported by a horse-drawn vehicle or drawn by a farm tractor, or to a vehicle operated under the terms of a special permit issued as provided by law. For purposes of sections 169.80 to 169.88, a specialized vehicle resembling a low-slung two wheel trailer having a short bed or platform shall be deemed to be an implement of husbandry when the vehicle is used exclusively to transport implements of husbandry; and the term "temporarily moved upon a highway" shall mean a movement not to exceed 50 miles.

In addition to any other special permits authorized, an annual permit may be issued authorizing movements on interstate highways and movements exceeding 50 miles on non-interstate highways of oversize vehicles and loads when the vehicles or combination of vehicles are used exclusively to transport implements of husbandry. Annual permits are issued in accordance with the applicable provisions of section 169.86, except that the transporting vehicle or combination of vehicles may be moved at the discretion of the permittee without prior route approval from the permit issuing office of the department of transportation if:

(a) The overall width of the transporting vehicle, including load, does not exceed (12) 14 feet;

(b) The transporting vehicle otherwise complies with equipment requirements and length, height and weight limitations prescribed by this chapter;

(c) The movement is made after the hour of sunrise and not later than 30 minutes after sunset;

(d) The movement is not made when visibility is impaired by weather, fog or other conditions rendering persons and vehicles not clearly visible at a distance of 500 feet, or on Sundays after twelve o'clock noon, and holidays ;

(e) The transporting vehicle shall display at the front and rear end of the load or vehicle a pair of flashing amber lights, as provided in section 169.59, subdivision 4, whenever the overall width of the vehicle exceeds ten feet, six inches ; and

(f) The movement, if made on a trunk highway, is made on a trunk highway with a surfaced roadway width of not less than 24 feet.

The fee for an annual permit is \$24 .

Sec. 4. 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 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)) *that a single semitrailer may have an overall length in excess of 48 feet if (1) the distance from the kingpin to the centerline of the rear axle group of the semitrailer does not exceed 41 feet, and (2) if the semitrailer is operated only in a combination of vehicles which does not exceed an overall length of 65 feet.* No single trailer 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 may have an overall length, exclusive of non-cargo-carrying accessory equipment, including refrigeration units or air com-

pressors, 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, 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. THE ANNUAL FEE FOR A PERMIT ISSUED UNDER THIS PARAGRAPH IS \$36.)

Sec. 5. Minnesota Statutes 1984, section 169.81, subdivision 3, is amended to read:

Subd. 3. [LENGTH OF VEHICLE COMBINATIONS.] (a) Statewide, except as provided in paragraph (b), no combination of vehicles coupled together, including truck-tractor and semitrailer, may consist of more than two units and no combination of vehicles, unladen or with load, may exceed a total length of 65 feet. The length limitation does not apply to the transportation of telegraph poles, telephone poles, electric light and power poles, piling, or pole lenth pulpwood, and is subject to the following further exceptions: the length limitations do not apply to vehicles transporting pipe or other objects by a public utility when required for emergency or repair of public service facilities or when operated under special permits as provided in this subdivision, but with respect to night transportation, a vehicle and the load must be equipped with a sufficient number of clearance lamps and marker lamps on both sides and upon the extreme ends of a projecting load to clearly mark the dimensions of the load. Mount combinations may be drawn but the combinations may not exceed 65 feet in length. The limitation on the number of units does not apply to vehicles used for transporting milk from point of production to point of first processing, in which case no combination of vehicles coupled together unladen or with load, including truck-tractor and semitrailers, may consist of more than three units and no combination of those vehicles may exceed a total length of 65 feet. Notwithstanding other provisions of this section, and except as provided in paragraph (b), no combination of vehicles consisting of a truck-tractor and semitrailer designed and used exclusively for the transportation of motor vehicles or boats

may exceed 65 feet in length. The load may extend a total of seven feet, but may not extend more than three feet beyond the front or four feet beyond the rear, and in no case may the overall length of the combination of vehicles, unladen or with load, exceed 65 feet. For the purpose of registration, trailers coupled with a truck-tractor, semitrailer combination are semitrailers. The state as to state trunk highways, and a city or town as to roads or streets located within the city or town, may issue permits authorizing the transportation of combinations of vehicles exceeding the limitations in this subdivision over highways, roads, or streets within their boundaries. Combinations of vehicles authorized by this subdivision may be restricted as to the use of highways by the commissioner as to state trunk highways, and a road authority as to highways or streets subject to its jurisdiction. Nothing in this subdivision alters or changes the authority vested in local authorities under the provisions of section 169.04.

(b) The following combination of vehicles regularly engaged in the transportation of commodities may operate only on divided highways having four or more lanes of travel, and on other highways as may be designated by the commissioner of transportation subject to section 169.87, subdivision 1, and subject to the approval of the authority having jurisdiction over the highway, for the purpose of providing reasonable access between the divided highways of four or more lanes of travel and terminals, facilities for food, fuel, repair, and rest, and points of loading and unloading for household goods carriers, livestock carriers, or for the purpose of providing continuity of route:

(1) a truck-tractor and semitrailer exceeding 65 feet in length;

(2) a combination of vehicles with an overall length exceeding 55 feet and including a truck-tractor and semitrailer drawing one additional semitrailer which may be equipped with an auxiliary dolly;

(3) a combination of vehicles with an overall length exceeding 55 feet and including a truck-tractor and semitrailer drawing one full trailer; and

(4) a truck-tractor and semitrailer designed and used exclusively for the transportation of motor vehicles *or boats* and exceeding an overall length of 65 feet including the load *except as restricted by applicable federal law.*

Vehicles operated under the provisions of this section must conform to the standards for those vehicles prescribed by the United States Department of Transportation, Federal Highway Administration, Bureau of Motor Carrier Safety, as amended.

Sec. 6. Minnesota Statutes 1984, section 169.825, is amended by adding a subdivision to read:

*Subd. 3a. [TANDEM.] "Tandem axles" means two consecutive axles whose centers are spaced more than 40 inches and not more than 96 inches apart.*

Sec. 7. 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. 8. 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:

Distances in feet between centers of foremost and rearmost axles of a group	Maximum gross weight in pounds on a group of		
	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 (37,000)	41,500	
8	34,000 (38,000)	42,000	
9	35,000 (39,000)	43,000	
10	36,000 (40,000)	43,500	49,000

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

	5	6	7
Distances in feet between centers of foremost and rearmost axles of a group	consecutive axles of a 5-axle vehicle or any combination of vehicles having a total of 5 or more axles	consecutive axles of a combination of vehicles having a total of 6 or more axles	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 highways 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. 9. 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 south-westerly 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 that border to the Minnesota-Canadian Border*; thence easterly along said Border to Lake Superior; and

(3) *by ten percent from October 1 to November 30 each year for the movement of sugar beets and potatoes from the field of harvest to the point of the first unloading. The commissioner shall not issue permits under this clause if to do so will result in a loss of federal highway funding to the state.*

(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, and 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 routes which have not been designated by the commissioner under section 169.832, subdivision 11.

Sec. 10. Minnesota Statutes 1984, section 169.832, is amended by adding a subdivision to read:

*Subd. 13. [RESTRICTIONS ON TRUCK HIGHWAYS.]*

*(a) For purposes of this section a "market artery" is a trunk highway or segment thereof that:*

*(i) connects significant centers of population or commerce;*

*(ii) connects highways described in clause (i);*

*(iii) provides access to a transportation terminal; or*

*(iv) provides temporary emergency service to a particular shipping or receiving point on a market artery.*

*(b) The commissioner may impose seasonal load restrictions under section 169.87 on a market artery only after giving 30 days' notice to the chairs of the transportation and appropriations committees of the house of representatives, and the chairs of the transportation and finance committees of the senate. The commissioner shall provide with each notice a plan to improve the market artery within the next three years so that seasonal load restrictions will not be necessary on it.*

*(c) The commissioner shall adopt rules under chapter 14 defining "significant centers of population and commerce" and "temporary emergency service" for purposes of this section. In drafting the rules, the commissioner shall consult with major highway users, representatives of manufacturing, retail trade and agriculture, local government and regional development commissions. The commissioner shall consider the importance of manufacturing, retailing, agriculture and natural resources in promulgating the rule, and shall hold at least four public meetings in various parts of the state prior to preparing the final*

*draft of the rule. Between the effective date of this section and the effective date of the rule, "significant centers of population and commerce" means all home rule charter or statutory cities that had total retail sales of at least \$50,000,000 as reported in the 1982 census of retail trade of the United States department of commerce.*

**Sec. 11.** 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. 12.** Minnesota Statutes 1984, section 169.86, subdivision 5, is amended to read:

Subd. 5. [FEES.] The commissioner, with respect to highways under his jurisdiction, may charge a fee for each permit issued. All such fees for permits issued by the commissioner of transportation shall be deposited in the state treasury and credited to the trunk highway fund. Except for those annual permits for which the permit fees are specified elsewhere in this chapter, the fees shall be:

(a) \$15 for each single trip permit.

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

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

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

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

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

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

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

- (1) truck cranes;
- (2) construction equipment, machinery, and supplies;
- (3) manufactured homes;
- (4) farm equipment when the movement is not made according to the provisions of section 169.80, subdivision 1, paragraphs (a) to (f);
- (5) double-deck buses;
- (6) commercial boat hauling.

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

#### Overweight Axle Group Cost Factors

Weight (pounds) exceeding weight limitations on axles	Cost Per Mile For Each Group Of:		
	Two consecutive axles spaced within 8 feet or less	Three consecutive axles spaced within 9 feet or less	Four consecutive axles spaced within 14 feet or less
0- 2,000	.100	.040	.036
2,001- 4,000	.124	.050	.044
4,001- 6,000	.150	.062	.050
6,001- 8,000	Not permitted	.078	.056
8,001-10,000	Not permitted	.094	.070
10,001-12,000	Not permitted	.116	.078
12,001-14,000	Not permitted	.140	.094
14,001-16,000	Not permitted	.168	.106
16,001-18,000	Not permitted	.200	.128

18,001-20,000	Not permitted	Not permitted	.140
20,001-22,000	Not permitted	Not permitted	.168

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

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

Gross Weight (pounds) of vehicle	Annual Permit Fee
90,000 or less	\$200.00
90,001-100,000	\$300.00
100,001-110,000	\$400.00
110,001-120,000	\$500.00
120,001-130,000	\$600.00
130,001-140,000	\$700.00
140,001-145,000	\$800.00

If the gross weight of the vehicle is more than (140,000) 145,000 pounds the permit fee is determined under paragraph (e).

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

Sec. 13. Minnesota Statutes 1985 Supplement, section 169.862, is amended to read:

**169.862 [PERMITS FOR WIDE LOADS OF BALED AGRICULTURAL PRODUCTS.]**

The commissioner of transportation with respect to highways under the commissioner's jurisdiction, and local authorities with respect to highways under their jurisdiction, may issue an annual permit to enable a vehicle carrying round bales of (AGRICULTURAL PRODUCTS) *hay, straw, or cornstalks*, with a total outside width of the vehicle or the load not exceeding 11-1/2 feet, to



be operated on public streets and highways. Permits issued under this section are governed by the applicable provisions of section 169.86 except as otherwise provided herein and, in addition, carry the following restrictions:

(a) The vehicles may not be operated between sunset and sunrise, when visibility is impaired by weather, fog, or other conditions rendering persons and vehicles not clearly visible at a distance of 500 feet, or on Sunday from noon until sunset, or on the days the following holidays are observed: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

(b) The vehicles may not be operated on interstate highways.

(c) The vehicles may not be operated on a trunk highway with a pavement less than 24 feet wide.

(d) A vehicle operated under the permit must be equipped with a retractable or removable mirror on the left side so located that it will reflect to the driver a clear view of the highway for a distance of at least 200 feet to the rear of the vehicle.

(e) A vehicle operated under the permit must display red, orange, or yellow flags, 18 inches square, as markers at the front and rear and on both sides of the load. The load must be securely bound to the transporting vehicle.

(f) *Farm vehicles not for hire carrying round baled hay less than 20 miles are exempt from the requirement to obtain a permit. All other requirements of this section apply to vehicles transporting round baled hay.*

The fee for the permit is \$24.

## ARTICLE 14

### RAILROAD PROPERTY FIRST REFUSAL

#### Section 1. [222.631] [DEFINITIONS.]

*Subdivision 1. [TERMS.] For purposes of sections 1 to 3, the following terms have the meanings given them.*

*Subd. 2. [FAIR MARKET VALUE.] "Fair market value" means the price negotiated between the parties under section 2, or the market value of the property minus the value of any leasehold improvements, as determined by independent appraisers.*

*Subd. 3. [LEASEHOLDER.] "Leaseholder" means a person who holds a lease, license, or permit with respect to property*

*within a right-of-way, and who has erected eligible leasehold improvements on the property with a total fair market value of \$7,500 or more.*

*Subd. 4. [RAILROAD INTEREST.] "Railroad interest" includes a railroad corporation, its trustee or successor in interest, a railroad corporation which is in proceedings for bankruptcy under federal law, and a nonrailroad holding corporation that owns a controlling interest in a railroad.*

*Subd. 5. [RIGHT-OF-WAY.] "Right-of-way" has the meaning given it in section 222.63, subdivision 1.*

**Sec. 2. [222.632] [RIGHT OF FIRST REFUSAL.]**

*A railroad interest that is in bankruptcy proceedings may not sell or offer for sale an interest in real property that is within the right-of-way, and a railroad interest that is abandoning a railroad line may not sell or offer for sale an interest in real property within the right-of-way to be abandoned, unless it first extends a written offer to sell that interest at a fair market value price to each person who is a leaseholder with respect to the property. Leaseholders must respond to the offer within 60 days of receipt of the notice and the railroad interest must negotiate in good faith with an interested leaseholder for a period of 90 days following the leaseholder's response. After the 90-day negotiation period, either party may file a notice of dispute with the board under section 3. The property may not be sold to a party other than the leaseholder during the response and negotiation periods or while a dispute is pending before the board. This section does not apply to a sale of an entire operating railroad line by one operating railroad to another for the purpose of operating a railroad.*

**Sec. 3. [222.633] [TRANSPORTATION REGULATION BOARD TO RESOLVE DISPUTES.]**

*(a) A railroad interest or leaseholder may apply to the transportation regulation board to resolve a dispute concerning fair market value or other terms arising from negotiations under section 2. The board must adopt guidelines without regard to chapter 14 to implement section 2 and this section. The guidelines must define the terms "leaseholders" and "railroad interest," establish a procedure to resolve disputes, and provide for the use of independent appraisers. Final rules must be adopted no later than 360 days from the effective date of this section.*

*(b) The board's decision is final for purposes of judicial review and may be reviewed in the district court for the jurisdiction where the property is located. The scope of judicial review is limited to a determination whether substantial evidence exists to support the board's decision.*

## Sec. 4. [EFFECTIVE DATE.]

*This article is effective the day following final enactment.*

## ARTICLE 15

## LANDLORD LIEN

## Section 1. [514.960] [LANDLORD LIEN.]

*Subdivision 1. [LIEN; ATTACHMENT.] A person or entity that leases property for agricultural production has a lien for unpaid rent on the crops produced on the property in the crop year and on the crop products and their proceeds.*

*Subd. 2. [PERFECTION.] (a) To perfect a landlord lien, the lien must attach and the person or entity entitled to the lien must file a lien statement with the appropriate filing office under section 336.9-401 by 30 days after the crops become growing crops.*

*(b) A landlord lien that is not perfected has the priority of an unperfected security interest under section 336.9-312.*

*Subd. 3. [DUTIES OF FILING OFFICER.] The filing officer shall enter on the lien statement the time of day and date of filing. The filing officer shall file, amend, terminate, note the filing of a lien 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 statement is void and may be removed from the filing system 18 months after the date of filing. The lien statement may be physically destroyed after 30 months from the date of filing.*

*Subd. 4. [PRIORITY.] A landlord lien has priority over all other liens or security interests in crops grown or produced on the property that was leased and the crop products and proceeds.*

*Subd. 5. [ENFORCEMENT OF LIEN.] The holder of a landlord lien may enforce the lien in the manner provided in sections 336.9-501 to 336.9-508, subject to section 550.17. For enforcement of the lien, the lienholder is the secured party and the person leasing the property is the debtor, and each has the respective rights and duties of a secured party and a debtor under sections 336.9-501 to 336.9-508. If a right or duty under sections 336.9-501 to 336.9-508 is contingent upon the existence of express language in a security agreement or may be waived by express language in a security agreement, the requisite language does not exist.*

*Subd. 6. [ENFORCEMENT ACTIONS; LIEN EXTINGUISHED.] An action to enforce a landlord lien may be*

*brought in district court in a county where the property is located after the lien is perfected. A lien statement may be amended, except the amount demanded, by leave of the court in the furtherance of justice. A landlord lien is extinguished if an action to enforce the lien is not brought within 18 months after the date the lien statement is filed.*

Sec. 2. [EFFECTIVE DATE.]

*This article is effective the day following final enactment.*

ARTICLE 16

160 ACRE HOMESTEAD DECLARATION

Section 1. Minnesota Statutes 1984, section 510.02, is amended to read:

510.02 [AREA, HOW LIMITED.]

The homestead may include any quantity of land not exceeding (80) 160 acres, and not included in the laid out or platted portion of any city. If it be within the laid out or platted portion of such place its area shall not exceed one-half of an acre.

Sec. 2. [EFFECTIVE DATE.]

*This article is effective the day following final enactment.*

ARTICLE 17

ALTERNATIVE DISPUTE RESOLUTION

Section 1. Minnesota Statutes 1984, section 480.24, is amended by adding a subdivision to read:

*Subd. 5. [NONPROFIT REGIONAL ALTERNATIVE DISPUTE RESOLUTION CORPORATION.] "Nonprofit regional alternative dispute resolution corporation" means a nonprofit corporation which trains and makes available to the public individuals who provide fact-finding, conciliation, mediation, or nonbinding or binding arbitration services.*

Sec. 2. Minnesota Statutes 1984, section 480.242, subdivision 2, is amended to read:

Subd. 2. [REVIEW OF APPLICATIONS; SELECTION OF RECIPIENTS.] At times and in accordance with any procedures as the supreme court adopts in the form of court rules, applications for the expenditure of funds collected pursuant to section 480.241 shall be accepted from qualified legal services

programs or from local government agencies and nonprofit organizations seeking to establish qualified alternative dispute resolution programs. The applications shall be reviewed by the advisory committee, and the advisory committee, subject to review by the supreme court, shall distribute the funds received pursuant to section 480.241, subdivision 2 to qualified legal services programs or to qualified alternative dispute resolution programs submitting applications. Subject to the provisions of subdivision 4, the funds shall be distributed in accordance with the following formula:

(a) Eighty-five percent of the funds distributed shall be distributed to qualified legal services programs that have demonstrated an ability as of July 1, 1982, to provide legal services to persons unable to afford private counsel with funds provided by the federal Legal Services Corporation. The allocation of funds among the programs selected shall be based upon the number of persons with incomes below the poverty level established by the United States Census Bureau who reside in the geographical area served by each program, as determined by the supreme court on the basis of the 1980 national census. All funds distributed pursuant to this clause shall be used for the provision of legal services in civil matters to eligible clients.

(b) Fifteen percent of the funds distributed may be distributed (1) to other qualified legal services programs for the provision of legal services in civil matters to eligible clients, including programs which organize members of the private bar to perform services and programs for qualified alternative dispute resolution, or (2) to programs for training mediators operated by nonprofit alternative dispute resolution corporations. Grants may be made pursuant to this clause only until June 30, 1987. If all the funds to be distributed pursuant to this clause cannot be distributed because of insufficient acceptable applications, the remaining funds shall be distributed pursuant to clause (a).

Sec. 3. Minnesota Statutes 1984, section 572.33, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] When used in (LAWS 1984, CHAPTER 646, SECTIONS 1 TO 7) sections 572.31 to 572.40 and section 6 the terms defined in this section have the meanings given them.

Sec. 4. Minnesota Statutes 1984, section 572.33, is amended by adding a subdivision to read:

Subd. 5. [NONPROFIT REGIONAL ALTERNATIVE DISPUTE RESOLUTION CORPORATION.] "Nonprofit regional alternative dispute resolution corporation" has the meaning given in section 1.

Sec. 5. Minnesota Statutes 1984, section 572.35, is amended to read:

**572.35 [EFFECT OF MEDIATED SETTLEMENT AGREEMENT.]**

*Subdivision 1. [GENERAL.] The effect of a mediated settlement agreement shall be determined under principles of law applicable to contract. A mediated settlement agreement is not binding unless it contains a provision stating that it is binding and a provision stating substantially that the parties were advised in writing that (a) the mediator has no duty to protect their interests or provide them with information about their legal rights; (b) signing a mediated settlement agreement may adversely affect their legal rights; and (c) they should consult an attorney before signing a mediated settlement agreement if they are uncertain of their rights.*

*Subd. 2. [DEBTOR AND CREDITOR MEDIATION.] In addition to the requirements of subdivision 1, a mediated settlement agreement between a debtor and creditor is not binding until 72 hours after it is signed by the debtor and creditor, during which time either party may withdraw consent to the binding character of the agreement.*

**Sec. 6. [572.41] [DEBTOR AND CREDITOR MEDIATION.]**

*Subdivision 1. [GENERAL.] The debtor and creditor in any transaction may request the other party to the transaction to enter mediation concerning possible adjustment, refinancing, or payment under this section and sections 572.31 to 572.40.*

*Subd. 2. [MEDIATORS.] An individual who meets the qualifications established under subdivision 5 and who is willing to mediate in matters involving debtors and creditors may register with a nonprofit regional alternative dispute resolution corporation or, in a county where one does not exist, with the court administrator. The court administrator shall develop a list of mediators available in the county. It is desirable but not necessary that mediators under this section have knowledge of debtor and creditor law and relevant areas of finance. A mediator must not mediate a matter involving a debtor or creditor with whom the mediator has or has had a credit relationship.*

*Subd. 3. [REQUEST FOR MEDIATOR.] A debtor and creditor who agree to mediate may submit a written request for referral to a mediator to the court administrator in the county where either party resides or has a place of business. The court administrator shall assign a mediator from the list developed under subdivision 2. The court administrator may charge a fee for the referral not to exceed the conciliation court fee in that county.*

*Subd. 4. [COMPENSATION.] Prior to commencing mediation the debtor and creditor shall agree with each other and the mediator on the amount and allocation between them of any fee for the mediator's services.*

*Subd. 5. [RULES.] The state court administrator, in consultation with the bureau of mediation services, shall adopt rules to implement this section and may use portions of existing rules on certification of alternative dispute resolution programs that satisfy the purposes of this section. The rules must include qualifications of mediators under this section and grounds for challenging and removing mediators.*

**Sec. 7. [EFFECTIVE DATE.]**

*This article is effective the day following final enactment.*

**ARTICLE 18**

**WILD RICE LAND**

**Section 1.** Minnesota Statutes 1985 Supplement, section 92.50, subdivision 1, is amended to read:

**Subdivision 1. [LEASE TERMS.]** The commissioner of natural resources may lease, at public or private vendue and at the prices and under the terms and conditions he or she may prescribe, any state-owned lands under his or her jurisdiction and control for the purpose of taking and removing sand, gravel, clay, rock, marl, peat, and black dirt, for storing ore, waste materials from mines, or rock and tailings from ore milling plants, for roads or railroads, or for any other uses consistent with the interests of the state. Except as otherwise provided in this subdivision, the term of the lease may not exceed ten years. Leases of lands for storage sites for ore, waste materials from mines, or rock and tailings from ore milling plants, for the removal of peat, or for the use of peat lands for agricultural purposes may not exceed a term of 25 years. Leases for the removal of peat must be approved by the executive council.

All leases must be subject to sale and leasing of the land for mineral purposes and contain a provision for cancellation *for just cause* at any time by the commissioner upon (THREE) *six* months' written notice. A longer notice period, not exceeding three years, may be provided in leases for storing ore, waste materials from mines or rock or tailings from ore milling plants. The commissioner may determine the terms and conditions, including the notice period, for cancellation of a lease for the removal of peat. Money received from leases under this section must be credited to the fund to which the land belongs.

**Sec. 2.** Minnesota Statutes 1985 Supplement, section 92.501, subdivision 1, is amended to read:

**92.501 [LEASING OF PEAT LANDS FOR WILD RICE FARMING.]**

Subdivision 1. [AUTHORITY TO LEASE.] The commissioner of natural resources *in consultation with the commissioner of agriculture* may, at a public or private lease sale and at the prices and under the terms and conditions the (COMMISSIONER) commissioners may prescribe, lease any state-owned lands under the commissioner's jurisdiction and control for the purpose of farming of wild rice. *Priority must be given to lands which are accessible and adjacent to existing wild rice production areas and requested for leasing by wild rice producers.* The term of a lease under this section (SHALL) *must be offered for a minimum of 20 years but may be for a shorter period at the option of the lessee. If a lease is issued prior to the adoption of the rules for the implementation of this section and for a period of less than 20 years, the lease must be converted to a minimum 20-year lease after the rules have been adopted, at the option of the lessee. Leases must be accepted or denied within 60 days of application. If a lease is denied, written notice must be given stating reasons for denial.* The lease rate (SHALL) *must be adjusted every five years to reflect market values.* The money received from the leases under this section (SHALL) *must be credited to the account that receives the proceeds of a sale of the land.*

Sec. 3. Minnesota Statutes 1985 Supplement, section 92.501, subdivision 2, is amended to read:

Subd. 2. [WILD RICE LAND DESIGNATION AND DEVELOPMENT.] The commissioner of natural resources *and the commissioner of agriculture* shall prepare a plan *that designates state land for wild rice production* including an inventory of the number of acres of land appropriate and suitable for wild rice development and leasing in each county. *Proposed mineral exploration does not exempt land from being designated for wild rice development.*

Sec. 4. [EFFECTIVE DATE.]

*This article is effective the day following final enactment.*

**ARTICLE 19****DEFICIENCY JUDGMENTS**

Section 1. [LEGISLATIVE FINDINGS.]

*The legislature finds that there is a rural economic emergency resulting from the agricultural economic depression. Foreclosure sales and subsequent deficiency judgments are debilitating the people foreclosed and taking away their hope for readjustment after foreclosure, which is detrimental to the welfare of the state.*



Sec. 2. [580.225] [SATISFACTION OF JUDGMENT.]

*The amount received from foreclosure sale under this chapter is full satisfaction of the mortgage debt, except as provided in section 5.*

Sec. 3. Minnesota Statutes 1984, section 580.23, subdivision 1, is amended to read:

580.23 [REDEMPTION BY MORTGAGOR.]

Subdivision 1. When lands have been sold in conformity with the preceding sections of this chapter the mortgagor, his personal representatives or assigns, within six months after such sale, except as otherwise provided in subdivision 2, may redeem such lands, as hereinafter provided, by paying the sum of money for which the same were sold, with interest from the time of sale at the rate provided to be paid on the mortgage debt and, if no rate be provided in the mortgage note, at the rate of six percent per annum, together with any further sums which may be payable pursuant to section 582.03. (WHERE THE REDEMPTION PERIOD IS AS PROVIDED IN THIS SUBDIVISION THE MORTGAGEE, OR HIS SUCCESSORS, ASSIGNS, OR PERSONAL REPRESENTATIVE, OR ANY OTHER PURCHASER SO PURCHASING AT THE SHERIFF'S SALE SHALL BY PURCHASING THE PROPERTY AT THE SHERIFF'S SALE THEREBY WAIVE HIS RIGHT TO A DEFICIENCY JUDGMENT AGAINST THE MORTGAGOR.)

Sec. 4. Minnesota Statutes 1984, section 581.09, is amended to read:

581.09 [SATISFACTION OF JUDGMENT (; EXECUTION FOR DEFICIENCY).]

Upon confirmation of the report of sale, the clerk shall enter satisfaction of the judgment to the extent of the sum bid for the premises, less expenses and costs (, AND FOR ANY BALANCE OF SUCH JUDGMENT, EXECUTION MAY ISSUE AS IN OTHER CASES; BUT NO SUCH EXECUTION SHALL ISSUE ON THE JUDGMENT UNTIL AFTER A SALE OF THE MORTGAGED PREMISES, AND THE APPLICATION OF THE AMOUNT REALIZED AS AFORESAID). *The amount entered is full satisfaction of the judgment unless a deficiency is allowed under section 5. If a deficiency judgment is allowed under section 5, the balance of the judgment remaining unpaid may be executed and satisfied in the same manner as a personal judgment against the mortgagor.*

Sec. 5. [582.30] [DEFICIENCY JUDGMENTS.]

*Subdivision 1. [DEFICIENCY ALLOWED.] (a) Except as provided in this section, a person holding a mortgage may ob-*

tain a deficiency judgment against the mortgagor if the amount a person holding a mortgage receives from a foreclosure sale is less than:

(1) the amount remaining unpaid on the mortgage under chapter 580; or

(2) the amount of the judgment entered under chapter 581.

(b) Except as provided in subdivision 3, the judgment may not be for more than the difference between the amount received from the foreclosure sale less expenses and costs and:

(1) for a foreclosure by advertisement, the total amount that attaches to the sale proceeds under chapter 580; or

(2) for a foreclosure by action, the amount of the judgment entered under chapter 581.

**Subd. 2. [GENERAL PROHIBITION FOR PROPERTY WITH A SIX-MONTH REDEMPTION PERIOD.]** A deficiency judgment is not allowed if a mortgage is foreclosed by advertisement under chapter 580, and has a redemption period of six months under section 580.23, subdivision 1.

**Subd. 3. [MORTGAGE ON AGRICULTURAL PROPERTY ENTERED AFTER THE EFFECTIVE DATE OF THIS ARTICLE.]** (a) If a mortgage entered after the effective date of this article on property used in agricultural production is foreclosed and sold, a deficiency judgment may only be obtained by filing a separate action for a deficiency judgment within 90 days after the foreclosure sale. A court may allow a deficiency judgment only if it determines that the sale of the property was conducted in a commercially reasonable manner.

(b) The amount of the deficiency judgment is limited to the difference of the fair market value of the property, and the amount remaining unpaid on the mortgage if the foreclosure is under chapter 580 or the amount of the judgment if the foreclosure is under chapter 581. A separate jury proceeding must be brought to determine the fair market value of the property. The property may not be presumed to be sold for its fair market value. A party adversely affected by a deficiency judgment may submit evidence relevant to establishing the fair market value of the property. Notice of the time and place where the fair market value of the property is to be determined must be given to all parties adversely affected by the judgment.

**Subd. 4. [JUDGMENT ON MORTGAGE NOTE.]** A personal judgment may not be executed against a mortgagor liable on a mortgage note entered after the effective date of this article secured by real property used in agricultural production, unless

*the fair market value of the property is determined by a jury in a separate proceeding as provided in subdivision 3, paragraph (b). The personal judgment on the mortgage note may not be for more than the difference of the amount due on the note and the fair market value of the property.*

**Subd. 5. [MORTGAGE ON AGRICULTURAL PROPERTY ENTERED ON OR BEFORE THE EFFECTIVE DATE OF THIS ARTICLE.]** *(a) If a mortgage entered on or before the effective date of this article on property used in agricultural production is foreclosed and sold, a deficiency judgment may only be obtained by filing a separate action for a deficiency judgment within 90 days after the foreclosure sale. A court may allow a deficiency judgment only if it determines that the sale of the property was conducted in a commercially reasonable manner.*

*(b) The amount of the deficiency judgment is limited to the difference of the fair market value of the property, and the amount remaining unpaid on the mortgage if the foreclosure is under chapter 580 or the amount of the judgment if the foreclosure is under chapter 581. A separate jury proceeding must be brought to determine the fair market value of the property. The property may not be presumed to be sold for its fair market value. A party adversely affected by a deficiency judgment may submit evidence relevant to establishing the fair market value of the property. Notice of the time and place where the fair market value of the property is to be determined must be given to all parties adversely affected by the judgment.*

**Subd. 6. [JUDGMENT ON MORTGAGE NOTE.]** *A personal judgment may not be executed against a mortgagor liable on a mortgage note entered on or before the effective date of this article secured by real property used in agricultural production, unless the fair market value of the property is determined by a jury in a separate proceeding as provided in subdivision 5, paragraph (b). The personal judgment on the mortgage note may not be for more than the difference of the amount due on the note and the fair market value of the property.*

**Subd. 7. [STATUTE OF LIMITATIONS ON EXECUTING JUDGMENT.]** *A deficiency judgment or personal judgment obtained to enforce a mortgage debt on property used in agricultural production may be enforced by execution, but the judgment may not be executed after three years from the date judgment was entered.*

**Subd. 8. [POSTPONEMENT ON EXECUTING JUDGMENTS ON OR BEFORE THE EFFECTIVE DATE OF THIS ARTICLE.]** *For a mortgage on property used in agricultural production entered on or before the effective date of this article, a deficiency judgment or personal judgment to enforce the mortgage debt may not be executed on real or personal property used*

*for agricultural production until one year after the effective date of this article.*

**Subd. 9. [ATTACHMENT OF JUDGMENT AFTER JUDGMENT IS ENTERED.]** *A deficiency judgment or personal judgment obtained to enforce a mortgage debt on property used in agricultural production does not attach to real or personal property that is acquired by the mortgagor or debtor after the judgment is entered.*

**Sec. 6. [582.31] [ONE ACTION ALLOWED TO ENFORCE AGRICULTURAL MORTGAGE.]**

*(a) For a mortgage on property used in agricultural production entered into on or before the effective date of this article, the mortgagee may only proceed to:*

*(1) obtain a personal judgment for the debt owed on the note secured by the mortgage and execute on the judgment; or*

*(2) foreclose the mortgage and obtain a deficiency judgment, if allowed.*

*(b) An action under paragraph (a), either clause (1) or (2), bars an action under the other clause.*

**Sec. 7. [EFFECTIVE DATE.]**

*This article is effective the day after final enactment.*

**ARTICLE 20**

**RIGHT OF FIRST REFUSAL**

**Section 1.** *Minnesota Statutes 1984, section 500.24, is amended by adding a subdivision to read:*

**Subd. 6. [DISPOSAL OF LAND.]** *A state or federal agency or a corporation, other than a family farm corporation or an authorized farm corporation, when leasing or selling farm land or a farm homestead, must offer or make a good faith effort to offer land for sale or lease to the immediately preceding former owner at a price no higher than the highest price offered by a third party that is acceptable to the seller or lessor. An offer delivered by certified mail to the former owner's last known address is a good faith offer. This subdivision does not apply to a sale or lease that occurs after the seller or lessor has held the property for five years.*

*The former owner must exercise the right to lease farm land within 30 days after receiving an offer to lease under this subdivision. The former owner must exercise the right to buy farm*

*land within 90 days after receiving an offer to buy under this subdivision.*

**Sec. 2. [EFFECTIVE DATE.]**

*This article is effective the day following final enactment.*

**ARTICLE 21**

**INVOLUNTARY FARM TRANSFER INCOME EXCLUSION**

Section 1. Minnesota Statutes 1985 Supplement, 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;

(3) 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;

(4) if included in federal adjusted gross income, 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;

(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;

(6) pension income as provided by section 290.08, subdivision 26;

(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 clause (6);

(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;

(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;

(10)(a) 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; (b) to the extent included in computing federal adjusted gross income, expenses and other items allocable to the business of mining or producing iron ore, the mining or production of which is subject to the occupation tax imposed by section 298.01, subdivision 1, shall be allowed as a subtraction to the extent that the expenses or other items are included in computing the modifications provided in section 290.01, subdivision 20a, clause (7) or paragraph (a) of this clause and to the extent that the expenses or other items are not deductible, capitalizable, retainable in basis, or taken into account by allowance or otherwise in computing the occupation tax. Occupation taxes imposed under chapter 298, royalty taxes imposed under chapter 299, and depletion expenses may not be subtracted under this paragraph;

(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) apply and an amount subtracted under this clause may not be subtracted under clause (6); and

(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;

*(13) to the extent included in federal adjusted gross income, income related to disposition of property used in a family farm business as provided by section 290.08, subdivision 27.*

Sec. 2. Minnesota Statutes 1984, section 290.08, is amended by adding a subdivision to read:

*Subd. 27. [FARM PROPERTY DISPOSITION INCOME.] For a person, a family farm corporation, or an authorized farm corporation, gross income does not include any gain realized upon termination of a contract for deed, foreclosure of a mortgage, or deed in lieu of foreclosure if a foreclosure proceeding has been initiated or threatened in writing on real or personal property used in a farm business that was owned and operated by the taxpayer as the taxpayer's principal business. For the purposes of this subdivision, real property includes any dwellings located on the property. This modification does not apply to any net cash proceeds distributed to the taxpayer after discharge of the debt. For purposes of this subdivision "family farm corporation" and "authorized farm corporation" are as defined in section 500.24, subdivision 2, except that the term "farming" as used in those definitions includes the production of livestock, dairy animals or dairy products, poultry or poultry products, fur-bearing animals, horticultural and nursery stock that is covered by sections 18.44 to 18.61, fruit, vegetables, forage, grain, and bees and apiary products.*

Sec. 3. Minnesota Statutes 1985 Supplement, section 290.091, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of the tax imposed by this section, the following 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 the sum of

(i) interest income as defined in section 290.01, subdivision 20b, clause (1); and

(ii) the amount of interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed qualified net investment income, as defined in section 55(e)(5) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income or amounts that are not allowable under section 55(e)(8) of the Internal Revenue Code; and

(iii) *to the extent included in the taxpayer's federal adjusted gross income, gain excluded from gross income under section 290.01, subdivision 20b, clause (13).*

In the case of an estate or trust, adjusted gross income must be modified as provided in section 55(e)(6)(B) of the Internal Revenue Code.

(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) The capital gain preference item shall be reduced

(i) where the gain would be modified because some or all of the assets have a higher basis for Minnesota purposes than for federal purposes; *and*

(ii) *to the extent it includes gain excluded from gross income under section 290.01, subdivision 20b, clause (13).*

(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.

(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.

(4) Other federal preference items to the extent not allowed in the computation of Minnesota gross income, as determined by the commissioner, are not preference items for Minnesota.

(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.

Sec. 4. Minnesota Statutes 1985 Supplement, section 290.491, is amended to read:

290.491 [TAX ON GAIN; DISCHARGE IN BANKRUPTCY.]

(a) 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.

(A GAIN) (b) *Income realized on a sale or exchange 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 taxpayer 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. This paragraph applies only to the extent that the gain is includable in federal adjusted gross income or in the computation of the alternative minimum taxable income under section 290.091 for purposes of the alternative minimum tax. The amount of the exemption is limited to the excess of the taxpayer's (1) liabilities over (2) the total assets and any exclusion claimed under section 108 of the Internal Revenue Code of 1954, as amended through December 31, 1985, determined immediately before application of this paragraph.*

(c) *For purposes of this section, any tax due under this chapter specifically includes, but is not limited to, tax imposed under sections 290.02 and 290.03 on income derived from a sale or exchange, whether constituting gain, discharge of indebtedness or recapture of depreciation deductions, or the alternative minimum tax imposed under section 290.091.*

## Sec. 5. [AMENDED RETURNS.]

*Subdivision 1. [SPECIAL RULES.] An amended return filed on the basis of this article for a taxable year beginning after December 31, 1982, and before January 1, 1985, shall be filed no later than June 30, 1987. Such a return may include a reduction in gross income to effect subtraction of any amount added to gross income for that year pursuant to Minnesota Statutes 1984, section 290.01, subdivision 20a, clause (3), if the increase in the federal tax liability was a result of recapture of the investment tax credit attributable to disposition of property described in section 2. Any reduction in income arising from a farm pursuant to this article shall not be considered in the computation of the farm loss modification under Minnesota Statutes 1984, section 290.09, subdivision 29, in an amended return. On an amended return for a taxable year beginning after December 31, 1982, and before January 1, 1985, the minimum tax imposed under Minnesota Statutes 1984, section 290.091, shall be computed by subtracting from federal preference items the amount of any gain excluded from gross income under*

*section 290.01, subdivision 20b, clause (13), that was included in the taxpayer's federal preference items in that taxable year.*

*Subd. 2. [PAYMENT OF REFUNDS.] The commissioner of revenue shall pay refunds to claimants who file amended returns based on this article notwithstanding expiration of the period of limitations in Minnesota Statutes, section 290.50, or any other law. No interest will be paid on refunds paid on claims filed for periods for which the statute of limitations had expired.*

**Sec. 6. [EFFECTIVE DATE.]**

*Sections 1, 2, and 4 are effective for taxable years beginning after December 31, 1982. Section 3 is effective for taxable years beginning after December 31, 1984.*

**ARTICLE 22**

**FARM ADVOCATE ETHICAL GUIDELINES**

**Section 1. [17.039] [ETHICAL GUIDELINES FOR FARM ADVOCATES.]**

*The commissioner of agriculture shall establish not later than August 1, 1986, ethical guidelines for farm advocates who perform the duties of an advocate. The ethical guidelines must be part of the contract with each advocate.*

**Sec. 2. [EFFECTIVE DATE.]**

*This article is effective the day following final enactment.*

**ARTICLE 23**

**FARM LOAN INTEREST BUY-DOWN**

**Section 1. [DEFINITIONS.]**

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 1 to 9.*

*Subd. 2. [APPROVED ADULT FARM MANAGEMENT PROGRAM.] "Approved adult farm management program" means a farm management training program designed for persons currently engaged in farming that has been approved by the commissioner under section 4, subdivision 4.*

*Subd. 3. [COMMISSIONER.] "Commissioner" means the commissioner of commerce.*

**Subd. 4. [COMMISSIONER'S INTEREST INDEX.]** "Commissioner's interest index" means an interest rate that is three percent above the current lending rate of the Federal Interest Credit Bank to production credit associations as certified each month by the commissioner.

**Subd. 5. [ELIGIBLE BORROWER.]** "Eligible borrower" means a farmer who applies to a lender for a farm operating loan between the dates January 1, 1986, and December 30, 1986, and who meets all qualifications established in section 2 and any further qualifications that may be established in the program guidelines adopted by the commissioner under section 4, subdivision 1.

**Subd. 6. [FARM OPERATING LOAN.]** "Farm operating loan" means an original, extended, or renegotiated loan or line of credit obtained by a farmer from a lender for the purpose of financing the operations of a farm. A farm operating loan includes an open line of credit even though the maximum principal amount of the line of credit may not be drawn at any one time. A farm operating loan eligible for interest rate buy-down must have a maturity date of June 30, 1987, or earlier.

**Subd. 7. [FARMER.]** "Farmer" means a state resident or a domestic family farm corporation as defined in section 500.24, subdivision 2, operating a farm within the state.

**Subd. 8. [INTEREST RATE BUY-DOWN; BUY-DOWN.]** "Interest rate buy-down" or "buy-down" means a reduction in the effective interest rate on a farm operating loan made pursuant to sections 1 to 9 to an eligible borrower due to partial payment of interest costs by the commissioner and partial payment of interest costs by the participating lender.

**Subd. 9. [LENDER.]** "Lender" means a bank, a credit union, or a savings and loan association chartered by the state or federal government, a unit of the farm credit system, the federal deposit insurance corporation, and other financial institutions that the commissioner deems appropriate.

**Subd. 10. [PARTICIPATING LENDER.]** "Participating lender" means a lender who has been granted participating lender status by the commissioner.

## **Sec. 2. [FARMER ELIGIBILITY.]**

**Subdivision 1. [DEBT-TO-ASSET RATIO.]** Only a farmer with a debt-to-asset ratio exceeding 50 percent at the time of application for a farm operating loan is an eligible borrower for purposes of interest rate buy-down. The debt-to-asset ratio of a farmer must be determined by the lender. A debt-to-asset ratio determined by a lender is deemed to be reasonable and accurate without further audit or substantiation.

*Subd. 2. [ASSESSMENT OF CONTINUED VIABILITY.] Only a farmer determined by the lender to have a reasonable opportunity for long-term financial viability in the farmer's current farm operation is an eligible borrower. A determination of financial viability by a lender is deemed to be reasonable and accurate without further audit or substantiation.*

*Subd. 3. [ENROLLMENT IN ADULT FARM MANAGEMENT PROGRAM.] To be an eligible borrower, a farmer must agree to enroll in an approved adult farm management program offered not more than 50 miles from the farmer's residence if enrollment is a condition of receiving a farm operating loan from a participating lender.*

### Sec. 3. [LENDER ELIGIBILITY.]

*Subdivision 1. [ELIGIBLE PARTICIPATING LENDER STATUS.] A lender who meets all requirements established by the commissioner must be certified as a participating lender.*

*Subd. 2. [PARTIAL PAYMENT FOR ADULT FARM MANAGEMENT TRAINING.] A participating lender must agree to pay one-half of the enrollment and tuition costs of an approved adult farm management program for an eligible borrower approved by the commissioner for interest rate buy-down. A participating lender is not required to assist with enrollment or tuition costs for a period longer than the term of the farm operating loan, and a lender is not required to assist with the enrollment and tuition costs for more than one individual for each farm operating loan.*

### Sec. 4. [RESPONSIBILITIES OF THE COMMISSIONER.]

*Subdivision 1. [ADOPTION OF PROGRAM GUIDELINES.] Within 30 days after the effective date of sections 1 to 9, the commissioner shall adopt and make available to any interested party guidelines for the interest rate buy-down program established in sections 1 to 9. To the maximum extent practicable, the commissioner shall adopt guidelines that coordinate the state program with any federal farm financial relief program and make benefits of the state interest rate buy-down program additive to the federal program. The commissioner may adopt program guidelines without regard to chapter 14.*

*Subd. 2. [PREPARATION AND DISTRIBUTION OF LENDER PARTICIPATION FORMS.] The commissioner shall prepare and distribute to all lenders in the state forms and instructions for the program.*

*Subd. 3. [PREPARATION AND DISTRIBUTION OF LOAN APPLICATION FORMS.] The commissioner shall pre-*

*pare and distribute to all participating lenders forms and instructions to be used in applying for state interest rate buy-down payments.*

**Subd. 4. [APPROVAL OF ADULT FARM MANAGEMENT PROGRAMS.]** *The commissioner, in consultation with the commissioner of agriculture, shall prepare and distribute to all participating lenders a list of adult farm management training programs approved for eligible borrowers.*

**Subd. 5. [REVIEW OF APPLICATIONS FOR BUY-DOWN PAYMENT.]** *The commissioner must review within five working days of submission by a participating lender a properly completed application for interest rate buy-down payments on a farm operating loan made to a farmer. If a qualified lender does not receive written notice that the commissioner has denied interest rate buy-down payments within seven working days, the farmer is an eligible borrower and interest rate buy-down payments on the farm operating loan are approved by the commissioner.*

**Subd. 6. [BUY-DOWN PAYMENTS TO PARTICIPATING LENDERS.]** *The commissioner shall make interest rate buy-down payments to participating lenders as provided in this subdivision. An amount equal to half of the expected interest rate buy-down amount may be paid to the participating lender 30 days after the loan is reviewed by the commissioner. If the participating lender elects to receive the first half payment at a date later than 30 days after the loan is reviewed by the commissioner, the commissioner shall make the payment on the date requested. The balance of the interest rate buy-down payment must be paid to the participating lender not more than 30 days after the request for final payment is received.*

**Sec. 5. [FARMER APPLICATION FOR INTEREST RATE BUY-DOWN.]**

*A participating lender must receive and evaluate loan applications from any farmer who has transacted farm-related borrowing with the lender within the prior three years or from a farmer who has not previously established farm-related borrowing or whose previous lender is no longer in the business of making farm-related loans. The participating lender may use criteria beyond those in section 2 in determining whether to make a farm operating loan to a farmer.*

**Sec. 6. [APPLICATION BY PARTICIPATING LENDERS.]**

*In order to receive interest rate buy-down payments from the state, a participating lender must submit to the commissioner a properly completed application form for each farm operating loan eligible for interest rate buy-down payments.*

**Sec. 7. [MAXIMUM INTEREST RATE.]**

*To qualify for interest rate buy-down payments, a participating lender must offer to make a farm operating loan to an eligible borrower at a rate of interest equivalent to that offered to other farmers having similar security and financial status but in no case may the interest rate exceed the current commissioner's interest index. The commissioner may use appropriate means to verify that the operating loan interest rate available to an eligible borrower is substantially the same as that available to other borrowers.*

**Sec. 8. [STATE CONTRIBUTION TO INTEREST BUY-DOWN.]**

*As provided in section 4, subdivision 6, the commissioner shall pay to a participating lender for the first \$100,000 of a farm operating loan made to an eligible borrower an amount equivalent to 37.5 percent of the contract interest to be paid during the term of the farm operating loan.*

**Sec. 9. [LENDER CONTRIBUTION TO INTEREST BUY-DOWN.]**

*A participating lender must provide a reduction in interest rate for the first \$100,000 of a farm operating loan made to an eligible borrower in an amount equivalent to 12.5 percent of the contract interest rate to be paid during the term of the farm operating loan.*

**Sec. 10. [EXISTING RESTRUCTURING PROGRAM; DEFINITIONS.]**

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 10 to 12.*

*Subd. 2. [CLASSIFIED FARM LOAN.] "Classified farm loan" means a farm loan that the lender determines to have a substantial risk of nonpayment, so that the lender is likely to sus-*

*tain some loss if the borrower's paying capacity, net worth, or collateral is not improved. The loan need not already have been classified by a bank examiner.*

*Subd. 3. [COMMISSIONER.] "Commissioner" means the commissioner of commerce.*

*Subd. 4. [COMMISSIONER'S INTEREST INDEX.] "Commissioner's interest index" means an interest rate that is 2.3 percent above the current lending rates of the federal intermediate credit bank to production credit associations as certified each month by the commissioner.*

*Subd. 5. [FARMER.] "Farmer" means a state resident individual, or a domestic family farm corporation defined in Minnesota Statutes, section 500.24, engaged in the business of farming property in this state.*

*Subd. 6. [FARMERS HOME ADMINISTRATION.] "Farmers home administration" means the farmers home administration of the United States Department of Agriculture.*

*Subd. 7. [FARM LOAN.] "Farm loan" means a loan for operating expenses or the purchase of property for a farm business.*

*Subd. 8. [LENDER.] "Lender" means a bank, savings and loan association, or credit union chartered by the state or federal government, a farm credit system lender, and the Federal Deposit Insurance Corporation.*

## Sec. 11. [QUALIFICATION OF LENDERS.]

*(a) To qualify for an interest payment under sections 10 to 12, a lender must first sign an agreement with the commissioner to follow the guidelines.*

*(b) A lender may not foreclose on a farm loan of a farmer who has had a loan application submitted to the farmers home administration under section 12 until (1) the lender certifies to the commissioner that the farmer's loans have been submitted to the farmers home administration for debt restructuring and that the loan debt restructuring has been approved or denied, or (2) 90 days have expired, whichever is earlier.*

*(c) The commissioner may not make an interest payment to a lender for a loan under sections 10 to 12, if the lender has foreclosed the loan.*

## Sec. 12. [INTEREST PAYMENT PROGRAM ON EXISTING FARM LOANS.]

*Subd. 1. [COMMISSIONER PAYS INTEREST.] The commissioner shall pay the interest attributable to the first 60 days of a 120-day period, on the first \$25,000 of operating farm loans and the first \$25,000 of ownership farm loans of each borrower submitted by a lender that signs an agreement under section 11 to the farmers home administration for loan guarantees and debt restructuring.*

*Subd. 2. [INTEREST.] The interest to be paid is the amount that becomes attributable to the first 60-day period after the lender signs the agreement with the commissioner under section 11. The amount to be paid is determined by the loan agreement between the lender and the borrower.*

*Subd. 3. [CLASSIFIED FARM LOAN REVIEW.] During the first 60 days of the 120-day period after the agreement with the commissioner in section 11 is signed, the lender must review all classified farm loans and determine which farm loans the lender will submit to the farmers home administration for loan guarantees and debt restructuring.*

*Subd. 4. [LENDER-BORROWER AGREEMENT.] For each farm loan that the lender submits to the farmers home administration for loan guarantees and debt restructuring, the lender and the borrower of the farm loan must sign an agreement. The agreement must:*

*(1) state that the lender has agreed with the commissioner not to foreclose on farm loans submitted, as specified in section 11;*

*(2) state that the commissioner will pay the interest attributable to the eligible portion of the farm loan submitted to the farmers home administration for the first 60 days of the 120-day period if the lender qualifies for state interest payment;*

*(3) state that the borrower is not liable for interest paid by the commissioner;*

*(4) provide that if the lender qualifies for state interest payments, the lender will assume responsibility for the interest attributable to the eligible portion of the farm loan submitted and the borrower is not liable for the interest except as provided in clause (5); and*

*(5) provide that if the borrower agrees to have the farm loan submitted and the farmers home administration guarantees the loan, the lender may add the interest attributable to the second 60 days of the period to the principal of the borrower's farm loan.*

*Subd. 5. [PAYMENT APPLICATION.] The lender must apply to the commissioner for the 60-day state interest payment*



*on a farm loan that is submitted to the farmers home administration. The lender must give the commissioner evidence of the farm loan submitted to the farmers home administration guaranteed loan program and application for the farmers home administration approved lenders program. A lender that complies with this section is qualified to receive payment from the commissioner.*

Sec. 13. [ELIGIBLE FARM OPERATING LOANS.]

*Notwithstanding Laws 1985, chapter 4, as amended by Laws 1985, chapter 114, a farm operating loan due and payable by April 1, 1986, and is otherwise eligible for the state interest payment and the commissioner of commerce shall make the payment if the loan was submitted by December 31, 1985.*

Sec. 14. [EFFECTIVE DATE.]

*This article is effective the day following final enactment.*

ARTICLE 24

TANK SAFETY

Section 1. Minnesota Statutes 1985 Supplement, section 221.033, subdivision 3, is amended to read:

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) *for tank motor vehicles with a capacity of 3,000 gallons or less which are used to transport gasoline and were designed and manufactured between 1950 and 1975 (ACCORDING TO AMERICAN SOCIETY OF MECHANICAL ENGINEERS SPECIFICATIONS IN EFFECT AT THE TIME OF MANUFACTURE) to transport petroleum products.* 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.

ARTICLE 25

PRIORITY LIEN STUDY

Section 1. [PRIORITY LIEN STUDY.]

*The chairs of the house agriculture committee and the senate agriculture and natural resources committee shall each appoint*

*eight members to a joint interim legislative committee to study priority liens on agricultural products and the impact of restricting short sales of raw agricultural products. At least three members from each political party must be represented by each house. The joint committee shall submit a written report to the legislature by December 15, 1986.*

Sec. 2. [EFFECTIVE DATE.]

*This article is effective the day after final enactment.*

ARTICLE 26

SOIL AND WATER PURIFICATION TEST

Section 1. [116.54] [INJECTION OF CERTAIN MATERIALS.]

*Subdivision 1. [POLLUTION CONTROL AGENCY TO AUTHORIZE, MONITOR.] The pollution control agency shall authorize and may monitor not less than one or more than five projects to test the controlled injection of oxygen-bearing materials and appropriate microbiological systems into sites of water or soil contamination. An applicant for authority to conduct one of the tests shall describe to the agency plans for the test injection project including at least the following:*

- (1) the quantity and type of chemicals and microbes to be used in the injection project;*
- (2) the frequency and planned duration of the injections;*
- (3) test monitoring and evaluation equipment that will be maintained at the site; and*
- (4) procedures for recording, analyzing, and maintaining information on the injection project.*

*The applicant shall make available to the agency all significant test results from the injection project. Trade secret information, as defined in section 13.37, made available by an applicant is classified as nonpublic data, pursuant to section 13.02, subdivision 9, or private data on individuals, pursuant to section 13.02, subdivision 12.*

Sec. 2. [EFFECTIVE DATE.]

*This article is effective the day following final enactment.*

## ARTICLE 27

## DITCH CONSERVATION

Section 1. Minnesota Statutes 1985 Supplement, section 160.232, is amended to read:

## 160.232 [MOWING DITCHES OUTSIDE CITIES.]

Road authorities may not mow *or till* the right-of-way of a highway located outside of a home rule charter or statutory city except as allowed in this section and section 160.23.

(a) On any highway, the first eight feet away from the road surface, or shoulder if one exists, may be mowed at any time.

(b) An entire right-of-way may be mowed after July 31. From August 31 to the following July 31, the entire right-of-way may only be mowed if necessary for safety reasons, and may not be mowed to a height of less than 12 inches.

(c) A right-of-way may be mowed as necessary to maintain sight distance for safety and may be mowed at other times under rules of the commissioner, or by resolution of a local road authority.

(d) *A right-of-way may be mowed, burned, or tilled to prepare the right-of-way for the establishment of permanent vegetative cover or for prairie vegetation management.*

Sec. 2. Minnesota Statutes 1984, section 160.27, subdivision 5, is amended to read:

Subd. 5. [MISDEMEANORS.] Except for the actions of the road authorities, their agents, employees, contractors, and utilities in carrying out their duties imposed by law or contract, and except as herein provided, it shall be unlawful to:

(1) Obstruct any highway or deposit snow or ice thereon;

(2) Plow or perform any other detrimental operation within the road right of way except in the preparation of the land for planting (A PERENNIAL HAY CROP, AND THE HARVESTING OF SAID CROP) *permanent vegetative cover*;

(3) Erect a fence on the right of way of a trunk highway, county state-aid highway, county highway or town road, except to erect a lane fence to the ends of a livestock pass;

(4) Dig any holes in any highway; except to locate markers placed to identify sectional corner positions and private boundary corners.

- (5) Remove any earth, gravel or rock from any highway;
- (6) Obstruct any ditch draining any highway or drain any noisome materials into any ditch;
- (7) Place or maintain any building or structure within the limits of any highway;
- (8) Place or maintain any advertisement within the limits of any highway;
- (9) Paint, print, place, or affix any advertisement or any object within the limits of any highway;
- (10) Deface, mar, damage, or tamper with any structure, work, material, equipment, tools, signs, markers, signals, paving, guardrails, drains, or any other highway appurtenance on or along any highway;
- (11) Remove, injure, displace, or destroy right of way markers, or reference or witness monuments, or markers placed to preserve section or quarter section corners;
- (12) Improperly place or fail to place warning signs and detour signs as provided by law;
- (13) Drive over, through, or around any barricade, fence, or obstruction erected for the purpose of preventing traffic from passing over a portion of a highway closed to public travel or to remove, deface, or damage any such barricade, fence, or obstruction.

Violations hereof shall be prosecuted by the county attorney of the county where the violations occur. Any person convicted of such violations shall be guilty of a misdemeanor.

### Sec. 3. [REPORT.]

*Subdivision 1. [INVESTIGATION.] The state soil and water conservation board shall determine the length and area of drainage ditches that are required to be planted with permanent grass under section 106A.021 and prior law, and the enforcement actions taken by the commissioner of natural resources or enforcement personnel to maintain the grass strips.*

*Subd. 2. [COOPERATION.] The commissioner of transportation, county highway engineers, the road authorities, drainage authorities, and county auditors shall cooperate with the state soil and water conservation board in conducting the investigations.*

*Subd. 3. [REPORT TO LEGISLATURE.] The state soil and water conservation board shall prepare a report on the information collected under subdivision 1 and submit it to the legislature by January 15, 1987.*

**Sec. 4. [EFFECTIVE DATE.]**

*This article is effective the day after final enactment.*

**ARTICLE 28**

**AGRICULTURAL LAND PRESERVATION**

**Section 1. [40A.151] [MINNESOTA CONSERVATION FUND.]**

*Subdivision 1. [ESTABLISHMENT.] The Minnesota conservation fund is established as an account in the state treasury. Money from counties under section 2 must be deposited in the state treasury and credited to the Minnesota conservation fund account.*

*Subd. 2. [USE OF FUND.] Money in the fund is annually appropriated to the commissioner of revenue to reimburse taxing jurisdictions as provided in section 3 and section 473H.10.*

**Sec. 2. [40A.152] [COUNTY CONSERVATION FEE; ACCOUNT.]**

*Subdivision 1. [FEE.] A county that has allowed exclusive agricultural zones to be created under chapter 40A, that has designated lands eligible for agricultural preserves under section 473H.04, or that has elected to become an agricultural land preservation pilot county, shall impose an additional fee of \$3 per transaction on the recording or registration of a mortgage subject to the tax under section 287.05 and an additional \$3 on the recording or registration of a deed subject to the tax under section 287.21. One-half of the fee must be deposited in a special conservation account to be created in the county general revenue fund and one-half must be transferred to the commissioner of revenue for deposit in the state treasury and credited to the Minnesota conservation fund.*

*Subd. 2. [USE OF ACCOUNT.] Money from the county conservation account must be spent by the county to reimburse the county and taxing jurisdictions within the county for revenue lost under the conservation tax credit under section 3 or the valuation of agricultural preserves under section 473H.10. Money remaining in the account after those payments may be spent for the following purposes:*

(1) *agricultural land preservation and conservation planning and implementation of official controls under this chapter or chapter 473H;*

(2) *soil conservation activities and enforcement of soil loss ordinances;*

(3) *incentives for landowners who create exclusive agricultural use zones;*

(4) *payments to municipalities within the county for the purposes of clauses (1) to (3).*

*Subd. 3. [TRANSFER TO STATE FUND.] Money in the county conservation account that is not encumbered by the county within one year of deposit in the account must be transferred to the commissioner of revenue for deposit in the Minnesota conservation fund.*

**Sec. 3. [273.119] [CONSERVATION TAX CREDIT.]**

*Subdivision 1. [ELIGIBILITY; AMOUNT OF CREDIT.] Land located in an exclusive agricultural use zone created under chapter 40A is eligible for a property tax credit of \$1.50 per acre. To qualify for the tax credit in any year the owner shall file with the assessor by June 30 of that year a record of the restrictive covenant received by the owner under section 40A.10, subdivision 3. An owner who has given notice of termination of the exclusive agricultural use zone under section 40A.11, subdivision 2, is not eligible for the credit. The assessor shall indicate the amount of the property tax reduction on the property tax statement of each taxpayer receiving a credit under this section. The credit paid pursuant to this section shall be deducted from the tax due on the property before computation of the homestead credit paid pursuant to section 273.13 and the state agricultural credit paid pursuant to section 124.2137.*

*Subd. 2. [REIMBURSEMENT FOR LOST REVENUE.] The county may transfer money from the county conservation account created in section 2 to the county revenue fund to reimburse the fund for the cost of the property tax credit. The county auditor shall certify to the commissioner of revenue on or before June 1 of each year the amount of tax lost to the county from the property tax credit under subdivision 1 and the extent that the tax lost exceeds funds available in the county conservation account. On or before July 15 of each year, the commissioner shall reimburse the county from the Minnesota conservation fund under section 1 for the taxes lost in excess of the county account.*

**Sec. 4. Minnesota Statutes 1985 Supplement, section 473H.10, subdivision 3, is amended to read:**

**Subd. 3. [COMPUTATION OF TAX; STATE REIMBURSEMENT.]** (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 multiplying 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 may transfer money from the county conservation account created in section 2 to the county revenue fund to reimburse the fund for the tax lost as a result of this subdivision or to pay taxing jurisdictions within the county for the tax lost. The county auditor shall certify to the commissioner of revenue on or before June 1 the total amount of tax lost to the county and taxing jurisdictions located within his county as a result of this subdivision and the extent that the tax lost exceeds funds available in the county conservation account. Payments shall be made by the state as provided in section 273.13, subdivision 15a to each of the affected taxing jurisdictions if the county conservation account is insufficient to make the reimbursement. There is annually appropriated from the (GENERAL FUND IN THE STATE TREASURY) Minnesota conservation fund under section 1 to the commissioner of revenue an amount sufficient to make the reimbursement provided in this subdivision.*

**Sec. 5. [EFFECTIVE DATE.]**

*Section 3 is effective for taxes levied in 1987 and payable in 1988 and after. Section 4 is effective June 1, 1987.*

## ARTICLE 29

## APPROPRIATION

## Section 1. [APPROPRIATIONS.]

*Subdivision 1. [LEGAL ASSISTANCE PROGRAM.] \$650,000 is appropriated from the general fund to the supreme court for the purposes of article 3, for the biennium ending June 30, 1987.*

*Subd. 2. [MEDIATION.] \$360,000 is appropriated from the general fund to the University of Minnesota agricultural extension service for purposes of article 1 for the biennium ending June 30, 1987.*

*Subd. 3. [INTEREST RATE BUY-DOWN.] \$5,000,000 is appropriated from the general fund to the commissioner of commerce for purposes of article 23 and \$75,000 of it may be spent for administrative expenses related to article 23 for the biennium ending June 30, 1987.*

*Subd. 4. [FAMILY FARM ADVOCATE PROGRAM.] \$300,000 is appropriated from the general fund to the commissioner of agriculture for the farm advocates program, for the biennium ending June 30, 1987.*

*Subd. 5. [DATA COLLECTION TASK FORCE.] \$10,500 is appropriated from the general fund to the legislative advisory commission to fund the activities of the agricultural data collection task force pursuant to article 11.*

*Subd. 6. [FAMILY FARM SECURITY ACT ADDITIONAL INTEREST PAYMENTS.] \$740,000 is appropriated to the commissioner of agriculture from the general fund for the biennium ending June 30, 1987 in order to make the payments required by article 8.*

*Subd. 7. [AVTI AND UNIVERSITY OF MINNESOTA TECHNICAL COLLEGES TUITION SUPPLEMENT.] \$1,350,000 is appropriated from the general fund to the state board of vocational technical education, for the biennium ending June 30, 1987, for the following services in proportions deemed necessary by the board to the agricultural vocational technical institutes and the University of Minnesota two-year technical colleges for:*

*(1) reduced tuition costs for existing farm business management and small business management programs; and*

*(2) additional farm business management programs and workshops.*



**Subd. 8. [AGRICULTURAL EXTENSION SERVICE PROJECTS.]** \$1,250,000 is appropriated from the general fund to the board of regents of the University of Minnesota, to be available until June 30, 1987, for the following agricultural extension service projects: voluntary mediation training, project support program, farm financial management program, family financial and stress management education, community economy development education, information exchange for sustainable farming methods including methods that decrease per unit cost of production and increase net income, and forest product marketing.

**Subd. 9. [MINNESOTA RURAL FINANCE ADMINISTRATION.]** \$4,802,000 is appropriated to the commissioner of finance from the general fund for purposes of article 6. Of this amount, \$4,564,000 is exclusively for debt service of bonds issued under article 6, and \$238,000 is for administrative costs. The complement of the department is increased by 5.0 positions. If the program is found to be unconstitutional, the balance of this appropriation shall be transferred to the interest buy-down program in article 23.

**Subd. 10. ["FINPAC."]** \$72,500 is appropriated from the general fund to the commissioner of finance to be available for grants to the Farmers Home Administration to continue the administration's FINPAC capability on the University of Minnesota's mainframe computer and to upgrade the administration's "FINPAC" farm financial analysis software for micro computers as needed to establish compatibility with "FINPAC" analyses prepared by county extension agents or adult farm management instructors. This appropriation is for the biennium ending June 30, 1987.

**Subd. 11. [AGRICULTURAL EXPERIMENT STATION RESEARCH PROJECTS.]** \$250,000 is appropriated from the general fund to the board of regents of the University of Minnesota for agricultural experiment station research projects relating to water quality problems associated with the application of chemical inputs in production agriculture, for the biennium ending June 30, 1987.

**Subd. 12. [AGRICULTURAL EXTENSION SERVICE RETRENCHMENT.]** \$115,000 is appropriated from the general fund to the board of regents of the University of Minnesota for the Minnesota extension service to offset scheduled reduction of county extension agents. It is requested that consideration be made for those counties with the greatest need for mediation services. This appropriation is for the biennium ending June 30, 1987.

**Subd. 13. [SWEET SORGHUM RESEARCH.]** \$60,000 is appropriated to the state board of vocational technical education for continuation of a demonstration project at the Mankato voca-

*tional technical institute involving butanol and ethanol production from sweet sorghum, for the biennium ending June 30, 1987.*

*Subd. 14. [WILD RICE RESEARCH.] \$40,00 is appropriated from the general fund to the University of Minnesota agricultural experimental stations for wild rice research to be available until June 30, 1987, as follows:*

<i>(a) for elimination of volunteer seeds</i>	<i>\$10,000</i>
<i>(b) to develop plants resistant to leaf diseases</i>	<i>10,000</i>
<i>(c) to develop higher yielding wild rice</i>	<i>10,000</i>
<i>(d) acquisition and preparation of a peat research site</i>	<i>5,000</i>
<i>(e) approving herbicides and pesticides that will not affect food value of rice</i>	<i>5,000</i>

*Subd. 15. [FARM LAND CAPITAL GAIN EXCLUSION.] \$1,000,000 is appropriated from the general fund to the commissioner of revenue to make the payments required in article 21, to be available for the biennium ending June 30, 1987."*

Delete the title and insert:

"A bill for an act relating to agriculture; establishing the rural finance administration; authorizing the sale of state bonds; ratifying and approving an interstate compact on agricultural grain marketing; authorizing development of a plan for a memorial to Native Americans; establishing a mediation procedure; re-enacting an interest buydown program; authorizing certain deficiency judgments; prescribing a procedure to determine the amount of certain agricultural deficiency judgments; providing for farm advocate guidelines; reactivating the data collection task force; authorizing additional interest payments to certain family farm security program sellers; increasing the allowable width of certain trucks; authorizing trucks hauling sugar beets or potatoes to be overweight during certain periods; declaring crop ownership; prescribing a procedure for planting crop owners to recover crop value; providing for a lien; prescribing satisfaction and enforcement of liens; modifying venue to recover possession of personal property; allowing designation, sale and redemption of an agricultural homestead that is executed on and sold as part of other property; allowing designation, sale, and redemption of a homestead foreclosed on or part of other property; establishing filing requirements, enforcement, and priority of veterinarian's liens; declaring state policy relating to wild rice; increasing the homestead exemption to 160 acres; exempting agricultural property for certain purposes; providing certain rights of first refusal; establishing a legal services support program; protecting certain

conservation practices; changing the agricultural land preservation pilot program; protecting certain rights-of-way from erosion; changing certain variances requiring a study; authorizing certain soil and water purification tests; appropriating money and authorizing issuance of bonds; excluding certain capital gains; amending Minnesota Statutes 1984, sections 138.585, by adding a subdivision; 160.27, subdivision 5; 169.01, subdivision 7; 169.80, subdivision 1; 169.81, subdivisions 2 and 3; 169.825, subdivisions 8, 10, 11, and by adding a subdivision; 169.832, by adding a subdivision; 169.86, subdivisions 2 and 5; 290.08, by adding a subdivision; 336.9-501; 480.24, by adding a subdivision; 480.242, subdivision 2; 500.24, by adding subdivisions; 510.02; 514.92; 542.06; 572.33, subdivision 1, and by adding a subdivision; 572.35; 580.23, subdivision 1; 581.09; Minnesota Statutes 1985 Supplement, sections 40.26; 92.50, subdivision 1; 92.501, subdivisions 1 and 2; 160.232; 168.013, subdivision 1e; 169.862; 221.033, subdivision 3; 256.73, subdivision 2; 290.01, subdivision 20b; 290.091, subdivision 2; 290.491; 473H.10, subdivision 3; Laws 1985, chapter 19, section 2, subdivision 2, and by adding a subdivision, and section 6, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 17; 40A; 116; 222; 273; 480; 514; 550; 557; 559; 572; 580; 581; 582; and 583; proposing coding for new law as Minnesota Statutes, chapters 41B; and 236A; repealing Minnesota Statutes 1984, sections 561.11; 561.12; 561.13; 561.14; 561.15; 561.16; and 582.04."

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

House Conferees: K. J. McDONALD, DENNIS C. FREDERICKSON, JIM BOERBOOM, MERLYN O. VALAN and JERRY SCHOENFELD.

Senate Conferees: CHARLES R. DAVIS, CHARLES A. BERG, LeROY A. STUMPF, GARY M. DECramer and KEITH LANGSETH.

McDonald moved that the report of the Conference Committee on H. F. No. 1599 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

#### POINT OF ORDER

Elioff raised a point of order pursuant to rule 6.11 relating to Conference Committees. The Speaker ruled the point of order not well taken.

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 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.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 121 yeas and 0 nays as follows :

Those who voted in the affirmative were:

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

The bill was repassed, as amended by Conference, and its title agreed to.

There being no objection the order of business reverted to Messages from the Senate.

### 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. 2210, A bill for an act relating to public disasters; providing for certain unemployment compensation liability; providing for certain valuation in the city of Litchfield; amending Minnesota Statutes 1984, section 268.06, 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, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1863, A bill for an act relating to crimes; clarifying the crime of failing to file a tax return; creating a presumption that property acquired during the course of certain crimes are "proceeds" of the crime for purposes of forfeiture law; providing protection for crime victims against adverse employer actions; amending Minnesota Statutes 1985 Supplement, sections 290.92, subdivision 15; and 609.531, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 611A.

PATRICK E. FLAHAVEN, Secretary of the Senate

Seaberg moved that the House refuse to concur in the Senate amendments to H. F. No. 1863, 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 reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1886

A bill for an act relating to local government; changing the notice requirements for special assessments; amending Minnesota Statutes 1984, section 429.061, subdivision 2; Minnesota Statutes 1985 Supplement, section 429.061, subdivision 1.

March 17, 1986

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. 1886, 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. 1886 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1984, section 144.214, subdivision 1, is amended to read:

Subdivision 1. [DISTRICTS.] Each county of the state, and the city of St. Paul, (AND THE CITY OF MINNEAPOLIS,) shall constitute the (89) 88 registration districts of the state. The local registrar in each county shall be the clerk of district court in that county. The local registrar in any city which maintains local registration of vital statistics shall be the health officer. In addition, the state registrar may establish registration districts on United States government reservations, and may appoint a local registrar for each registration district so established.

Sec. 2. [CITY EMPLOYEES; TRANSFER.]

*If section 1 is adopted by the city and county, Hennepin county may employ city personnel who had duties under Minnesota Statutes, section 144.214. The former city employees shall as far as possible retain the benefits, salaries, and rights of their city employment but shall otherwise be subject to Hennepin county personnel rules.*

Sec. 3. Minnesota Statutes 1985 Supplement, section 271.01, subdivision 5, is amended to read:

Subd. 5. [JURISDICTION.] The tax court shall have statewide jurisdiction. Except for an appeal to the supreme court or any other appeal allowed under this subdivision, the tax court shall be the sole, exclusive, and final authority for the hearing and determination of all questions of law and fact arising under the tax laws of the state, as defined in this subdivision, in those cases that have been appealed to the tax court and in any case that has been transferred by the district court to the tax court. The tax court shall have no jurisdiction in any case that does not arise under the tax laws of the state or in any criminal case or in any case determining or granting title to real property or in any case that is under the jurisdiction of the probate court. The small claims division of the tax court shall have no jurisdiction in any case dealing with property valuation or assessment for property tax purposes until the taxpayer has appealed the valuation or assessment to the town or city board of equalization and to the county board of equalization, except for those taxpayers whose original assessments are determined by the commissioner of revenue. (A PROPERTY OWNER, OTHER THAN A PUBLIC UTILITY, MINING COMPANY, OR RAILROAD COMPANY FOR WHICH THE ORIGINAL ASSESSMENTS ARE DETERMINED BY THE COMMISSIONER OF REVENUE, MAY NOT APPEAR BEFORE THE TAX COURT 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 TEN DAYS BEFORE THE COUNTY BOARD OF REVIEW MEETING. NOTWITHSTANDING THE PROVISIONS OF THIS SECTION, IF THE MARKET VALUE OF THE PROPERTY IS INCREASED OR IF THE CLASSIFICATION OF THE PROPERTY IS CHANGED AFTER THE NOTICE HAS BEEN SENT TO THE PROPERTY OWNER, THE PROPERTY OWNER MAY APPEAR BEFORE THE TAX COURT WITHOUT AN APPEARANCE IN PERSON OR WRITTEN COMMUNICATION TO THE COUNTY BOARD OF EQUALIZATION.) The tax court shall have no jurisdiction in any case involving an order of the state board of equalization unless a taxpayer contests the valuation of his property. Only the taxes, aids and related matters contained in chapters 60A, 69, 124, 270, 272, 273, 274, 275, 276, 277, 278, 279, 285, 287, 288, 290, 290A, 291, 292, 293, 294, 295, 296, 297, 297A, 297B, 298, 299, 299F, 340, 473, 473F, and 477A shall be considered tax laws of this state subject to the jurisdiction of the tax court. This subdivision shall not be construed to prevent an appeal, as provided by law, to an administrative agency, board of equalization, or to the commissioner of revenue. Wherever used in chapter 271, the term commissioner shall mean the commissioner of revenue, unless otherwise specified.

Sec. 4. Minnesota Statutes 1985 Supplement, section 278.01, subdivision 1, is amended to read:

Subdivision 1. [DETERMINATION OF VALIDITY.] Any person having any estate, right, title, or interest in or lien upon any parcel of land, who claims that such property has been partially, unfairly, or unequally assessed in comparison with other property in the city or county, or that the parcel has been assessed at a valuation greater than its real or actual value, or that the tax levied against the same is illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so levied, may have the validity of his claim, defense, or objection determined by the district court of the county in which the tax is levied or by the tax court by serving two copies of a petition for such determination upon the county auditor and one copy each on the county treasurer and the county attorney and filing the same, with proof of service, in the office of the clerk of the district court before the 16th day of May of the year in which the tax becomes payable. (A PROPERTY OWNER, OTHER THAN A PUBLIC UTILITY, MINING COMPANY, OR THE RAILROAD COMPANY FOR WHICH THE ORIGINAL ASSESSMENTS ARE DETERMINED BY THE COMMISSIONER OF REVENUE, MAY NOT APPEAR BEFORE THE DISTRICT COURT OR TAX COURT 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 TEN DAYS BEFORE THE COUNTY BOARD OF REVIEW MEETING. NOTWITHSTANDING THE PROVISIONS OF THIS SECTION, IF THE MARKET VALUE OF THE PROPERTY IS INCREASED OR IF THE CLASSIFICATION OF THE PROPERTY IS CHANGED AFTER THE NOTICE HAS BEEN SENT TO THE PROPERTY OWNER. THE PROPERTY OWNER MAY APPEAR BEFORE THE DISTRICT COURT OR TAX COURT WITHOUT AN APPEARANCE IN PERSON OR WRITTEN COMMUNICATION TO THE COUNTY BOARD OF EQUALIZATION.) The county auditor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A copy of the petition shall also be sent to the school board of the school district in which the property is located. A petition for determination under this section may be transferred by the district court to the tax court. An appeal may also be taken to the tax court under chapter 271 at any time following receipt of the valuation notice required by section 273.121 but prior to May 16 of the year in which the taxes are payable.

Sec. 5. Minnesota Statutes 1984, section 278.05, subdivision 1, is amended to read:

278.05 [TRIAL OF ISSUES.]

Subdivision 1. The petition, without any answer, return, or other pleading thereto, shall be tried at the next term of court. The *tax court or district court* shall without delay summarily hear and determine the claims, objections or defenses made by the petition and shall direct judgment (ACCORDINGLY) to *sustain, reduce or increase the amount of taxes due*, and the trial shall disregard technicalities and matters of form not affecting the merits.

Sec. 6. Minnesota Statutes 1984, section 278.05, subdivision 4, is amended to read:

Subd. 4. [SALES RATIO STUDIES AS EVIDENCE.] The sales ratio studies published by the department of revenue, or any part of the studies, or any copy of the studies or records accumulated to prepare the studies which is prepared by the commissioner of revenue for the equalization aid review committee for use in determining school aids shall be admissible in evidence as a public record without the laying of a foundation if the sales prices used in the study are adjusted for the terms of the sale to reflect market value and are adjusted to reflect the difference in the date of sale compared to the assessment date. Additional evidence relevant to the sales ratio study is also admissible. No sales ratio study received into evidence shall be con-



clusive or binding on the court and evidence of its reliability or unreliability may be introduced by any party including, but not limited to, evidence of inadequate adjustment of sale prices for terms of financing, inadequate adjustment of sales prices to reflect the difference in the date of sale compared to the assessment date, and inadequate sample size.

No reduction in value on the grounds of discrimination shall be granted on the basis of a sales ratio study published by the department of revenue unless

(a) the sales prices are adjusted for the terms of the sale to reflect market value,

(b) the sales prices are adjusted to reflect the difference in the date of sale compared to the assessment date, *and*

(c) there is an adequate sample size (, AND)

((D) THE MEDIAN RATIO OF THE CLASS OF PROPERTY OF THE SUBJECT PROPERTY IN THE SAME COUNTY, CITY, OR TOWN OF THE SUBJECT PROPERTY IS LOWER THAN THE ASSESSMENT RATIO OF THE SUBJECT PROPERTY BY AT LEAST TEN PERCENT.)

(IF THE ABOVE CRITERIA ARE MET AND A REDUCTION IN VALUE ON THE GROUNDS OF DISCRIMINATION IS GRANTED BASED UPON THE SALES RATIO STUDY, THE REDUCTION SHALL REFLECT ONLY THE DIFFERENCE BETWEEN THE ASSESSMENT/SALES RATIO OF THE SUBJECT PROPERTY AND 110 PERCENT OF THE MEDIAN RATIO OF THE CLASS OF PROPERTY OF THE SUBJECT PROPERTY).

Sec. 7. Minnesota Statutes 1984, section 278.07, is amended to read:

278.07 [JUDGMENT; AMOUNT; COSTS.]

Judgment shall be for the amount of the taxes for the year as the court shall determine the same, less the amount paid thereon, if any. If the tax is sustained in the full amount levied *or increased*, costs and disbursements (SHALL) *may, in the discretion of the court*, be taxed and allowed as in delinquent tax proceedings and shall be included in the judgment. If the tax so determined shall be less than the amount thereof as levied, the court may, in its discretion, award disbursements to the petitioner, which shall be taxed and allowed and be deducted from the amount of the taxes as determined. If there be no judgment for taxes, a judgment may be entered determining the right of the parties and for the costs and disbursements as taxed and allowed.

Sec. 8. Minnesota Statutes 1984, section 278.08, subdivision 1, is amended to read:

Subdivision 1. [TAXES DUE.] Whether or not the tax is sustained in full as levied *or increased* and section 278.03 notwithstanding, the judgment shall include any interest which has accrued on the taxes for failure to pay the taxes or any part of the taxes as provided in sections 279.01 and 279.03. If the tax is reduced, no penalty shall be included in the judgment because of the failure to pay the reduced tax prior to entry of judgment. After the judgment is entered, it shall be subject to interest and penalty at the rates provided in chapter 279 for delinquent payment of property taxes.

Sec. 9. Minnesota Statutes 1985 Supplement, section 325E.-025, subdivision 2, is amended to read:

Subd. 2. [PAYMENT RESPONSIBILITY FOR UTILITY SERVICE.] A utility shall not: (1) recover or attempt to recover payment *for a tenant's outstanding bill or charge* from a landlord, property owner or manager, or manufactured home park owner, as defined in section 327C.01, or manufactured home dealer, as defined in section 327B.01, who has not contracted for the service; (2) condition service on payment of an outstanding bill or other charge for utility service due upon the outstanding account of a previous customer or customers when all of the previous customers have vacated the property; or (3) place a lien on the landlord's or owner's property for a tenant's outstanding bill or charge whether created by local ordinance or otherwise. A utility may recover or attempt to recover payment *for a tenant's outstanding bill or charge* from a property owner where the manager, acting as the owner's agent, contracted for the utility service.

Sec. 10. Minnesota Statutes 1985 Supplement, section 429.-061, subdivision 1, is amended to read:

Subdivision 1. [CALCULATION, NOTICE.] At any time after the expense incurred or to be incurred in making an improvement shall be calculated under the direction of the council, the council shall determine by resolution the amount of the total expense the municipality will pay, other than the amount, if any, which it will pay as a property owner, and the amount to be assessed. If a county proposes to assess within the boundaries of a city for a county state-aid highway or county highway, the resolution must include the portion of the cost proposed to be assessed within the city. The county shall forward the resolution to the city and it may not proceed with the assessment procedure under this section for property within the city unless the city council adopts a resolution approving the assessment. Thereupon the clerk, with the assistance of the engineer or other qualified person selected by the council, shall calculate the proper amount to be specially assessed for the improvement against every as-

sessable lot, piece or parcel of land, without regard to cash valuation, in accordance with the provisions of section 429.051. The proposed assessment roll shall be filed with the clerk and be open to public inspection. The clerk shall thereupon, under the council's direction, publish notice that the council will meet to consider the proposed assessment. Such notice shall be published in the newspaper at least once and shall be mailed to the owner of each parcel described in the assessment roll. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be such on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer; but other appropriate records may be used for this purpose. Such publication and mailing shall be no less than two weeks prior to such meeting of the council. Except as to the owners of tax exempt property or property taxes on a gross earnings basis, every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived such mailed notice unless he has requested in writing that the county auditor or county treasurer, as the case may be, include his name on the records for such purpose. Such notice shall state the date, time, and place of such meeting, the general nature of the improvement, the area proposed to be assessed (**THE AMOUNT TO BE SPECIALLY ASSESSED AGAINST THAT PARTICULAR LOT, PIECE, OR PARCEL OF LAND**), *the total amount of the proposed assessment*, that the proposed assessment roll is on the file with the clerk, and that written or oral objections thereto by any property owner will be considered. *The notice must also state that no appeal may be taken as to the amount of any assessment adopted pursuant to subdivision 2, unless a written objection signed by the affected property owner is filed with the municipal clerk prior to the assessment hearing or presented to the presiding officer at the hearing. The notice shall also state that an owner may appeal an assessment to district court pursuant to section 429.081 by serving notice of the appeal upon the mayor or clerk of the municipality within 30 days after the adoption of the assessment and filing such notice with the district court within ten days after service upon the mayor or clerk. The notice shall also inform property owners of the provisions of sections 435.193 to 435.195 and the existence of any deferment procedure established pursuant thereto in the municipality. In addition, the notice mailed to the owner must include the following information:*

- (1) *the amount to be specially assessed against that particular lot, piece, or parcel of land;*
- (2) *the right of the property owner to prepay the entire assessment and the person to whom prepayment must be made;*
- (3) *whether partial prepayment of the assessment has been authorized by ordinance;*

(4) *the time within which prepayment may be made without the assessment of interest; and*

(5) *the rate of interest to be accrued if the assessment is not prepaid within the required time period.*

Sec. 11. Minnesota Statutes 1984, section 429.061, subdivision 2, is amended to read:

Subd. 2. [ADOPTION; INTEREST.] At such meeting or at any adjournment thereof the council shall hear and pass upon all objections to the proposed assessment, whether presented orally or in writing. The council may amend the proposed assessment as to any parcel and by resolution adopt the same as the special assessment against the lands named in the assessment roll. Notice of any adjournment of the hearing shall be adequate if the minutes of the meeting so adjourned show the time and place when and where the hearing is to be continued.

The council may consider any objection to the amount of a proposed assessment as to a specific parcel of land at an adjourned hearing upon further notice to the affected property owner as it deems advisable. At the adjourned hearing the council or a committee of it may hear further written or oral testimony on behalf of the objecting property owner and may consider further written or oral testimony from appropriate city officials and other witnesses as to the amount of the assessment. The council or committee shall prepare a record of the proceedings at the adjourned hearing and written findings as to the amount of the assessment. The amount of the assessment as finally determined by the council shall become a part of the adopted assessment roll. *No appeal may be taken as to the amount of any assessment adopted under this section unless written objection signed by the affected property owner is filed with the municipal clerk prior to the assessment hearing or presented to the presiding officer at the hearing.* All objections to the assessments not received at the assessment hearing in the manner prescribed by this (SECTION) subdivision are waived, unless the failure to object at the assessment hearing is due to a reasonable cause.

*If the adopted assessment differs from the proposed assessment as to any particular lot, piece, or parcel of land, the clerk must mail to the owner a notice stating the amount of the adopted assessment. Owners must also be notified by mail of any changes adopted by the council in interest rates or prepayment requirements from those contained in the notice of the proposed assessment.*

The assessment, with accruing interest, shall be a lien upon all private and public property included therein, from the date of the resolution adopting the assessment, concurrent with general taxes; but the lien shall not be enforceable against public property as long as it is publicly owned, and during such period the

assessment shall be recoverable from the owner of such property only in the manner and to the extent provided in section 435.19. Except as provided below, all assessments shall be payable in equal annual installments extending over such period, not exceeding 30 years, as the resolution determines, payable on the first Monday in January in each year, but the number of installments need not be uniform for all assessments included in a single assessment roll if a uniform criterion for determining the number of installments is provided by the resolution. The first installment of each assessment shall be included in the first tax rolls completed after its adoption and shall be payable in the same year as the taxes contained therein; except that the payment of the first installment of any assessment levied upon unimproved property may be deferred until a designated future year, or until the platting of the property or the construction of improvements thereon, upon such terms and conditions and based upon such standards and criteria as may be provided by resolution of the council. 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. In any event, every assessment the payment of which is so deferred, when it becomes payable, shall be divided into a number of installments such that the last installment thereof will be payable not more than 30 years after the levy of the assessment. All assessments shall bear interest at such rate as the resolution determines, not exceeding eight percent per annum, except that the rate may in any event equal the average annual interest rate on bonds issued to finance the improvement for which the assessments are levied. To the first installment of each assessment shall be added interest on the entire assessment from a date specified in the resolution levying the assessment, not earlier than the date of the resolution, until December 31 of the year in which the first installment is payable, and to each subsequent installment shall be added interest for one year on all unpaid installments; or alternatively, any assessment may be made payable in equal annual installments including principal and interest, each in the amount annually required to pay the principal over such period with interest at such rate as the resolution determines, not exceeding the maximum period and rate specified above. In the latter event no prepayment shall be accepted under subdivision 3 without payment of all installments due to and including December 31 of the year of prepayment, together with the original principal amount reduced only by the amounts of principal included in such installments, computed on an annual amortization basis. When payment of an assessment is deferred, as authorized in this subdivision, interest thereon for the period of deferment may be made payable annually at the same times as the principal installments of the assessment would have been payable if not deferred; or interest for this period may be added to the principal amount of the assessment when it becomes payable; or, if so provided in the resolution levying the assessment, interest thereon to December 31 of the year before the first installment is payable may be forgiven.

Sec. 12. Minnesota Statutes 1985 Supplement, section 475.66, subdivision 1, is amended to read:

Subdivision 1. All debt service funds shall be deposited and secured as provided in chapter 118, except for amounts invested as authorized in this section, and may be deposited in interest bearing accounts, and such deposits may be evidenced by certificates of deposit with fixed maturities. Sufficient cash for payment of principal, interest, and redemption premiums when due with respect to the obligations for which any debt service fund is created shall be provided by crediting to the fund the collections of tax, special assessment, or other revenues appropriated for that purpose, and depositing all such receipts in a depository bank or banks duly qualified according to law or investing and reinvesting such receipts in securities authorized in this section. Time deposits shall be withdrawable and certificates of deposit and investments shall mature and shall bear interest payable at times and in amounts which, in the judgment of the governing body or its treasurer or other officer or committee to which it has delegated investment decisions, will provide cash at the times and in the amounts required for the purposes of the debt service fund, provided however, that the governing body may authorize the purchase of longer term investments subject to an agreement to repurchase such investments at times and prices sufficient to yield the amounts estimated to be so required. Repurchase agreements may be entered into with

(1) a bank qualified as depository of money held in the debt service fund (, OR WITH);

(2) any national or state bank in the United States which is a member of the federal reserve system and whose combined capital and surplus equals or exceeds \$10,000,000 (, OR);

(3) a primary reporting dealer in United States government securities to the federal reserve bank of New York; or

(4) a securities broker-dealer having its principal executive office in Minnesota, licensed pursuant to chapter 80A, or an affiliate of it, regulated by the Securities and Exchange Commission and maintaining a combined capital and surplus of \$40,000,000 or more, exclusive of subordinated debt.

Sec. 13. Minnesota Statutes 1984, section 475.66, subdivision 2, is amended to read:

Subd. 2. Investments may be held in safekeeping with

(1) any federal reserve bank (,);

(2) any bank authorized under the laws of the United States or any state to exercise corporate trust powers, including but not

limited to the bank from which the investment is purchased (, OR);

(3) a primary reporting dealer in United States government securities to the federal reserve bank of New York (,); or

(4) a securities broker-dealer described in subdivision 1; provided that the municipality's ownership of all securities in which the fund is invested is evidenced by written acknowledgments identifying the securities by the names of the issuers, maturity dates, interest rates, and serial numbers or other distinguishing marks.

Sec. 14. Minnesota Statutes 1985 Supplement, section 475.76, subdivision 1, is amended to read:

Subdivision 1. A reverse repurchase agreement may be entered into by a municipality, subject to the provisions of this section, only with

(1) a bank qualified as depository of funds of the municipality (, OR WITH);

(2) any national or state bank in the United States which is a member of the Federal Reserve System and whose combined capital and surplus equals or exceeds \$10,000,000 (, OR WITH);

(3) a primary reporting dealer in United States government securities to the federal reserve bank of New York; or

(4) a securities broker-dealer described in section 475.66, subdivision 1.

Sec. 15. Laws 1969, chapter 937, section 1, subdivision 1, as amended by Laws 1973, chapter 132, section 1, Laws 1974, chapter 105, section 1, Laws 1978, chapter 652, section 1, Laws 1980, chapter 448, section 1, and Laws 1982, chapter 491, section 1, is amended to read:

#### Section 1. [MINNEAPOLIS, CITY OF; PERSONNEL.]

Subdivision 1. Notwithstanding any provisions of the Minneapolis city charter, veterans preference act, or civil service rule, law, or regulation to the contrary, the positions referred to in subdivisions 2 to (17) 18 of this section shall be in the unclassified service of the city of Minneapolis, and any person presently holding or who shall hereafter be appointed to any of such positions shall serve at the pleasure of the appointing authority indicated in the respective subdivision. Except as herein otherwise provided such persons shall be eligible for the same employee benefits as persons in the classified service. Any incumbent of a position referred to in subdivisions 9 to 16 (AND),

subdivision 17, clause (b), and subdivision 18 shall be appointed to the position on the effective date of the subdivisions, and shall have the right to return to his permanent civil service classification pursuant to Laws 1969, Chapter 937, Section 2, except that an incumbent holding a position under subdivision 14 shall not be terminated by the appointing authority for 270 days following the effective date of subdivision 14. For 270 days after the first 270 days the appointing authority under subdivision 14 shall not terminate an incumbent without a vote of approval by a majority of the city council.

Sec. 16. Laws 1969, chapter 937, section 1, subdivision 9, as added by Laws 1982, chapter 491, section 2, and amended by Laws 1983, chapter 220, section 1, is amended to read:

Subd. 9. The city coordinator of the city of Minneapolis may appoint a person to the following positions to perform the duties and services he may direct:

- (a) Purchasing agent;
- (b) Management information services director;
- ((C) DIRECTOR OF LABOR RELATIONS;)
- ((D) DIRECTOR OF AFFIRMATIVE ACTION;)
- ((E) (c) Manager of auditorium;
- ((F) (d) Director of federal programs;
- ((G) (e) Legislative liaison;
- ((H) (f) Director of energy programs;
- ((I) (g) Manager of licenses and consumer services;
- ((J) (h) Manager, finance—city council;
- ((K) (i) Officer, cable communications.

Sec. 17. Laws 1969, chapter 937, section 1, is amended by adding a subdivision to read:

*Subd. 9a. The city council shall by ordinance indicate the manner in which the following positions are appointed:*

- (a) *Director of federal employment and training;*
- (b) *Director of inspections;*



- (c) *Director of women/minorities business enterprise;*
- (d) *Government relations representative;*
- (e) *Risk manager;*
- (f) *Deputy finance officer;*
- (g) *Assistant budget director;*
- (h) *Assistant manager of auditorium;*
- (i) *Manager of sales and marketing at auditorium;*
- (j) *Director of community crime prevention;*
- (k) *Deputy purchasing director;*
- (l) *Urban corps. coordinator;*
- (m) *Assistant director of licenses;*
- (n) *Manager of employee benefits;*
- (o) *Director of Public Information;*
- (p) *Internal auditor;*
- (q) *Director of labor relations;*
- (r) *Director of affirmative action.*

*The appointing authority shall not terminate an incumbent holding a position listed under clause (b) for 270 days following the effective date of this act, except for misfeasance or malfeasance in office. For 270 days after the first 270 days, the appointing authority shall not terminate an incumbent holding a position listed under this subdivision, except for misfeasance or malfeasance in office, without vote of approval of a majority of the council.*

Sec. 18. Laws 1969, chapter 937, section 1, subdivision 11, as added by Laws 1982, chapter 491, section 2, is amended to read:

Subd. 11. The city clerk of the city of Minneapolis may appoint:

- (1) an assistant city clerk to perform the duties and services he may direct; and
- (2) the director of elections.

Sec. 19. Laws 1969, chapter 937, section 1, subdivision 15, as added by Laws 1982, chapter 491, section 2, is amended to read:

Subd. 15. The health commissioner of the city of Minneapolis may appoint:

- (1) seven bureau directors;
- (2) health physicians; and
- (3) the assistant director of dentistry

to perform the duties and services he may direct.

Sec. 20. Laws 1969, chapter 937, section 1, is amended by adding a subdivision to read:

*Subd. 18. The director of civil rights may appoint the manager of civil rights to perform the duties and services the director may direct.*

Sec. 21. [EFFECTIVE DATES.]

*Subdivision 1. Sections 1 and 2 are effective the day after the governing bodies of the city of Minneapolis and Hennepin county comply with Minnesota Statutes, section 645.021, subdivision 3.*

*Subd. 2. Sections 3 to 8 are effective for assessments in 1986 and thereafter.*

*Subd. 3. Section 9 is effective retroactive to August 1, 1985.*

*Subd. 4. Sections 10 and 11 are effective for assessments prepared after the date of final enactment of this act.*

*Subd. 5. Sections 15 to 20 are effective the day after the governing body of the city of Minneapolis complies with Minnesota Statutes, section 645.021, subdivision 3."*

Delete the title and insert:

"A bill for an act relating to public administration; providing for administration of Hennepin county and Minneapolis public offices; regulating certain property tax appeals; changing notice requirements for special assessments; regulating public funds deposits; amending Minnesota Statutes 1984, sections 144.214, subdivision 1; 278.05, subdivisions 1 and 4; 278.07; 278.08, subdivision 1; 325E.025, subdivision 2; 429.061, subdivision 2; and 475.66, subdivision 2; Minnesota Statutes 1985 Supplement, sec-

tions 271.01, subdivision 5; 278.01, subdivision 1; 429.061, subdivision 1; 475.66, subdivision 1; and 475.76, subdivision 1; and Laws 1969, chapter 937, section 1, subdivisions 1, as amended, 9, as amended, 11 and 15, and by adding subdivisions."

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

House Conferees: DON J. VALENTO, GORDON O. VOSS and BRAD G. STANIUS.

Senate Conferees: TAD JUDE, ROBERT J. SCHMITZ and PHYLLIS W. MCQUAID.

Frederickson moved that the report of the Conference Committee on H. F. No. 1886 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1886, A bill for an act relating to local government; changing the notice requirements for special assessments; amending Minnesota Statutes 1984, section 429.061, subdivision 2; Minnesota Statutes 1985 Supplement, section 429.061, subdivision 1.

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.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 123 yeas and 4 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	DenOuden	Jaros	Metzen	Poppenhagen
Anderson, R.	Dimler	Jennings, L.	Minne	Price
Battaglia	Dyke	Johnson	Munger	Quinn
Beard	Elioff	Kahn	Murphy	Quist
Becklin	Ellingson	Kalis	Nelson, D.	Redalen
Begich	Erickson	Kelly	Nelson, K.	Rees
Bennett	Fjoslien	Kiffmeyer	Neuenschwander	Rest
Bishop	Forsythe	Knickerbocker	Norton	Rice
Blatz	Frederick	Knuth	O'Connor	Richter
Boo	Frederickson	Kostohryz	Ogren	Rivness
Brandl	Frerichs	Krueger	Olsen, S.	Rodosovich
Brown	Greenfield	Kvam	Olson, E.	Rose
Burger	Gruenes	Levi	Omamn	Sarna
Carlson, D.	Gutknecht	Lieder	Onnen	Schafer
Carlson, J.	Halberg	Long	Otis	Schoenfeld
Carlson, L.	Harteringer	Marsh	Ozment	Schreiber
Clark	Hartle	McDonald	Pauly	Seaberg
Clausnitzer	Haukoos	McEachern	Peterson	Segal
Cohen	Himle	McKasy	Piepho	Shaver
Dempsey	Jacobs	McPherson	Piper	Sherman

Simoneau	Sviggum	Tompkins	Vanasek	Wynia
Skoglund	Thiede	Tunheim	Vellenga	Zaffke
Solberg	Thorson	Uphus	Voss	Spk. Jennings, D.
Sparby	Tjornhom	Valan	Waltman	
Stanius	Tomlinson	Valento	Welle	

Those who voted in the negative were:

Osthoff	Pappas	Scheid	Staten
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The bill was repassed, as amended by Conference, and its title agreed to.

The Speaker called Halberg to the Chair.

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 2331

A bill for an act relating to taxation; providing for the taxation of lawful gambling; providing for identification cards for employees of distributors of gambling equipment; providing for the registration of manufacturers of gambling equipment; providing for maximum prizes for pull-tabs; allowing local investigation fees; making unlicensed wholesaling of gambling equipment a felony; regulating off-track betting; exempting certain lawful gambling from licensing and taxation; providing for notification to town boards of license applications; providing a penalty; amending Minnesota Statutes 1984, sections 240.25, subdivision 2; 240.26, subdivisions 1 and 2; 349.12, by adding a subdivision; 349.161, by adding subdivisions; 349.19, subdivision 5; 349.211, by adding a subdivision; 349.212, by adding a subdivision; 349.213, subdivision 2; 349.214, subdivision 2, and by adding a subdivision; 349.22; 349.31, subdivision 1; and 609.761; Minnesota Statutes 1985 Supplement, section 349.212, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 349.

March 17, 1986

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. 2331, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 2331 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1984, section 240.25, subdivision 2, is amended to read:

Subd. 2. [OFF-TRACK BETS.] No person (MAY, AS PART OF AN ORGANIZED COMMERCIAL ACTIVITY, PLACE OR ACCEPT A BET OFF THE PREMISES OF A LICENSED RACETRACK FOR DELIVERY TO A LICENSED RACETRACK) shall:

(1) *for a fee, directly or indirectly, accept anything of value from another to be transmitted or delivered for wager in any licensed pari-mutuel system of wagering on horse races, or for a fee deliver anything of value which has been received outside of the enclosure of a licensed racetrack holding a race meet licensed under this chapter, to be placed as wagers in the pari-mutuel system of wagering on horse racing within the enclosure; or*

(2) *give anything of value to be transmitted or delivered for wager in any licensed pari-mutuel system of wagering on horse races to another who charges a fee, directly or indirectly, for the transmission or delivery.*

Sec. 2. Minnesota Statutes 1984, section 240.26, subdivision 1, is amended to read:

Subdivision 1. [FELONIES.] A violation of the prohibition against accepting a bet in section 240.25, (SUBDIVISIONS) subdivision 1 (AND 2), a violation of section 240.25, subdivision 2, clause (1), and a violation of section 240.25, subdivisions 3, 4, and 7 is a felony.

Sec. 3. Minnesota Statutes 1984, section 240.26, subdivision 2, is amended to read:

Subd. 2. [GROSS MISDEMEANORS.] A violation of the prohibition against placing a bet in section 240.25, (SUBDIVISIONS) subdivision 1 (AND 2), a violation of section 240.25, subdivision 2, clause (2), and a violation of section 240.25, subdivisions 5 and 6, is a gross misdemeanor.

Sec. 4. 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 UTILITIES USED DURING THE GAMBLING OCCASIONS, COMPENSATION PAID TO MEMBERS FOR CONDUCTING GAMBLING,) and taxes imposed by this chapter (, AND MAINTENANCE OF DEVICES USED IN LAWFUL GAMBLING).

Sec. 5. Minnesota Statutes 1984, section 349.12, subdivision 17, is amended to read:

Subd. 17. "Distributor" is a person who sells gambling equipment he manufactures or purchases for resale *within the state*.

Sec. 6. Minnesota Statutes 1984, section 349.12, is amended by adding a subdivision to read:

Subd. 18. [DEAL.] "*Deal*" means each separate package, or series of packages, consisting of one game of pull-tabs with the same serial number purchased from a distributor.

Sec. 7. Minnesota Statutes 1984, section 349.15, is amended to read:

#### 349.15 [USE OF PROFITS.]

Profits from lawful gambling may be expended only for lawful purposes or expenses as authorized at a regular meeting of the conducting organization. *Provided that no more than 50 percent of gross receipts from bingo, and no more than 40 percent for other forms of lawful gambling, may be expended for necessary expenses related to lawful gambling. The board shall provide by rule for the administration of this section, including specifying allowable expenses. The rules may provide a maximum percentage of gross receipts which may be expended for certain expenses.*

Sec. 8. Minnesota Statutes 1984, section 349.151, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] The board consists of 13 members appointed as follows:

(1) eleven persons appointed by the governor *with the advice and consent of the senate*, at least four of whom must reside outside of the seven-county metropolitan area;

(2) the commissioner of public safety or his designee; and

(3) the attorney general or his designee.

A member serving on the board by appointment must have been a resident of Minnesota for at least five years. Of the appointees of the governor not more than six may belong to the same political party. A member appointed to the board may be removed at any time by the appointing authority. Vacancies on the board are filled in the same manner as the original appointment. Of the members appointed by the governor, three are for terms expiring June 30, 1985, four are for terms expiring June 30, 1986, and four are for terms expiring June 30, 1987. After

the expiration of the initial terms, appointments are for three years. The governor shall appoint the chairperson from among his appointees.

Sec. 9. Minnesota Statutes 1984, section 349.151, subdivision 4, is amended to read:

Subd. 4. [POWERS AND DUTIES.] The board has the following powers and duties:

(1) to issue, revoke, and suspend licenses to organizations (AND SUPPLIERS), *distributors, and manufacturers* under sections 349.16 (AND), 349.161, and *section 15*;

(2) to collect and deposit license fees and taxes due under this chapter;

(3) to receive reports required by this chapter and inspect the records, books, and other documents of organizations and suppliers to insure compliance with all applicable laws and rules;

(4) to make rules, including emergency rules, required by this chapter;

(5) to register gambling equipment and issue registration stamps under section 349.162;

(6) to provide by rule for the mandatory posting by organizations conducting lawful gambling of rules of play and the odds and/or house percentage on each form of lawful gambling; (AND)

(7) to report annually to the governor and legislature on its activities and on recommended changes in the laws governing charitable gambling; *and*

(8) *impose civil penalties of not more than \$500 per violation on organizations, distributors, and manufacturers for failure to comply with any provision of sections 349.12 to 349.23 or any rule of the board.*

Sec. 10. Minnesota Statutes 1984, section 349.16, subdivision 3, is amended to read:

Subd. 3. [FEES.] The board shall by rule establish a schedule of fees for licenses under this section. The schedule must establish (THREE) *four* classes of license, authorizing all forms of lawful gambling, all forms except bingo, *raffles only*, and bingo only.

Sec. 11. Minnesota Statutes 1984, section 349.16, is amended by adding a subdivision to read:

*Subd. 4. [LOCAL INVESTIGATION FEE.] A statutory or home rule charter city or county notified under section 349.213, subdivision 2, may assess an investigation fee on organizations applying for or renewing a license to conduct lawful gambling. An investigation fee may not exceed the following limits:*

- (1) for cities of the first class, \$500;*
- (2) for cities of the second class, \$250; and*
- (3) for all other cities and counties, \$100.*

Sec. 12. Minnesota Statutes 1984, section 349.161, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED ACTS; LICENSES REQUIRED.] No person may:

(1) sell, offer for sale, or furnish gambling equipment for use within the state for gambling purposes, other than for (BINGO) *lawful gambling* exempt from licensing under section (340.19) *349.214*, except to an organization licensed for lawful gambling; or

(2) sell, offer for sale, or furnish gambling equipment to an organization licensed for lawful gambling without having obtained a distributor license under this section.

No licensed organization may purchase gambling equipment from any person not licensed as a distributor under this section.

Sec. 13. Minnesota Statutes 1984, section 349.161, is amended by adding a subdivision to read:

*Subd. 8. [EMPLOYEES OF DISTRIBUTORS.] Licensed distributors shall provide the board upon request with the names and business addresses of all employees. Each person eligible to conduct sales on behalf of a distributor must have in possession a picture identification card approved by the board.*

Sec. 14. Minnesota Statutes 1984, section 349.162, is amended to read:

#### 349.162 [EQUIPMENT REGISTERED.]

Subdivision 1. [STAMP REQUIRED.] A distributor may not sell to an organization and an organization may not purchase from a distributor gambling equipment unless the equipment has been registered with the board and has a registration stamp affixed. The board (MAY) *shall* charge a fee of (UP TO 25) *five* cents for each stamp. Each stamp must bear a registration number assigned by the board. *A distributor is entitled to a*



*refund for unused stamps and replacement for stamps which are defective or canceled by the distributor.*

Subd. 2. [RECORDS REQUIRED.] A distributor must maintain a record of all gambling equipment which it sells to organizations. The record must include:

- (1) the identity of the person or firm from whom the equipment was purchased;
- (2) the registration number of the equipment;
- (3) the name and address of the organization to which the sale was made; and
- (4) the date of the sale.

The (RECORD) *invoice* for each sale must be retained for at least (THREE YEARS) *one year* after the sale is completed *and a copy of the invoice is delivered to the board.* For purposes of this section, a sale is completed when the gambling equipment is physically delivered to the purchaser.

Each distributor must report monthly to the board, (ON) *in a form the board prescribes*, its sales of each type of gambling equipment. Employees of the board may inspect the books, records, and other documents of a distributor at any reasonable time without notice and without a search warrant.

(SUBD. 3. [SALES FROM FACILITIES.] ALL GAMBLING EQUIPMENT PURCHASED BY A LICENSED DISTRIBUTOR FOR RESALE IN MINNESOTA MUST PRIOR TO ITS RESALE BE UNLOADED INTO A FACILITY LOCATED IN MINNESOTA WHICH THE DISTRIBUTOR OWNS OR LEASES.)

Subd. 3. [EXEMPTION.] *For purposes of this section, bingo cards intended to be used for more than one game need not be registered.*

Sec. 15. [349.163] [REGISTRATION OF MANUFACTURERS.]

Subdivision 1. [REGISTRATION.] *No manufacturer of gambling equipment may sell any gambling equipment to any person unless the manufacturer has registered with the board and has been issued a certificate of registration.*

Subd. 2. [CERTIFICATE; FEE.] *A certificate under this section is valid for one year. The annual fee for registration is \$500.*

*Subd. 3. [PROHIBITED SALES.] A manufacturer may not sell gambling equipment to any person not licensed as a distributor unless the manufacturer is also a licensed distributor.*

Sec. 16. Minnesota Statutes 1984, section 349.17, is amended by adding a subdivision to read:

*Subd. 2a. [DISTRIBUTOR LICENSE EXEMPTION FOR LESSOR.] As part of a lease agreement on a leased bingo premises, the lessor may furnish bingo equipment without being a licensed distributor.*

Sec. 17. [349.171] [CERTAIN SIGNS PROHIBITED.]

*No organization may post on the premises where it conducts lawful gambling any sign which states directly or indirectly that all of the receipts from the lawful gambling it conducts are used for charitable purposes.*

Sec. 18. Minnesota Statutes 1984, section 349.18, subdivision 2, is amended to read:

Subd. 2. [EXCEPTIONS.] (a) A licensed organization may conduct raffles on a premise it does not own or lease.

(b) A licensed organization may with the permission of the board, conduct bingo on premises it does not own or lease for up to six days in a calendar year, in connection with a county fair or civil celebration.

(c) *A licensed organization may, after compliance with section 349.213, conduct lawful gambling on premises other than the organization's licensed premise for one day per year for not more than 12 hours that day. A lease for that time period for the exempted premises must accompany the request to the board.*

Sec. 19. Minnesota Statutes 1984, section 349.19, subdivision 5, is amended to read:

Subd. 5. [REPORTS.] A licensed organization must report to the board and to its membership monthly, *or quarterly in the case of a licensed organization which does not report more than \$1,000 in gross receipts from lawful gambling in any calendar quarter*, on its gross receipts, expenses, profits, and expenditure of profits from lawful gambling. If the organization conducts both bingo and other forms of lawful gambling, the figures for both must be reported separately. In addition, a licensed organization must report to the board monthly on its purchases of gambling equipment and must include the type, quantity, and dollar amount from each supplier separately. The reports must be on a form the board prescribes.

Sec. 20. Minnesota Statutes 1984, section 349.19, subdivision 6, is amended to read:

Subd. 6. [PRESERVATION OF RECORDS.] *The board may require that records required to be kept by this section must be preserved by a licensed organization for at least (THREE) two years and may be inspected by employees of the board at any reasonable time without notice or a search warrant.*

Sec. 21. Minnesota Statutes 1984, section 349.211, is amended by adding a subdivision to read:

*Subd. 2a. [PULL-TAB PRIZES.] The maximum prize which may be awarded for any single pull-tab is \$250. An organization may not sell any pull-tab for more than \$2.*

Sec. 22. Minnesota Statutes 1985 Supplement, section 349.212, subdivision 1, is amended to read:

Subdivision 1. [RATE.] *There is hereby imposed a tax on all lawful gambling, other than pull-tabs, conducted by organizations licensed by the board at the rate specified in this subdivision. The tax imposed by this (SECTION) subdivision is in lieu of the tax imposed by section 297A.02 and of all local taxes and license fees except a fee authorized under section 349.213, subdivision 3.*

*On all lawful gambling, other than pull-tabs, the tax is ten percent of the gross receipts of a licensed organization from lawful gambling less prizes actually paid out, payable by the organization.*

Sec. 23. Minnesota Statutes 1984, section 349.212, is amended by adding a subdivision to read:

*Subd. 4. [PULL-TAB TAX.] There is imposed a tax on the sale of each deal of pull-tabs sold by a licensed distributor to a licensed organization, or to an organization holding an exemption identification number. The rate of the tax is ten percent of the face resale value of all the pull-tabs in each deal less the total prizes which may be paid out on all the pull-tabs in that deal. The tax is payable to the commissioner of revenue in the manner prescribed in section 24 and the rules of the commissioner. The commissioner shall pay the proceeds of the tax to the state treasurer for deposit in the general fund. The sales tax imposed by chapter 297A on the sale of the pull-tabs by the licensed distributor to an organization is imposed on the retail sales price less the tax imposed by this subdivision. The retail sale of pull-tabs by the organization is exempt from taxes imposed by chapter 297A if the tax imposed by this subdivision has been paid and is exempt from all local taxes and license fees except a fee authorized under section 349.213, subdivision 3.*

## Sec. 24. [349.2121] [PULL-TAB TAX; COLLECTION.]

*Subdivision 1. [APPLICATION AND ISSUANCE.] Every distributor licensed by the board who sells pull-tabs to organizations authorized to sell pull-tabs under this chapter must file with the commissioner of revenue an application, on a form the commissioner prescribes, for a gambling tax identification number and gambling tax permit. The commissioner, when satisfied that the applicant has a valid license from the board, shall issue the applicant a permit and number. A permit is not assignable and is valid only for the distributor in whose name it is issued.*

*Subd. 2. [RECORDS.] The commissioner may by rule require a licensed distributor holding a permit under this section to keep such books, papers, documents, and records as the commissioner deems necessary to the enforcement of this chapter. The commissioner may examine, or cause to be examined, any books, papers, records, or other documents relevant to making a determination, whether they are in the possession of a distributor or another person or corporation. The commissioner may require the attendance of any persons having knowledge or information in the premises, to compel the production of books, papers, records, or memoranda by persons so required to attend, to take testimony on matters material to a determination, and to administer oaths or affirmations.*

*Subd. 3. [SUSPENSION, REVOCATION.] The commissioner, after notice and hearing, may for reasonable cause revoke or suspend a permit held by a distributor. A notice must be sent to the distributor at least 30 days before the hearing and give notice of the time and place of the hearing, must give the reason for the proposed suspension or revocation, and must require the distributor show cause why the proposed action should not be taken. The notice may be served personally or by mail in the manner prescribed for service of notice of a deficiency. The commissioner may not issue a new permit after revocation except upon application accompanied by reasonable evidence of the intention of the applicant to comply with all applicable laws and rules. The commissioner may condition the issuance of a new permit to the applicant on the supplying of security in addition to that authorized by subdivision 2 as is reasonably necessary to ensure compliance with all applicable laws and rules.*

*Subd. 4. [COLLECTION.] The tax imposed by section 349-212, subdivision 4, for each taxable sale is due and payable to the commissioner monthly on or before the 25th day of the month succeeding the month in which the taxable sale was made.*

*Subd. 5. [INFORMATION CONFIDENTIAL.] Neither the commissioner nor any other public official or employee may divulge or otherwise make known in any manner any particulars disclosed in any report or return required by this section, or any information concerning the affairs of the distributor making the*

*return acquired from its records, officers, or employees while examining or auditing under the authority of this chapter, except in connection with a proceeding involving taxes due under this chapter. Nothing herein prohibits the commissioner from publishing statistics so classified as not to disclose the identity of particular returns or reports and their contents. Any person violating the provisions of this section is guilty of a gross misdemeanor.*

*Notwithstanding the provisions of this section, the commissioner may furnish information on a reciprocal basis to the taxing officials of another state or the board in order to implement the purposes of this chapter.*

*In order to facilitate processing of returns and payments of taxes required by this chapter, the commissioner may contract with outside vendors and may disclose private and nonpublic data to the vendor. The data disclosed must be administered by the vendor consistent with this section.*

*Subd. 6. [COLLECTIONS; CIVIL PENALTIES.] The provisions of chapter 297A relating to the commissioner's authority to audit, assess, and collect the tax imposed by that chapter apply to the tax, penalties and interest imposed by section 349.212, subdivision 4. The commissioner shall impose civil penalties for violation of this section as provided in chapter 297A, and the additional tax and penalties are subject to interest at the rate provided in section 270.75.*

*Subd. 7. [RULES.] The commissioner shall adopt rules, including emergency rules, for the administration and enforcement of this section and section 349.212, subdivision 4.*

Sec. 25. Minnesota Statutes 1984, section 349.213, is amended to read:

*Subdivision 1. [LOCAL REGULATION.] A statutory or home rule city or county has the authority to adopt more stringent regulation of any form of lawful gambling within its jurisdiction, including the prohibition of any form of lawful gambling, and may require a permit for the conduct of gambling exempt from licensing under section 349.214. The fee for a permit issued under this subdivision may not exceed \$100. The authority granted by this subdivision does not include the authority to require a license or permit to conduct gambling by organizations or sales by distributors licensed by the board.*

*Subd. 2. [LOCAL APPROVAL.] Before issuing or renewing an organization license, the board must notify the city council of the statutory or home rule city in which the organization's premises are located or, if the premises are located outside a city, by the county board of the county and the town board of the town where the premises are located. If the city council or county board*

adopts a resolution disapproving the license and so informs the board within 30 days of receiving notice of the license, the license may not be issued or renewed.

Sec. 26. Minnesota Statutes 1984, section 349.214, subdivision 2, is amended to read:

Subd. 2. [(RAFFLES) LAWFUL GAMBLING.] (a) Raffles may be conducted by an organization as defined in section 349.12, subdivision (13) 12, without complying with sections 349.11 to 349.14 and 349.151 to 349.213 if the value of all raffle prizes awarded by the organization in a calendar year does not exceed \$750.

(b) *Lawful gambling may be conducted by an organization as defined in section 349.12, subdivision 12, without complying with sections 349.11 to 349.14 and 349.151 to 349.212 if:*

(1) *the organization conducts lawful gambling on five or fewer days in a calendar year;*

(2) *the organization does not award more than \$50,000 in prizes for lawful gambling in a calendar year;*

(3) *the organization notifies the board in writing not less than 30 days before each lawful gambling occasion of the date and location of the occasion, the types of lawful gambling to be conducted, the prizes to be awarded, and receives an exemption identification number;*

(4) *the organization notifies the local government unit 30 days before the lawful gambling occasion;*

(5) *the organization purchases all gambling equipment and supplies from a licensed distributor; and*

(6) *the organization reports to the board, on a single page form prescribed by the board, within 30 days of each gambling occasion, the gross receipts, prizes, expenses, expenditures of net profits from the occasion, and the identification of the licensed distributor from whom all gambling equipment was purchased.*

(c) *If the organization fails to file a timely report as required by paragraph (b), clause (3) or (6), a \$250 penalty is imposed on the organization. Failure to file a timely report does not disqualify the organization as exempt under this paragraph if a report is subsequently filed and the penalty paid.*

(d) *Merchandise prizes must be valued at their fair market value.*

Sec. 27. Minnesota Statutes 1984, section 349.214, is amended by adding a subdivision to read :

*Subd. 4. [TAXATION.] An organization's receipts from lawful gambling that is exempt from licensing under this section is not subject to the tax imposed by section 297A.02 or 349.212.*

Sec. 28. Minnesota Statutes 1984, section 349.31, subdivision 1, is amended to read :

Subdivision 1. [INTENTIONAL POSSESSION; WILLFUL KEEPING.] The intentional possession or willful keeping of a gambling device on a licensed premises is cause for the revocation of any license under which the licensed business is carried on upon the premises where the gambling device is found, provided that possession of gambling equipment as defined in section 349.12, subdivision 17, which is used for *lawful* gambling (LICENSED BY THE CHARITABLE GAMBLING CONTROL BOARD) *authorized by this chapter*, and the manufacture of gambling devices for use in jurisdictions where use of the gambling device is legal as provided for by section 349.40 shall not be cause for revocation of a license.

Sec. 29. Minnesota Statutes 1984, section 609.75, subdivision 3, is amended to read :

Subd. 3. [WHAT ARE NOT BETS.] The following are not bets :

(1) A contract to insure, indemnify, guarantee or otherwise compensate another for a harm or loss sustained, even though the loss depends upon chance.

(2) A contract for the purchase or sale at a future date of securities or other commodities.

(3) Offers of purses, prizes or premiums to the actual contestants in any bona fide contest for the determination of skill, speed, strength, endurance, or quality or to the bona fide owners of animals or other property entered in such a contest.

(4) The game of bingo when conducted in compliance with sections 349.11 to 349.23.

(5) A private social bet not part of or incidental to organized, commercialized, or systematic gambling.

(6) The operation of equipment or the conduct of a raffle under sections 349.11 to 349.22, by an organization licensed by the charitable gambling control board *or an organization exempt from licensing under section 349.214.*

(7) Pari-mutuel betting on horse racing when the betting is conducted under chapter 240.

Sec. 30. Minnesota Statutes 1984, section 609.761, is amended to read:

**609.761 [OPERATIONS PERMITTED.]**

Notwithstanding sections 609.755 and 609.76, an organization may conduct lawful gambling as defined in section 349.12, if (LICENSED BY THE CHARITABLE GAMBLING CONTROL BOARD AND CONDUCTED UNDER SECTIONS 349.11 TO 349.22) *authorized under chapter 349*, and a person may manufacture, sell, or offer for sale a gambling device to (THE) *an organization authorized under chapter 349 to conduct lawful gambling*, and pari-mutuel betting on horse racing may be conducted under chapter 240.

**Sec. 31. [TAX AMNESTY; NONPROFIT ORGANIZATIONS.]**

*For an organization that has an unpaid liability for sales tax due under Minnesota Statutes, chapter 297A, arising out of lawful gambling conducted under Minnesota Statutes, chapter 349, between March 1, 1982, and June 30, 1985, the commissioner of revenue shall accept as full payment of the liability, a certified check, cashier's check, or money order in the amount of 50 percent of the liability incurred, plus interest. Payment must be received by the commissioner of revenue before January 1, 1987. For delinquent returns filed under this section, the civil and criminal penalties imposed by law are waived.*

**Sec. 32. [SALES TAX EXEMPTION.]**

*The gross receipts from the conduct of lawful gambling conducted under Minnesota Statutes, chapter 349, received prior to March 1, 1982, shall be exempt from taxation under Minnesota Statutes, chapter 297A. No refunds shall be paid pursuant to this section unless the organization can demonstrate to the commissioner of revenue that the refunds will be paid to those who paid the tax.*

**Sec. 33. [EFFECTIVE DATE.]**

*Sections 1 to 3 are effective the day following final enactment. Section 8 is effective the day following final enactment and applies to persons appointed to the charitable gambling control board after that date. Sections 4 to 7, 9 to 14, 16 to 21, and 25 to 32 are effective June 1, 1986. Section 15 is effective July 1, 1986. Sections 22 to 24 are effective January 1, 1987."*

Delete the title and insert :



"A bill for an act relating to gambling; prohibiting certain betting practices relating to horse racing; requiring persons appointed to the charitable gambling control board to be confirmed by the senate; permitting the board to impose civil penalties; permitting local investigation fees; creating a new class of license for raffles; changing requirements for distributors; requiring the registration of manufacturers; providing for collection of certain taxes by distributors; changing reporting and record-keeping requirements for organizations; providing for maximum prizes for pull-tabs; requiring towns to be notified; exempting certain organizations from regulation and taxation; amending Minnesota Statutes 1984, sections 240.25, subdivision 2; 240.26, subdivisions 1 and 2; 349.12, subdivisions 13 and 17, and by adding a subdivision; 349.15; 349.151, subdivisions 2 and 4; 349.16, subdivision 3, and by adding a subdivision; 349.161, subdivision 1, and by adding a subdivision; 349.162; 349.17, by adding a subdivision; 349.18, subdivision 2; 349.19, subdivisions 5 and 6; 349.211, by adding a subdivision; 349.212; 349.213; 349.214, subdivision 2, and by adding a subdivision; 349.31, subdivision 1; 609.75, subdivision 3; and 609.761; Minnesota Statutes 1985 Supplement, section 349.212, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 349."

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

House Conferees: CRAIG H. SHAVER, JOE QUINN and GIL GUTKNECHT.

Senate Conferees: NEIL DIETERICH, STEVEN G. NOVAK and DARREL L. PETERSON.

Shaver moved that the report of the Conference Committee on H. F. No. 2331 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2331, A bill for an act relating to taxation; providing for the taxation of lawful gambling; providing for identification cards for employees of distributors of gambling equipment; providing for the registration of manufacturers of gambling equipment; providing for maximum prizes for pull-tabs; allowing local investigation fees; making unlicensed wholesaling of gambling equipment a felony; regulating off-track betting; exempting certain lawful gambling from licensing and taxation; providing for notification to town boards of license applications; providing a penalty; amending Minnesota Statutes 1984, sections 240.25, subdivision 2; 240.26, subdivisions 1 and 2; 349.12, by adding a subdivision; 349.161, by adding subdivisions; 349.19, subdivision 5; 349.211, by adding a subdivision; 349.212, by adding a subdivision; 349.213, subdivision 2; 349.214, subdivision 2, and by adding a subdivision; 349.22; 349.31, subdivision 1; and 609.761; Minnesota Statutes 1985 Supplement, section 349.212, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 349.

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.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 93 yeas and 34 nays as follows:

Those who voted in the affirmative were:

Anderson, C.	Erickson	Kelly	Onnen	Simoneau
Backlund	Fjoslien	Kiffmeyer	Ozment	Skoglund
Battaglia	Forsythe	Knickerbocker	Pauly	Sparby
Becklin	Frederick	Knuth	Piepho	Stanius
Begich	Frederickson	Kvam	Poppenhagen	Sviggum
Bennett	Frerichs	Levi	Quinn	Thiede
Bishop	Greenfield	Lieder	Quist	Thorson
Blatz	Gruenes	Marsh	Redalen	Tjornhom
Boerboom	Guknecht	McDonald	Rees	Tomlinson
Boo	Halberg	McKasy	Rest	Uphus
Brown	Hartinger	McLaughlin	Richter	Valan
Burger	Hartle	McPherson	Rodosovich	Valento
Clark	Haukoos	Miller	Rose	Vanasek
Clausnitzer	Heap	Munger	Schafer	Voss
Dempsey	Himle	Norton	Schoenfeld	Waltman
DenOuden	Jaros	O'Connor	Schreiber	Wenzel
Dimler	Jennings, L.	Olsen, S.	Seaberg	Spk. Jennings, D.
Dyke	Johnson	Olson, E.	Shaver	
Elioff	Kalis	Omann	Sherman	

Those who voted in the negative were:

Anderson, R.	Kahn	Murphy	Peterson	Solberg
Beard	Kostohryz	Nelson, D.	Piper	Staten
Brandl	Krueger	Nelson, K.	Price	Tunheim
Carlson, L.	Long	Ogren	Rice	Vellenga
Cohen	McEachern	Osthoff	Sarna	Welle
Ellingson	Metzen	Otis	Scheid	Zaffke
Jacobs	Minne	Pappas	Segal	

The bill was repassed, as amended by Conference, and its title agreed to.

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 2287

A bill for an act relating to the financing of state and local government; modifying the computation of education aids and levies for certain school districts with tax increment financing districts; imposing limitations on tax increment financing; modifying tax increment financing procedures; allocating issuance authority for obligations subject to a federal volume limitation act; eliminating the maximum interest rate for certain municipal obligations; authorizing the issuance of bonds for new purposes; authorizing establishment of a capital improvement

reserve fund; modifying the procedures for issuing certain municipal bonds; modifying the investment powers of municipalities; amending Minnesota Statutes 1984, sections 115.07, subdivision 1; 115A.14, subdivision 4; 116.07, by adding a subdivision; 116D.04, subdivision 1a; 117.521, subdivision 3; 124.2131, by adding a subdivision; 124.214, by adding a subdivision; 272.01, subdivision 2; 273.72; 273.73, subdivisions 2, 8, and 10; 273.74, subdivisions 1 and 4; 273.75, subdivisions 2, 6, and 7, and by adding subdivisions; 273.76, subdivisions 4 and 7, and by adding a subdivision; 273.78; 273.86, subdivision 1; 355.11, subdivision 5; 412.301; 462C.02, subdivisions 6 and 9; 462C.06; 462C.07, subdivision 1; 466.06; 471.59, subdivision 11; 471.88, subdivisions 1, 9, and 11; 471.981, by adding subdivisions; 474.02, subdivision 3, and by adding a subdivision; 474.16, subdivision 2; 475.51, subdivision 5; 475.55, subdivisions 1, 2, and 3; 475.61, subdivision 5; and 475.66, subdivision 2; Minnesota Statutes 1985 Supplement, sections 273.74, subdivisions 2 and 3; 273.75, subdivisions 1 and 4; 273.76, subdivision 1; 353.01, subdivision 2a; 395.08; 462C.12, subdivision 2; 472B.04; 473F.02, subdivision 3; 475.52, subdivision 6; 475.56; 475.58, subdivision 1; 475.60, subdivision 2; 475.66, subdivision 1; and 475.76, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 115; 116; 297A; 458; 471; and 475; proposing coding for new law as Minnesota Statutes, chapters 116N; 458C; 471A; and 474A; repealing Minnesota Statutes, sections 462C.09, subdivisions 1 and 4; 474.16, subdivisions 1, 2, and 5; 474.21; 474.25; and 475.55, subdivisions 4 and 5; and Minnesota Statutes 1985 Supplement, sections 462C.09, subdivisions 2a, 3, 5, and 6; 474.16, subdivisions 3, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15; 474.17; 474.19; 474.20; 474.23; and 474.26.

March 17, 1986

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. 2287, 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. 2287 be further amended as follows:

Delete everything after the enacting clause and insert:

#### "ARTICLE 1

Section 1. Minnesota Statutes 1984, section 273.77, is amended to read:

## 273.77 [TAX INCREMENT BONDING.]

Any other law, general or special, notwithstanding, after August 1, 1979 no bonds, payment for which tax increment is pledged, shall be issued in connection with any project for which tax increment financing has been undertaken other than as is authorized hereby and the proceeds therefrom shall be used only in accordance with section 273.75, subdivision 4 as if said proceeds were tax increment, except that a tax increment financing plan need not be adopted for any project for which tax increment financing has been undertaken prior to August 1, 1979, pursuant to statutes not requiring a tax increment financing plan. Such bonds shall not be included for purposes of computing the net debt of any municipality.

(a) A municipality may issue general obligation bonds to finance any expenditure by the municipality or an authority the jurisdiction of which is wholly or partially within that municipality, pursuant to section 273.75, subdivision 4 in the same manner and subject only to the same conditions as those provided in chapter 475 for bonds financing improvement costs reimbursable from special assessments. Any pledge of tax increment, assessments or other revenues for the payment of the principal of and interest on general obligation bonds issued under this subdivision, except when the authority and the municipality are the same, shall be made by written agreement by and between the authority and the municipality and filed with the county auditor. When the authority and the municipality are the same, the municipality may by covenant pledge tax increment, assessments or other revenues for the payment of the principal of and interest on general obligation bonds issued under this subdivision and thereupon shall file the resolution containing such covenant with the county auditor. When tax increment, assessments and other revenues are pledged, the estimated collections of said tax increment, assessments and any other revenues so pledged may be deducted from the taxes otherwise required to be levied before the issuance of the bonds under section 475.61, subdivision 1, or the collections thereof may be certified annually to reduce or cancel the initial tax levies in accordance with section 475.61, subdivision 1 or 3.

(b) When the authority and the municipality are not the same, an authority may, by resolution, authorize, issue and sell its general obligation bonds to finance any expenditure which that authority is authorized to make by section 273.75, subdivision 4. Said bonds of the authority shall be authorized by its resolution, shall mature as determined by resolution of the authority in accordance with Laws 1979, Chapter 322, and may be issued in one or more series and shall bear such date or dates, bear interest at such rate or rates, be in such denomination or denominations, be in such form either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable

in medium of payment at such place or places, and be subject to such terms of redemption, with or without premium, as such resolution, its trust indenture or mortgage may provide. The bonds may be sold at public or private sale at the price or prices as the authority by resolution shall determine, and any provision of any law to the contrary notwithstanding, the bonds shall be fully negotiable. In any suit, actions, or proceedings involving the validity of enforceability of any bonds of the authority or the security therefor, any bond reciting in substance that it has been issued by the authority to aid in financing a project shall be conclusively deemed to have been issued for such purpose, and the tax increment financing district within the project shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of Laws 1979, Chapter 322. Neither the authority, nor any director, commissioner, council member, board member, officer, employee or agent of the authority nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. The bonds of the authority, and such bonds shall so state on their face, shall not be a debt of any municipality, the state or any political subdivision thereof, and neither the municipality nor the state or any political subdivision thereof shall be liable thereon, nor in any event shall such bonds be payable out of any funds or properties other than those of the authority and any tax increment and revenues of a tax increment financing district pledged therefor.

(c) Notwithstanding any other law general or special, an authority may, by resolution, authorize, issue and sell revenue bonds payable solely from all or a portion of revenues, including but not limited to tax increment revenues and assessments, derived from a tax increment financing district located wholly or partially within the municipality to finance any expenditure which the authority is authorized to make by section 273.75, subdivision 4. The bonds shall mature as determined by resolution of the authority in accordance with Laws 1979, Chapter 322 and may be issued in one or more series and shall bear such date or dates, bear interest at such rate or rates, be in such denomination or denominations, be in such form either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in medium of payment at such place or places, and be subject to such terms of redemption, with or without premium, as such resolution, its trust indenture or mortgage may provide. The bonds may be sold at public or private sale at the price or prices as the authority by resolution shall determine, and any provision of any law to the contrary notwithstanding, shall be fully negotiable. In any suit, action, or proceedings involving the validity or enforceability of any bonds of the authority or the security therefor, any bond reciting in substance that it has been issued by the authority to aid in financing a project shall be conclusively deemed to have been issued for such purpose, and the tax increment financing district within the project shall be conclusively deemed to have been planned, located, and carried out in accor-

dance with the purposes and provisions of Laws 1979, Chapter 322. Neither the authority, nor any director, commissioner, council member, board member, officer, employee or agent of the authority nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. The bonds may be further secured by a pledge and mortgage of all or any portion of the district in aid of which the bonds are issued and such covenants as the authority shall deem by such resolution to be necessary and proper to secure payment of the bonds. The bonds, and the bonds shall so state on their face, shall not be payable from nor charged upon any funds other than the revenues and property pledged or mortgaged to the payment thereof, nor shall the issuing authority be subject to any liability thereon or have the powers to obligate itself to pay or pay the bonds from funds other than the revenues and properties pledged and mortgaged and no holder or holders of the bonds shall ever have the right to compel any exercise of any taxing power of the issuing authority or any other public body, other than as is permitted or required under Laws 1979, Chapter 322 and pledged therefor hereunder, to pay the principal of or interest on any such bonds, nor to enforce payment thereof against any property of the authority or other public body other than that expressly pledged or mortgaged for the payment thereof.

(d) (1) In anticipation of the issuance of bonds pursuant to either paragraph (a), (b) or (c) of this section, the authority or municipality may by resolution issue and sell temporary bonds pursuant to paragraph (a), (b) or (c), maturing within not more than three years from their date of issue, to pay any part or all of the cost of a project. To the extent that the principal of and interest on the temporary bonds cannot be paid when due from receipts of tax increment, assessments, or other funds appropriated for the purpose, they shall be paid from the proceeds of long-term bonds or additional temporary bonds which the authority or municipality shall offer for sale in advance of the maturity date of the temporary bonds, but the indebtedness funded by an issue of temporary bonds shall not be extended by the issue of additional temporary bonds for more than six years from the date of the first issue. Long-term bonds may be issued pursuant to paragraph (a), (b) or (c) without regard to whether the temporary bonds were issued pursuant to paragraph (a), (b) or (c). If general obligation temporary bonds are issued pursuant to paragraph (a), proceeds of long-term bonds or additional temporary bonds not yet sold may be treated as pledged revenues, in reduction of the tax otherwise required by section 475.61 to be levied prior to delivery of the obligations. Subject to the six-year maturity limitation contained above, but without regard to the requirement of section 475.58, if any temporary bonds are not paid in full at maturity, in addition to any other remedy authorized or permitted by law, the holders may demand, in which case the authority or municipality shall, issue pursuant to paragraph (a), (b) or (c) as the temporary bonds and in exchange for the temporary bonds, at par, replacement temporary bonds dated as of the date of the replaced temporary bonds, maturing within one

year from the date of the replacement temporary bonds and earning interest at the rate set forth in the resolution authorizing the issuance of the replaced temporary bonds, provided that the rate shall not exceed the maximum rate permitted by law at the date of issue of the replaced temporary bonds.

(2) Funds of a municipality may be invested in its temporary bonds in accordance with the provisions of section 471.56, and may be purchased upon their initial issue, but shall be purchased only from funds which the governing body of the municipality determines will not be required for other purposes before the maturity date, and shall be resold before maturity only in case of emergency. If purchased from a debt service fund securing other bonds, the holders of those bonds may enforce the municipality's obligations on the temporary bonds in the same manner as if they held the temporary bonds.

(e) Sections (474.16 TO 474.23) 9 to 29 apply to any issuance of obligations under this section which are subject to limitation under a federal *volume* limitation act as defined in section (474.-16) 10, subdivision (5) 9, or existing federal tax law as defined in section 10, subdivision 8.

Sec. 2. Minnesota Statutes 1984, section 298.2211, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE; GRANT OF AUTHORITY.] In order to accomplish the legislative purposes specified in chapters 362A, 462C, and 474, within tax relief areas as defined in section 273.134, the commissioner of iron range resources and rehabilitation may exercise the following powers: (1) all powers conferred upon a rural development financing authority under sections 362A.01 to 362A.05; (2) all powers conferred upon a city under chapter 462C, subject to compliance with the provisions of section (462C.09) 15; (3) all powers conferred upon a municipality or a redevelopment agency under chapter 474; (4) all powers provided by chapter 362A to further any of the purposes and objectives of chapters 462C and 474; and (5) all powers conferred upon a municipality or an authority under sections 273.73 to 273.76, section 273.77, except paragraph (a) thereof, and section 273.78, subject to compliance with the provisions of section 273.74, subdivisions 1, 2, and 3; provided that any tax increments derived by the commissioner from the exercise of this authority may be used only to finance or pay premiums or fees for insurance, letters of credit, or other contracts guaranteeing the payment when due of net rentals under a project lease or the payment of principal and interest due on or repurchase of bonds issued to finance a project or program, to accumulate and maintain reserves securing the payment when due on bonds issued to finance a project or program, or to provide an interest rate reduction program pursuant to section 462.445, subdivision 10. Tax increments and earnings thereon remaining in any bond reserve account after payment or discharge of any bonds secured thereby shall be used within one

year thereafter in furtherance of this section or returned to the county auditor of the county in which the tax increment financing district is located. If returned to the county auditor, the county auditor shall immediately allocate the amount among all government units which would have shared therein had the amount been received as part of the other ad valorem taxes on property in the district most recently paid, in the same proportions as other taxes were distributed, and shall immediately distribute it to the government units in accordance with the allocation.

Sec. 3. Minnesota Statutes 1984, section 429.091, subdivision 8, is amended to read:

Subd. 8. [FEDERAL VOLUME LIMITATION ACT.] Sections (474.16 TO 474.23) 9 to 29 apply to any issuance of obligations under this section which are subject to limitation under a federal *volume* limitation act as defined in section (474.16) 10, subdivision (5) 9, or existing federal tax law as defined in section 10, subdivision 8.

Sec. 4. Minnesota Statutes 1984, section 430.12, is amended to read:

#### 430.12 [BONDS FOR IMPROVEMENTS.]

The city council, for the purpose of realizing the funds for making an improvement and paying damages may, from time to time as may be needed, issue and sell special certificates of indebtedness, or special street or parkway improvement bonds, as they may decide, which shall entitle the holder thereof to all sums realized upon any assessment or, if deemed advisable, a series of two or more certificates or bonds against any one assessment, or against the assessments in two or more different proceedings, the principal and interest being payable at fixed dates out of the funds collected from the assessments, including interest and penalties, and the whole of the fund or funds is hereby pledged for the pro rata payment of the certificates or bonds and the interest thereon, as they severally become due. These certificates or bonds may be made payable to the bearer, with interest coupons attached, and the city council may bind the city to make good deficiencies in the collection up to, but not exceeding, the principal and interest at the rate fixed, as hereinafter provided, and for the time specified in section 430.06. If the city, because of this guaranty, shall redeem any certificate or bond, it shall thereupon be subrogated to the holder's rights. For the purpose of this guaranty, penalties collected shall be credited upon deficiencies of principal and interest before the city shall be liable. These certificates or bonds shall be sold at public sale or by sealed proposals at a meeting of which at least two weeks' published notice shall be given, to the purchaser who will pay the par value thereof at the lowest interest rate, and the certificates or bonds shall be drawn accordingly, but the rate of interest shall in no case exceed seven percent per annum, pay-



able annually or semiannually. The city clerk shall certify to the county auditor the rate of interest so determined at the first bond sale held for any such improvement, and interest shall be computed upon the assessments at this annual rate, in accordance with the terms of section 430.06. In case the rate of interest so determined at any subsequent bond sale for the same improvement is greater than the rate so determined at the first bond sale therefor, the difference between these rates of interest shall be a general city charge.

In case the proceeds of any special certificates of indebtedness or special street or parkway improvement bonds are in excess of the amount actually necessary to make the improvements for which the same were issued, or in case the proceeds are not immediately required for the prosecution or completion of the improvement, these proceeds may meanwhile be used by the city council for the making of other improvements authorized under the provisions of this chapter, and the amount of the proceeds so used shall be replaced and made good so far as may be necessary from the proceeds of special certificates of indebtedness or special bonds issued for the purpose of making such other improvements.

Sections (474.16 TO 474.23) 9 to 29 apply to any issuance of obligations under this section which are subject to limitation under a federal *volume* limitation act as defined in section (474.-16) 10, subdivision (5) 9, or existing federal tax law as defined in section 10, subdivision 8.

Sec. 5. Minnesota Statutes 1985 Supplement, section 458.-1941, is amended to read:

458.1941 [SECTIONS THAT APPLY IF FEDERAL LIMIT APPLIES.]

Sections (474.16 TO 474.23) 9 to 29 apply to obligations issued under this chapter that are limited by a federal *volume* limitation act as defined in section (474.16) 10, subdivision (5) 9, or existing federal tax law as defined in section 10, subdivision 8.

Sec. 6. Minnesota Statutes 1984, section 459.35, is amended to read:

459.35 [FEDERAL VOLUME LIMITATION ACT.]

Sections (474.16 TO 474.23) 9 to 29 apply to any issuance of obligations under chapter 459 which are subject to limitation under a federal *volume* limitation act as defined in section (474.-16) 10, subdivision (5) 9, or existing federal tax law as defined in section 10, subdivision 8.

Sec. 7. Minnesota Statutes 1984, section 462.556, is amended to read:

462.556 [FEDERAL VOLUME LIMITATION ACT.]

Sections (474.16 TO 474.23) 9 to 29 apply to any issuance of obligations under chapter 462 which are subject to limitation under a federal *volume* limitation act as defined in section (474.16) 10, subdivision (5) 9, or existing federal tax law as defined in section 10, subdivision 8.

Sec. 8. Minnesota Statutes 1984, section 472.09, subdivision 8, is amended to read:

Subd. 8. [FEDERAL VOLUME LIMITATION ACT.] Sections (474.16 TO 474.23) 9 to 29 apply to any issuance of obligations under this section which are subject to limitation under a federal *volume* limitation act as defined in section (474.16) 10, subdivision (5) 9, or existing federal tax law as defined in section 10, subdivision 8.

Sec. 9. [474A.01] [CITATION.]

*Sections 9 to 29 may be cited as the "Minnesota bond allocation act."*

Sec. 10. [474A.02] [DEFINITIONS.]

Subdivision 1. [TERMS DEFINED.] *For the purposes of sections 9 to 29, the terms defined in this section shall have the following meanings:*

Subd. 2. [ANNUAL VOLUME CAP.] *"Annual volume cap" means the aggregate dollar amount of obligations bearing interest excluded from gross income for purposes of federal income taxation which, under the provisions of existing federal tax law or a federal volume limitation act, may be issued in one year by issuers.*

Subd. 3. [CERTIFICATE OF ALLOCATION.] *"Certificate of allocation" means a certificate provided to an issuer by the department under section 21.*

Subd. 4. [CITY.] *"City" means a statutory or home rule charter city.*

Subd. 5. [COMMERCIAL REDEVELOPMENT PROJECT.] *"Commercial redevelopment project" means a project as defined in section 474.02, if it is not a manufacturing project 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) *At least 75 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.*

(d) *At least 90 percent 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.*

**Subd. 6. [DEPARTMENT; DEPARTMENT OF ENERGY AND ECONOMIC DEVELOPMENT.]** *“Department” or “department of energy and economic development” means the department of energy and economic development or its successor agency or agencies with respect to the duties that the department is to perform under sections 9 to 29.*

**Subd. 7. [ENTITLEMENT ISSUER.]** *“Entitlement issuer” means an issuer to which an allocation is made under sections 12, 16, or 17.*

**Subd. 8. [EXISTING FEDERAL TAX LAW.]** *“Existing federal tax law” means those provisions of the Internal Revenue Code of 1954, as amended through December 31, 1985, that limit the aggregate amount of obligations of a specified type or types which may be issued by an issuer during a calendar year whose interest is exempt from inclusion in gross income for purposes of federal income taxation.*

**Subd. 9. [FEDERAL VOLUME LIMITATION ACT.]** *“Federal Volume Limitation Act” means Title VII of the bill that was adopted by the United States House of Representatives on December 17, 1985, as H.R. 3838, 99th Congress 1st Session (1985), or any law of the United States that is effective after December 31, 1985, and that:*

(1) *imposes an annual volume cap;*

(2) *allocates the annual volume cap among various uses for which the proceeds of the obligations may be used or among various issuers of obligations or both; and*

(3) allows the governor during a specified interim period or the state legislature by law to provide for a different allocation of the annual volume cap among uses and among issuers.

Subd. 10. [GENERAL OBLIGATION.] "General obligation" means any obligation that pledges the full faith and credit of an issuer with general taxing powers, other than a state issuer, to the payment of the obligation.

Subd. 11. [GOVERNMENTAL VOLUME CAP.] "Governmental volume cap" means the annual volume cap less the amount, if any, that a federal volume limitation act requires be set aside or reserved, without the right to override by state legislation, for qualified 501(c)(3) bonds or if a federal volume limitation act does not require an amount to be set aside for qualified 501(c)(3) bonds, the amount set aside pursuant to section 20, subdivision 9.

Subd. 12. [ISSUER.] "Issuer" means any entitlement issuer or other issuer.

Subd. 13. [LOCAL PUBLIC FUNDS.] "Local public funds" means the funds of a governmental unit except the following:

(1) the proceeds of an obligation subject to existing federal tax law or a federal volume limitation act;

(2) payments or property furnished by a nonexempt person to repay or secure the loan of proceeds of an obligation subject to existing federal tax law or a federal volume limitation act or other payments made in consideration of the issuance of an obligation subject to existing federal tax law or a federal volume limitation act;

(3) 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 existing federal tax law or a federal volume limitation act;

(4) tax increments, as defined in section 273.76; or

(5) tax reductions provided pursuant to sections 273.1312 to 273.1314.

Subd. 14. [MANUFACTURING PROJECT.] "Manufacturing project" means properties, real or personal, used in connection with a revenue producing enterprise in connection with 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 (1) if they are used as part of or in connection with an assembly, fabricating, manufacturing, mixing, or

processing facility, or (2) 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.

**Subd. 15. [MORTGAGE CREDIT CERTIFICATE.]** "Mortgage credit certificate" means any certificate which satisfies the definition of such term as contained in section 25(c)(1) of the Internal Revenue Code of 1954, as amended through July 18, 1984.

**Subd. 16. [MULTIFAMILY HOUSING PROJECT.]** "Multifamily housing project" means a development defined in section 462C.02, subdivision 5, for which the applicable housing plan and program approval requirements of chapter 462C have been met.

**Subd. 17. [NONEXEMPT PERSON.]** "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, 1985.

**Subd. 18. [NOTICE OF ENTITLEMENT ALLOCATION.]** "Notice of entitlement allocation" means a notice provided to an entitlement issuer under section 12, subdivision 5, or under section 16, subdivision 2.

**Subd. 19. [OTHER ISSUER.]** "Other issuer" means any entity other than an entitlement issuer which may issue obligations subject to an annual volume cap, including but not limited to the University of Minnesota, any city, any town, any federally recognized American Indian tribe or subdivision thereof located in Minnesota, any housing and redevelopment authority referred to in chapter 462, or any body authorized to exercise the powers of a housing and redevelopment authority, any port authority referred to in chapter 458, or any body authorized to exercise the powers of a port authority, any area or municipal redevelopment agency referred to in chapter 472, any county, or any other municipal authority or agency established pursuant to special law, or any entity issuing on behalf of the foregoing.

**Subd. 20. [POLLUTION CONTROL PROJECT.]** "Pollution control project" means properties, real or personal, used in the abatement or control of noise, air, or water pollution, or in the disposal of solid waste, in connection with a revenue produc-

ing enterprise, engaged in or to be engaged in any business or industry. A project qualifies as a pollution control project only:

(1) if at least 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

(2) if it is not a manufacturing project and at least 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 14.

**Subd. 21. [PRELIMINARY RESOLUTION.]** "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. The resolution must express a preliminary intention of the issuer to issue obligations for a specific project and must identify the proposed project and the proposed amount of the obligations to be issued.

**Subd. 22. [QUALIFIED 501(c)(3) BONDS.]** "Qualified 501(c)(3) bonds" mean obligations the proceeds of which are to be used by, or loaned or otherwise made available to, an organization described in section 501(c)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1985, in activities directly related and essential to the conduct of the charitable activities of the organization and that are not used by a non-exempt person in its trade or business or obligations with a comparable definition in a federal volume limitation act.

**Subd. 23. [QUALIFIED MORTGAGE BONDS.]** "Qualified mortgage bonds" mean obligations which are qualified mortgage bonds as defined by section 103A(c) of existing federal tax law.

**Subd. 24. [QUALIFIED MORTGAGE CREDIT CERTIFICATE PROGRAM.]** "Qualified mortgage credit certificate program" means any program which satisfies the definition of such term as contained in section 25(c)(2) of the Internal Revenue Code of 1954, as amended through July 18, 1984.

**Subd. 25. [QUALIFIED MULTIFAMILY HOUSING PROJECT.]** "Qualified multifamily housing project" means a multifamily housing project in which at least 50 percent of the units will be held for occupancy by families or individuals with adjusted gross income not in excess of 80 percent of the median family income as estimated by the United States Department of Housing and Urban Development for the metropolitan statistical area.

**Subd. 26. [STATE ISSUER.]** "State issuer" means the state of Minnesota; the iron range resources and rehabilitation board; or other agency, department, board, or commission of the state,

*which is authorized to issue obligations and has statewide jurisdiction.*

*Subd. 27. [SUBSTANTIAL COMMITMENT OF LOCAL PUBLIC FUNDS.] "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 clause (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 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, 1985, or both.*

*Subd. 28. [WASTE MANAGEMENT PROJECT.] "Waste management project" means a project which is authorized by chapter 115A or 400, sections 473.801 to 473.834, or by any other law or home rule charter authorizing substantially the same type of project.*

*Subd. 29. [WRITTEN DEVELOPMENT PROGRAM.] "Written development program" or "program" means a written economic development plan that contains at least substantially all of the following:*

*(1) a description of the area subject to the plan, which may not exceed 20 percent of the total acreage of the issuer;*

*(2) a statement of the objectives for the development of the area subject to the plan;*

*(3) 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;*

*(4) a description of the type of specific development reasonably expected to take place within the area subject to the plan; and*

*(5) 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. 11. [474A.03] [DETERMINATION OF ANNUAL VOLUME CAP.]**

*Subdivision 1. [ANNUAL VOLUME CAP UNDER EXISTING FEDERAL TAX LAW.] At the beginning of each calendar year, the department shall determine the aggregate dollar amount of the annual volume cap under existing federal tax law for the calendar year, and of this amount the department shall determine the following amounts:*

*(1) the amount that is allocated to entitlement issuers under section 12;*

*(2) the amount initially available for allocation through the pool under section 13, which is the annual volume cap determined under this subdivision less the amount determined under clause (1); and*



(3) *the amount available for issuance of qualified mortgage bonds under section 15.*

**Subd. 2. [ANNUAL VOLUME CAP UNDER FEDERAL VOLUME LIMITATION ACT.]** *At the beginning of each calendar year, the department shall determine the aggregate dollar amount of the annual volume cap under a federal volume limitation act during the calendar year, and of this amount the department shall determine the following amounts:*

(1) *the amount, if any, that a federal volume limitation act requires be reserved for qualified 501(c)(3) bonds or the amount provided by section 20, subdivision 9;*

(2) *the amount of the governmental volume cap allocated to entitlement issuers under section 16, stating separately (i) the amount available for issuance of "qualified mortgage bonds" or obligations with a comparable definition in a federal volume limitation act, and (ii) the amount available for issuance of any obligations; and*

(3) *the amount initially available for allocation through the pool under section 19, which is the amount of the governmental volume cap less the aggregate of the amounts determined in clause (2).*

*Notwithstanding the foregoing, for the period from and including January 1, 1987, to and including June 30, 1987, the following limitations shall apply: (i) one-half of the amount determined pursuant to clause (2)(ii) shall be allocated to entitlement issuers under section 16; (ii) the entire amount determined pursuant to clause (2)(i) shall be allocated to entitlement issuers under section 16; (iii) one-half of the amount determined pursuant to clause (3) shall be made available for allocation under section 19; and (iv) one-half of the amount, if any, determined pursuant to clause (1) shall be made available for allocation under section 20. The remaining amount of annual volume cap for calendar year 1987 not so allocated, or made available for allocation, shall remain unallocated unless otherwise provided by law.*

**Subd. 3. [ADJUSTMENTS FOR CHANGES TO VOLUME CAP IN FEDERAL VOLUME LIMITATION ACT.]** *If the annual volume cap in a federal volume limitation act that becomes law is greater than or less than the annual volume cap that existed in a federal volume limitation act in the form that existed as of January 1, 1986, the department shall adjust the calculations made under subdivision 2, except for clause (1), and section 16, except as provided in section 27. If the annual volume cap is adjusted, the commissioner may withdraw any allocation granted before the adjustment was made pursuant to which obligations have been issued, only with the written consent of the issuer.*

Sec. 12. [474A.04] [ENTITLEMENT ALLOCATIONS UNDER EXISTING FEDERAL TAX LAW.]

*Subdivision 1. [HIGHER EDUCATION COORDINATING BOARD ALLOCATION.] Of the aggregate annual volume cap under existing federal tax law, \$25,000,000 for each calendar year is allocated to the higher education coordinating board for the issuance of obligations pursuant to chapter 136A. On September 1, any unused portion of the amount allocated to the higher education coordinating board pursuant to this subdivision cancels and the authority must be reallocated pursuant to section 13.*

*Subd. 2. [IRON RANGE RESOURCES AND REHABILITATION ALLOCATION.] Of the aggregate annual volume cap under existing federal tax law, \$30,000,000 for each calendar year is allocated to the iron range resources and rehabilitation commissioner. After September 1 of each year, the iron range resources and rehabilitation commissioner may retain any unused portion of the allocation only if the commissioner has submitted to the department on or before September 1 a preliminary resolution for a specific project and a letter which states (1) the intent to issue obligations pursuant to the allocation or a portion of it before the end of the calendar year or within the time period permitted under existing federal tax law, and (2) a description of the specific project or projects for which the obligations will be issued, together with an application deposit in the amount of one percent of the amount of the unused allocation or the portion of it pursuant to which the commissioner intends to issue obligations. The commissioner may subsequently reallocate the retained allocation among the projects described in clause (2). On September 1, any unused portion of the amount allocated to the iron range resources and rehabilitation commissioner and not reserved by a preliminary resolution, a letter of intent, and an application deposit is canceled and must be reallocated under section 13. If the iron range resources and rehabilitation commissioner returns for reallocation all or a part of the allocation on or before October 31, that portion of the application deposit equal to one percent of the amount returned shall be refunded within 30 days.*

*Upon the request of a statutory city located in the taconite tax relief area which received an entitlement allocation under Minnesota Statutes 1984, section 474.18, of \$5,000,000 or more for calendar year 1985, the iron range resources and rehabilitation commissioner shall enter into an agreement with the city whereby the commissioner issues obligations, in an amount requested by the city but not to exceed \$5,000,000, on behalf of the city.*

*Subd. 3. [ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY ALLOCATION.] Of the aggregate annual volume cap under existing federal tax law, \$60,000,000 for each*

calendar year is allocated to the energy and economic development authority. After September 1 of each year, the energy and economic development authority or any issuer which receives an allocation from the energy and economic development authority may retain any unused portion of its allocation only if it has submitted to the department, on or before September 1 a preliminary resolution for a specific project and a letter which states (1) its intent to issue obligations pursuant to its allocation or a portion of it before the end of the calendar year or within the time period permitted under existing federal tax law, and (2) a description of the specific project or projects for which the obligations will be issued, together with an application deposit in the amount of one percent of the amount of its unused allocation or the portion of it pursuant to which it intends to issue obligations. The energy and economic development authority may subsequently reallocate the retained allocation among the projects described in clause (2). On September 1 any unused portion of the amount allocated to the energy and economic development authority and not reserved by a preliminary resolution, a letter of intent, and an application deposit is canceled and must be reallocated under section 13. If the energy and economic development authority or any issuer which receives an allocation from the authority 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. 4. [ENTITLEMENT CITIES.]* Of the aggregate annual volume cap under existing federal tax law, for each calendar year the amount determined pursuant to this subdivision is allocated to (1) cities of the first class, and (2) the largest Minnesota city located in a metropolitan statistical area that does not contain a city of the first class, if the city has a population of 25,000 or more. The amount allocated to a first class city shall be an amount equal to \$200 multiplied by the city's population. The amount allocated to each city qualifying under clause (2) is \$5,000,000. After September 1 of each year, an issuer receiving an allocation under this subdivision may retain any unused portion of its allocation only if it has submitted to the department by September 1 a letter stating its intent to issue obligations pursuant to its allocation before the end of the calendar year or within the time permitted under existing federal tax law and an application deposit equal to one percent of the amount of the unused allocation for which it intends to issue obligations. Any unused portion of an allocation for which an application deposit and letter of intent has not been received by the department by September 1 must be canceled and reallocated under section 13. If an issuer returns for reallocation all or part of its allocation under this subdivision by October 31, the application deposit equal to one percent of the amount returned must be refunded to the issuer.

For purposes of this subdivision, "population" means the population determined under section 477A.011, subdivision 3.

*Subd. 5. [NOTICE OF ENTITLEMENT ALLOCATION.] As soon as possible in each calendar year, the department shall provide to each entitlement issuer a written notice of the amount of its entitlement allocation under this section.*

*Subd. 6. [ENTITLEMENT TRANSFERS.] An entitlement issuer may enter into an agreement with another entitlement issuer whereby the recipient entitlement issuer issues obligations pursuant to issuance authority allocated to the original entitlement issuer under this section.*

**Sec. 13. [474A.05] [ALLOCATION OF POOL AMOUNT UNDER EXISTING FEDERAL TAX LAW.]**

*Subdivision 1. [POOL AMOUNT.] Of the aggregate annual volume cap under existing federal tax law, the amount determined pursuant to section 11, subdivision 1, clause (2), shall be allocated among issuers pursuant to this section for each calendar year. An entitlement issuer may apply for an allocation pursuant to this section only after August 20. An entitlement issuer may apply for an allocation before November 1 only if the entitlement issuer has adopted a final resolution authorizing the sale of obligations equal to any allocation received under section 12 or has returned all of its unused allocation for reallocation under this section.*

*Notwithstanding the preceding paragraph, the following entitlement issuers may apply for an allocation under this section:*

*(a) A city of the first class may apply for an allocation for a manufacturing project at any time.*

*(b) State issuers may apply for and receive allocations under this section at any time for an aggregate amount not to exceed that portion of its entitlement allocation returned for reallocation under section 12.*

*Subd. 2. [APPLICATION.] An issuer may apply for an allocation pursuant to this section by submitting to the department an application on forms provided by the department, accompanied by (1) a preliminary resolution, and (2) an application deposit in the amount of one percent of the requested allocation. An issuer may elect not to submit an application for an allocation for a project for which the issuer previously adopted a preliminary resolution.*

*Subd. 3. [ALLOCATION CRITERIA.] The department shall rank each application received pursuant to this section on the basis of the number of points awarded to it, with one point being awarded for each of the following criteria satisfied:*

*(a) The current rate of unemployment for the applicant is at or above 110 percent of the statewide average unemployment*

rate for the most recently available reporting period, as determined by the department of economic security. The unemployment rate for the applicant shall be the greater of (1) 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 (2) another estimate supplied by the applicant with respect to its jurisdiction, which is documented by the applicant.

(b) 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 must be based on the same source, and must be (1) the most recent estimate available for the smallest jurisdiction which wholly includes the applicant, as reported by the department of economic security, or (2) another estimate supplied by the applicant with respect to its jurisdiction, which is documented by the applicant.

(c) 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 of the obligations.

(d) The number of jobs to be created by the project is at least two jobs for each \$100,000 of issuance authority requested for the project.

(e) As of the date of application the total market value of all taxable property in the applicant's jurisdiction, based on the most recent certification of assessed value to the commissioner of revenue, has either (1) declined in relation to the first calendar year before the certification, or (2) increased in relation to the first calendar year before the certification at a rate which is less than 90 percent of the rate of increase of the state average market value over the same period.

(f) 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.

(g) The project is wholly located in an enterprise zone designated pursuant to section 273.1312.

(h) 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.

(i) The project meets one of the following energy conservation criteria: (1) the project is eligible for the additional federal investment tax credits for energy property, (2) the project

*involves construction or expansion of a district heating system as defined in section 116J.36, or (3) the project involves construction of an energy source as described in section 116J.26, clause (a), (b), or (d) or 116M.03, subdivisions 22, 23 and 26.*

*(j) The project consists of the renovation, rehabilitation, or reconstruction of an existing building which is (1) 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 (2) designated in the National Register pursuant to United States Code, title 16, section 470a.*

*(k) Service connections to sewer and water systems are available to the project at the time the application is submitted.*

*(l) As provided by a binding agreement by the principal user or users of the project with the applicant, at least ten percent of the individuals employed by the principal user or users of the project will be minority or low income individuals.*

*(m) When the application is submitted either (1) the anticipated owner of the project, or any party of which the owner is a controlling partner or shareholder, or which is a controlling shareholder or partner of the owner, does not own or operate a substantially similar business within the state or (2) 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.*

*(n) A controlling interest in the project will be owned by one or more women or minority persons.*

*(o) Seventy-five percent or more of the proceeds of the proposed issue will be used to rehabilitate an existing structure.*

*Subd. 4. [ALLOCATION PROCEDURE.] (a) The department shall allocate available issuance authority under this section on Monday of each week to applications received on or before Monday of the preceding week in the following order of priority and available issuance authority may not be allocated to any other project:*

*(1) applications for manufacturing projects;*

*(2) applications for pollution control projects or waste management projects; and*

*(3) applications for commercial redevelopment projects.*

*Within each category of applications available authority shall be allocated on the basis of the numerical rank determined pursuant to this section. In the case of an application for issuance authority that includes more than one project to be financed by one issue of obligations, the points assigned to the application shall be computed on the basis of the weighted average of points for the projects. The projects must all be of the same category of projects to be submitted as a multiproject application. If two or more applications have the same numerical rank, the ranking of the applications must be by lot unless otherwise agreed by the respective issuers. If an application is rejected, the department must notify the applicant and return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be re-submitted.*

*(b)(1) From January 1 through September 30, no more than 20 percent of the total amount available for allocation during the calendar year pursuant to this section may be allocated to pollution control and waste management projects.*

*(2) From January 1 to September 30, no more than 35 percent of the total amount available for allocation during the calendar year pursuant to this section may be allocated to commercial redevelopment projects. This amount is increased to 50 percent of the total available authority for the next month's allocation if the following two conditions occur: (i) 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; and (ii) the entire amount of issuance authority available under this subparagraph for commercial redevelopment projects has been allocated.*

*Subd. 5. [LETTER OF INTENT.] After September 1 of each year, an issuer which has received an allocation pursuant to this section prior to September 1 may retain any unused portion of the allocation only if the issuer has submitted to the department on or before September 1 a letter stating its intent to issue obligations pursuant to the allocation before the end of the calendar year or within the time period permitted by existing federal tax law. If the letter of intent is not submitted to the department, the one percent application deposit must be returned to the issuer, the allocation is canceled, and the issuance authority is available for reallocation pursuant to this section. If an 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 October 1 to December 31 of each year, the annual volume cap under existing*

*federal tax law, 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 issuers. The iron range resources and rehabilitation commissioner, the energy and economic development authority, or an entitlement city may reallocate after September 30 its retained allocation among projects identified in preliminary resolutions filed with the department prior to October 1. An application for an allocation under this subdivision must include evidence of passage of a preliminary resolution and state 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 existing federal tax law, and must be accompanied by an application deposit in the amount of one percent of the requested allocation. Applications must be made and allocations shall be awarded in accordance with subdivisions 3 and 4.*

*After September 30, 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 must be made by lot unless otherwise agreed by the respective applicants.*

*If issuance authority remains or becomes available following the last Monday on which allocations are made for any calendar year, the department must allocate the available authority to the department of finance. The department of finance shall allocate the remaining authority between the Minnesota housing finance agency and the higher education coordinating board. Amounts allocated to the Minnesota housing finance agency shall be used for the issuance of mortgage credit certificates, and amounts allocated to the higher education coordinating board shall be used for the issuance of obligations under chapter 136A.*

**Subd. 7. [RETURN OF ALLOCATION.]** *If on or after November 1 but prior to December 1 of any year, an issuer determines that it will not issue obligations pursuant to an allocation received by it pursuant to this section or section 12 by the end of that year or within the time period permitted by existing federal tax law, the issuer must notify the department and the amount will be available for reallocation pursuant to this subdivision. In such case, the department 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 must be allocated on or before December 31 pursuant to subdivision 6.*



**Sec. 14. [474A.06] [NOTICE OF ISSUE UNDER EXISTING FEDERAL TAX LAW.]**

*Issuers that issue obligations subject to existing federal tax law shall file with the department within five days after the obligations are issued a written 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. If obligations are to be issued as a series of obligations, the notice of issue must be filed for each series of obligations that is issued. If the notice of issue is not filed within five days after the obligations are issued, the obligations shall be considered not to have received an allocation under existing federal tax law. Within 30 days after receipt of the notice, the department shall refund a portion of the application deposit required under section 12 or section 13 equal to one percent of the principal amount of the obligations issued.*

**Sec. 15. [474A.07] [QUALIFIED MORTGAGE BONDS.]**

*Subdivision 1. [HOUSING FINANCE AGENCY ALLOCATION.] The applicable volume limit for qualified mortgage bonds for the Minnesota housing finance agency, pursuant to existing federal tax law, for a calendar year is 100 percent of the state ceiling for qualified mortgage bonds for that year, reduced only by (1) any amounts of qualified mortgage bonds which have been or may be allocated by law to specified cities, and (2) any amounts of qualified mortgage bonds which are allocated to cities pursuant to subdivisions 2 and 3. The aggregate amount allocated to cities, under clause (1) or (2), together with the amount of qualified mortgage bonds reserved for the agency, shall not exceed the limit for the state under existing federal tax law.*

*By August 1 of each year, a city which has received by law an allocation of the state ceiling for qualified mortgage bonds shall submit its housing programs to the Minnesota housing finance agency for approval pursuant to section 462C.04, subdivision 2, in an amount of bonds equal to or less than, the city's allocation. If the amount of qualified mortgage bonds, for which program approval is granted on or before September 1 is less than the amount allocated by law to the city, the applicable limit for the agency shall be increased by the difference between the amount allocated by law to the city, and the amount for which program approval has been granted.*

*Subd. 2. [CITY ALLOCATION.] Unless otherwise authorized by law, a city that intends to issue during any calendar year qualified mortgage bonds that are subject to existing federal tax law, shall by January 2 of that year submit to the Minnesota housing finance agency a program that will use a portion of the state qualified mortgage bond ceiling. The total amount of qualified mortgage bonds included in all programs submitted*

*pursuant to this subdivision by a city may not exceed \$10,000,000. Each program shall be accompanied by a certificate from the city that states that the qualified mortgage bond issue is feasible. By February 1, the Minnesota housing finance agency shall review each program pursuant to section 462C.04, subdivision 2. The Minnesota housing finance agency shall approve all programs that the agency determines are consistent with chapter 462C, and that meet the following conditions:*

*(1) all of the loans must be reserved for a period of not less than six months for persons and families whose adjusted family income is below 80 percent of the limits on adjusted gross income provided in section 462C.03, subdivision 2; and*

*(2) loans must be made only to finance homes that are serviced by municipal water and sewer utilities; provided that if the approval of all programs would result in an allocation to cities in excess of 27-1/2 percent of the state ceiling for the calendar year 1985, reduced by the amount of qualified mortgage bonds that are allocated by law to specified cities, the Minnesota housing finance agency shall approve programs that are submitted by a city which meets any of the following three criteria: (i) a city of the first class, (ii) a city that did not receive an allocation under this subdivision or Minnesota Statutes 1984, section 462C.09, subdivision 2(a), or Minnesota Statutes 1985 Supplement, section 462C.09, subdivision 2(a), during the preceding two calendar years, or (iii) a group of cities that plan to jointly issue bonds for the program provided further that if approval of all of the programs submitted by cities that meet one or more of the criteria in (i), (ii), or (iii) would result in a total allocation to cities in excess of the portion of the state ceiling available for allocation, then from among those programs the agency shall select by lot the programs to be approved. If a portion of the state ceiling remains unallocated after the agency has approved all programs submitted by cities that meet one or more of the criteria in (i), (ii), or (iii), the Minnesota housing finance agency shall select by lot from among the remaining programs the programs to be approved. The Minnesota housing finance agency shall determine if a program meets the conditions in clauses (1) and (2) based solely upon the program with accompanying information submitted to the agency. Approval of a program shall constitute an allocation of a portion of the state ceiling for qualified mortgage bonds equal to the proposed bond issue or issues contained in the program, provided that the allocation for the last selected program that receives an allocation may be equal to or less than the amount of the bond issue or issues proposed in the program.*

*If a city which received an allocation pursuant to this subdivision, or which has been allocated a portion of the state ceiling by law and has received approval of one or more programs, has not issued bonds by September 1 in an amount equal to the allocation, and the city intends to issue qualified mortgage*

bonds prior to the end of the calendar year, the city shall by September 1 submit to the Minnesota housing finance agency for each program a letter that states the city's intent to issue the qualified mortgage bonds prior to the end of the calendar year. If the Minnesota housing finance agency does not receive the letter from the city, then the allocation of the state ceiling for that program expires on September 1, and the applicable limit for the Minnesota housing finance agency is increased by an amount equal to the unused portion of the allocation to the city. A city referred to in subdivision 1, clause (1), need not apply under this subdivision with respect to bonds allocated by law to the city. Nothing in this subdivision shall prevent any such city from applying for an additional allocation of bonds under this subdivision.

**Subd. 3. [ADDITIONAL CITY ALLOCATION.]** On or before September 1 of each year, the Minnesota housing finance agency shall identify the amount, if any, of its applicable limit for qualified mortgage bonds for that calendar year that it does not intend to issue. A city that intends to issue qualified mortgage bonds prior to the end of the calendar year for which it has not received an allocation of the state ceiling may submit a program for approval on or before September 1 to the Minnesota housing finance agency for a portion of the amount of the Minnesota housing finance agency's applicable limit as provided in subdivision 1 which the agency does not intend to issue. The total amount of qualified mortgage bonds included in all programs of any city submitted pursuant to this subdivision shall not exceed \$10,000,000. The program shall be accompanied by the same certificate required by subdivision 2. The Minnesota housing finance agency shall allocate the amount of the state ceiling to be allocated pursuant to this subdivision using the same factors listed in subdivision 2, provided that a program for a city receiving an allocation pursuant to subdivision 2 during the calendar year shall be ranked below all other programs if the bonds proposed in the program, when added to the bonds included in programs approved pursuant to subdivision 2, exceed \$10,000,000. A city that submitted a program pursuant to subdivision 2 but that did not receive an allocation may renew its application with a letter of intent to issue. Nothing in this subdivision shall prevent a city referred to in subdivision 1, clause (1), from applying for an additional allocation of bonds under this subdivision.

**Subd. 4. [AGENCY REVIEW.]** The 30-day review requirement in section 462C.04, subdivision 2, does not apply to programs submitted to the agency that require an allocation of the state ceiling pursuant to this section. A failure by the agency to complete any action by the dates set forth in this section shall not result in the approval of any program or the allocation of any portion of the applicable limit of the agency. Approval by the agency of programs after the dates provided in this section is effective in allocating a portion of the state ceiling. Programs approved by the agency may be amended with the approval of

*the agency under section 462C.04, subdivision 2, provided that the dollar amount of bonds for the program may not be increased.*

*Subd. 5. [STATE CERTIFICATION.] The executive director of the Minnesota housing finance agency is designated as the state official to provide the preissuance certification required by section 103A(j)(4)(A) of the Internal Revenue Code of 1954, as amended through December 31, 1985.*

*Subd. 6. [CORRECTION AMOUNTS FOR MORTGAGE CREDIT CERTIFICATE PROGRAMS.] A reduction in the state ceiling for qualified mortgage bonds caused by the failure of a mortgage credit certificate program to comply with a federal statute or regulation shall be assessed against the amount of qualified mortgage bonds allocated by law, other than by way of this section, to the city which adopted the program. If no such allocation exists or it is less than the correction amount determined by the secretary of the treasury, then the amount of the correction amount in excess of the allocation shall be assessed against the 27-1/2 percent of the state ceiling allocated to the cities under subdivision 2.*

*Subd. 7. [FEDERAL VOLUME LIMITATION ACT.] Any issuance authority received by the agency under section 17 or by a city under section 16 or subdivision 3 may be used for the issuance of "qualified mortgage bonds" or obligations with a comparable definition in a federal volume limitation act, in the same manner and subject to the same conditions provided for in this section for qualified mortgage bonds.*

**Sec. 16. [474A.08] [DETERMINATION OF ENTITLEMENT ALLOCATIONS UNDER FEDERAL VOLUME LIMITATION ACT.]**

*Subdivision 1. [ENTITLEMENT ISSUERS.] The dollar amount of the governmental volume cap allocated to entitlement issuers under a federal volume limitation act for each calendar year must be determined by the department as follows:*

*(1) to the department of finance 24 percent of the governmental volume cap to be allocated among state issuers under section 17;*

*(2) to each city, a sum equal to 75.6 percent of the amount of bond issuance authority allocated to the city under section 12, subdivision 4, provided that if there is an adjustment to the annual volume cap under section 11, subdivision 3, the amount of issuance authority allocated by this clause must be adjusted so that each city is allocated a percentage of the adjusted governmental volume cap that is equal to the percentage of the governmental volume cap originally allocated to each city;*

(3) to each city to which bond issuance authority is specifically allocated under state law for qualified mortgage bonds, a sum equal to the full amount of the bond issuance authority, which amount is to be used solely for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition as used in the federal volume limitation act prior to September 1, and thereafter may also be used for the issuance of either such mortgage bonds or obligations to finance multifamily housing projects;

(4) to a city or cities that received an allocation to issue qualified mortgage bonds during 1986 under Minnesota Statutes 1985 Supplement, section 462C.09, subdivision 2a, an amount or amounts for 1986 equal to such allocation, which amount may be used prior to September 1 for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition in a federal volume limitation act, and thereafter may also be used for the issuance of obligations to finance multifamily housing projects; and

(5) to a city or cities determined in accordance with the procedure set forth in section 15, subdivision 2, an allocation to issue qualified mortgage bonds during 1987, in an amount determined in accordance with such procedure contained in section 15, subdivision 2, which amount may be used prior to September 1 for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition in a federal volume limitation act, and thereafter may also be used for the issuance of obligations to finance multifamily housing projects.

For any entitlement issuer that received an allocation for a qualified multifamily housing project in 1986 and did not issue obligations for the project within the time period specified under section 21, subdivision 3, the amount allocated to the entitlement issuer under this subdivision for 1987 must be reduced by the amount of the unused allocation and the amount of any other allocation retained by that issuer after September 1, 1986, for which obligations have not been issued in 1986. The amount of any reduction in allocation must be added to the amounts available for pool allocation under section 19.

For purposes of this subdivision, "population" means the population determined under section 477A.011, subdivision 3.

**Subd. 2. [NOTICE OF ENTITLEMENT ALLOCATION.]**  
As soon as possible in each calendar year, the department shall provide a notice of entitlement allocation to each entitlement issuer stating separately the amount that may be issued for "qualified mortgage bonds" or for obligations with a comparable definition, a federal volume limitation act and the amount that may be issued for any obligations.

**Sec. 17. [474A.09] [ALLOCATION OF STATE ENTITLEMENTS UNDER FEDERAL VOLUME LIMITATION ACT.]**

*The amount allocated to the department of finance under section 16, subdivision 1, clause (1), may be allocated or reallocated by the commissioner of the department of finance internally among state issuers at any one time or from time to time during the calendar year, provided that 11.5 percent of the entitlement allocation is allocated to the iron range resources and rehabilitation commissioner. Upon the request of a statutory city located in the taconite tax relief area that received an entitlement allocation under Minnesota Statutes 1984, section 474.18, of \$5,000,000 or more for calendar year 1985, the iron range resources and rehabilitation commissioner shall enter into an agreement with the city whereby the commissioner issues obligations on behalf of the city, in an amount requested by the city but not to exceed 17 percent of the amount allocated to the commissioner under this subdivision.*

**Sec. 18. [474A.10] [ENTITLEMENT ISSUERS UNDER THE FEDERAL VOLUME LIMITATION ACT.]**

*Subdivision 1. [NOTICE OF ISSUE.] Each entitlement issuer that issues obligations pursuant to an entitlement allocation received under section 16 shall provide a notice of issue to the department on forms provided by the department stating (1) the date of issuance of the obligations; (2) the title of the issue; (3) the principal amount of the obligations; (4) the type or types of the obligations that cause them to be subject to the annual volume cap; and (5) the dollar amount of the obligations subject to the governmental volume cap of a federal volume limitation act. For obligations that are issued as a part of a series of obligations, a notice must be provided for each series. Any issue of obligations for which a notice of issue is not provided to the department within five days after issuance is deemed not to have received an allocation under a federal volume limitation act. Within 30 days after receipt of the notice of issue, the department shall refund a portion of any deposit made pursuant to subdivision 3 equal to one percent of the principal amount of the allocation authority issued.*

*Subd. 2. [ENTITLEMENT TRANSFERS.] An entitlement issuer may enter into an agreement with another entitlement issuer whereby the recipient entitlement issuer issues obligations pursuant to issuance authority allocated to the original entitlement issuer.*

*Subd. 3. [RESERVATION OR CANCELLATION OF ENTITLEMENT ALLOCATIONS.] After September 1, 1986, an entitlement issuer may retain all or a portion of its entitlement allocation under a federal volume limitation act only if the department has received by September 1 a letter stating the intent of the entitlement issuer to issue obligations under its entitlement*

allocation before the end of the calendar year or within the time permitted by a federal volume limitation act and an application deposit equal to one percent of the unused allocation for which it intends to issue obligations, provided that there shall be credited against the required deposit, any deposit made in accordance with section 12 for a corresponding allocation under existing federal tax law. Any unused portion of an allocation for which an application deposit and letter of intent have not been received by the department by September 1, 1986, is canceled and must be reallocated under section 19. Notwithstanding the provisions of this subdivision, the department of finance may retain \$15,000,000 of its entitlement allocation for the issuance of obligations. If any time after August 31, 1986, the department of finance determines that part or all of the retained allocation will not be required for obligations issued by the state, the portion not required shall be canceled and shall be reallocated under section 19.

If an entitlement issuer returns for reallocation all or part of its allocation under this subdivision after August 31, but on or before October 31, the application deposit equal to one percent of the amount of issuance authority returned must be refunded to the issuer. If all or part of the entitlement allocation is returned for reallocation after October 31, but before December 1, the application deposit equal to one-third of one percent of the amount of issuance authority returned must be refunded. The amount of any refund is reduced by the amount of the deposit refunded under section 12.

**Sec. 19. [474A.11] [ALLOCATION OF POOL AMOUNT UNDER THE FEDERAL VOLUME LIMITATION ACT.]**

*Subdivision 1. [POOL AMOUNT.] For calendar year 1986 and from January 1 to June 30 of calendar year 1987, the portion of the governmental volume cap determined under section 11, subdivision 2, clause (3), and any allocations canceled or returned for reallocation under section 18 or section 20, subdivision 9, shall be allocated to issuers, other than state issuers, under this section.*

*An entitlement issuer may apply for an allocation under this section only after August 20. If an entitlement issuer applies for an allocation prior to November 1, the entitlement issuer must have either adopted a final resolution authorizing the sale of obligations in an amount equal to any allocation received under section 16 or returned any remaining allocation for reallocation under this section. State entitlement issuers, other than the iron range resources and rehabilitation commissioner, may not apply for an allocation under this section except as provided in clause (d).*

*Notwithstanding the preceding paragraph, the following entitlement issuers may apply for an allocation under this section:*

(a) *Entitlement issuers that received an allocation only under section 16, subdivision 1, clause (4) or (5), may apply for an allocation at any time.*

(b) *A city of the first class may apply for an allocation for a manufacturing project at any time.*

(c) *Any entitlement issuer, other than state issuers, may apply for an allocation for a qualified multifamily housing project after September 1 if (1) it has adopted a preliminary resolution for specific projects for the amount of any of its retained entitlement allocation, and (2) the amount of allocation applied for does not exceed \$10,000,000.*

(d) *State issuers may apply for and receive allocations under this section at any time in an aggregate amount not to exceed that portion of the state's entitlement allocation returned for reallocation under section 18.*

*Subd. 2. [APPLICATION.] An issuer may apply for an allocation pursuant to this section by submitting to the department an application on forms provided by the department accompanied by (1) a preliminary resolution, and (2) if the application is submitted prior to September 1 of any calendar year, an application deposit in the amount of one percent of the requested allocation, or if the application is submitted after August 31, 1986, an application deposit in the amount of two percent of the requested allocation, provided that there shall be credited against the required deposit any deposit made with respect to the same project in accordance with section 13. An application deposit for a qualified multifamily housing project must include an additional application deposit in the amount of one percent of the requested allocation. An application pursuant to this section may be combined with an application under section 13.*

*Subd. 3. [ALLOCATION CRITERIA.] The department shall rank each application received under this section on the basis of the number of points awarded to it, with one point being awarded for each of the criteria listed in section 13, subdivision 3, that are satisfied, and one point being awarded for each of the following criteria:*

(1) *the project is a multifamily housing project; and*

(2) *the project is a multifamily housing project designed for rental primarily to handicapped persons or to elderly persons.*

*An application for an allocation relating to an issue of obligations the proceeds of which are to be used to refund outstanding obligations shall be assigned a ranking of no points.*



*Subd. 4. [ALLOCATION PROCEDURE.] (a) The department shall allocate available issuance authority on Monday of each week to applications received by Monday of the preceding week, in the following order of priority and available issuance authority may not be allocated to any other project prior to October 1, 1986:*

- (1) applications for manufacturing projects;*
- (2) applications for pollution control projects or waste management projects; and*
- (3) applications for commercial redevelopment projects or multifamily housing projects.*

*Within each category of applications available authority must be allocated on the basis of the numerical rank determined under this section. In the case of an application for an allocation relating to more than one project to be financed by one issue of obligations, the points assigned to the application shall be computed on the basis of the weighted average of points for the projects. The projects must all be of the same category of projects to be submitted as a multiproject application. If two or more applications have the same numerical rank, the ranking of the applications must be by lot unless otherwise agreed by the respective issuers. If an application is rejected, the department shall notify the applicant and shall return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted.*

*(b) From January 1 to September 30, 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.*

*(c) From January 1 to September 30, 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 and multifamily housing projects. This amount is increased to 50 percent of the total available authority for the next month's allocation if the following two conditions occur: (1) 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; and (2) the entire amount of issuance authority available under this clause for commercial redevelopment and multifamily housing projects has been allocated.*

*From October 1 to December 31 of each year, the annual volume cap under a federal volume limitation act, 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, or which is not reserved for qualified mortgage bonds, is available for allocation or reallocation and shall be allocated among issuers. An entitlement issuer may reallocate after September 30 its retained allocation among projects identified in preliminary resolutions filed with the department prior to October 1.*

*After September 30, allocations shall be made under this subdivision to any project including, without limitation, projects for owner-occupied housing, notwithstanding the percentage limits and other restrictions contained in this subdivision. Applications must be ranked and allocations made first according to the order of priority and ranking of points under subdivision 3 and this subdivision. Any remaining amount 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 the applications must be made by lot unless otherwise agreed by the respective applicants.*

**Subd. 5. [CERTIFICATE OF ALLOCATION.]** *The granting of an allocation of issuance authority by the department pursuant to this section shall be evidenced by issuance of a certificate of allocation provided to the applicant in accordance with section 21.*

**Subd. 6. [FINAL ALLOCATION.]** *If issuance remains or becomes available following the last Monday on which allocations are made during any calendar year, the department must allocate the remaining authority to the department of finance, and the department of finance shall allocate the remaining authority between the Minnesota housing finance agency and the higher education coordinating board. Amounts so allocated to the Minnesota housing finance agency must be used for the issuance of mortgage credit certificates, and amounts allocated to the higher education coordinating board must be used for the issuance of obligations under chapter 136A.*

**Sec. 20. [474A.12] [501(c)(3) POOL; FEDERAL VOLUME LIMITATION ACT.]**

**Subdivision 1. [501(c)(3) POOL.]** *This section applies only to allocations made under a federal volume limitation act. The amount, if any, of the aggregate annual volume cap that must be set aside for qualified 501(c)(3) bonds in 1986 or in 1987 or pursuant to subdivision 9 shall be allocated under this section.*

**Subd. 2. [HIGHER EDUCATION FACILITIES AUTHORITY.]** *Of the portion of the annual volume cap allocated under this section, \$20,000,000 for each calendar year is allocated to the higher education facilities authority for the issuance of obligations under sections 136A.25 through 136A.42. After Sep-*

tember 1 of each year, the higher education facilities authority may retain any unused portion of its allocation only if the higher education facilities authority submits to the department on or before September 1 a letter which states (1) its intent to issue obligations pursuant to its allocation or a portion of it before the end of the calendar year or within the time period permitted under a federal volume limitation act, and (2) a description of the specific project or projects for which the obligations will be issued, together with an application deposit in the amount of one percent of the amount of the unused allocation or the portion of it pursuant to which it intends to issue obligations. The authority may subsequently reallocate the retained allocation among the projects described in clause (2). On September 1 any unused portion of the amount allocated to the higher education facilities authority and not reserved by a letter of intent and an application deposit is canceled and subject to reallocation in accordance with subdivision 3. If the higher education facilities authority returns for reallocation all or any part of its allocation on or before October 31, that portion of the application deposit equal to one percent of the amount returned shall be refunded within 30 days.

**Subd. 3. [APPLICATION.]** An issuer may apply for an allocation of bond issuance authority under this section by submitting to the department an application on forms provided by the department, accompanied by (1) a preliminary resolution of the issuer, and (2) an application deposit in the amount of one percent of the requested allocation. The higher education facilities authority may apply for an allocation under subdivision 4 or subdivision 6 only if it has adopted a final resolution authorizing the sale of obligations in an amount equal to the allocation received and not returned for reallocation under subdivision 2.

**Subd. 4. [ALLOCATION.]** As of the 10th and 25th day of each month prior to September 1, the department shall allocate issuance authority available under this section on the basis of applications then on hand, assigning allocations in the order in which the applications are received by the department. If two or more applications are filed with the department on the same day and if there is insufficient issuance authority for the applications, the allocation between or among the applications shall be by lot unless otherwise agreed by the respective applicants. Before September 1 the amount allocated to an issuer for a 501(c)(3) organization may not exceed \$15,000,000 for the year. Two or more local issuers may combine their allocations in one or more single bond issues which exceed \$15,000,000 so long as no more than \$10,000,000 of the bond issue is for facilities located within the geographic boundaries of each issuer. The obligations may be issued jointly by a joint powers board or by one issuer on behalf of all the issuers to whom the allocation is made.

**Subd. 5. [LETTER OF INTENT.]** After September 1 of each calendar year, an issuer which has received an allocation pursuant to this section prior to September 1, may retain an un-

*used portion of the allocation only if the issuer has submitted to the department on or before September 1 a letter stating its intent to issue obligations before the end of the calendar year or within the time period permitted by a federal volume limitation act. If the letter of intent is not submitted to the department, the one percent application deposit must be returned to the issuer and the allocation is canceled and available for reallocation pursuant to subdivision 6. If an 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. If it returns the allocation after October 31 but before December 1, that portion of the application deposit equal to one-third of one percent of the amount returned must be refunded within 30 days.*

*Subd. 6. [ALLOCATION AFTER SEPTEMBER 1.] On September 1 of each year the aggregate amount set aside for qualified 501(c)(3) bonds, less any amounts previously allocated or reallocated and either reserved by an issuer with a letter of intent or with respect to which a notice of issue has been filed shall be reallocated in accordance with this subdivision.*

*Bond issuance authority subject to reallocation under this subdivision on and after September 1 in any year must be allocated by the department in the order in which the applications were received by the department. If two or more applications are filed with the department on the same day and if there is insufficient issuance authority for the applications, the allocation between or among such applications shall be by lot unless otherwise agreed by the respective applicants. As soon as practicable after September 1, the department shall publish in the State Register a notice of the aggregate amount available for reallocation pursuant to this subdivision. Within five days after September 10, October 10, November 10, December 10, and December 20, the department shall allocate available authority under this subdivision. If issuance remains or becomes available following the final December 20th allocation, the department must allocate the remaining authority to the department of finance, and the department of finance shall allocate the remaining authority to eligible projects under a federal volume limitation act.*

*Subd. 7. [NOTICE OF 501(c)(3) ALLOCATION.] The department shall issue a notice granting an allocation of issuance authority under this section. No allocation shall be made if the sum of the principal amount of proposed allocation and the aggregate principal amount of allocations previously made and not returned for reallocation exceeds the amount of issuance authority set aside, without the right to override by state legislation for qualified 501(c)(3) bonds under a federal volume limitation act. If an application is rejected, the department must notify the applicant and return the application deposit to the applicant within 30 days, unless the applicant requests in writing that the application be resubmitted.*

*Subd. 8. [NOTICE OF ISSUE.] Issuers that issue obligations under this section shall provide a notice of issue to the department on forms provided by the department stating (1) the date of issuance of the obligations; (2) the title of the issue; (3) the principal amount of the obligations; and (4) the dollar amount of the obligations subject to the annual volume cap of a federal volume limitation act. For obligations issued as a part of a series of obligations, a notice must be provided for each series. Any issue of obligations for which a notice of issue is not provided to the department within five days after issuance is deemed not to have received an allocation under a federal volume limitation act. Within 30 days after receipt of the notice of issue, the department shall refund a portion of any deposit made pursuant to subdivision 3 equal to one percent of the amount of allocation authority issued.*

*Subd. 9. [NO MANDATORY SET-ASIDE; 501(C)(3) POOL.] If a federal volume limitation act is enacted that does not require that issuance authority be set aside for qualified 501(c)(3) bonds, \$70,000,000 of issuance authority is available for allocation under this section from January 1 through October 31 of 1986 and \$35,000,000 of issuance authority is available for allocation under this section from January 1, 1987 through June 30, 1987. Notwithstanding the provisions of subdivision 6, if issuance authority is available for allocation pursuant to this subdivision, no allocation may be made pursuant to this section after October 31 for calendar year 1986 and the remaining amount of unallocated authority under this section that is or becomes available is canceled and must be reallocated pursuant to section 19.*

**Sec. 21. [474A.13] [CERTIFICATE OF ALLOCATION UNDER FEDERAL VOLUME LIMITATION ACT.]**

*Subdivision 1. [ISSUANCE OF CERTIFICATE OF ALLOCATION.] The department shall issue a certificate of allocation for any allocation granted under section 19, except as provided in subdivision 4.*

*Subd. 2. [ISSUANCE OF CERTIFICATE OF ALLOCATION; GENERAL OBLIGATIONS.] The department shall issue a certificate of allocation for any general obligation for which an allocation request is received upon forms provided by the department, except as provided in subdivision 4. Such forms shall contain:*

- (1) the name and address of the issuer;*
- (2) the address, telephone number, and name of an authorized representative of the issuer;*
- (3) the principal amount of general obligations proposed to be issued by the issuer;*

(4) *the title of the proposed issue;*

(5) *a statement of the issuer that the proposed issue of obligations is expected to be offered for sale on or before the expiration date of the certificate of allocation for which the request is being made;*

(6) *the amount of the allocation requested;*

(7) *the project or projects to be financed with the general obligations; and*

(8) *a certification that the general obligations do not constitute "industrial development bonds" as defined in section 103(b) of the Internal Revenue Code of 1954, as amended through December 31, 1985, which certification shall be accompanied by an opinion of bond counsel to such effect.*

*An entitlement city may apply for a certificate of allocation under this subdivision prior to October 1 only if it has adopted a final resolution authorizing the sale of obligations in an amount equal to any allocation received under section 16 or returned any remaining allocation for reallocation under section 19. No certificate of allocation shall be issued pursuant to this authorization in excess of \$10,000,000. The aggregate amount of issuance authority that may be allocated to an issuer pursuant to this subdivision for the calendar year may not exceed \$20,000,000. If submitted on or after September 1 for calendar year 1986, an allocation request shall be accompanied by a deposit in the amount of one percent of the amount of allocation requested. The department shall issue certificates of allocation on Monday of each week for applications received by Monday of the preceding week and shall make the allocations among the applications by lot.*

*Subd. 3. [NOTICE OF ISSUE.] A certificate of allocation expires and is deemed not to have been issued if the department has not received a notice of issue on a form provided by the department stating that the obligations for which the certificate of allocation was provided were issued, or in the case of a general obligation, a final resolution providing for sale was adopted, within the longest of the following periods:*

(1) *for a certificate of allocation issued on or prior to August 15, 1986, or anytime in 1987, within 30 days of the date of issuance of the certificate;*

(2) *for a certificate of allocation issued between August 16 and September 1, 1986, by September 16, 1986;*

(3) *for a certificate of allocation issued on or after September 1 and before the second to the last Monday of December 1986, within 15 days of the date of issuance of the certificate;*

(4) for a certificate of allocation issued on or after the second to the last Monday of December 1986, by the end of that year or within the time permitted by a federal volume limitation act; and

(5) for a certificate of allocation issued to an entitlement issuer for a qualified multifamily housing project, within 30 days of issuance of the certificate of allocation.

Any of the periods specified in clauses (1), (2), or (3) may be extended for an additional period of the same number of days if an additional deposit in the amount of three percent of the amount of the certificate of allocation is provided before the end of the initial period. The period specified in clause (5) may be extended for an additional 30 days if an additional deposit in the amount of four percent of the amount of the certificate of allocation is provided before the end of the initial period.

The notice of issue must be executed by an officer of the issuer or by the bond counsel approving the issue and must state the principal amount of the obligations issued or to be issued and the difference, if any, between the amount issued or to be issued and the amount stated in the certificate of allocation. If the notice of issue is not provided to the department by the time required, the certificate of allocation expires, the issue is deemed not to have received an allocation for the purpose of complying with a federal volume limitation act, and the deposit required by section 19 or this section is forfeited by the issuer. If the notice is received by the department on or prior to the prescribed deadline, then within 30 days after receipt of this notice, the department shall refund a portion of any application deposit in proportion to the amount of allocation authority issued, reduced by any amount refunded under section 13.

**Subd. 4. [LIMITATIONS ON THE ISSUANCE OF CERTIFICATES.]** No certificate of allocation may be granted under a federal volume limitation act under any of the following circumstances:

(1) the amount of the allocation requested, when added to (i) the aggregate amount of certificates of allocation issued and not expired; (ii) amounts remaining available to be allocated pursuant to section 19; and (iii) entitlement authority allocated pursuant to section 16 and not returned pursuant to section 18, subdivision 3, for reallocation would cause the governmental volume cap to be exceeded. If two or more applications for a certificate of allocation are filed with the department on the same day and there is insufficient issuance authority for the applications, certificates shall be issued first for applications made pursuant to subdivision 2 and thereafter for applications made pursuant to subdivision 1; or

(2) *the principal amount of the proposed allocation exceeds \$25,000,000 unless the issuer is the Minnesota housing finance agency or the Minnesota higher education coordinating board, or unless the issue is a pooled or joint issue or any issue of a joint powers board, provided that for joint or pooled issues or issues of a joint powers board the aggregate amount of the issue cannot exceed \$100,000,000.*

*Subd. 5. [CERTIFICATES ARE NOT TRANSFERABLE.] Certificates of allocation are not transferable. An issuer that receives an allocation of issuance authority pursuant to sections 9 to 29 to finance a project within the boundaries of the issuer may allow another issuer to issue obligations pursuant to the issuance authority only if the boundaries of the other issuer are coterminous with the boundaries of the issuer that received the authority.*

**Sec. 22. [474A.14] [NOTICE OF AVAILABLE AUTHORITY.]**

*The department shall publish in the State Register at least twice monthly, a notice of the amount of issuance authority, if any, available for allocation pursuant to sections 18, 19, and 20.*

**Sec. 23. [474A.15] [STATE HELD HARMLESS.]**

*The state is not liable in any manner to any issuer, holder of obligations, or other person for carrying out the duties imposed on it under sections 9 to 29.*

**Sec. 24. [474A.16] [EXCLUSIVE METHOD OF ALLOCATION.]**

*Sections 9 to 29 shall be the exclusive method for allocating authority to issue obligations for the purposes of complying with the volume limitation of a federal volume limitation act and existing federal tax law. An issuer of obligations may elect to obtain an allocation of authority under either existing federal tax law, a federal volume limitation act, or both.*

**Sec. 25. [474A.17] [ADMINISTRATIVE PROCEDURE ACT NOT APPLICABLE.]**

*Minnesota Statutes, chapter 14, shall not apply to actions taken by any state agency, entity, or the governor under sections 9 to 29.*

**Sec. 26. [474A.18] [PROSPECTIVE OVERRIDE OF FEDERAL VOLUME LIMITATION ACT.]**

*Sections 9 to 29 prospectively override and replace the method of allocating the authority to issue obligations among uses and*



*among issuers as provided in a federal volume limitation act to the extent allowed by a federal volume limitation act.*

Sec. 27. [474A.19] [GOVERNOR'S ACTION.]

*If at any time before June 30, 1987, a federal volume limitation act is enacted into law in a form different from that existing as of December 31, 1985, which eliminates or adds any requirement that a specific type of obligation is subject to a volume limitation that is inconsistent with the allocation mechanism provided for in sections 9 to 29, or provides for other restrictions on the allocation of issuance authority that are inconsistent with the allocation mechanism provided for in sections 9 to 29, the governor may, consistent with a federal volume limitation act as enacted, by executive order or proclamation, establish such revisions to the allocation system as may be necessary and appropriate and which the governor, in consultation with the legislative advisory commission and the attorney general, determines are most consistent with the purposes of and the allocation mechanism provided for in sections 9 to 29. An executive order or proclamation made by the governor under this section shall not withdraw or impair any allocation made if obligations have been issued under such allocations unless the obligations are not or will not be subject to the volume cap of a federal volume limitation act and written notice is provided to the issuer.*

*Any executive order made by the governor under this section must, to the extent possible, comply with the following requirements:*

*(a) If 501(c)(3) bonds are excluded from the volume cap in a federal volume limitation act, any allocation made under section 20 must be canceled, the provisions of section 20 will no longer be in force and effect, any unrefunded deposit made with the department under section 20 shall be refunded to the issuer within 30 days of the cancellation and any excess issuance authority previously set aside under section 20 for 501(c)(3) bonds shall, to the extent the exclusion of the 501(c)(3) bonds increases the amount of the governmental volume cap, be added on a pro rata basis to the amount of the governmental volume cap allocated to (1) state issuers under section 16, subdivision 1, clause (1); (2) entitlement cities under section 16, subdivision 1, clause (2); and (3) to the pool under section 11, subdivision 2, clause (3).*

*(b) If obligations for multifamily housing projects, or certain kinds thereof, are excluded from the volume cap in a federal volume limitation act, allocations granted for the projects are canceled and the commissioner shall refund any deposits for the projects within 30 days of cancellation. No adjustment shall be made in the allocation of the governmental volume cap except as provided under section 11, subdivision 3.*

Sec. 28. [474A.20] [STATE CERTIFICATION.]

*The commissioner of the department is designated as the state official to provide any pre-issuance or post-issuance certification required by a federal volume limitation act.*

**Sec. 29. [474A.21] [APPROPRIATION; RECEIPTS.]**

*Any fees collected by the department under sections 9 to 29 must be deposited in the general fund. The amount necessary to refund application deposits is appropriated to the department from the general fund for that purpose.*

Sec. 30. Minnesota Statutes 1984, section 475.77, is amended to read:

**475.77 [OBLIGATIONS SUBJECT TO FEDERAL VOLUME LIMITATION ACT.]**

*Sections (474.16 TO 474.23) 9 to 29 apply to any issuance of obligations which are subject to limitation under a federal volume limitation act as defined in section (474.16) 10, subdivision (5) 9, or existing federal tax law as defined in section 10, subdivision 8.*

**Sec. 31. [REPEALER.]**

*Minnesota Statutes 1984, sections 462C.09, subdivision 4; 474.16, subdivisions 1, 2, and 5; 474.21; and 474.25; and Minnesota Statutes 1985 Supplement, sections 116J.58, subdivision 4; 462C.09, subdivisions 1, 2a, 3, 5, and 6; 474.16, subdivisions 3, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15; 474.17; 474.19; 474.20; 474.23; and 474.26 are repealed. Nothing in this section is intended to affect the validity of any allocation granted pursuant to the repealed sections prior to the effective date of this article, including any allocation carried forward for use in a later calendar year. Nothing in this section is intended to affect the validity of any allocation granted pursuant to the repealed sections prior to the effective date of this article, including any allocation carried forward for use in a later calendar year. If prior to the date of enactment of this article, a notice of allocation is received pursuant to Minnesota Statutes 1985 Supplement, section 474.19, and if obligations pursuant to that allocation are not issued on or before the date of enactment of this article, the issuer may elect within 30 days after enactment of this article to either resubmit its application pursuant to the provisions of this article and receive a credit for the deposit already made or request a refund of the deposit. If a refund of the deposit is requested, the department must refund the deposit within 15 days.*

**Sec. 32. [EFFECTIVE DATE; SUNSET.]**

*This article is effective the day following final enactment. Sections 10, subdivisions 3, 9, 10, 11, 16, 22, and 25; 11, subdivisions*

2 and 3; 15, subdivision 7; 16 to 21; and 26 to 28 are repealed effective July 1, 1987.

## ARTICLE 2

Section 1. Minnesota Statutes 1984, section 124.214, is amended by adding a subdivision to read:

*Subd. 3. If a return of excess tax increment is made to a school district pursuant to section 273.75, subdivision 2 or upon decertification of a tax increment district, the school district's aid entitlements and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.*

*(a) An amount must be subtracted from the school district's aid for the current fiscal year equal to the product of:*

*(1) the amount of the payment of excess tax increment to the school district, times*

*(2) the ratio of:*

*(A) the sum of the amounts of the school district's certified levy for the fiscal year in which the excess tax increment is paid according to the following:*

*(i) sections 124A.03, subdivision 1, 124A.06, subdivision 3a, and 124A.08, subdivision 3a, if the school district is entitled to basic foundation aid according to section 124A.02;*

*(ii) section 124A.10, subdivision 3a, and section 124A.20, subdivision 2, if the school district is entitled to third-tier aid according to section 124A.10, subdivision 4;*

*(iii) sections 124A.12, subdivision 3a, and 124A.14, subdivision 5a, if the school district is eligible for fourth-tier aid according to section 124A.12, subdivision 4;*

*(iv) section 124A.03, subdivision 4, if the school district is entitled to summer school aid according to section 124.201; and*

*(v) section 275.125, subdivisions 5 and 5c, if the school district is entitled to transportation aid according to section 124.225, subdivision 8a;*

*(B) to the total amount of the school district's certified levy for the fiscal year 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, 124A.20, subdivision 2, and 275.125, plus or minus auditor's adjustments.*

(b) *An amount must be subtracted from the school district's levy limitation for the next levy certified equal to the difference between:*

- (1) *the amount of the distribution of excess increment, and*
- (2) *the amount subtracted from aid pursuant to clause (a) of this subdivision.*

*If the aid and levy reductions required by this subdivision cannot be made to the aid for the fiscal year specified or to the levy specified, the reductions must be made from aid for subsequent fiscal years, and from subsequent levies. The school district shall use the payment of excess tax increment to replace the aid and levy revenue reduced under this subdivision.*

*This subdivision applies only to the total amount of excess increments received by a school district for a calendar year that exceeds \$25,000.*

Sec. 2. Minnesota Statutes 1984, section 273.1314, is amended by adding a subdivision to read :

*Subd. 8a. [ADDITIONAL ENTERPRISE ZONE ALLOCATIONS.] (a) In addition to tax reductions authorized in subdivision 8, the commissioner may allocate \$600,000 for tax reductions pursuant to subdivision 9 to enterprise zones designated under section 273.1312, subdivision 4, paragraph (c), clause (1) or (3). Of this amount, a minimum of \$200,000 must be allocated to an area added to an enterprise zone pursuant to section 3. Allocations made pursuant to this subdivision may not be used to reduce a tax liability, or increase a tax refund, prior to July 1, 1987. Limits on the maximum allocation to a zone imposed by subdivision 8 do not apply to allocations made under this subdivision.*

(b) *A city encompassing an enterprise zone, or portion of an enterprise zone, qualifies for an additional allocation under this subdivision if the following requirements are met:*

(1) *the city encompassing an enterprise zone, or portion of an enterprise zone, has signed contracts with qualifying businesses that commit the city's total initial allocation received pursuant to subdivision 8.*

(2) *the city encompassing an enterprise zone, or portion of an enterprise zone, submits an application to the commissioner requesting an additional allocation for tax reductions authorized by subdivision 9. The application must identify a specific business expansion project which would not take place but for the availability of enterprise zone tax incentives.*

*(c) The commissioner shall use the following criteria when determining which qualifying cities shall receive an additional allocation under this subdivision and the amount of the additional allocation the city is to receive:*

*(1) additional allocations to qualifying cities under this subdivision shall be made within 60 days of receipt of an application.*

*(2) applications from cities with the highest level of economic distress, as determined using criteria listed in section 273.1312, subdivision 4, paragraph (c), clauses (A) to (E), shall receive priority for an additional allocation under this subdivision.*

*(3) if the commissioner determines that two cities submitting applications within one week of each other have equal levels of economic distress, the application from the city with the business prospect which will have the greatest positive economic impact shall receive priority for an additional allocation. Criteria used by the commissioner to determine the potential economic impact a business would have shall include the number of jobs created and retained, the amount of private investment which will be made by the business, and the extent to which the business would help alleviate the economic distress in the immediate community.*

*(4) the commissioner shall determine the amount of any additional allocation a city may receive. The commissioner shall base the amount of additional allocations on the commissioner's determination of the amount of tax incentives which are necessary to ensure the business prospect will expand in the city. No single allocation under this subdivision may exceed \$100,000. No city may receive more than \$250,000 under this subdivision.*

Sec. 3. Minnesota Statutes 1985 Supplement, section 273.-1314, subdivision 16a, is amended to read:

Subd. 16a. [ZONE BOUNDARY REALIGNMENT.] The commissioner may approve specific applications by a municipality to amend the boundaries of a zone or of an area or areas designated pursuant to subdivision 9, paragraph (e) at any time. Boundaries of a zone may not be amended to create noncontiguous subdivisions. If the commissioner approves the amended boundaries, the change is effective on the date of approval. Notwithstanding the area limitation under section 273.1312, subdivision 4, paragraph (b), the commissioner may approve a specific application to amend the boundaries of an enterprise zone which is located within five municipalities and was designated in 1984, to increase its area to not more than 800 acres, and may approve an additional specific application to amend the boundaries of that enterprise zone to include a sixth municipality.

Sec. 4. Minnesota Statutes 1984, section 273.73, subdivision 10, is amended to read:

Subd. 10. [REDEVELOPMENT DISTRICT.] (a) "Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one of the following conditions, reasonably distributed throughout the district, exists:

(1) 70 percent of the parcels in the district are occupied by buildings, streets, utilities or other improvements and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance; or

(2) 70 percent of the parcels in the district are occupied by buildings, streets, utilities or other improvements and 20 percent of the buildings are structurally substandard and an additional 30 percent of the buildings are found to require substantial renovation or clearance in order to remove such existing conditions as: inadequate street layout, incompatible uses or land use relationships, overcrowding of buildings on the land, excessive dwelling unit density, obsolete buildings not suitable for improvement or conversion, or other identified hazards to the health, safety and general well being of the community; or

(3) Less than 70 percent of the parcels in the district are occupied by buildings, streets, utilities or other improvements, but due to unusual terrain or soil deficiencies requiring substantial filling, grading or other physical preparation for use at least 80 percent of the total acreage of such land has a fair market value upon inclusion in the redevelopment district which, when added to the estimated cost of preparing that land for development, excluding costs directly related to roads as defined in section 160.01 and local improvements as described in section 429.021, subdivision 1, clauses 1 to 7, 11 and 12, and section 430.01, if any, exceeds its anticipated fair market value after completion of said preparation; provided that no parcel shall be included within a redevelopment district pursuant to this paragraph (3) unless the authority has concluded an agreement or agreements for the development of at least 50 percent of the acreage having the unusual soil or terrain deficiencies, which agreement provides recourse for the authority should the development not be completed; or

(4) The property consists of underutilized air rights existing over a public street, highway or right-of-way; or

(5) The property consists of vacant, unused, underused, inappropriately used or infrequently used railyards, rail storage facilities or excessive or vacated railroad rights-of-way; or

(6) *The district consists of an existing or proposed industrial park no greater in size than 250 acres, which contains a sewage lagoon contaminated with polychlorinated biphenyls.*

(b) For purposes of this subdivision, "structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance. "Parcel" shall mean a tract or plat of land established prior to the certification of the district as a single unit for purposes of assessment.

Sec. 5. Minnesota Statutes 1984, section 273.75, subdivision 2, is amended to read:

Subd. 2. [EXCESS TAX INCREMENTS.] In any year in which the tax increment exceeds the amount necessary to pay the costs authorized by the tax increment financing plan, including the amount necessary to cancel any tax levy as provided in section 475.61, subdivision 3, the authority shall use the excess amount to do any of the following, in the order determined by the authority: (a) prepay any outstanding bonds, (b) discharge the pledge of tax increment therefor, (c) pay into an escrow account dedicated to the payment of such bond, or (d) return the excess amount to the county auditor who shall distribute the excess amount to the municipality, county and school district in which the tax increment financing district is located in direct proportion to their respective mill rates. *The county auditor must report to the commissioner of education the amount of any excess tax increment distributed to a school district within 30 days of the distribution.*

Sec. 6. Minnesota Statutes 1985 Supplement, 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. Revenues derived from tax increment may be used to finance the costs of 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 only under the following conditions: (a) tax increments may not be collected for a program for a period in excess of 12 years after the date of the first interest rate reduction payment for the program, (b) tax increments may not be used for an interest reduction program, if the proceeds of bonds issued pursuant to section 273.77 after December 31, 1985, have been or will be used to provide financial assistance to the specific project which would receive the benefit of the interest reduction program, and (c) (NOT MORE THAN 50 PERCENT OF THE ESTIMATED) tax (INCREMENT) *increments* (DERIVED FROM A PROJECT) may *not* be used to finance an interest reduction program for owner-occupied single-family dwellings (UNLESS A PROJECT IS LOCATED EITHER IN AN AREA WHICH WOULD QUALIFY AS A REDEVELOPMENT DISTRICT OR WITHIN A CITY DESIGNATED AS AN ENTERPRISE ZONE PURSUANT TO SECTION 273.1312, SUBDIVISION 4, CLAUSE (C) (3)). 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.

Sec. 7. [340A.318] [CREDIT EXTENSIONS RESTRICTED.]

*Subdivision 1. [RESTRICTION.] Except as provided in this section, no retail licensee may accept or receive credit, other than merchandising credit in the ordinary course of business for a period not to exceed 30 days, from a distiller, manufacturer, or wholesaler of distilled spirits or wine, or agent or employee thereof. No distiller, manufacturer or wholesaler may extend the prohibited credit to a retail licensee. No retail licensee delinquent beyond the 30 day period shall solicit, accept or receive credit or purchase or acquire distilled spirits or wine directly or indirectly, and no distiller, manufacturer or wholesaler shall knowingly grant or extend credit nor sell, furnish or supply distilled spirits or wine to a retail licensee who has been posted delinquent under subdivision 3. No right of action shall exist for the collection of any claim based upon credit extended contrary to the provisions of this section.*



*Subd. 2. [REPORTING.] Every distiller, manufacturer or wholesaler selling to retailers shall submit to the commissioner in triplicate not later than Thursday of each calendar week a verified list of the names and addresses of each retail licensee purchasing distilled spirits or wine from that distiller, manufacturer or wholesaler who, on the first day of that calendar week, was delinquent beyond the 30 day period, or a verified statement that no delinquences exist which are required to be reported. If a retail licensee previously reported as delinquent cures the delinquency by payment, the name and address of that licensee shall be submitted in triplicate to the commissioner not later than the close of the second full business day following the day the delinquency was cured.*

*Subd. 3. [POSTING; NOTICE.] Verified list or statements required by subdivision 2 shall be posted by the commissioner in offices of the department in places available for public inspection and mailed to each licensed wholesaler not later than the day following receipt. Documents so posted and mailed shall constitute notice to every distiller, manufacturer or wholesaler of the information posted. Actual notice, however received, also constitutes notice.*

*Subd. 4. [MISCELLANEOUS PROVISIONS.] The 30 day merchandising period allowed by this section shall commence with the day immediately following the date of invoice and shall include all successive days, including Sundays and holidays, to and including the 30th successive day. In addition to other legal methods, payment by check during the period for which merchandising credit may be extended shall be considered payment. All checks received in payment for distilled spirits or wine shall be deposited promptly for collection. A postdated check or a check dishonored on presentation for payment does not constitute payment. A retail licensee shall not be deemed delinquent for any alleged sale in any instance where there exists a bona fide dispute between the licensee and the distiller, manufacturer or wholesaler as to the amount owing as a result of the alleged sale. A delinquent retail licensee who engages in the retail liquor business at two or more locations shall be deemed to be delinquent with respect to each location.*

*Subd. 5. [LICENSE SUSPENSION OR REVOCATION.] The license of any retail licensee, distiller, manufacturer or wholesaler violating any provision of this section shall be subject to suspension or revocation in the manner provided by this chapter.*

Sec. 8. Minnesota Statutes 1984, section 412.301, is amended to read:

412.301 [FINANCING PURCHASE OF CERTAIN EQUIPMENT.]

The council may issue certificates of indebtedness (WITHIN EXISTING) or capital notes subject to the city debt limits (FOR THE PURPOSE OF PURCHASING FIRE OR POLICE) to purchase public safety equipment (OR), ambulance equipment (OR STREET), road construction or maintenance equipment, and other capital equipment having an expected useful life at least as long as the terms of the certificates or notes. Such certificates or notes shall be payable in not more than five years and shall be issued on such terms and in such manner as the council may determine. If the amount of the certificates or notes to be issued to finance any such purchase exceeds one percent of the assessed valuation of the city, (EXCLUDING MONEY AND CREDITS,) they shall not be issued for at least ten days after publication in the official newspaper of a council resolution determining to issue them; and if before the end of that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular municipal election is filed with the clerk, such certificates or notes shall not be issued until the proposition of their issuance has been approved by a majority of the votes cast on the question at a regular or special election. A tax levy shall be made for the payment of the principal and interest on such certificates or notes, in accordance with section 475.61, as in the case of bonds.

Sec. 9. Minnesota Statutes 1985 Supplement, 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 January 1, (1987) 1989. Interest reduction assistance payments authorized prior to January 1, (1987) 1989 may be paid after January 1, (1987) 1989.

Sec. 10. Minnesota Statutes 1984, section 462A.03, subdivision 13, is amended to read:

Subd. 13. "Eligible mortgagor" means a nonprofit or cooperative housing corporation, limited profit entity or a builder as defined by the agency in its rules, which sponsors or constructs residential housing as defined in subdivision 7, or a natural person of low or moderate income, except that the return to a limited dividend entity shall not exceed ten percent of the capital contribution of the investors or such lesser percentage as the agency shall establish in its rules; provided that residual receipts funds of a limited dividend entity may be used for agency-approved, housing-related investments owned by the limited dividend entity without regard to the limitation on returns. Owners of existing residential housing occupied by renters shall be eligible for rehabilitation loans, only if, as a condition to the issuance of the loan, the owner agrees to conditions established by the agency in its rules relating to rental or other matters that

will insure that the housing will be occupied by persons and families of low or moderate income. The agency shall require by rules that the owner give preference to those persons of low or moderate income who occupied the residential housing at the time of application for the loan.

Sec. 11. Minnesota Statutes 1984, section 462C.02, subdivision 6, is amended to read:

Subd. 6. "City" means any statutory or home rule charter city, a county housing and redevelopment authority created by special law or authorized by its county to exercise its powers pursuant to section 462.426, or any public body which (a) is the housing and redevelopment authority in and for a statutory or home rule charter city, or the port authority of a statutory or home rule charter city, and (b) is authorized by ordinance to exercise, on behalf of a statutory or home rule charter city, the powers conferred by sections 462C.01 to (462C.08) 462C.10.

Sec. 12. Minnesota Statutes 1984, section 462C.06, is amended to read:

**462C.06 [COUNTY HOUSING AND REDEVELOPMENT AUTHORITY ACTING ON BEHALF OF CITY.]**

A housing and redevelopment authority in and for a county may exercise the powers conferred by sections 462C.01 to (462C.-07) 462C.10 either (1) on its own behalf or (2) on behalf of a city (other than a county housing and redevelopment authority), if the city authorizes the housing and redevelopment authority in and for the county in which the city is located to exercise such powers and the county has authorized its housing and redevelopment authority to exercise its powers pursuant to section 462.426 or the county housing and redevelopment authority has been created by special law; provided, however, that any program undertaken pursuant to this section (SHALL BE INCLUDED IN THE LIMITATIONS PROVIDED IN SECTION 462C.07, SUBDIVISION 2, AND ALSO SHALL BE) is subject to the limitations of sections 462C.03 and 462C.04 in the case of a single family housing program, and subject to the limitations of section 462C.05 in the case of a multifamily housing development program.

Sec. 13. Minnesota Statutes 1984, section 462C.07, subdivision 1, is amended to read:

Subdivision 1. To finance programs or developments described in any plan the city may, upon approval of the program as provided in section 462C.04, subdivision 2, issue and sell revenue bonds or obligations which shall be payable exclusively from the revenues of the programs or developments. In the purchase or making of single family housing loans and the purchase or mak-

ing of multifamily housing loans and the issuance of revenue bonds or other obligations the city may exercise within its corporate limits, any of the powers the Minnesota housing finance agency may exercise under chapter 462A, without limitation under the provisions of chapter 475. *The proceeds of revenue bonds issued to make or purchase single family housing loans that are jointly issued by two or more cities pursuant to section 471.59 may be used to make or purchase single family housing loans secured by homes in any of the cities.*

**Sec. 14. [471.572] [INFRASTRUCTURE REPLACEMENT RESERVE FUND.]**

*Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given:*

*“Reserve fund” means the infrastructure replacement reserve fund.*

*“City” means a statutory or home rule charter city.*

*Subd. 2. [TAX LEVY.] The governing body of a city may establish, by a two-thirds vote of all its members, by ordinance or resolution a reserve fund and may annually levy a property tax for the support of the fund. The proceeds of taxes levied for its support must be paid into the reserve fund. Any other revenue from a source not required by law to be paid into another fund for purposes other than those provided for the use of the reserve fund may be paid into the fund. A tax levied by the city in accordance with this section is a special levy within the meaning of section 275.50, subdivision 5. Before a tax is levied under this section, the city must publish in the official newspaper of the city an initial resolution authorizing the tax levy. If within ten days after the publication a petition is filed with the city clerk requesting an election on the tax levy signed by a number of qualified voters greater than ten percent of the number who voted in the city at the last general election, the tax may not be levied until the levy has been approved by a majority of the votes cast on it at a regular or special election.*

*Subd. 3. [PURPOSES.] The reserve fund may be used only for the replacement of streets, bridges, curbs, gutters and storm sewers.*

*Subd. 4. [USE OF FUND FOR A SPECIFIC PURPOSE.] If the city has established a reserve fund, it may submit to the voters at a regular or special election the question of whether use of the fund should be restricted to a specific improvement or type of capital improvement. If a majority of the votes cast on the question are in favor of the limitation on the use of the reserve fund, it may be used only for the purpose approved by the voters.*

*Subd. 5. [HEARING; NOTICE.] A reserve fund may not be established until after a public hearing is held on the question. Notice of the time, place, and purpose of the hearing must be published for two successive weeks in the official newspaper of the city. The second publication must be not later than seven days before the date of the hearing.*

*Subd. 6. [TERMINATION OF FUND.] The city may terminate a reserve fund at any time in the same manner as the fund was established. Upon termination of the fund any balance is irrevocably appropriated to the debt service fund of the city to be used solely to reduce tax levies for or bonded indebtedness of the city or, if the city has no bonded indebtedness, for capital improvements authorized by this section.*

Sec. 15. Minnesota Statutes 1984, section 471.59, subdivision 11, is amended to read:

*Subd. 11. [JOINT POWERS BOARD.] Two or more governmental units, through action of their governing bodies, by adoption of a joint powers agreement that complies with the provisions of subdivisions 1 through 5, may establish a joint board to issue bonds or obligations pursuant to any law by which any of the governmental units establishing the joint board may independently issue bonds or obligations and may use the proceeds of the bonds or obligations to carry out the purposes of the law under which the bonds or obligations are issued. A joint board created pursuant to this section may issue obligations and other forms of indebtedness only pursuant to express authority granted by the action of the governing bodies of the governmental units which established the joint board. The joint board established pursuant to this subdivision shall be composed solely of members of the governing bodies of the governmental unit which established the joint board, and the joint board may not pledge the full faith and credit or taxing power of any of the governmental units which established the joint board. The obligations or other forms of indebtedness shall be obligations of the joint board issued on behalf of the governmental units creating the joint board. The obligations or other forms of indebtedness shall be issued in the same manner and subject to the same conditions and limitations which would apply if the obligations were issued or indebtedness incurred by one of the governmental units which established the joint board provided that any reference to a governmental unit in the statute, law, or charter provision authorizing the issuance of the bonds or the incurring of the indebtedness shall be considered a reference to the joint board.*

Sec. 16. Minnesota Statutes 1984, section 474.01, subdivision 6, is amended to read:

*Subd. 6. In order to further these purposes and policies the department of energy and economic development (AUTHORITY) shall investigate, shall assist and advise municipalities, and*

shall report to the governor and the legislature concerning the operation of sections 474.01 to 474.13 and the projects undertaken hereunder, and shall have all of the powers and duties in connection therewith which are granted to him by chapter 362 with respect to other aspects of business development and research.

Sec. 17. Minnesota Statutes 1984, section 474.01, subdivision 7b, is amended to read:

Subd. 7b. Prior to submitting an application to the *department of energy and economic development (AUTHORITY)* requesting approval of a project pursuant to subdivision 7a, the governing body or a committee of the governing body of the municipality or redevelopment agency shall conduct a public hearing on the proposal to undertake and finance the project. Notice of the time and place of hearing, and stating the general nature of the project and an estimate of the principal amount of bonds or other obligations to be issued to finance the project, shall be published at least once not less than (15) 14 days nor more than 30 days prior to the date fixed for the hearing, in the official newspaper and a newspaper of general circulation of the municipality or redevelopment agency. The notice shall state that a draft copy of the proposed application to the *department of energy and economic development (AUTHORITY)*, together with all attachments and exhibits thereto, shall be available for public inspection following the publication of the notice and shall specify the place and times where and when it will be so available. At the time and place fixed for the public hearing, the governing body of the municipality or the redevelopment agency shall give all parties who appear at the hearing an opportunity to express their views with respect to the proposal to undertake and finance the project. Following the completion of the public hearing, the governing body of the municipality or redevelopment agency shall adopt a resolution determining whether or not to proceed with the project and its financing and may thereafter apply to the *department of energy and economic development (AUTHORITY)* for approval of the project.

Sec. 18. Minnesota Statutes 1984, section 475.55, subdivision 1, is amended to read:

Subdivision 1. [INTEREST; FORM.] (1) Interest on obligations shall not exceed the greatest of (a) the rate determined pursuant to subdivision 4 for the month in which the resolution authorizing the obligations was adopted, or (b) the rate determined pursuant to subdivision 4 for the month in which the obligations are sold, or (c) the rate of ten percent per annum. All obligations shall be securities as provided in the Uniform Commercial Code, chapter 336, article 8, may be issued as certificated securities or as uncertificated securities, and if issued as certificated securities may be issued in bearer form or in registered form, as defined in section 336.8-102. The

validity of an obligation shall not be impaired by the fact that one or more officers authorized to execute it by the governing body of the municipality shall have ceased to be in office before delivery to the purchaser or shall not have been in office on the formal issue date of the obligation. Every obligation, as to certificated securities, or transaction statement, as to uncertificated securities, shall be signed manually by one officer of the municipality or by a person authorized to act on behalf of a bank or trust company, located in or outside of the state, which has been designated by the governing body of the municipality to act as authenticating agent. Other signatures and the seal of the issuer may be printed, lithographed, stamped or engraved thereon and on any interest coupons to be attached thereto. The seal need not be used. A municipality may do all acts and things which are permitted or required of issuers of securities under the Uniform Commercial Code, chapter 336, article 8, and may designate a corporate registrar to perform on behalf of the municipality the duties of a registrar as set forth in those sections. Any registrar shall be an incorporated bank or trust company, located in or outside of the state, authorized by the laws of the United States or of the state in which it is located to perform the duties. If obligations are issued as uncertificated securities, and a law requires or permits the obligations to contain a statement or recital, whether on their face or otherwise, it shall be sufficient compliance with the law that the statement or recital is contained in the transaction statement or in an ordinance, resolution, or other instrument which is made a part of the obligation by reference in the transaction statement as provided in section 336.8-202.

*(2) Notwithstanding paragraph (1), interest on obligations issued after April 1, 1986 and before July 1, 1987 is not subject to any limitation on rate or amount. For purposes of this paragraph, obligations issued after April 1, 1986 and before July 1, 1987 include reissuing, reselling, remarketing, refunding, refinancing or tendering, whether pursuant to section 475.54, subdivision 5a, or otherwise, of obligations after July 1, 1987 if the original obligations were issued before July 1, 1987 and after April 1, 1986.*

Sec. 19. Minnesota Statutes 1984, section 475.55, is amended by adding a subdivision to read:

*Subd. 7. [ASSUMED MAXIMUM INTEREST RATE FOR OTHER LAWS.] If an obligation is not subject to a maximum interest rate pursuant to subdivision 1, paragraph (1) and another law provides for a calculation of a debt service levy, determination of a rate of interest on a special assessment, or other factor based on an assumption that a maximum interest rate applies to the obligation, the governing body of the municipality may estimate or determine an assumed maximum interest rate for purposes of that law. If the municipality does not determine, specify or estimate the maximum interest rate for such*

*purpose, then the maximum interest rate for purposes of the other law is the maximum interest rate that would apply if subdivision 1, paragraph (2) were not in effect. This subdivision does not limit the interest rate that may be paid on obligations under subdivision 1.*

Sec. 20. Minnesota Statutes 1985 Supplement, section 475.56, is amended to read:

**475.56 [INTEREST RATE.]**

(a) Any municipality issuing obligations under any law may issue obligations bearing interest at a single rate or at rates varying from year to year which may be lower or higher in later years than in earlier years. Such higher rate for any period prior to maturity may be represented in part by separate coupons designated as additional coupons, extra coupons, or B coupons, but the highest aggregate rate of interest contracted to be so paid for any period shall not exceed the maximum rate authorized by law. Such higher rate may also be represented in part by the issuance of additional obligations of the same series, over and above but not exceeding two percent of the amount otherwise authorized to be issued, and the amount of such additional obligations shall not be included in the amount required by section 475.59 to be stated in any bond resolution, notice, or ballot, or in the sale price required by section 475.60 or any other law to be paid; but if the principal amount of the entire series exceeds its cash sale price, such excess shall not, when added to the total amount of interest payable on all obligations of the series to their stated maturity dates, cause the average annual rate of such interest to exceed the maximum rate authorized by law. This section does not authorize a provision in any such obligations for the payment of a higher rate of interest after maturity than before.

(b) Any obligation of an issue of obligations otherwise subject to section 475.55, subdivision 1, may bear interest at a rate varying periodically at the time or times and on the terms, including convertibility to a fixed rate of interest, determined by the governing body of the municipality, but the rate of interest for any period shall not exceed the maximum rate of interest for the obligations determined in accordance with section 475.55, subdivision 1. For purposes of section 475.61, subdivisions 1 and 3, the interest payable on variable rate obligations for their term shall be determined as if their rate of interest is the maximum rate permitted for the obligations under section 475.55, subdivision 1, or the lesser maximum rate of interest payable on the obligations in accordance with their terms, but if the interest rate is subsequently converted to a fixed rate the levy may be modified to provide at least five percent in excess of amounts necessary to pay principal of and interest at the fixed rate on the obligations when due. For purposes of computing debt service or interest pursuant to section 475.67, subdivision



12, interest throughout the term of bonds issued pursuant to this subdivision is deemed to accrue at the rate of interest first borne by the bonds. The provisions of this paragraph do not apply to obligations issued by a statutory or home rule charter city with a population of less than 10,000, as defined in section 477A.011, subdivision 3, or to obligations that are not rated A or better, or an equivalent subsequently established rating, by Standard and Poor's Corporation, Moody's Investors Service or other similar nationally-recognized rating agency, *except that any statutory or home rule charter city, regardless of population or bond rating, may issue variable rate obligations as a participant in a bond pooling program established by the league of Minnesota cities that meets this bond rating requirement.*

Sec. 21. Minnesota Statutes 1985 Supplement, section 475.60, subdivision 2, is amended to read:

Subd. 2. [REQUIREMENTS WAIVED.] The requirements as to public sale shall not apply to:

(1) obligations issued under the provisions of a home rule charter or of a law specifically authorizing a different method of sale, or authorizing them to be issued in such manner or on such terms and conditions as the governing body may determine;

(2) obligations sold by an issuer in an amount not exceeding the total sum of \$300,000 in any three-month period;

(3) obligations issued by a governing body other than a school board in anticipation of the collection of taxes or other revenues appropriated for expenditure in a single year, if sold in accordance with the most favorable of two or more proposals solicited privately;

(4) obligations sold to any board, department, or agency of the United States of America or of the state of Minnesota, in accordance with rules or regulations promulgated by such board, department, or agency; (AND)

(5) obligations issued to fund pension and retirement fund liabilities under section 475.52, subdivision 6, obligations issued with tender options under section 475.54, subdivision 5a, cross-over refunding obligations referred to in section 475.67, subdivision 13, and any issue of obligations comprised in whole or in part of obligations bearing interest at a rate or rates which vary periodically referred to in section 475.56; and

*(b) obligations qualifying under section 475.55, subdivision 1, paragraph (2), if the governing body of the municipality determines that interest on the obligations will be includible in gross income for purposes of federal income taxation.*

**Sec. 22. [475.561] [TAXABLE STATUS; SPECIAL PROVISIONS.]**

*Subdivision 1. [INCREASE OR DECREASE IN INTEREST.] (a) Obligations may be issued which provide, if interest on the obligations is determined under the terms of the obligations to be subject to federal income taxation, for an increase in the rate of interest payable on the obligations, from the date of issuance or another date, to a rate provided under the terms of the obligations.*

*(b) If the municipality issues obligations it intends to be exempt from federal income taxation but bond counsel cannot provide an opinion that the interest on the obligations will be exempt from federal income taxation under pending legislation or regulations existing or proposed with retroactive effect or otherwise, the municipality may provide for the obligations to bear interest at a rate that will decrease, if the obligations are subsequently determined to be exempt from federal income taxation, to a rate and from a date to be determined under the provisions of the obligations.*

*(c) For purposes of section 475.61, subdivisions 1 and 3, the increase or decrease in interest rate permitted by this subdivision need not be taken into account until the increase or decrease occurs. Upon occurrence of the increase or decrease, the levy must be modified to provide at least five percent in excess of the amount necessary to pay principal and interest at the new rate of interest on the obligations.*

*Subd. 2. [ARBITRAGE REBATE.] A municipality may, from the proceeds of bonds, investment earnings, or any other available moneys of the municipality, pay to the United States or an officer, department, agency or instrumentality of the United States a rebate of excess earnings payment required by federal law to maintain the interest as tax exempt. A covenant to make a payment or payments pursuant to this subdivision is not an obligation of the municipality as defined in section 475.51, subdivision 3.*

*Subd. 3. [PREPAYMENT OR PURCHASE OF BONDS.] A municipality that issues obligations it intends to be exempt from federal income taxation may agree to prepay or purchase the obligations (a) at the time and in the amount it determines necessary or desirable to maintain the obligations as exempt from federal income taxation or (b) upon a determination that the obligations are taxable. A municipality may make arrangements to have money available with which to purchase or prepay the obligations as the municipality determines necessary or desirable. If arrangements are made with a financial institution pursuant to section 475.54, subdivision 5a or this subdivision and if the municipality owes the financial institution money under*

*the arrangement, the agreement to pay the financial institution is not an obligation of the municipality as defined in section 475.51, subdivision 3, unless and until the amount to be paid or reimbursed is determined and becomes due and payable, whereupon, the obligation is, as provided by the agreement, a general or special obligation of the municipality, and may also be paid from the proceeds of refunding bonds issued pursuant to this chapter. The agreement may not be or become a general obligation of the municipality unless the underlying, originally issued obligation was a general obligation of the municipality. For purposes of section 475.61, subdivisions 1 and 3, money necessary to make the purchase or prepayment are not amounts needed to meet when due principal and interest payments on the obligations.*

*Subd. 4. [RATIFICATION.] This section is, in part, remedial in nature. Obligations issued prior to the effective date of this section are not invalid or unenforceable for providing terms, consequences or remedies that are authorized by this section.*

**Sec. 23. [CITY OF MINNEAPOLIS; PROPERTY TAX FORGIVENESS.]**

*Notwithstanding any other law to the contrary, the governing bodies of the city of Minneapolis, Hennepin county, Special School District No. 1, and any special taxing district may by resolution or ordinance forgive any or all of the liability for the tax imposed by section 272.01, subdivision 2, relating to property leased by the Minneapolis community development agency.*

**Sec. 24. [REPEALER.]**

*Laws 1963, chapter 728 is repealed.*

**Sec. 25. [EFFECTIVE DATE.]**

*Sections 18, 19, 21, 22 and 23 are effective the day following final enactment.*

**ARTICLE 3**

**Section 1. Minnesota Statutes 1984, section 115.07, subdivision 1, is amended to read:**

**Subdivision 1. [OBTAIN PERMIT.] It shall be unlawful for any person to construct, install or operate a disposal system, or any part thereof, until plans therefor shall have been submitted to the agency unless the agency shall have waived the**

submission thereof to it and a written permit therefor shall have been granted by the agency.

*For disposal systems operated on streams with extreme seasonal flows, the agency must allow seasonal permit limits based on a fixed or variable effluent limit when the municipality operating the disposal system requests them and is in compliance with agency water quality standards.*

**Sec. 2. [115.54] [TECHNICAL ADVISORY COMMITTEE.]**

*The agency shall adopt and revise rules governing waste water treatment control under chapters 115 or 116 only with the advice of a technical advisory committee of nine members. One member of the committee shall be selected by each of the following: the state consulting engineers council, the University of Minnesota division of environmental engineering, the state association of general contractors, the state wastewater treatment plant operators association, the metropolitan waste control commission created by section 473.503, the association of metropolitan municipalities, the state association of small cities, and two members from the league of Minnesota cities. The technical advisory committee may review and advise the agency on any rule or technical requirements governing the wastewater treatment grant or loan program and may review the work of other professional persons working on a wastewater treatment project and make recommendations to those persons, the agency, and the concerned municipality, in order for the agency to ensure that water quality treatment standards will be met. The committee shall meet at least once a year, or at the call of the chair, and shall elect its chairperson. The agency must provide staff support for the committee, prepare committee minutes and provide information to the committee it may request. A quorum is a simple majority and official action must be by a majority vote of the quorum.*

**Sec. 3. Minnesota Statutes 1984, section 115A.14, subdivision 4, is amended to read :**

**Subd. 4. [POWERS AND DUTIES.]** *The commission shall review the biennial report of the board, the agency municipal project list and municipal needs list reports, and the budget for the agency division of water quality. The commission shall oversee the activities of the board under sections 115A.01 to 115A.72 and the activities of the agency under sections 115A.42 to 115A.46 (AND), 115A.49 to 115A.54, and 116.16 to 116.18 and direct such changes or additions in the work plan of the board and agency as it deems fit. The commission may conduct public hearings and otherwise secure data and expressions of opinion. The commission shall make such recommendations as it deems proper to assist the legislature in formulating legislation. Any data or information compiled by the commission shall be made available to any standing or interim committee of the legislature upon request of the chairperson of the respective committee.*

Sec. 4. [116.163] [AGENCY FUNDING APPLICATION REVIEW.]

*Subdivision 1. [CONSTRUCTION GRANT AND LOAN APPLICATIONS.] The agency shall, pursuant to agency rules and within 90 days of receipt of a completed application for a wastewater treatment facility construction grant or loan, grant or deny the application and notify the municipality of the agency's decision. The time for consideration of the application by the agency may be extended up to 180 days if the municipality and the agency agree it is necessary.*

*Subd. 2. [LIMITATION ON MUNICIPAL PLANNING TIME.] A municipality shall complete all planning work required by the agency for award of a grant or loan, and be ready to advertise for bids for construction, within two years of receipt of grant or loan funds under subdivision 1. The planning time may be extended automatically by the amount of time the agency exceeds its 90-day review under subdivision 1.*

*Subd. 3. [BID REVIEW.] After a municipality has accepted bids for construction of a wastewater treatment project, the agency must review the bids within 30 days of receipt.*

Sec. 5. [116.165] [INSPECTION RESPONSIBILITY.]

*When a wastewater treatment plant is constructed with federal funds and a federal agency conducts inspections of the plant, the owner of the plant or the owner's designee must conduct inspections and forward all inspection documents required by the agency to the agency for its review.*

Sec. 6. [116.167] [REVOLVING LOAN ACCOUNT.]

*Subdivision 1. [APPLICATION.] This section is effective only if the federal government requires revolving loan accounts to be established under the authority of the federal Water Pollution Control Act.*

*Subd. 2. [STATE WATER POLLUTION CONTROL REVOLVING LOAN ACCOUNT.] The commissioner of finance shall maintain in the state bond fund a separate bookkeeping account which shall be designated as the state water pollution control revolving loan account to receive any federal money authorized for loans under the federal Water Pollution Control Act, and other money appropriated by law, for the purpose of providing financial assistance to municipalities for wastewater treatment.*

*Subd. 3. [LOANS.] A loan made to a municipality under this section shall be made only after resolutions have been adopted by the agency and the governing body of the municipi-*

*pality obligating the municipality to repay the loan to the state treasurer in annual installments, including both principal and interest. Each installment shall be in an amount sufficient to pay the principal amount within 20 years or a shorter time interval if the amount of the annual payment will not justify the administrative expenses of processing the payment, and shall be paid from user charges, taxes, special assessments, or other funds available to the municipality. Interest on loans made to municipalities shall be established at a rate the commissioner of revenue reasonably determines sufficient to pay interest rates on state bonds issued under section 116.17, subdivision 2. Loan repayments must be deposited in the revolving loan account created by this section. Each participating municipality shall provide the agency with a financial health report compiled by the state auditor and the agency shall review the report before approving a loan. Municipalities receiving a loan under this section may still be eligible for a wastewater treatment grant from the agency.*

*Subd. 4. [RULES APPLICATION.] The disbursement of loans under this section must comply with rules adopted by the agency for loans for wastewater treatment facilities under chapter 116.*

**Sec. 7. [EFFECTIVE DATE.]**

*Article 3 is effective July 1, 1986.*

**ARTICLE 4**

**Section 1. [297A.258] [PRIVATE SUPPLIERS OF PUBLIC SERVICES.]**

*A private vendor that has entered into a service contract with a municipality under sections 3 and 4 is a political subdivision for purposes of determining the tax imposed under this chapter. This section applies only to the extent that the vendor is acting for the purposes of constructing, maintaining, or operating related facilities pursuant to the service contract.*

*The commissioner may provide for the issuance of a limited exemption certificate to a private vendor for purposes of administering this section. The commissioner may further require a vendor to obtain a certificate in order to qualify as a political subdivision under this section.*

*For purposes of this section, "private vendor," "service contract," and "related facilities" have the meanings given in sections 3 and 4.*

**Sec. 2. [471A.01] [PUBLIC PURPOSE FINDINGS.]**

*The legislature finds that the privatization of facilities for the prevention, control, and abatement of water pollution, and the furnishing of potable water provides municipalities an opportunity under appropriate circumstances to provide those capital intensive public services in a manner that will speed construction and is less costly and more efficient than the furnishing of those services through facilities exclusively owned and operated by municipalities. The legislature further finds that other law may create unnecessary and costly obstacles to the privatization of those capital intensive public services and that a comprehensive act is required to permit municipalities to enter into appropriate contractual arrangements with private parties to facilitate the privatization of those capital intensive public services.*

**Sec. 3. [471A.02] [DEFINITIONS.]**

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 2 to 13.*

*Subd. 2. [ADMINISTRATOR.] "Administrator" means the pollution control agency or any other agency, instrumentality, or political subdivision of the state responsible for administering the loan or grant program described in section 8.*

*Subd. 3. [CAPITAL COST COMPONENT.] "Capital cost component" means that part of the service fee that the municipality determines is intended to reimburse the private vendor for the capital cost, including debt service expense, of the related facilities.*

*Subd. 4. [CAPITAL COST COMPONENT GRANT.] "Capital cost component grant" means any grant made to the municipality by the pollution control agency over a term of at least ten years to pay or reimburse the municipality for the payment of all or part of the capital cost component of the service fee.*

*Subd. 5. [CAPITAL COST COMPONENT LOAN.] "Capital cost component loan" means any loan made to the municipality by the pollution control agency over a term of at least ten years to pay or reimburse the municipality for the payment of all or part of the capital cost component of the service fee.*

*Subd. 6. [CAPITAL INTENSIVE PUBLIC SERVICES.] "Capital intensive public services" means the prevention, control, and abatement of water pollution through wastewater treatment facilities as defined by section 115.71, subdivision 8, and the furnishing of potable water. Capital intensive public services may be limited to the acquisition, construction, and ownership by the private vendor of related facilities, but does not include the furnishing of heating or cooling energy.*

*Subd. 7. [CONTROLLING INTEREST.] "Controlling interest" means either (1) the power, by ownership interest, con-*

tract, or otherwise, to direct the management of the private vendor or to designate or elect at least a majority of the private vendor's governing body or board, or (2) having more than a 50 percent ownership interest in the private vendor.

Subd. 8. [MUNICIPALITY.] "*Municipality*" means a home rule charter or statutory city, county, sanitary district, or other governmental subdivision or public corporation, including the metropolitan council and the metropolitan waste control commission.

Subd. 9. [PERMITTED OBLIGATION.] "*Permitted obligation*" means the obligation of the municipality under the service contract to pay a service fee or perform any other obligation under the service contract except an obligation to pay, in a future fiscal year of the municipality from a revenue source other than funds on hand, a stated amount of money for money borrowed or for related facilities purchased by the municipality under the service contract.

Subd. 10. [PRIVATE VENDOR.] "*Private vendor*" means one or more persons who are not a municipality and in which no governmental entity or group of governmental entities has a controlling interest.

Subd. 11. [RELATED FACILITIES.] "*Related facilities*" means all real and personal property used by the private vendor in furnishing capital intensive public services, excluding any product of the related facilities, such as drinking water, furnished under the service contract.

Subd. 12. [SERVICE CONTRACT.] "*Service contract*" means any agreement or agreements between a municipality and a private vendor under which:

(1) the private vendor agrees to furnish to the municipality or any other user capital intensive public services in accordance with performance standards set forth in the agreement or agreements and the municipality agrees to pay or cause to be paid to the private vendor a service fee for the services, and

(2) other covenants incident to clause (1) are made.

Subd. 13. [SERVICE FEE.] "*Service fee*" means the payments the municipality is required under the service contract to make, or cause to be made, to the private vendor, including payments made by third parties to the private vendor for products or services and credited against payments the municipality would otherwise have to make, or cause to be made, under the service contract.

Subd. 14. [USEFUL LIFE OF THE RELATED FACILITIES.] "*Useful life of the related facilities*" means the economic



*useful life of the related facilities as determined by the municipality.*

*Subd. 15. [UNRESTRICTED FUNDS.] "Unrestricted funds" means any funds other than funds granted to the state or administrator by the federal government or any agency of the federal government and unavailable under federal law for the purposes set forth in section 8.*

*Subd. 16. [USER.] "User" means the municipality and all other persons which use the capital intensive public services furnished by the private vendor.*

**Sec. 4. [471A.03] [BASIC AUTHORIZATION AND RELATED POWERS.]**

*Subdivision 1. [BASIC AUTHORIZATION.] A municipality may contract with a private vendor to furnish in accordance with a service contract any capital intensive public services the municipality is authorized by law to furnish, and for that purpose a municipality may exercise any and all of the powers provided in this section.*

*Subd. 2. [SERVICE CONTRACT.] Subject to the provisions of section 10, a municipality may enter into a service contract for a term of not more than 30 years. However, the service contract may permit the municipality to either extend or renew the term of the service contract so long as the municipality is not bound under the service contract for an extended or renewal period of more than 30 years. Under the service contract the municipality may, under terms and conditions agreed to by the municipality and the private vendor:*

*(1) obligate itself to pay or cause to be paid a service fee for the availability and use of the capital intensive public services to be furnished under the service contract;*

*(2) enter into other agreements relating to the service to be provided and which the municipality considers appropriate that are not otherwise contrary to law; and*

*(3) either pledge its full faith and credit or obligate a specific source of payment for the payment of the service fee and the performance of other obligations under the service contract and the payment of damages for failure to perform the obligations.*

*The obligation of the municipality to pay the service fee and perform any other permitted obligations under the service contract are not considered a debt within the meaning of any statutory or charter limitation, and no election is required as a precondition to the municipality entering into any permitted obligation or undertaking a project under a service contract.*

*Subd. 3. [PROCUREMENT PROCEDURES.] The municipality may agree under the service contract that the private vendor will acquire and construct any and all related facilities without compliance with any competitive bidding requirements, provided (1) the municipality, or municipalities if the related facilities furnish capital intensive public services to more than one municipality, has in the aggregate either no or no more than a 50 percent ownership interest in the related facilities, and (2) the municipality enters into the service contract only after requesting from two or more private vendors proposals for the furnishing of the capital intensive public services, under terms and conditions the municipality determines to be fair and reasonable. After making the request and receiving any proposals in response to the request, the municipality may negotiate the service contract with any private vendor that meets the requirements specified in the request for proposals.*

*Subd. 4. [SOURCES OF PAYMENT; COLLECTION PROCEDURE.] (a) For the payment of a service fee or other monetary obligation under an existing service contract or in anticipation of need under a future service contract, the municipality may:*

*(1) levy property taxes, impose rates and charges, levy special assessments, and exercise any other revenue producing authority granted to it and apply public funds for the payment of the service fee and any other monetary obligations under the service contract in the same manner, and subject to the same conditions and limitations, except as provided in section 5, that would apply if the related facilities were acquired, constructed, owned, and operated exclusively by the municipality; and*

*(2) establish by ordinance, revise when considered advisable, and collect just and reasonable rates and charges for the capital intensive public services provided under the service contract. The ordinance may obligate the owners, lessees, or occupants of property, or any or all of them, to pay charges for the capital intensive public services available for their properties and may obligate the user of a related facility to pay a reasonable charge for the use of the related facility. Rates and charges may take into account the character, kind, and quality of the capital intensive public service and all other factors that enter into the cost of the capital intensive public service, including but not limited to the service fee payable with respect to it, depreciation, and payment of principal and interest on money borrowed for the acquisition or betterment of related facilities.*

*(b) The rates and charges may be billed and collected in a manner the municipality shall determine consistent with this paragraph and other applicable law. On or before October 15 in each year, the municipality shall certify to the county auditor all unpaid outstanding charges for services provided under the service contract and a statement of the description of the lands against which the charges arose. It is the duty of the county*

auditor, upon order of the governing body of the municipality, to extend the rates and charges with interest as provided for by ordinance upon the tax rolls of the county for the taxes of the year in which the rate or charge is filed. For each year ending October 15 the rates and charges with interest shall be carried into the tax becoming due and payable in January of the following year, and shall be enforced and collected in the manner provided for the enforcement and collection of real property taxes in accordance with the provisions of the laws of the state. The rates and charges, if not paid, shall become delinquent and be subject to the same penalties and the same rate of interest as the taxes under the general laws of the state. All rates and charges shall be uniform in their application to use and service of the same character or quantity.

(c) An ordinance establishing rates and charges shall also establish a procedure by which a person obligated to pay the rates and charges may, each year at a public hearing held before August 1 of each year, protest the payment of the rates and charges on the grounds that services to be provided under the service contract are not available to the person. The services shall be deemed available for the property of the person if the vendor agrees, and the related facilities have the capacity, to provide the services to the person as soon as the municipality or any other entity provides the property of the person with access to the services. Notice of the hearing shall be published at least 30 days prior to the hearing in an official newspaper in general circulation in the municipality. A person protesting the assessment of rates and charges under this paragraph shall file the objection in writing with the municipality at least five days prior to the hearing. Within ten days after the hearing, the municipality shall determine whether the rates and charges were properly assessed. A person protesting the assessment of rates and charges may appeal the assessment, and a private vendor may appeal a reduction in rates and charges for any person, to the district court in the same manner as appeal of other civil cases. Rates and charges erroneously collected shall be refunded with the same rate of interest as taxes refunded with interest under the general laws of this state.

(d) A public hearing on the proposed ordinance shall be held prior to the meeting at which it is to be considered by the governing body of the municipality and after notice of the hearing has been published in the official newspaper of the municipality not less than ten days prior to the hearing. The notice shall state the subject matter and the general purpose of the proposed ordinance.

Subd. 5. [SALE OR LEASE OF EXISTING FACILITIES.] For purposes of carrying out the service contract, the municipality may, in compliance with subdivision 3, sell or lease to the private vendor or any other municipality on terms and conditions as the municipality considers appropriate any existing related facilities, including land, owned by the municipality.

*Subd. 6. [REMEDIES.] The municipality may provide that title to the facilities shall vest in or revert to the municipality if the private vendor defaults under any specified provisions in the service contract. The municipality may acquire or reacquire any facilities and terminate the service contract in accordance with its terms notwithstanding that the service contract may constitute an equitable mortgage. No lease of facilities by the municipality to the private vendor is subject to the provisions of section 504.02, unless expressly so provided in the service contract.*

*Subd. 7. [INTEREST IN THE RELATED FACILITIES.] The municipality may retain or acquire, on terms and conditions it considers appropriate, a present or future interest in all or part of the related facilities and grant a mortgage or security interest in its interest in the related facilities.*

*Subd. 8. [INTEREST IN THE PRIVATE VENDOR.] The municipality may, on terms and conditions it considers appropriate, acquire an interest in the private vendor as a joint venturer, including a share in the revenues derived from the related facilities, and grant a security interest in its interest in the private vendor and such revenues. However, no municipality or group of municipalities may have a controlling interest in the private vendor.*

*Subd. 9. [USE OF BOND PROCEEDS.] The municipality may issue bonds and other obligations and apply their proceeds toward the payment of the costs of the related facilities in the same manner and subject to the same conditions and limitations that would apply if the related facilities were acquired, constructed, owned, and operated exclusively by the municipality and for these purposes, related facilities shall be considered to be a project within the meaning of section 474.02, subdivision 1a.*

*Subd. 10. [REQUIRED PUBLIC USE.] The municipality may agree, subject to any applicable state statutory requirements as to designated use of the related facilities, that the sole and exclusive right to provide the capital intensive public services within its jurisdiction be assumed by the private vendor under the service contract and may require that any and all members of the public within its jurisdiction use the services provided under the service contract in the same manner and subject to the same limitations and conditions that would apply if the related facilities were acquired, constructed, owned, and operated exclusively by the municipality.*

*Subd. 11. [CONDEMNATION POWERS.] The municipality may exercise the right of eminent domain in the manner provided by chapter 117, for the purpose of acquiring for itself or the private vendor any and all related facilities. If the related facilities are acquired for the private vendor, the service contract shall be for a term of at least five years.*

*Subd. 12. [CONTRACTOR'S BOND AND MECHANICS' LIENS.] The municipality may waive or require the furnishing of a contractor's payment and performance bond of the kind described in section 574.26 in connection with the installation and construction of any related facilities. If the bond is required, the provisions of chapter 514 relating to liens for labor and materials are not applicable with respect to work done or labor or materials supplied for the related facilities. If the bond is waived, the provisions of chapter 514 apply with respect to work done or labor or materials supplied for the related facilities.*

**Sec. 5. [471A.04] [LEVY LIMITS.]**

*For purposes of applying sections 275.50 to 275.56, any property taxes levied for the payment of the service fee shall be treated as a special levy under the provisions of section 275.50, to the same extent and subject to the same limitations that would apply if the capital cost component of the service fee represented principal and interest payments on bonded indebtedness of the municipality within the meaning of section 275.50, subdivision 5, clause (e), and if the balance of the service fee represented operation and maintenance expenses for related facilities owned and operated exclusively by the municipality. The provisions of section 275.11 and any levy limits imposed by home rule charter do not apply to taxes levied to pay the service fee.*

**Sec. 6. [471A.05] [EXEMPTION FROM PROPERTY TAXES.]**

*If the service contract provides that property taxes imposed with respect to the related facilities are to be included in the service fee as pass-through costs, the municipality may apply to the commissioner of revenue for an exemption from property taxation of the related facilities. The property is exempt from ad valorem taxation, if the commissioner of revenue determines that the related facilities serve the general public and that similar municipally-owned facilities are exempt from ad valorem property taxation. The commissioner of revenue must notify the assessor that the property is exempt from taxation. The exemption is only effective during the term of the service contract from and after the date of filing the certificate in the case of property taxes. The exemption is not effective with respect to any property taxes levied or imposed but not collected prior to the date of approval of the exemption by the commissioner of revenue.*

**Sec. 7. [471A.06] [JOINT POWERS AGREEMENT.]**

*Two or more municipalities may enter into joint powers agreements they consider appropriate under the provisions of section 471.59 for purposes of exercising the powers granted in sections 2 to 13.*

**Sec. 8. [471A.07] [STATE GRANTS AND LOANS.]**

*On or before January 1, 1987, the pollution control agency shall submit to the legislature proposed legislation and draft implementing regulations providing for (1) the use by the administrator of unrestricted funds to provide grants and loans for related facilities that constitute wastewater treatment facilities as defined by section 115.71, subdivision 8, and (2) the use of such funding as a means of speeding construction of wastewater treatment facilities and better targeting scarce unrestricted funds to help finance wastewater treatment facilities (including reimbursement of municipalities for a portion of the capital cost component in service contracts under capital cost component loans and capital cost component grants).*

Sec. 9. [471A.08] [HEARING.]

*Subdivision 1. [PUBLIC HEARING REQUIRED.] Except as provided in subdivision 2, a municipality shall, before entering into a service contract under sections 2 to 13, conduct a public hearing on the proposal to provide specified capital intensive public services under sections 2 to 13. The hearing may be conducted either before or after the date on which any request for proposals is made under section 4, subdivision 3, clause (2). A notice of the hearing shall be published in the local official newspaper of the municipality no less than 15 and no more than 45 days prior to the date set for hearing and shall describe the general nature of the proposal. Any written information developed for the proposal prior to the hearing shall be available to the public for inspection prior to the hearing. The hearing on the proposal shall be sufficient even though the site of the related facilities, the name of the private vendor, and the specific structure of the contractual arrangements with the private vendor are not known at the time of the hearing.*

*Subd. 2. [EXISTING CONTRACTS.] A municipality that entered into a service contract prior to the effective date of sections 2 to 13 may exercise any of the powers authorized by those sections without complying with subdivision 1.*

Sec. 10. [471A.09] [INVESTMENT OF FUNDS.]

*Any sums paid to the private vendor under the service contract are not considered public funds and may be invested in any securities in which the private vendor is authorized by law to invest.*

Sec. 11. [471A.10] [PUBLIC EMPLOYEE LAWS; SALE OR LEASE OF EXISTING FACILITY.]

*(a) Unless expressly provided therein, and except as provided in this section, no state law, charter provision, or ordinance of a municipality relating to public employees shall apply to a person solely by reason of that person's employment by a*

*private vendor in connection with services rendered under a service contract.*

*(b) A private vendor purchasing or leasing existing related facilities from a municipality shall recognize all exclusive bargaining representatives and existing labor agreements and those agreements shall remain in force until they expire by their terms. Persons who are not employed by a municipality in a related facility at the time of a lease or purchase of the facility by the private vendor are not "public employees" within the meaning of the public employees retirement act, chapter 353. Persons employed by a municipality in a related facility at the time of a lease or purchase of the facility by a private vendor shall continue to be considered to be "public employees" within the meaning of the public employees retirement act, chapter 353, but may elect to terminate their participation in the public employees retirement association as provided in this section. Each such employee may exercise the election annually on the anniversary of the person's initial employment by the municipality. An employee electing to terminate participation in the association is entitled to benefits that the employee would be entitled to if terminating public employment and may participate in a retirement program established by the private vendor.*

**Sec. 12. [471A.11] [REGULATION OF RATES AND CHARGES AND PUBLIC UTILITY LAWS.]**

*A municipality may regulate by ordinance, contract, or otherwise the rates and charges imposed by the private vendor with respect to any capital intensive public services provided to the public under the service contract. Whether or not the imposition of such rates and charges is so regulated, no capital intensive public services provided under the service contract are subject to regulation under the provisions of chapter 216B, unless the municipality elects to subject the services to regulation under that chapter. An election for regulation may be affected by resolution of the governing body of the municipality requesting regulation and filing the resolution with the state public utilities commission.*

**Sec. 13. [471A.12] [POWERS; ADDITIONAL AND SUPPLEMENTAL.]**

*The powers conferred by sections 2 to 13 shall be liberally construed in order to accomplish their purposes and shall be in addition and supplemental to the powers conferred by any other law or charter. If any other law or charter is inconsistent with sections 2 to 13, these sections are controlling as to service contracts entered into under sections 2 to 13. However, nothing in sections 2 to 13 limits or qualifies (1) any other law that a municipality must comply with to obtain any permit in connection with related facilities, (2) any performance standard or effluent limitations applicable to related facilities, or (3) the provisions of any law relating to conflict of interest.*

Sec. 14. Minnesota Statutes 1984, section 474.02, is amended by adding a subdivision to read:

*Subd. 1h. The term "project" shall also include related facilities as defined by section 3, subdivision 11.*

Sec. 15. [EFFECTIVE DATE.]

*Article 4 is effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to local government financing; allocating issuance authority for obligations subject to a federal volume limitation act; authorizing issuance of bonds; giving local governments certain powers; prescribing pollution control agency procedures; providing for wastewater treatment control; amending Minnesota Statutes 1984, sections 115.07, subdivision 1; 115A.14, subdivision 4; 124.214, by adding a subdivision; 273.1314, by adding a subdivision; 273.73, subdivision 10; 273.75, subdivision 2; 273.77; 298.2211, subdivision 1; 412.301; 429.091, subdivision 8; 430.12; 459.35; 462.556; 462A.03, subdivision 13; 462C.02, subdivision 6; 462C.06; 462C.07, subdivision 1; 471.59, subdivision 11; 472.09, subdivision 8; 474.01, subdivisions 6 and 7b; 474.02, by adding a subdivision; 475.55, subdivision 1, and by adding a subdivision; 475.77; Minnesota Statutes 1985 Supplement, sections 273.1314, subdivision 16a; 273.75, subdivision 4; 458.1941; 462.445, subdivision 13; 475.56; 475.60, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 115, 116, 297A, 340A, and 475; proposing coding for new law as Minnesota Statutes, chapters 471A, 474A; repealing Minnesota Statutes 1984, sections 462C.09, subdivision 4; 474.16, subdivisions 1, 2, and 5; 474.21; 474.25; Minnesota Statutes 1985 Supplement, sections 116J.58, subdivision 4; 462C.09, subdivisions 1, 2a, 3, 5, and 6; 474.16, subdivisions 3, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15; 474.17; 474.19; 474.20; 474.23; and 474.26."

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

House Conferees: WILLIAM H. SCHREIBER, JOHN E. BRANDL, JOHN D. TOMLINSON, DON J. VALENTO and TERRY M. DEMPSEY.

Senate Conferees: LAWRENCE J. POGEMILLER, DON FRANK, GEN OLSON, DOUGLAS J. JOHNSON and MICHAEL O. FREEMAN.

Schreiber moved that the report of the Conference Committee on H. F. No. 2287 be adopted and that the bill be repassed as amended by the Conference Committee.

A roll call was requested and properly seconded.



The question was taken on the Schreiber motion and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 104 yeas and 14 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Knuth	Ozment	Sherman
Anderson, R.	Fjoslien	Krueger	Pappas	Skoglund
Battaglia	Forsythe	Levi	Pauly	Solberg
Beard	Frederick	Lieder	Peterson	Sparby
Becklin	Frederickson	Marsh	Piepho	Stanius
Begich	Frerichs	McDonald	Piper	Sviggum
Bennett	Gruenes	McEachern	Poppenhagen	Thiede
Bishop	Gutknecht	McKasy	Price	Thorson
Blatz	Halberg	McLaughlin	Quinn	Tomlinson
Boerboom	Hartle	McPherson	Quist	Tompkins
Boo	Haukoos	Metzen	Redalen	Tunheim
Brandl	Himle	Miller	Rest	Uphus
Brown	Jacobs	Munger	Richter	Valan
Burger	Jaros	Murphy	Riveness	Valento
Carlson, D.	Jennings, L.	Nelson, K.	Rose	Vellenga
Clausnitzer	Johnson	Neuenschwander	Sarna	Waltman
Dempsey	Kahn	O'Connor	Schafer	Wenzel
DenOuden	Kalis	Ogren	Schreiber	Wynia
Dimler	Kelly	Oison, E.	Seaberg	Zaffke
Dyke	Kiffmeyer	Omann	Segal	Spk. Jennings, D.
Elioff	Knickerbocker	Otia	Shaver	

Those who voted in the negative were:

Carlson, L.	Norton	Rees	Scheid	Voss
Ellingson	Olsen, S.	Rice	Simoneau	Welle
Minne	Osthoff	Rodosovich	Vanasek	

The motion prevailed.

H. F. No. 2287, A bill for an act relating to the financing of state and local government; modifying the computation of education aids and levies for certain school districts with tax increment financing districts; imposing limitations on tax increment financing; modifying tax increment financing procedures; allocating issuance authority for obligations subject to a federal volume limitation act; eliminating the maximum interest rate for certain municipal obligations; authorizing the issuance of bonds for new purposes; authorizing establishment of a capital improvement reserve fund; modifying the procedures for issuing certain municipal bonds; modifying the investment powers of municipalities; amending Minnesota Statutes 1984, sections 115.07, subdivision 1; 115A.14, subdivision 4; 116.07, by adding a subdivision; 116D.04, subdivision 1a; 117.521, subdivision 3; 124.2131, by adding a subdivision; 124.214, by adding a subdivision; 272.01, subdivision 2; 273.72; 273.73, subdivisions 2, 8, and 10; 273.74, subdivisions 1 and 4; 273.75, subdivisions 2, 6, and 7, and by add-

ing subdivisions; 273.76, subdivisions 4 and 7, and by adding a subdivision; 273.78; 273.86, subdivision 1; 355.11, subdivision 5; 412.301; 462C.02, subdivisions 6 and 9; 462C.06; 462C.07, subdivision 1; 466.06; 471.59, subdivision 11; 471.88, subdivisions 1, 9, and 11; 471.981, by adding subdivisions; 474.02, subdivision 3, and by adding a subdivision; 474.16, subdivision 2; 475.51, subdivision 5; 475.55, subdivisions 1, 2, and 3; 475.61, subdivision 5; and 475.66, subdivision 2; Minnesota Statutes 1985 Supplement, sections 273.74, subdivisions 2 and 3; 273.75, subdivisions 1 and 4; 273.76, subdivision 1; 353.01, subdivision 2a; 395.08; 462C.12, subdivision 2; 472B.04; 473F.02, subdivision 3; 475.52, subdivision 6; 475.56; 475.58, subdivision 1; 475.60, subdivision 2; 475.66, subdivision 1; and 475.76, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 115; 116; 297A; 458; 471; and 475; proposing coding for new law as Minnesota Statutes, chapters 116N; 458C; 471A; and 474A; repealing Minnesota Statutes, sections 462C.09, subdivisions 1 and 4; 474.16, subdivisions 1, 2, and 5; 474.21; 474.25; and 475.55, subdivisions 4 and 5; and Minnesota Statutes 1985 Supplement, sections 462C.09, subdivisions 2a, 3, 5, and 6; 474.16, subdivisions 3, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15; 474.17; 474.19; 474.20; 474.23; and 474.26.

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.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 115 yeas and 12 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dimler	Johnson	Miller	Quist
Anderson, R.	Dyke	Kahn	Minne	Redalen
Battaglia	Elioff	Kalis	Murphy	Rest
Beard	Erickson	Kelly	Nelson, K.	Richter
Becklin	Fjoslien	Kiffmeyer	Neuenschwander	Riveness
Begich	Forsythe	Knickerbocker	O'Connor	Rodosovich
Bennett	Frederick	Knuth	Ogren	Rose
Bishop	Frederickson	Kostohryz	Oison, E.	Schafer
Blatz	Frerichs	Krueger	Omann	Schoenfeld
Boerboom	Greenfield	Kvam	Onnen	Schreiber
Boo	Gruenes	Levi	Otis	Seaberg
Brandl	Gutknecht	Lieder	Ozment	Segal
Brown	Halberg	Long	Pappas	Shaver
Burger	Hartinger	Marsh	Pauly	Sherman
Carlson, D.	Hartle	McDonald	Peterson	Skoglund
Carlson, L.	Haukoos	McEachern	Piepho	Solberg
Clausnitzer	Heap	McKasy	Piper	Sparby
Cohen	Himle	McLaughlin	Poppenhagen	Stanius
Dempsey	Jacobs	McPherson	Price	Staten
DenOuden	Jennings, L.	Metzen	Quinn	Svigum

Thiede	Tompkins	Valan	Vellenga	Wynia
Thorson	Tunheim	Valento	Waltman	Zaffke
Tomlinson	Uphus	Vanasek	Wenzel	Spk. Jennings, D.

Those who voted in the negative were:

Clark	Norton	Reas	Scheid	Voss
Ellingson	Olsen, S.	Rice	Simoneau	Welle
Jaros	Osthoff			

The bill was repassed, as amended by Conference, and its title agreed to.

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 1919

A bill for an act relating to education; imposing a limit on participation; eliminating state tuition reimbursement for courses taken for post-secondary credit; making other modifications to the post-secondary enrollment options program; providing options for swimming classes in junior high schools; amending Minnesota Statutes 1984, sections 123.35, by adding a subdivision; 124A.034, subdivisions 1 and 2; 363.03, subdivision 5; Minnesota Statutes 1985 Supplement, section 123.3514, subdivisions 3, 4, 5, 6, 8, and 10, and by adding subdivisions; and Laws 1985, First Special Session chapter 12, article 5, section 7; proposing coding for new law in Minnesota Statutes, chapter 126.

March 17, 1986

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. 1919, 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. 1919 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1985 Supplement, section 123.-3514, subdivision 3, is amended to read:

Subd. 3. [(ELIGIBLE POST-SECONDARY INSTITUTIONS) DEFINITIONS.] For purposes of this section, an “eligible institution” means a Minnesota public post-secondary institution or a private, residential, *two-year or four-year*, liberal

arts, degree-granting college or university located in Minnesota. "Course" means a course or program.

Sec. 2. Minnesota Statutes 1985 Supplement, section 123.3514, subdivision 4, is amended to read:

Subd. 4. [AUTHORIZATION; NOTIFICATION.] Notwithstanding any other law to the contrary, an 11th or 12th grade pupil may apply to an eligible institution, as defined in subdivision 3, (TO ALLOW THE PUPIL) to enroll in nonsectarian courses (OR PROGRAMS) offered at that post-secondary institution. If an institution accepts a secondary pupil for enrollment under this section, the institution shall send written notice to the pupil, the pupil's school district, and the commissioner of education within ten days of acceptance. The notice shall indicate the course (OR PROGRAMS) and hours of enrollment of that pupil. *If the pupil enrolls in a course for post-secondary credit, the institution shall notify the pupil about payment in the customary manner used by the institution.*

Sec. 3. Minnesota Statutes 1985 Supplement, section 123.3514, is amended by adding a subdivision to read:

Subd. 4a. [COUNSELING.] *To the extent possible, the school district shall provide counseling services to pupils and their parents or guardian before the pupils enroll in courses under this section to ensure that the pupils and their parents or guardian are fully aware of the risks and possible consequences of enrolling in post-secondary courses. The district shall provide information on the program including who may enroll, what institutions and courses are eligible for participation, the decision-making process for granting academic credits, financial arrangements for tuition, books and materials, eligibility criteria for transportation aid, available support services, the need to arrange an appropriate schedule, consequences of failing or not completing a course in which the pupil enrolls, the effect of enrolling in this program on the pupil's ability to complete the required high school graduation requirements, and the academic and social responsibilities that must be assumed by the pupils and their parents or guardian. The person providing counseling shall encourage pupils and their parents or guardian to also use available counseling services at the post-secondary institutions before the quarter or semester of enrollment to ensure that anticipated plans are appropriate.*

*Prior to enrolling in a course, the pupil and the pupil's parents or guardian must sign a form that must be provided by the district and may be obtained from a post-secondary institution stating that they have received the information specified in this subdivision and that they understand the responsibilities that must be assumed in enrolling in this program. The department of education shall, upon request, provide technical assistance to a district in developing appropriate forms and counseling guidelines.*

Sec. 4. Minnesota Statutes 1985 Supplement, section 123.3514, is amended by adding a subdivision to read:

*Subd. 4b. [DISSEMINATION OF INFORMATION; NOTIFICATION OF INTENT TO ENROLL.] By March 1 of each year, a school district shall provide general information about the program to all pupils in grades 10 and 11. To assist the district in planning, a pupil shall inform the district by March 30 of each year of the pupil's intent to enroll in post-secondary courses during the following school year. A pupil is not bound by notifying or not notifying the district by March 30.*

Sec. 5. Minnesota Statutes 1985 Supplement, section 123.3514, is amended by adding a subdivision to read:

*Subd. 4c. [LIMIT ON PARTICIPATION.] A pupil who first enrolls in grade 11 may not enroll in post-secondary courses under this section for secondary credit for more than the equivalent of two academic years. A pupil who first enrolls in grade 12 may not enroll in post-secondary courses under this section for secondary credit for more than the equivalent of one academic year. If a pupil in grade 11 or 12 first enrolls in a post-secondary course for secondary credit during the school year, the time of participation shall be reduced proportionately.*

Sec. 6. Minnesota Statutes 1985 Supplement, section 123.3514, is amended by adding a subdivision to read:

*Subd. 4d. [ENROLLMENT PRIORITY.] A post-secondary institution shall give priority to its post-secondary students when enrolling 11th and 12th grade pupils in courses for secondary credit. Once a pupil has been enrolled in a post-secondary course under this section, the pupil shall not be displaced by another student.*

Sec. 7. Minnesota Statutes 1985 Supplement, section 123.3514, subdivision 5, is amended to read:

*Subd. 5. [CREDITS.] A pupil may enroll in a course under this section for either secondary credit or post-secondary credit. At the time a pupil enrolls in a course, the pupil shall designate whether the course is for secondary or post-secondary credit. A pupil taking several courses may designate some for secondary credit and some for post-secondary credit.*

A school district shall grant academic credit to a pupil enrolled in a course (OR PROGRAM UNDER THIS SECTION) for secondary credit if the pupil successfully completes the course (OR PROGRAM ATTENDED). A school district shall also grant academic credit to a pupil enrolled in a course for post-secondary credit if secondary credit is requested by a pupil. If no comparable course (OR PROGRAM) is offered by the district, the state board of education shall determine the number of credits that

shall be granted to a pupil who successfully completes (AND PASSES THE) a course (OR PROGRAM). If a comparable course (OR PROGRAM) is offered by the district, the 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 (OR PROGRAM), 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 *secondary* 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 course (OR PROGRAM) and *secondary* credits granted shall be included in the pupil's secondary school record. *Upon the request of a pupil, the pupil's secondary school record shall also include evidence of successful completion and credits granted for a course taken for post-secondary credit. In either case, the record shall indicate that the credits were earned at a post-secondary institution.*

*If a pupil enrolls in a post-secondary institution after leaving secondary school, the post-secondary institution shall award post-secondary credit for any course successfully completed for secondary credit at that institution. Other post-secondary institutions may award, after a pupil leaves secondary school, post-secondary credit for any courses successfully completed under this section. An institution may not charge a pupil for the award of credit.*

Sec. 8. Minnesota Statutes 1985 Supplement, section 123.3514, subdivision 6, is amended to read:

Subd. 6. [FINANCIAL ARRANGEMENTS.] At the end of each school year, the department of education shall pay the tuition reimbursement amount within 30 days to the post-secondary institutions (THAT ENROLL PUPILS UNDER THIS SECTION) for courses that were taken for secondary credit. The amount of tuition reimbursement shall equal the lesser of:

(1) the actual costs of tuition, textbooks, materials, and fees directly related to the course or program (CHARGED FOR) taken by the secondary pupil (ENROLLING IN A COURSE OR PROGRAM UNDER THIS SECTION); or

(2) an amount equal to the difference between the formula allowance plus the total tier revenue attributable to that pupil and an amount computed by multiplying the formula allowance plus the total tier revenue attributable to that pupil by a ratio. The ratio to be used is the total number of hours that the pupil is enrolled in courses in the secondary school during the regular school year over the total number of secondary instructional hours per pupil in that pupil's resident district.

The amount paid for each pupil shall be subtracted from the foundation aid paid to the pupil's resident district. If the amount to be subtracted is greater than the amount of foundation aid due the district, the excess reduction shall be made from other state aids due to the district. *If a pupil is enrolled in a course for post-secondary credit, the school district shall include the pupil in the average daily membership only for the portion of time during which the pupil is enrolled in courses at the secondary school and enrolled in courses at a post-secondary institution for secondary credit.*

*The department shall not pay any tuition reimbursement or other costs of a course taken for post-secondary credit only.*

Sec. 9. Minnesota Statutes 1985 Supplement, section 123.3514, is amended by adding a subdivision to read:

*Subd. 6a. [GRANTS AND FINANCIAL AID PROHIBITED.] A pupil enrolled in a post-secondary course for secondary credit is not eligible for any state student financial aid under chapter 136A.*

Sec. 10. Minnesota Statutes 1985 Supplement, section 123.3514, subdivision 8, is amended to read:

**Subd. 8. [TRANSPORTATION.]** A parent or guardian of a pupil (ATTENDING A POST-SECONDARY INSTITUTION UNDER THIS SECTION) *enrolled in a course for secondary credit* 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 establish guidelines for providing state aid to districts to reimburse the parent or guardian for the necessary transportation costs, which shall be based on financial need. The state shall pay aid to the district according to the guidelines established under this subdivision. Chapter 14 does not apply to the guidelines.

Sec 11. Minnesota Statutes 1985 Supplement, section 123.3514, subdivision 10, is amended to read:

**Subd. 10. [LIMIT; STATE OBLIGATION.]** The provisions of subdivisions 6, 7, 8, and 9 shall not apply for any post-secondary courses (OR PROGRAMS) in which a pupil is enrolled in addition to being enrolled full time in that pupil's district *or for any post-secondary course in which a pupil is enrolled for post-secondary credit.*

Sec. 12. [135A.10] [CREDIT FOR ADVANCED PLACE-MENT PROGRAM.]

*Subdivision 1. [POLICY AND PROCEDURES TO AWARD CREDIT.] The board of regents of the University of Minnesota,*

*the state university board, and the state board for community colleges shall each develop a clear and uniform policy for its system for awarding post-secondary credit toward a degree for a student who earns an acceptable score on an advanced placement program examination. Each policy must include procedures to inform students and prospective students about credit award and procedures to assure implementation on each campus. The higher education coordinating board shall assist in developing the policy.*

*Subd. 2. [DATA ABOUT CREDIT AWARD.] Each year the University of Minnesota, state universities, and community colleges shall provide the higher education coordinating board information and data about credit awarded for advanced placement program examinations.*

Sec. 13. Laws 1985, First Special Session chapter 12, article 5, section 7, is amended to read:

Sec. 7. [EVALUATION.]

The department of education, in consultation with the higher education coordinating board, the public post-secondary systems and the participating private colleges, shall collect and evaluate information about the implementation of the program established under section 1. 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. *The report to the legislature shall address at least the following issues:*

- (1) description of participating pupils and other enrollment data;*
- (2) results of surveys of pupils, parents, school districts, and post-secondary institutions;*
- (3) results of any appeals to the state board of education regarding credits for courses or programs taken under the program;*
- (4) assessment of counseling services provided to pupils and their parents or guardians;*
- (5) fiscal impact of the program;*
- (6) feasibility of including summer school courses or programs in this program;*
- (7) feasibility of implementing cooperative plans for offering post-secondary courses in the high schools;*
- (8) current school district and post-secondary policies relating to advanced placement and other accelerated testing programs;*



(9) *recommendations on the feasibility of implementing and funding a statewide advanced placement program which would accomplish, to the extent possible, the goals of: (i) making advanced placement courses available in every school district; (ii) providing for a partial or total subsidy of advanced placement costs; and (iii) requiring post-secondary institutions to grant post-secondary credit for successful completion of advanced placement programs;*

(10) *comparability of courses offered in the high schools and post-secondary institutions;*

(11) *advisability of establishing specific admission standards for high school pupils enrolling in post-secondary courses or programs;*

(12) *feasibility of expanding course offerings through alternative means when access to post-secondary institutions is geographically impossible;*

(13) *feasibility of increasing the maximum age of compulsory attendance at school;*

(14) *feasibility of participation of nonpublic school pupils in this program; and*

(15) *other significant implementation issues or problems.*

#### Sec. 14. [NOTICE FOR THE 1986-1987 SCHOOL YEAR.]

*To assist a school district in planning for the 1986-1987 school year, the district may obtain information from pupils about their intention to enroll in post-secondary courses or programs during the 1986-1987 school year under Minnesota Statutes, section 123.3514, 30 days after the district provides general information and to the extent possible, counseling services, on the program to pupils in grades 10 and 11 and their parents.*

#### Sec. 15. [ADVANCED PLACEMENT REPORT TO LEGISLATURE.]

*By January 1, 1987, the policy required under section 12 must be developed and submitted by each system to the higher education coordinating board for its review and comment on the policies. Each system shall report its policy and the higher education coordinating board shall report its review and comment to the education committees of the legislature by February 1, 1987.*

#### Sec. 16. [EFFECTIVE DATE.]

*Sections 1, 5, and 14 are effective the day following final enactment. Sections 2, 3, 4, 6, 7, 8, 9, 10, and 11 are effective for the 1986-1987 school year and thereafter."*

Delete the title and insert:

"A bill for an act relating to education; imposing a limit on participation; eliminating state tuition reimbursement for courses taken for post-secondary credit; making other modifications to the post-secondary enrollment options act; requiring the University of Minnesota, state university board, and state board for community colleges to develop policies for awarding post-secondary credit for advanced placement programs; amending Minnesota Statutes 1985 Supplement, section 123.3514, subdivisions 3, 4, 5, 6, 8, 10, and by adding subdivisions; Laws 1985, First Special Session chapter 12, article 5, section 7; proposing coding for new law in Minnesota Statutes, chapter 135A."

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

House Conferees: CONNIE LEVI, WENDELL O. ERICKSON and M. R. (BOB) HAUKOOS.

Senate Conferees: TOM A. NELSON, GEN OLSON and DONNA C. PETERSON.

Levi moved that the report of the Conference Committee on H. F. No. 1919 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1919, A bill for an act relating to education; imposing a limit on participation; eliminating state tuition reimbursement for courses taken for post-secondary credit; making other modifications to the post-secondary enrollment options program; providing options for swimming classes in junior high schools; amending Minnesota Statutes 1984, sections 123.35, by adding a subdivision; 124A.034, subdivisions 1 and 2; 363.03, subdivision 5; Minnesota Statutes 1985 Supplement, section 123.3514, subdivisions 3, 4, 5, 6, 8, and 10, and by adding subdivisions; and Laws 1985, First Special Session chapter 12, article 5, section 7; proposing coding for new law in Minnesota Statutes, chapter 126.

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 125 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Beard	Bennett	Boerboom	Burger
Anderson, R.	Becklin	Bishop	Boo	Carlson, D.
Backlund	Begich	Blatz	Brandl	Carlson, J.

Carlson, L.	Himle	McPherson	Piepho	Solberg
Clark	Jacobs	Metzen	Piper	Sparby
Clausnitzer	Jaros	Miller	Poppenhagen	Stanius
Cohen	Jennings, L.	Minne	Price	Staten
DenOuden	Johnson	Munger	Quist	Sviggum
Dimler	Kahn	Murphy	Rest	Thiede
Dyke	Kalis	Nelson, D.	Rice	Thorson
Ellingson	Kelly	Nelson, K.	Richter	Tjornhom
Erickson	Kiffmeyer	Neuenschwander	Riveness	Tomlinson
Fjoslien	Knickerbocker	Norton	Rodosovich	Tompkins
Forsythe	Knuth	O'Connor	Rose	Tunheim
Frederick	Kostohryz	Ogren	Sarna	Uphus
Frederickson	Krueger	Olsen, S.	Schafer	Valan
Frerichs	Kvam	Olson, E.	Scheid	Valento
Greenfield	Levi	Omann	Schoenfeld	Vanasek
Gruenes	Lieder	Onnen	Schreiber	Vellenga
Gutknecht	Long	Osthoff	Seaberg	Voss
Halberg	Marsh	Otis	Segal	Waltman
Hartering	McDonald	Ozment	Shaver	Wenzel
Hartle	McEachern	Pappas	Sherman	Wynia
Haukoos	McKasy	Pauly	Simoneau	Zaffke
Heap	McLaughlin	Peterson	Skoglund	Spk. Jennings, D.

Those who voted in the negative were:

Battaglia	Elioff	Redalen	Rees	Welle
Dempsey				

The bill was repassed, as amended by Conference, and its title agreed to.

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 2010

A bill for an act relating to the state high school league; providing for the appointment of certain board members; providing penalties for recruiting students; providing for student athletics and activity eligibility after certain transfers; providing standards for student participation in nonscholastic activities; providing administrative appeals from various decisions; amending Minnesota Statutes 1984, section 129.121, subdivision 1, and by adding subdivisions.

March 17, 1986

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. 2010, 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. 2010 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 129.121, subdivision 1, is amended to read:

Subdivision 1. The governing board of any *Minnesota* high school may delegate the control, supervision and regulation of interscholastic athletics and other extracurricular activities, referred to in section 123.38, to the Minnesota state high school league, a nonprofit incorporated voluntary association. Membership in (SAID MINNESOTA STATE HIGH SCHOOL) *the* league shall be composed of (SUCH MINNESOTA) high schools whose governing boards have certified in writing to the (STATE) commissioner of education that they have elected to delegate the control, supervision and regulation of their interscholastic athletic events and other extracurricular activities to (SAID) *the* league. The (MINNESOTA STATE HIGH SCHOOL) league (IS HEREBY EMPOWERED TO EXERCISE THE), *within the limits established in this section, may* control, (SUPERVISION) *supervise, and (REGULATION OF) regulate* interscholastic athletics, musical, dramatic and other contests by and between pupils of (THE MINNESOTA) *member* high schools (, DELEGATED TO IT PURSUANT TO THIS SECTION). The (MINNESOTA HIGH SCHOOL) league may (ESTABLISH A POLICY OR GUIDELINES FOR THE GUIDANCE OF) *guide* member high schools in the voluntary formation or alteration of athletic or other extracurricular conferences. *The board of directors of the league shall include a licensed teacher, a representative appointed by the Minnesota association of secondary school principals, a public member appointed by the governor, and other members selected and appointed according to the procedures of the league.* The commissioner of education, or his representative, shall be an ex officio member of the governing body of (SUCH) *the* league, with the same rights and privileges as other members of its governing body. The rules (AND REGULATIONS) of (SAID) *the* league (SHALL BE) *are* exempt from the provisions of sections 14.02, 14.04 to 14.36, 14.38, and 14.44 to 14.45 (, AND 14.57 TO 14.62).

Sec. 2. Minnesota Statutes 1984, section 129.121, is amended by adding a subdivision to read:

*Subd. 1a. [RECRUITING; PENALTY.] If a student is contacted orally or in writing by a representative of any high school in a manner that constitutes recruiting for athletic purposes, the school shall be barred from athletic tournament competition in the sport or activity about which the student was contacted for the ensuing tournament and may be publicly censured or suspended from the league.*

Sec. 3. Minnesota Statutes 1984, section 129.121, is amended by adding a subdivision to read:

*Subd. 1b. [STUDENT TRANSFER.] A student shall remain eligible to participate in interscholastic athletics and other activities regulated by the league after transferring from one school to another if there is a corresponding change in address. In all other cases a student who transfers from one school to another shall become eligible to participate in interscholastic athletics and other activities regulated by the league within 90 school days after the student begins attending the new school.*

Sec. 4. Minnesota Statutes 1984, section 129.121, is amended by adding a subdivision to read:

*Subd. 1c. [NONSCHOLASTIC AND OUT-OF-SEASON ACTIVITIES.] The high school league may not regulate, directly or indirectly, pupil participation in a nonscholastic athletic activity or event during the period the pupil is not participating in interscholastic athletics. A pupil may participate in any nonscholastic athletic activity or event out-of-season without loss of eligibility to participate in interscholastic athletics.*

*A pupil may receive private individualized athletic instruction or training during the school year and during the sports season from an individual who is not a member of the high school coaching staff without loss of eligibility to participate in interscholastic athletics.*

*A school, or an employee, coach, or agent of a school may not require a pupil to participate in any athletic activity or event outside of or separate from those sponsored by the school as a condition of participation in the school's interscholastic athletic activity.*

Sec. 5. Minnesota Statutes 1984, section 129.121, is amended by adding a subdivision to read:

*Subd. 1d. [ADMINISTRATIVE HEARINGS.] Any party aggrieved by a league action or decision affecting an individual's or school's participation in interscholastic athletics or other activities may appeal the action or decision by requesting a hearing within seven days after the action is taken or decision is issued. The request must be in writing and filed with the league. Within three working days after receiving a request for a hearing, the league shall refer the matter to the office of administrative hearings where the hearing shall be conducted as a contested case according to the provisions of chapter 14. The hearing shall commence within seven days after the office has received the request and shall be conducted according to the conference contested case rules adopted by the chief administrative law judge. The administrative law judge shall issue a final written decision within seven days following the close of the hearing. Any party aggrieved by that decision may seek judicial review according to sections 14.62 to 14.69.*

*The fee for the administrative law judge's services shall be paid by the league.*

Sec. 6. [REPORT TO LEGISLATURE; RULES.]

*The Minnesota state high school league shall amend its rules, according to its procedures, to implement sections 1 to 5. The league shall report its rule amendments to the education committees of the legislature and the general legislation committee of the house by January 1, 1987. The league may also recommend necessary amendments to Minnesota Statutes, section 129.121, as part of the report.*

Sec. 7. [EFFECTIVE DATE.]

*Sections 1 to 5 are effective August 1, 1987."*

Delete the title and insert:

"A bill for an act relating to the state high school league; limiting and clarifying its authority; modifying its board; regulating student recruiting and transfer; providing for the treatment of nonscholastic and out-of-season activities; providing for administrative hearings, rules, and reports; amending Minnesota Statutes 1984, section 129.121, subdivision 1, and by adding subdivisions."

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

House Conferees: CRAIG H. SHAVER and DAVID FJOSLIEN.

Senate Conferees: GENE MERRIAM, DONNA C. PETERSON and JIM RAMSTAD.

Shaver moved that the report of the Conference Committee on H. F. No. 2010 be adopted and that the bill be repassed as amended by the Conference Committee. The motion did not prevail.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1863:

Seaberg, Kelly and Marsh.

MESSAGES FROM THE SENATE, Continued

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. 229, A bill for an act relating to retirement; early retirement without reduction in annuities; amending Minnesota Statutes 1984, section 356.70, subdivision 1.

The Senate has appointed as such Committee Messrs. Moe, D. M.; Spear and Renneke.

Said House File is herewith returned to the House.

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. 1035, A bill for an act relating to frauds; fixing conditions for the legal determination of fraud in property transfers; enacting the uniform fraudulent transfer act; proposing coding for new law in Minnesota Statutes, chapter 513; repealing Minnesota Statutes 1984, sections 513.20; 513.21; 513.22; 513.23; 513.24; 513.25; 513.26; 513.27; 513.28; 513.29; 513.30; 513.31; and 513.32.

The Senate has appointed as such Committee Messrs. Merriam, Sieloff, Lessard, Jude and Chmielewski.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 2280, A bill for an act relating to taxation; imposing levy limits on certain towns and cities; altering provisions governing distribution of certain taconite tax proceeds; reducing the taconite railroad gross earnings tax rate; reducing occupation and royalty tax rates; providing for the deduction of taconite production taxes and transportation costs; appropriating money; amending Minnesota Statutes 1984, sections 275.125, subdivision 9; 275.50, subdivision 2; 275.51, subdivision 3f; 298.225, by adding a subdivision; and 298.24, subdivision 1; Minnesota Statutes 1985 Supplement, sections 294.22; 298.01, subdivision 1; 298.03; 298.225, subdivision 1; 298.28, subdivision 1; and 299.01, subdivision 1.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 2280

A bill for an act relating to taxation; imposing levy limits on certain towns and cities; altering provisions governing distribution of certain taconite tax proceeds; reducing the taconite railroad gross earnings tax rate; reducing occupation and royalty tax rates; providing for the deduction of taconite production taxes and transportation costs; appropriating money; amending Minnesota Statutes 1984, sections 275.125, subdivision 9; 275.50, subdivision 2; 275.51, subdivision 3f; 298.225, by adding a subdivision; and 298.24, subdivision 1; Minnesota Statutes 1985 Supplement, sections 294.22; 298.01, subdivision 1; 298.03; 298.225, subdivision 1; 298.28, subdivision 1; and 299.01, subdivision 1.

March 17, 1986

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable David M. Jennings  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 2280, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 2280 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 275.125, subdivision 9, is amended to read:

Subd. 9. [LEVY REDUCTIONS; TACONITE.] (1) Reductions in levies pursuant to subdivision 10 of this section, and section 273.138, shall be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts which received payments pursuant to sections 294.21 to 294.26; 298.23 to 298.28, *except an amount distributed under section 298.28, subdivision 1, paragraph (3)(b)(ii)*; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; 477A.15; and any



law imposing a tax upon severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties, or recognized revenue pursuant to section 477A.15; shall not include a portion of these aids in their permissible levies pursuant to those sections, but instead shall reduce the permissible levies authorized by this section and sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, and 124A.14, subdivision 5a by the greater of the following:

(a) an amount equal to 50 percent of the total dollar amount of the payments received pursuant to those sections or revenue recognized pursuant to section 477A.15 in the previous fiscal year; or

(b) an amount equal to the total dollar amount of the payments received pursuant to those sections or revenue recognized pursuant to section 477A.15 in the previous fiscal year less the product of the same dollar amount of payments or revenue times the ratio of the maximum levy allowed the district under (SECTION 124A.03, SUBDIVISION 1) *sections 124A.03, subdivision 2, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, and 124.14, subdivision 5a*, to the total levy allowed the district under this section and sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, (AND) 124A.14, subdivision 5a, *and 124A.20, subdivision 2*, in the year in which the levy is certified.

(3) No reduction pursuant to this subdivision shall reduce the levy made by the district pursuant to section 124A.03, subdivision 1, to an amount less than the amount raised by a levy of 12.5 mills times the adjusted assessed valuation of that district for the preceding year as determined by the equalization aid review committee. The amount of any increased levy authorized by referendum pursuant to section 124A.03, subdivision 2 shall not be reduced pursuant to this subdivision. The amount of any levy authorized by subdivision 4, to make payments for bonds issued and for interest thereon, shall not be reduced pursuant to this subdivision.

(4) Before computing the reduction pursuant to this subdivision of the capital expenditure levy authorized by subdivision 11a, and the community service levy authorized by subdivision 8, the commissioner shall ascertain from each affected school district the amount it proposes to levy for capital expenditures pursuant to subdivision 11a and for community services pursuant to subdivision 8. The reduction of the capital expenditure levy and the community services levy shall be computed on the basis of the amount so ascertained.

(5) Notwithstanding any law to the contrary, any amounts received by districts in any fiscal year pursuant to sections

294.21 to 294.26; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67 *except an amount distributed under section 298.28, subdivision 1, paragraph (3)(b)(ii)*; or any law imposing a tax on severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; and not deducted from foundation aid pursuant to section 124A.035, subdivision 5, clause (2), and not applied to reduce levies pursuant to this subdivision shall be paid by the district to the (COMMISSIONER OF FINANCE) *St. Louis county auditor* in the following amount by March 15 of each year *except 1986*, the amount required to be subtracted from the previous fiscal year's foundation aid pursuant to section 124A.035, subdivision 5, which is in excess of the foundation aid earned for that fiscal year. The (COMMISSIONER OF FINANCE) *county auditor* shall deposit any amounts received pursuant to this clause in the (TACONITE PROPERTY TAX RELIEF FUND IN THE STATE TREASURY, ESTABLISHED PURSUANT TO SECTION 16A.70) *St. Louis county treasury* for purposes of paying the taconite homestead credit as provided in section 273.135.

Sec. 2. Minnesota Statutes 1984, section 275.50, subdivision 2, is amended to read:

Subd. 2. [GOVERNMENTAL SUBDIVISION.] (a) "Governmental subdivision" means a county, home rule charter city, or statutory city, except a home rule charter or statutory city that has a population of less than 5,000 according to the most recent federal census.

(b) "Governmental subdivision" also includes any city or town that receives a distribution from the taconite municipal aid account in the levy year.

Sec. 3. Minnesota Statutes 1984, section 275.51, subdivision 3f, is amended to read:

Subd. 3f. [LEVY LIMIT BASE.] (a) The property tax levy limit base for governmental subdivisions for taxes levied in 1983 shall be calculated by adding the following amounts:

(1) the property tax permitted to be levied in 1982 for taxes payable in 1983 pursuant to Minnesota Statutes 1982, section 275.51, subdivision 3e; plus

(2) the amount of any payments the governmental subdivision was certified to receive in 1983 pursuant to Minnesota Statutes 1982, sections 477A.011 to 477A.03; plus

(3) the amount of any payments certified to the governmental subdivision in 1983 pursuant to Minnesota Statutes 1982, sections 298.28 and 298.282; plus

(4) the difference between the amount certified to the governmental subdivision in 1983 and the amount certified in 1984 pursuant to section 273.138; plus

(5) any amount levied as a special assessment to cover the costs of municipal operation and maintenance activities for the taxes payable year 1983; and

(6) the amount of any base adjustment authorized by the commissioner of revenue pursuant to subdivision 3g.

(b) For taxes levied in 1984 and subsequent years, a governmental subdivision's levy limit base is equal to its adjusted levy limit base for the preceding year provided that, for taxes levied in 1984, the levy limit base of a county containing a city of the first class shall be increased by the amount paid to the county under section 273.138 in 1984 less the amount that will be paid to it under section 273.138 in 1985.

*(c) The property tax levy limit base for cities and towns defined as a governmental subdivision only under section 275.50, subdivision 2, paragraph (b), for taxes levied in 1986 shall be calculated by adding the following amounts:*

*(1) the property tax levied in 1985 for taxes payable in 1986, exclusive of any levies for debt service; plus*

*(2) the amount of any payments the governmental subdivision was certified to receive in 1986 pursuant to Minnesota Statutes 1985 Supplement, sections 477A.011 to 477A.03; plus*

*(3) the amount of any payments certified to the governmental subdivision in 1986 pursuant to Minnesota Statutes 1984, section 298.282, and Minnesota Statutes 1985 Supplement, section 298.28; plus*

*(4) any amount levied as a special assessment to cover the costs of municipal operation and maintenance activities for the taxes payable year 1986.*

*For taxes levied in 1987 and subsequent years, the levy limit base of a governmental subdivision defined only in section 275.50, subdivision 2, paragraph (b), is equal to its adjusted levy limit base for the preceding year.*

Sec. 4. Minnesota Statutes 1984, section 275.51, subdivision 3i, is amended to read:

Subd. 3i. [LEVY LIMITATION.] The levy limitation for a governmental subdivision shall be equal to the adjusted levy limit base determined pursuant to subdivision 3h, reduced by (a) the total amount of local government aid that the governmental

subdivision has been certified to receive pursuant to sections 477A.011 to 477A.014; (b) taconite aids pursuant to sections 298.28 and 298.282 including any aid received in the levy year which was required to be placed in a special fund for expenditure in the next succeeding year; (c) state reimbursements for wetlands and native prairie property tax exemptions pursuant to sections 273.115, subdivision 3 and 273.116, subdivision 3; and (d) payments in lieu of taxes to a county pursuant to section 477A.12 which are required to be used to provide property tax levy reduction certified to be paid in the calendar year in which property taxes are payable. If the sum of the taconite aids deducted exceeds the adjusted levy limit base, the excess must be used to reduce the amounts levied as special levies pursuant to section 275.50, subdivisions 5 and 7. The commissioner of revenue shall notify a governmental subdivision of any excess taconite aids to be used to reduce special levies.

As provided in section 298.28, subdivision 1, one cent per taxable ton of the amount distributed under section 298.28, subdivision 1, clause (4)(c) shall not be deducted from the levy limit base of the counties that receive that aid. The resulting figure is the amount of property taxes which a governmental subdivision may levy for all purposes other than those for which special levies and special assessments are made.

*For taxes levied in 1987 and subsequent years, the levy limit for a county as calculated under paragraph (b) shall be decreased by an additional amount equal to the reduction in the distribution to the county under Minnesota Statutes, section 298.28, from the 1986 distribution to the 1987 distribution.*

Sec. 5. Minnesota Statutes 1985 Supplement, 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) 3.75 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 rate 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 earn-

ings 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. 6. Minnesota Statutes 1984, section 294.23, is amended to read:

294.23 [COMPANIES LIABLE FOR TAX.]

If a company producing concentrates from taconite shall transport the taconite in the course of the concentrating process and before such concentrating process is completed to a concentrating plant located within the state over a railroad which is not a common carrier and shall not use a common carrier or taconite railroad company as defined in section 294.21 for the movement of the concentrate to a point of consumption or port for shipment beyond the state, then such company nevertheless shall pay annually into the state treasury a tax equal to (FIVE) 3.75 percent of the amount which would be charged for the transportation of such concentrates produced by such taconite company as if such concentrates were transported by a common carrier under established tariffs of common carriers from the Mesabi Range or other iron range point nearest to the mine at which such taconite is quarried to ports at the head of Lake Superior, including established charges for loading such ore on boats. For the purposes of sections 294.24 to 294.28, such a company shall be considered a taconite railroad company.

Sec. 7. Minnesota Statutes 1985 Supplement, section 297A.15, subdivision 5, is amended to read:

Subd. 5. [REFUND; APPROPRIATION.] Notwithstanding the provisions of sections 297A.02, subdivision 2, and 297A.257 the tax on sales of capital equipment, *and construction materials and supplies under section 297A.257*, shall be imposed and collected as if the rate under section 297A.02, subdivision 1, applied. Upon application by the purchaser, on forms prescribed by the commissioner, a refund equal to the reduction in the tax due as a result of the application of the rates under section 297A.02, subdivision 2, or the exemption under section 297A.257 shall be paid to the purchaser. *In the case of building materials qualifying under section 297A.257 where the tax was paid by a contractor, application must be made by the owner for the sales tax paid by all the contractors, subcontractors, and builders for the project. The application must include sufficient information to permit the commissioner to verify the sales tax paid for the project.* The application shall include information necessary for the commissioner initially to verify that the purchases qualified as capital equipment under section 297A.02, subdivision 2, or *capital equipment or construction materials and sup-*

*plies under section 297A.257. No more than two applications for refunds may be filed under this subdivision in a calendar year. Unless otherwise specifically provided by this subdivision, the provisions of section 297A.34 apply to the refunds payable under this subdivision. There is annually appropriated to the commissioner of revenue the amount required to make the refunds.*

Sec. 8. Minnesota Statutes 1985 Supplement, section 297A.257, is amended by adding a subdivision to read:

*Subd. 2a.* [EXEMPTION FOR CONSTRUCTION MATERIALS.]

*Construction materials and supplies are exempt from the tax imposed under this chapter, regardless of whether purchased by the owner or a contractor, subcontractor, or builder, if all of the following conditions are met:*

(1) *the materials and supplies are used or consumed in constructing a new manufacturing facility or expanding an existing one in a distressed county;*

(2) *the total capital investment made within a three-year period exceeds \$75,000,000.*

*A county is a distressed county for purposes of a project qualifying under this subdivision if it was designated as a distressed county at the time the initial contract to purchase the materials and supplies was executed.*

Sec. 9. Minnesota Statutes 1985 Supplement, section 298.03, is amended to read:

298.03 [VALUE OF ORE; HOW ASCERTAINED.]

*Subdivision 1. [GENERAL RULES.] The valuation of iron or other ores for the purposes of determining the amount of tax to be paid under the provisions of section 298.01 shall be ascertained by subtracting from the value of such ore, at the place where the same is brought to the surface of the earth, such value to be determined by the commissioner of revenue:*

(1) *the reasonable cost of supplies used and labor performed at the mine in separating the ore from the ore body, including hoisting, elevating, or conveying the same to the surface of the earth;*

(2) *if the ore is taken from an open pit mine, an amount for each ton of ore mined or produced during the year equal to the cost of removing the overburden, divided by the number of*

tons of ore uncovered, the number of tons of ore uncovered in each case to be determined by the commissioner of revenue;

(3) if the ore is taken from an underground mine, an amount for each ton of ore mined or produced during the year equal to the cost of sinking and constructing shafts and running drifts, divided by the number of tons of ore that can be advantageously taken out through such shafts and drifts, the number of tons of ore that can be advantageously taken out in each case to be determined by the commissioner of revenue;

(4) the amount of royalties paid on the ore mined or produced during the year;

(5) for persons mining or producing iron ore the mining or production of which is subject to the occupation tax imposed by section 298.01, subdivision 1, the amount of the ad valorem taxes levied and paid for the year against the realty in which the ore is deposited; for all others a percentage of the ad valorem taxes levied and paid for such year against the realty in which the ore is deposited equal to the percentage that the tons mined or produced during such year bears to the total tonnage in the mine;

(6) in the case of taconite, semitaconite and iron sulphide operations, the tax payable under section 298.24, (BUT NOT EXCEEDING 25 CENTS PER TAXABLE TON,) and that payable under section 298.35, on the concentrates produced in said year and any taxes paid under Laws 1955, chapter 391, 429, 514, 576 or 540, or any other law imposing on such taconite operations a specific tax for school or other governmental purposes;

(7) the amount or amounts of all the foregoing subtractions shall be ascertained and determined by the commissioner of revenue. Deductions for interest on plant investment shall not exceed the greater of (a) four percent of book value, or (b) the amount actually paid but not exceeding six percent of book value. No subtraction shall be allowed for shrinkage of iron ore.

*Subd. 2. [SPECIAL TRANSPORTATION COSTS.] With respect to transportation costs incurred after June 30, 1986, if the ore is not transported using the Great Lakes Seaway system, the commissioner must allow, as a deduction in computing the valuation of the ore, the reasonable cost of transportation of the ore to its destination. This subdivision does not affect the valuation of ore shipped using the Great Lakes Seaway system.*

Sec. 10. Minnesota Statutes 1985 Supplement, section 298.225, subdivision 1, is amended to read:

298.225 [APPROPRIATION.]

Subdivision 1. For distribution of taconite production tax in (1985) 1987 and thereafter with respect to production in (1984) 1986 and thereafter, the (RECIPIENTS) *distribution* of the taconite production tax as provided in section 298.28, subdivision 1, clauses (1) to (4) and (5)(b), (5)(c), (6), and (7)(a), shall (RECEIVE DISTRIBUTIONS) equal (TO) *the lesser of the following amounts:*

(1) the amount distributed (TO THEM) pursuant to this section and section 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 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; or

(2)(i) *for the distributions made pursuant to section 298.28, subdivision 1, clauses (3)(a), (3)(b), and (5)(c), 50 percent of the amount distributed pursuant to this section and section 298.28, subdivision 1, with respect to 1983 production.*

(ii) *for the distributions made pursuant to section 298.28, subdivision 1, clauses (4)(a) and (4)(b), 75 percent of the amount distributed pursuant to this section and section 298.28, subdivision 1, with respect to 1983 production.*

Sec. 11. Minnesota Statutes 1984, section 298.24, subdivision 1, is amended to read:

Subdivision 1. (a) *For concentrate produced in 1986 there is hereby imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of (\$1.25 CENTS) \$1.90 per gross ton of merchantable iron ore concentrate produced therefrom. (THE TAX ON CONCENTRATES PRODUCED IN 1978 AND SUBSEQUENT YEARS PRIOR TO 1985 SHALL BE EQUAL TO \$1.25 MULTIPLIED BY THE STEEL MILL PRODUCTS INDEX DURING THE PRODUCTION YEAR, DIVIDED BY THE STEEL MILL PRODUCTS INDEX IN 1977. THE INDEX STATED IN CODE NUMBER 1013, OR ANY SUBSEQUENT EQUIVALENT, AS PUBLISHED BY THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS WHOLESALe PRICES AND PRICE INDEXES FOR THE MONTH OF JANUARY OF THE YEAR IN WHICH THE CONCENTRATE IS PRODUCED SHALL BE THE INDEX USED IN CALCULATING THE TAX IMPOSED HEREIN. IN NO EVENT SHALL THE TAX BE LESS THAN \$1.25 PER GROSS TON OF MERCHANTABLE IRON ORE CONCENTRATE. THE TAX ON CONCENTRATES PRODUCED IN 1985 AND 1986 SHALL BE AT THE RATE DETERMINED FOR 1984 PRODUCTION.)*



(b) *Except as provided in paragraph (c), for concentrates produced in 1987 and subsequent years, the tax rate shall be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" for the gross national product means the implicit price deflator prepared by the bureau of economic analysis of the United States department of commerce.*

**((B) ON CONCENTRATES PRODUCED IN 1984, AN ADDITIONAL TAX IS IMPOSED EQUAL TO EIGHT-TENTHS OF ONE PERCENT OF THE TOTAL TAX IMPOSED BY CLAUSE (A) PER GROSS TON FOR EACH ONE PERCENT THAT THE IRON CONTENT OF SUCH PRODUCT EXCEEDS 62 PERCENT, WHEN DRIED AT 212 DEGREES FAHRENHEIT.)**

**((C) THE TAX IMPOSED BY THIS SUBDIVISION ON CONCENTRATES PRODUCED IN 1984 SHALL BE COMPUTED ON THE PRODUCTION FOR THE CURRENT YEAR. THE TAX ON CONCENTRATES PRODUCED IN 1985 SHALL BE COMPUTED ON THE AVERAGE OF THE PRODUCTION FOR THE CURRENT YEAR AND THE PREVIOUS YEAR.)**

*(c) The provisions of paragraph (b) will not be in effect for concentrates produced in 1987 if the 1987 production is not less than 33,000,000 tons, and will not be in effect for concentrates produced in 1988 if the 1988 production is not less than 34,000,000 tons. If the provisions of paragraph (b) are not in effect for concentrates produced in a year, the rate of the tax for that year's production will be the rate of the tax imposed on the previous year's production. The tax (ON CONCENTRATES PRODUCED IN 1986 AND THEREAFTER) shall be imposed on the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.*

(d) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of (\$1.25) \$1.90 per gross ton of merchantable iron ore concentrate produced shall be imposed.

Sec. 12. Minnesota Statutes 1985 Supplement, section 298.28, subdivision 1, is amended to read :

Subdivision 1. [DISTRIBUTION.] The proceeds of the taxes collected under section 298.24, except the tax collected under section 298.24, subdivision 2, shall, upon certification of the commissioner of revenue, be allocated 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 the county 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) (a) 12.5 cents per taxable ton, less any amount distributed under clause (7), paragraph (a), and paragraph (b) of this clause, to be distributed as provided in section 298.282.

(b) An amount annually certified by the county auditor of a county containing a taconite tax relief area within which there is (1) an organized township if, as of January 2, 1982, more than 75 percent of the assessed valuation of the township consists of iron ore or (2) a city if, as of January 2, 1980, more than 75 percent of the assessed valuation of the city consists of iron ore. The amount will be the portion of a township's or city's certified levy equal to the proportion of (1) the difference between 50 percent of (THE TOWNSHIP'S) January 2, 1982, assessed value in the case of a township and 50 percent of the January 2, 1980, assessed value in the case of a city and its current assessed value to (2) the sum of its current assessed value plus the difference determined in (1). The county auditor shall extend the township's or city's levy against the sum of the township's or city's current assessed value plus the difference between 50 percent of its January 2, 1982, assessed value and its current assessed value in the case of a township and between 50 percent of its January 2, 1980, assessed value and its current assessed value in the case of a city. If the current assessed value of the township exceeds 50 percent of the township's January 2, 1982, assessed value, or if the current assessed value of the city exceeds 50 percent of the city's January 2, 1980, assessed value, this clause shall not apply.

(3) (29) 27.5 cents per taxable ton plus the increase provided in paragraph (c) to qualifying school districts to be distributed, based upon the certification of the commissioner of revenue, as follows:

(a) (SIX) 5.5 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

distribution must be based on the apportionment formula prescribed in clause (1).

(b) (23) (i) 22 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, 124A.20, SUBDIVISION 2, 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, 124A.20, SUBDIVISION 2, 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) *in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 124.17 for the prior school year shall be multiplied by the ratio of the average adjusted assessed value per pupil unit as calculated pursuant to chapter 124A for the school year ending prior to distribution to the adjusted assessed value per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions.*

(ii) *Notwithstanding clause (i), each school district shall receive a distribution under this paragraph (b) that is no less than the amount of its levy reduction under section 275.125, subdivision 9, for the second year prior to the year of the distribution; the amount necessary to make this minimum payment shall be derived from proportionate reductions in the initial distribution to other school districts under clause (i).*

(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 in-

crease 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 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 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 iron range resources and rehabilitation who shall deposit the same in the taconite environmental protection fund and the northeast Minnesota economic protection trust fund as provided in clause (9).

(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) 16.5 cents per taxable ton to counties to be distributed, based upon certification by the commissioner of revenue, as follows:

(a) (15.5) 13 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 apportionment formula prescribed in clause (1) is the basis for the distribution.

(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 paid to the county in which the power plant is located.

(c) (FOUR) 3.5 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) 22 cents per taxable ton, less any amount required to be distributed under (PART) parts (b) and (c), to St. Louis county acting as the counties' fiscal agent, 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) .1875 cent per taxable ton of the tax imposed and collected from such taxpayer shall be paid 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).

(c) *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 school district other than a school district in which the mining and concentrating processes are conducted, .5625 cent per taxable ton of the tax imposed and collected from the taxpayer shall be paid to the school district.*

(6) Three cents per taxable ton shall be paid to the iron range resources and rehabilitation board 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.

(7) (a) .20 cent per taxable ton shall be paid to the range association of municipalities and schools, for the purpose of pro-

viding an areawide 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.

(8) the amounts determined under clauses ((4)(A), (4)(C), (5) (,) (a) and (7)(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.

*The amounts determined under clauses (4)(a), (4)(c), (5)(b), and (5)(c) for distribution in 1987 and subsequent years shall be the amount determined for distribution in 1986 under Minnesota Statutes 1985 Supplement, section 298.28, subdivision 1, clauses (4)(a), (4)(c), and (5)(b).*

(9) the proceeds of the tax imposed by section 298.24 which remain after the distributions and payments in clauses (1) to (8), as certified by the commissioner of revenue, and parts (a) and (b) of this clause have been made, together with interest earned on all money distributed under this subdivision prior to distribution, 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 proceeds shall be placed in the respective special accounts.

(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 sections 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.

Sec. 13. Minnesota Statutes 1984, section 298.282, subdivision 2, is amended to read:

Subd. 2. (a) Each year following the final determination of the amount of taxes payable under section 298.24, the commissioner of revenue shall determine the amount in the taconite municipal aid account as of July 1 of such year and the amount to be distributed to each qualifying municipality during such year. The amount to be distributed to each qualifying municipality shall be determined by (DIVIDING THE TOTAL AMOUNT IN SAID ACCOUNT, AFTER A REDUCTION EQUAL TO THE AMOUNT OF THE DISTRIBUTION IN SUBDIVISION 5, AS OF JULY 1 BY THE TOTAL POPULATION ACCORDING TO THE LATEST FEDERAL CENSUS OF ALL QUALIFYING MUNICIPALITIES TO DETERMINE THE PER CAPITA

DISTRIBUTIVE SHARE FOR SUCH YEAR AND BY MULTIPLYING THE PER CAPITA DISTRIBUTIVE SHARE BY THE POPULATION OF SUCH MUNICIPALITY) *determining an index for each qualifying municipality by subtracting its local effort mill rate, multiplied by its equalized assessed value, from its fiscal need factor. For the purposes of this subdivision, the following terms have the meanings given them herein. A municipality's "local effort mill rate" means its fiscal need factor per capita divided by \$17 per capita per mill for the first \$350 of its fiscal need factor per capita; plus its fiscal need factor per capita divided by \$15 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 municipality's local effort mill rate be less than eight mills. A municipality's "equalized assessed value" means its previous year taxable valuation, less the captured value in any tax increment district, divided by the municipality's aggregate sales ratio covering the period ending two years prior to the year of aid distribution. A municipality's "fiscal need factor" means the three-year average of the sum of its municipal levy, taconite aids received under sections 298.28, subdivision 1, clauses (1) and (10)(a) and 298.282 and its local government aid distribution amount, for taxes payable and distribution amounts receivable in the three years immediately preceding the aid distribution year.*

*The ratio of the resulting index for each qualifying municipality to the sum of all qualifying municipalities' indexes shall be multiplied by the total amount in the taconite municipal aid account less the amount distributed pursuant to subdivision 5. For the distribution made in 1987, one-third of the distribution shall be distributed pursuant to this subdivision and two-thirds pursuant to Minnesota Statutes 1984, section 298.282, subdivision 2. For the distribution made in 1988, two-thirds shall be distributed pursuant to this subdivision and one-third pursuant to Minnesota Statutes 1984, section 298.282, subdivision 2.*

(b) If the distribution under this section, sections 273.138, 298.26 and 298.28, and chapter 477A, to any municipality would exceed that municipality's levy limit base for that year, computed pursuant to sections 275.50 to 275.59, the amount in excess of the levy limit base for that year shall reduce the amount distributed to the municipality under this section and this excess amount shall be distributed to the other qualifying municipalities (ON A PER CAPITA BASIS) *in the same manner as the distribution made pursuant to subdivision 2, except that the qualifying municipality receiving an initial distribution when added to that received pursuant to sections 273.138, 298.26, 298.28, and chapter 477A in excess of the qualifying municipality's levy limit base, shall not receive a distribution nor shall its index be used in computing the distribution pursuant to this clause.* The distributions to be received in the year in which the taxes are payable shall be compared to the levy limit base for that same year. Upon completion of such determination, the commissioner of revenue shall



certify to the chief clerical officer of each qualifying municipality the amount which will be distributed to such municipality from the taconite municipal aid account that year.

Sec. 14. [APPROPRIATION.]

*\$20,000,000 is appropriated to the commissioner of natural resources. Notwithstanding Minnesota Statutes, section 298.293 or 298.294 or any other law, this appropriation is from the corpus of the northeast Minnesota economic protection fund. This money is available only as a loan guarantee for the smelting project using the COREX process and is contingent upon receipt by the commissioner of natural resources of sufficient funding from other sources to complete the project. If the project is approved by the United States department of energy prior to December 31, 1987, this appropriation does not cancel but is available until June 30, 1992, or the project is completed or abandoned, whichever occurs earlier. On July 1, 1992, \$20,000,000 is appropriated from the general fund, to be taken from the proceeds of the taconite occupation tax imposed under Minnesota Statutes, section 298.01, to the commissioner of natural resources to be used only to continue the loan guarantee or to be drawn down to cover a default according to this subdivision. If the general fund appropriation is used to cover a default in the loan, there shall be repaid from the northeast Minnesota economic protection trust fund to the general fund the amount of the default. Payments shall be made in ten equal annual installments, with the first payment made one year from the date of the default. No interest shall be paid on these payments. An amount sufficient to make the repayments is appropriated from the northeast Minnesota economic protection trust fund. The money appropriated from the northeast Minnesota economic protection trust fund shall be spent only in or for the benefit of tax relief areas as defined in Minnesota Statutes, section 273.134.*

Sec. 15. [EFFECTIVE DATE.]

*Sections 1, 10, 12, and 13 are effective for distributions in 1987 and subsequent years, except that the changes in paragraph 3 of section 298.28, subdivision 1, are effective for distributors in 1988 and subsequent years. Sections 2, 3, and 4 are effective for taxes levied in 1986, payable in 1987, and thereafter. Sections 5 and 6 are effective for gross earnings derived after December 31, 1986. Sections 7 and 8 are effective for purchases and use made after May 1, 1986, provided that the first refunds for construction materials and supplies due as a result of the exemption under section 8 may not be paid by the commissioner before July 15, 1987. Except as otherwise provided, section 9 is effective for ores mined or produced after December 31, 1986."*

Delete the title and insert:

"A bill for an act relating to taxation; exempting certain construction materials from the sales tax; imposing levy limits on

certain towns and cities; altering provisions governing distribution of certain taconite tax proceeds; reducing the taconite railroad gross earnings tax rate; providing for the deduction of taconite production taxes and transportation costs; providing for a loan guarantee; appropriating money; amending Minnesota Statutes 1984, sections 275.125, subdivision 9; 275.50, subdivision 2; 275.51, subdivisions 3f and 3i; 294.23; 298.225, by adding a subdivision; 298.24, subdivision 1; and 298.282, subdivision 2; Minnesota Statutes 1985 Supplement, sections 294.22; 297A.15, subdivision 5; 297A.257, by adding a subdivision; 298.03; 298.225, subdivision 1; and 298.28, subdivision 1."

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

Senate Conferees: DOUGLAS J. JOHNSON, RONALD R. DICKLICH and MEL FREDERICK.

House Conferees: BERT J. MCKASY, WILLIAM H. SCHREIBER and JOSEPH R. BEGICH.

McKasy moved that the report of the Conference Committee on S. F. No. 2280 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 2280, A bill for an act relating to taxation; imposing levy limits on certain towns and cities; altering provisions governing distribution of certain taconite tax proceeds; reducing the taconite railroad gross earnings tax rate; reducing occupation and royalty tax rates; providing for the deduction of taconite production taxes and transportation costs; appropriating money; amending Minnesota Statutes 1984, sections 275.125, subdivision 9; 275.50, subdivision 2; 275.51, subdivision 3f; 298.225, by adding a subdivision; and 298.24, subdivision 1; Minnesota Statutes 1985 Supplement, sections 294.22; 298.01, subdivision 1; 298.03; 298.225, subdivision 1; 298.28, subdivision 1; and 299.01, subdivision 1.

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.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 133 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	Poppenhagen	Sparby
Carlson, D.	Haukoos	Metzen	Price	Stanius
Carlson, J.	Heap	Miller	Quinn	Staten
Carlson, L.	Jacobs	Minne	Quist	Sviggum
Clark	Jaros	Munger	Redalen	Thiede
Clausnitzer	Jennings, L.	Murphy	Rees	Thorson
Cohen	Johnson	Nelson, D.	Rest	Tjornhom
Dempsey	Kahn	Nelson, K.	Rice	Tomlinson
DenOuden	Kalis	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	Olson, E.	Schafer	Vanasek
Fjoslien	Krueger	Ormann	Scheid	Veilenga
Forsythe	Kvam	Onnen	Schoenfeld	Voss
Frederick	Levi	Osthoff	Schreiber	Waltman
Frederickson	Lieder	Otis	Seaberg	Welle
Frerichs	Long	Ozment	Segal	Wenzel
Greenfield	Marsh	Pappas	Shaver	Wynia
Gruenes	McDonald	Pauly	Sherman	Zaffke
Gutknecht	McEachern	Peterson	Simoneau	Spk. Jennings, D.
Halberg	McKasy	Piepho	Skoglund	
Hartinger	McLaughlin	Piper	Solberg	

The bill was repassed, as amended by Conference, 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. 2012, A bill for an act relating to crimes; increasing penalties for soliciting or inducing an individual under the age of 13 to practice prostitution; imposing criminal liability on persons who receive profit from prostitution if they have reason to believe it was derived from prostitution; imposing criminal penalties on persons who allow juvenile prostitutes to reside in their dwelling; providing for a penalty assessment; authorizing counties to develop a program of outreach services for juvenile prostitutes; providing additional protections for victims of crime; authorizing parents and guardians to seek an order for protection to obtain return of a minor child who is being used or induced to practice prostitution; amending Minnesota Statutes 1984, sections 609.115, subdivision 1c; 609.322; 609.323; 609.324, by adding a subdivision; 611A.03, subdivision 1; 626.558, by adding a subdivision; and Minnesota Statutes 1985 Supplement, section 631.046; proposing coding for new law in Minnesota Statutes, chapters 609 and 611A.

PATRICK E. FLAHAVEN, Secretary of the Senate

## CONCURRENCE AND REPASSAGE

Marsh moved that the House concur in the Senate amendments to H. F. No. 2012 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2012, A bill for an act relating to crimes; imposing a duty on the juvenile court to insure family reunification; increasing penalties for soliciting or inducing an individual under the age of 13 to practice prostitution; imposing criminal liability on persons who receive profit from prostitution if they have reason to know it was derived from prostitution; imposing criminal penalties on persons who allow juvenile prostitutes to reside in their dwelling; providing for a penalty assessment; authorizing counties to develop a program of intervention services for juvenile prostitutes; amending Minnesota Statutes 1984, sections 609.322; 609.323; 609.324, subdivision 1, and by adding a subdivision; and 626.558, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 260 and 609.

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 131 yeas and 0 nays as follows:

Those voting in the affirmative were:

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

Valan  
Valento  
Vanasek

Vellenga  
Voss

Waltman  
Welle

Wenzel  
Wynia

Zaffke  
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. 1835, A bill for an act relating to crimes; prohibiting the solicitation of children to engage in sexual conduct; requiring crime victims to be notified of offender's release from custody; imposing a penalty; amending Minnesota Statutes 1984, section 611A.06; proposing coding for new law in Minnesota Statutes, chapter 609.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Bishop moved that the House concur in the Senate amendments to H. F. No. 1835 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1835, A bill for an act relating to crimes; prohibiting the solicitation of children to engage in sexual conduct; clarifying certain language relating to deprivation of parental rights; requiring certain notifications; imposing a penalty; amending Minnesota Statutes 1984, sections 609.26, subdivision 5; and 611A.06; Minnesota Statutes 1985 Supplement, section 609.26, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 609.

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 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Krueger	Otis	Skoglund
Anderson, R.	Erickson	Kvam	Ozment	Solberg
Backlund	Fjoslien	Levi	Pappas	Sparby
Battaglia	Forsythe	Lieder	Pauly	Stanius
Beard	Frederick	Long	Peterson	Staten
Becklin	Frederickson	Marsh	Piepho	Swiggum
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
Boo	Hartle	Metzen	Redalen	Tunheim
Brandl	Haukoos	Miller	Rees	Uphus
Brinkman	Heap	Minne	Rice	Valan
Brown	Himle	Munger	Richter	Valento
Burger	Jacobs	Murphy	Riveness	Vanasek
Carlson, D.	Jaros	Nelson, D.	Rodosovich	Vellenga
Carlson, J.	Jennings, L.	Nelson, K.	Rose	Voss
Carlson, L.	Johanson	Neuenschwander	Sarna	Waltman
Clark	Kahn	Norton	Schafer	Welle
Clausnitzer	Kalis	O'Connor	Schoenfeld	Wenzel
Cohen	Kelly	Ogren	Schreiber	Wynia
Dempsey	Kiffmeyer	Olsen, S.	Seaberg	Spk. Jennings, D.
DenOuden	Knickerbocker	Olson, E.	Segal	
Dimler	Knuth	Omann	Shaver	
Dyke	Kostohryz	Onnen	Sherman	
Elioff		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. 1958, A bill for an act relating to crime victims; providing increased protections and rights to victims of crime; providing new procedures for enforcing restitution orders; establishing local victim-witness assistance programs; making a variety of changes to the crime victims reparations act; increasing the membership of the crime victim and witness advisory council; amending Minnesota Statutes 1984, sections 609.115, subdivision 1c; 609.135, by adding a subdivision; 611A.03, subdivision 1; 611A.04, subdivision 2; 611A.06; 611A.53, subdivision 1, and by adding a subdivision; 611A.57, by adding a subdivision; and 611A.61; and Minnesota Statutes 1985 Supplement, sections 609.101; 611A.52; 611A.53, subdivision 2; 611A.54; 611A.56, subdivision 1; 611A.71, subdivisions 1 and 2; and 631.046; proposing coding for new law in Minnesota Statutes, chapter 611A.

PATRICK E. FLAHAVEN, Secretary of the Senate

## CONCURRENCE AND REPASSAGE

Kelly moved that the House concur in the Senate amendments to H. F. No. 1958 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1958, A bill for an act relating to crimes; regulating entry to burial sites; providing protections and rights to victims of crime; making changes to the crime victims reparations act; providing for the treatment of certain witnesses; amending Minnesota Statutes 1984, sections 307.08; 609.135, by adding a subdivision; 609.26, subdivision 5; 611A.04, subdivision 2; 611A.06; 611A.53, subdivision 1, and by adding a subdivision; 611A.57, by adding a subdivision; 611A.61; Minnesota Statutes 1985 Supplement, sections 609.101; 609.26, subdivision 1; 611A.-52; 611A.53, subdivision 2; 611A.54; and 611A.56, subdivision 1; 611A.71, subdivision 2; 631.046; 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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Krueger	Osthoff	Sherman
Backlund	Fjoslien	Kvam	Otis	Simoneau
Battaglia	Forsythe	Levi	Pappas	Skoglund
Beard	Frederick	Lieder	Pauly	Solberg
Becklin	Frederickson	Long	Peterson	Sparby
Begich	Frerichs	Marsh	Piepho	Stanius
Bennett	Greenfield	McDonald	Piper	Staten
Bishop	Gruenes	McEachern	Poppenhagen	Sviggum
Blatz	Gutknecht	McKasy	Price	Thiede
Boerboom	Halberg	McLaughlin	Quinn	Thorson
Boo	Hartinger	McPherson	Quist	Tjornhom
Brandl	Hartle	Metzen	Redalen	Tomlinson
Brown	Haukoos	Miller	Rees	Tompkins
Burger	Heap	Minne	Rest	Tunheim
Carlson, D.	Himle	Munger	Richter	Uphus
Carlson, J.	Jacobs	Murphy	Riveness	Valan
Carlson, L.	Jaros	Nelson, D.	Rodosovich	Valento
Clark	Jennings, L.	Nelson, K.	Rose	Vanasek
Clausnitzer	Johnson	Neuenschwander	Sarna	Vellenga
Cohen	Kahn	Norton	Schafer	Voss
Dempsey	Kalis	O'Connor	Scheid	Waltman
DenOuden	Kelly	Ogren	Schoenfeld	Welle
Dimler	Kiffmeyer	Olsen, S.	Schreiber	Wenzel
Dyke	Knickerbocker	Olson, E.	Seaberg	Wynia
Elioff	Knuth	Omman	Segal	Zaffke
Ellingson	Kostohryz	Onnen	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. 1873, A bill for an act relating to workers' compensation; regulating the obligations and administration of the special compensation fund; restricting liability for out-of-state injuries; defining spendable weekly earnings; changing basis for calculating certain benefits; providing disability rating for certain losses; regulating the payment and right to benefits; eliminating minimum compensation in certain cases; compensation court of appeals; postponing initial adjustment of certain benefits; regulating attorneys' fees; relating to jurisdiction of issues of medical causation; providing for the administration of claims; providing for fees from state insurance fund; authorizing use of fees for administrative conferences; providing penalties; codifying regulations relating to permanent partial disability schedules and to independent contractors; eliminating supplementary benefits for new claims; amending Minnesota Statutes 1984, sections 176.011, subdivision 18, and by adding subdivisions; 176.012; 176.021, subdivision 1; 176.041, subdivisions 1, 2, 3, 4, and by adding a subdivision; 176.081, subdivisions 1 and 7; 176.101, subdivisions 1, 2, 3a, 3b, 3f, and 4, and by adding a subdivision; 176.103, subdivision 2; 176.104, subdivision 1; 176.105, subdivision 4; 176.111, subdivisions 6, 12, 15, and 20; 176.129, subdivision 8; 176.131, subdivisions 1a and 3; 176.132, subdivision 1; 176.135, subdivisions 1 and 1a; 176.155, subdivisions 1 and 5; 176.179; 176.225, subdivision 1; 176.231, subdivisions 1 and 10; 176.242, subdivision 2; 176.243, subdivision 3; 176.271; 176.275; 176.291; 176.305, subdivision 1, and by adding a subdivision; 176.306, subdivision 1, and by adding a subdivision; 176.312; 176.321, subdivisions 2 and 3; 176.331; 176.341, by adding subdivisions; 176.351, subdivision 2; 176.361, subdivisions 1 and 2; 176.371; 176.411, subdivision 2; 176.421, subdivision 6; 176.521, subdivision 3; 176.603; 176.611, subdivision 2; 176.645, subdivision 2; 176.83, subdivisions 2 and 11; 268.08, subdivision 3; Minnesota Statutes 1985 Supplement, section 176.101, subdivisions 3e and 3t; and 176.138; proposing coding for new law in Minnesota Statutes, chapters 79 and 176; proposing coding for new law as Minnesota Statutes, chapters 176B and 176C; repealing Minnesota Statutes 1984, sections 176.105, subdivisions 1, 2, and 3; 176.265; 176.431; 176.441; and 176.611, subdivisions 3 and 4.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Sviggum moved that the House concur in the Senate amendments to H. F. No. 1873 and that the bill be repassed as amended by the Senate. The motion prevailed.



H. F. No. 1873, A bill for an act relating to workers' compensation; regulating the obligations and administration of the special compensation fund; restricting liability for out-of-state injuries; regulating the payment and right to benefits; compensation court of appeals; regulating attorneys' fees; relating to jurisdiction of issues of medical causation; providing for the administration of claims; providing penalties; amending Minnesota Statutes 1984, sections 176.012; 176.041, subdivisions 1, 2, 3, and by adding a subdivision; 176.081, subdivision 1; 176.101, subdivision 3f; 176.103, subdivision 2; 176.104, subdivision 1; 176.105, subdivision 4; 176.111, subdivisions 6, 12, 15, and 20; 176.129, subdivision 8; 176.131, subdivisions 1a and 3; 176.135, subdivisions 1 and 1a; 176.179; 176.225, subdivision 1; 176.231, subdivisions 1 and 10; 176.242, subdivision 2; 176.243, subdivision 3; 176.361, subdivisions 1 and 2; 176.421, subdivision 6; 176.521, subdivision 3; 176.603; 176.611, subdivision 2; 176.83, subdivision 2; Minnesota Statutes 1985 Supplement, sections 176.101, subdivision 3e; 176.138; proposing coding for new law in Minnesota Statutes, chapters 79 and 176; repealing Minnesota Statutes 1984, sections 176.265; 176.431; 176.441; and 176.611, subdivisions 3 and 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.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 106 yeas and 19 nays as follows :

Those who voted in the affirmative were:

Anderson, G.	Dimler	Kalis	Nelson, K.	Redalen
Anderson, R.	Dyke	Kiffmeyer	Neuenschwander	Rees
Bennett	Erickson	Knickerbocker	Ogren	Rest
Bishop	Fjoslien	Knuth	Olsen, S.	Richter
Blatz	Frederick	Kostohryz	Olson, E.	Rivness
Boerboom	Frederickson	Krueger	Omman	Rodosovich
Boo	Frerichs	Kvam	Onnen	Rose
Brandl	Gruenes	Levi	Otis	Schafer
Brinkman	Gutknecht	Lieder	Ozment	Schoenfeld
Brown	Halberg	Marsh	Pappas	Schreiber
Burger	Hartinger	McDonald	Pauly	Seaberg
Carlson, D.	Hartle	McEachern	Peterson	Segal
Carlson, J.	Haukoos	McKasy	Piepho	Shaver
Carlson, L.	Heap	McPherson	Piper	Sherman
Clausnitzer	Himle	Metzen	Poppenhagen	Simoneau
Cohen	Jacobs	Miller	Price	Sparby
Dempsey	Jennings, L.	Munger	Quinn	Stanius
DenOuden	Johnson	Nelson, D.	Quist	Svigum

Thiede	Tompkins	Valan	Vellenga	Wenzel
Thorson	Tunheim	Valento	Waltman	Zaffke
Tjornhom	Uphus	Vanasek	Welle	Spk. Jennings, D.
Tomlinson				

Those who voted in the negative were:

Battaglia	Eilingson	Minne	Osthoff	Staten
Begich	Greenfield	Murphy	Sarna	Voss
Clark	Kahn	Norton	Scheid	Wynia
Elioff	McLaughlin	O'Connor	Solberg	

The bill was repassed, as amended by the Senate, and its title agreed to.

There being no objection the House recessed subject to the call of the Chair.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

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 bill as a Special Order to be acted upon immediately preceding the remainder of Special Orders pending for today, March 17, 1986:

S. F. No. 2078.

SPECIAL ORDERS

S. F. No. 2078 was reported to the House.

Rees moved to amend S. F. No. 2078, as follows:

Page 2, line 3, afer "(3)" insert ", (4), or (19)"

The motion prevailed and the amendment was adopted.

Olsen, S., moved to amend S. F. No. 2078, as amended, as follows:

Page 1, after line 10, insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 3.736, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] The state will pay compensation for injury to or loss of property or personal injury or death caused by an act or omission of any employee of the state while acting within the scope of his office or employment or peace officer who is not acting on behalf of a private employer and who is acting in good faith pursuant to section 629.40, subdivision 3, under circumstances where the state, if a private person, would be liable to the claimant, *whether arising out of a governmental or proprietary function*. Nothing in this section waives the defense of judicial or legislative immunity except to the extent provided in subdivision 8.

Sec. 2. Minnesota Statutes 1985 Supplement, section 3.736, subdivision 3, is amended to read:

Subd. 3. [EXCLUSIONS.] Without intent to preclude the courts from finding additional cases where the state and its employees should not, in equity and good conscience, pay compensation for personal injuries or property losses, the legislature declares that the state and its employees are not liable for the following losses:

(a) Any loss caused by an act or omission of a state employee exercising due care in the execution of a valid or invalid statute or regulation;

(b) Any loss caused by the performance or failure to perform a discretionary duty, whether or not the discretion is abused;

(c) Any loss in connection with the assessment and collection of taxes;

(d) Any loss caused by snow or ice conditions on any highway, *public sidewalk that does not abut publicly owned buildings and publicly owned parking lots* or other public place, except when the condition is affirmatively caused by the negligent acts of a state employee;

(e) Any loss caused by wild animals in their natural state;

(f) Any loss other than injury to or loss of property or personal injury or death;

(g) Any loss caused by the condition of unimproved real property owned by the state, which means land that the state has not improved, and appurtenances, fixtures and attachments to land that the state has neither affixed nor improved;

(h) Any loss incurred by a user within the boundaries of the outdoor recreation system and arising from the construction, operation, or maintenance of the system, as defined in section 86A.04, or from the clearing of land, removal of refuse, and

creation of trails or paths without artificial surfaces, or from the construction, operation, or maintenance of a water access site created by the iron range resources and rehabilitation board, except that the state is liable for conduct that would entitle a trespasser to damages against a private person.

(i) Any loss of benefits or compensation due under a program of public assistance or public welfare, except where state compensation for loss is expressly required by federal law in order for the state to receive federal grants-in-aid;

(j) Any loss based on the failure of any person to meet the standards needed for a license, permit, or other authorization issued by the state or its agents;

(k) Any loss based on the usual care and treatment, or lack of care and treatment, of any person at a state hospital or state corrections facility where reasonable use of available appropriations has been made to provide care;

(l) Any loss, damage, or destruction of property of a patient or inmate of a state institution;

(m) Any loss for which recovery is prohibited by section 169.121, subdivision 9.

The state will not pay punitive damages.

### Sec. 3. [16B.85] [RISK MANAGEMENT.]

*Subdivision 1. [ALTERNATIVES TO CONVENTIONAL INSURANCE.] In the event that the state is unable to obtain certain types of insurance, or the commissioner determines insurance to be unreasonably costly, the commissioner may implement alternatives to the purchase of conventional insurance. A mechanism for implementing possible alternatives to conventional insurance is the risk management fund created in subdivision 2.*

*Subd. 2. [RISK MANAGEMENT FUND.] A state risk management fund is created. All state agencies which have had or may have casualty claims against them with respect to the risks for which the commissioner has implemented conventional insurance alternatives shall contribute to the fund a portion of the money appropriated to them. The commissioner shall determine the proportionate share of each agency on the basis of the agency's casualty claim experience as compared to other affected agencies. The money in the fund to pay casualty claims arising from state activities and for administrative costs, including costs for the adjustment and defense of the claims, is appropriated to the commissioner. Interest earned from the investment of money in the fund shall be credited to the fund and be available to the commissioner for the expenditures au-*

*thorized in this subdivision. The fund is exempt from the provisions of section 16A.15, subdivision 1. In the event that proceeds in the fund are insufficient to pay outstanding claims and associated administrative costs, the commissioner, in consultation with the commissioner of finance, may assess state agencies participating in the fund amounts sufficient to pay the costs. The commissioner shall determine the proportionate share of the assessment of each agency on the basis of the agency's casualty claim experience as compared to other affected agencies.*

Sec. 4. Minnesota Statutes 1984, section 60A.06, is amended by adding a subdivision to read:

*Subd. 3. Unless specifically authorized by section 60A.06, subdivision 1, clause (4), it is unlawful to combine in one policy coverage permitted by section 60A.06, subdivision 1, clauses (4) and (5) (a). This subdivision does not prohibit the simultaneous sale of these products, but the sale must involve two separate and distinct policies. This subdivision does not apply to group policies.*

Sec. 5. Minnesota Statutes 1985 Supplement, section 60A.10, subdivision 1, is amended to read:

Subdivision 1. [DOMESTIC COMPANIES.] (1) [DEPOSIT AS SECURITY FOR ALL POLICYHOLDERS REQUIRED.] No company in this state, other than farmers' mutual, or real estate title insurance companies, shall do business in this state unless it has on deposit with the commissioner, for the protection of both its resident and nonresident policyholders, securities to an amount, the actual market value of which, exclusive of interest, shall never be less than \$200,000 until July 1, 1986, \$300,000 until July 1, 1987, \$400,000 until July 1, 1988, and \$500,000 on and after July 1, 1988 or one-half the applicable financial requirement set forth in section 60A.07, whichever is less. The securities shall be retained under the control of the commissioner as long as any policies of the depositing company remain in force.

(2) [SECURITIES DEFINED.] For the purpose of this subdivision, the word "securities" means bonds or other obligations of, or bonds or other obligations insured or guaranteed by, the United States, any state of the United States, any municipality of this state, or any agency or instrumentality of the foregoing.

(3) [PROTECTION OF DEPOSIT FROM LEVY.] No judgment creditor or other claimant may levy upon any securities held on deposit with, or for the account of, the commissioner. Upon the entry of an order by a court of competent jurisdiction for the rehabilitation, liquidation or conservation

of any depositing company as provided in chapter 60B, that company's deposit together with any accrued income thereon shall be transferred to the commissioner as rehabilitator, liquidator, or conservator.

Sec. 6. Minnesota Statutes 1984, section 60A.13, is amended by adding a subdivision to read:

*Subd. 8. [ANNUAL REPORTS.] Each insurer licensed to write property and casualty insurance in this state, as a supplement to the annual statement required by this section, shall submit a report on a form furnished by the commissioner separately showing its direct writings in Minnesota and in the United States on: liquor liability, product liability, medical malpractice, and any other line so designated by the commissioner on January 1 of each year.*

*The supplemental reports must include the following data, using appropriate estimates where necessary, for the previous year ending on December 31:*

- (1) direct premiums written;*
- (2) direct premiums earned;*
- (3) net investment income, including net realized capital gains and losses;*
- (4) incurred claims, developed as the sum, and with figures provided for, of the following:*
  - (a) dollar amount of claims closed with payment, plus*
  - (b) reserves for reported claims at the end of the current year, minus*
  - (c) reserves for reported claims at the end of the previous year, plus*
  - (d) reserves for incurred but not reported claims at the end of the current year, minus*
  - (e) reserves for incurred but not reported claims at the end of the previous year, plus*
  - (f) reserves for loss adjustment expense at the end of the current year, minus*
  - (g) reserves for loss adjustment expense at the end of the previous year;*

(5) *actual incurred expenses allocated separately to loss adjustment, commissions, other acquisition costs, general office expenses, taxes, licenses and fees, and all other expenses;*

(6) *net underwriting gain or loss; and*

(7) *net operation gain or loss, including net investment income.*

*This report is due by the first of May of each year and the first report must cover the year 1987. The commissioner shall annually compile and review all reports submitted by insurers pursuant to this section. These filings must be published and made available to any interested insured or citizen.*

Sec. 7. Minnesota Statutes 1984, section 60A.25, is amended to read:

**60A.25 [INSOLVENT COMPANIES (, NOTIFICATION OF POLICYHOLDERS).]**

*Subdivision 1. [NOTIFICATION OF POLICYHOLDERS.] Whenever any foreign or domestic insurance company authorized to transact the business of insurance in Minnesota is adjudicated insolvent, or whenever its policies are declared null and void by court order, the commissioner of commerce shall ascertain the names and last known addresses of all Minnesota policyholders of said company, and shall notify all Minnesota policyholders within 30 days of such adjudication or court order. In the case of foreign insurers authorized to do business in this state, the commissioner of commerce may elect to notify all of the company's licensed agents in Minnesota with a directive that the agents notify all insureds of the company's insolvency or that its policies have been declared null and void.*

*Subd. 2. [REMITTANCE OF PREMIUMS.] Every agency contract written by an insurance company writing property and casualty insurance in Minnesota shall contain or be construed to contain the following provision: "Notwithstanding any other provision of this contract, the obligation of the agent to remit written premiums to the company shall be changed upon the commencement of any administrative or legal proceeding by any state against the carrier regarding its financial condition. After the commencement of the proceedings, the obligation of the agent to remit premiums shall be confined to the premiums earned before the commencement of the proceedings. The agent shall not owe or remit to the company or to the liquidator or receiver any premiums that are unearned as of the date of the commencement of the delinquency proceedings, and any unearned premiums in the possession of the agent on the date shall be returned promptly by the agent to the insured or, with the approval of the insured, be used to purchase new coverage for the insured with a different insurer."*

Page 5, after line 21, insert:

"Sec. 9. Minnesota Statutes 1984, section 60C.09, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] A covered claim is any unpaid claim, including one for unearned premium, which:

(a) Arises out of and is within the coverage of an insurance policy issued by a member insurer if the insurer becomes an insolvent insurer after April 30, 1979, *and includes claims under an additional or extended reporting period beyond the policy's termination for reporting claims if the additional or extended reporting period is provided in the policy without additional charge or has been purchased by the insured prior to the entry of an order of liquidation with a finding of insolvency;*

(b) Arises out of a class of business which is not excepted from the scope of Laws 1971, chapter 145 by section 60C.02; and

(c) Is made by:

(i) A policyholder, or an insured beneficiary under a policy, who, at the time of the insured event, was a resident of this state; or

(ii) A person designated in the policy as having an insurable interest in or related to property situated in this state at the time of the insured event; or

(iii) An obligee or creditor under any surety bond, who, at the time of default by the principal debtor or obligor, was a resident of this state; or

(iv) A third party claimant under a liability policy or surety bond, if: (a) the insured or the third party claimant was a resident of this state at the time of the insured event; (b) the claim is for bodily or personal injuries suffered in this state by a person who when he suffered the injuries was a resident of this state; or (c) the claim is for damages to real property situated in this state at the time of damage; or

(v) A direct or indirect assignee of a person who except for the assignment might have claimed under (i), (ii) or (iii).

A covered claim also includes any unpaid claim which arises or exists within 30 days after the time of entry of an order of liquidation with a finding of insolvency by a court of competent jurisdiction unless prior thereto the insured replaces the policy or causes its cancellation or the policy expires on its expiration date.



Sec. 10. Minnesota Statutes 1984, section 62A.02, subdivision 2, is amended to read:

Subd. 2. [APPROVAL.] No such policy shall be issued, nor shall any application, rider, or endorsement be used in connection therewith, until the expiration of (30) 60 days after it has been so filed unless the commissioner shall sooner give his written approval thereto.

Sec. 11. Minnesota Statutes 1984, section 62A.02, subdivision 3, is amended to read:

Subd. 3. [DISAPPROVAL.] The commissioner shall, within (30) 60 days after the filing of any form, disapprove the form:

(1) if the benefits provided therein are unreasonable in relation to the premium charged;

(2) if it contains a provision or provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation of the policy; or

(3) If the proposed premium rate is excessive because the insurer has failed to exercise reasonable cost control.

For the purposes of clause (1), the commissioner shall establish by rule a schedule of minimum anticipated loss ratios which shall be based on (i) the type or types of coverage provided, (ii) whether the policy is for group or individual coverage, and (iii) the size of the group for group policies. Except for individual policies of disability or income protection insurance, the minimum anticipated loss ratio shall not be less than 50 percent after the first year that a policy is in force. All applicants for a policy shall be informed in writing at the time of application of the anticipated loss ratio of the policy. For the purposes of this subdivision, "anticipated loss ratio" means the ratio at the time of form filing or at the time of subsequent rate revision of the present value of all expected future benefits, excluding dividends, to the present value of all expected future premiums. Nothing in this paragraph shall prohibit the commissioner from disapproving a form which meets the requirements of this paragraph but which the commissioner determines still provides benefits which are unreasonable in relation to the premium charged. (THE COMMISSIONER MAY UNTIL DECEMBER 31, 1978, EXERCISE EMERGENCY POWER FOR THE PURPOSE OF IMPLEMENTING THE MINIMUM ANTICIPATED LOSS RATIO REQUIREMENT, AND FOR THIS PURPOSE MAY ADOPT EMERGENCY RULES AS PROVIDED IN SECTIONS 14.29 TO 14.36. NOTWITHSTANDING THE EXPIRATION OF THE COMMISSIONER'S EMERGENCY POWER, ANY EMERGENCY RULE ADOPTED BY HIM PRIOR TO THE EXPIRA-

TION OF HIS EMERGENCY POWER MAY REMAIN EFFECTIVE FOR THE PERIODS AUTHORIZED IN SECTIONS 14.29 TO 14.36.)

If the commissioner notifies an insurer which has filed any form that the form does not comply with the provisions of this section or sections 62A.03 to 62A.05 and section 72A.20, it shall be unlawful thereafter for the insurer to issue the form or use it in connection with any policy. In the notice the commissioner shall specify the reasons for his disapproval and state that a hearing will be granted within 20 days after request in writing by the insurer.

Sec. 12. Minnesota Statutes 1984, section 62B.07, subdivision 2, is amended to read:

Subd. 2. The commissioner shall within (30) 60 days after the filing of policies, certificates of insurance, notices of proposed insurance, applications for insurance, endorsements and riders, disapprove any such form if the premium rates charged or to be charged are excessive in relation to benefits, or if it contains provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation of the coverage, or are contrary to any provision of the insurance laws or of any rule or regulation promulgated thereunder. In order to determine whether the premium to be charged under a particular policy form submitted by an insurer is excessive in relation to benefits, and to facilitate the submission and approval of policy forms and premium rates to be used in connection therewith, the commissioner shall give full consideration to and make reasonable allowances for underwriting expenses including, but not limited to, claim adjustment expenses, general administrative expenses including costs for handling return premiums, compensation to agents, expense allowances to creditors, if any, branch and field expenses and other acquisition costs, the types of policies actually issued and authorized as defined in section 62B.03, (1), (2), (3) and (4), and any and all other factors and trends demonstrated to be relevant. An insurer may support these factors by statistical information, experience, actuarial computations, and/or estimates certified by an executive officer of the insurer, and the commissioner shall give due consideration to such supporting data.

Sec. 13. Minnesota Statutes 1984, section 62B.07, subdivision 3, is amended to read:

Subd. 3. If the commissioner notifies the insurer that the form is disapproved, it is unlawful thereafter for the insurer to issue or use it. In his notice, the commissioner shall specify the reason for his disapproval and state that a hearing will be granted within 20 days after a request in writing by the insurer. No policy, certificate of insurance, notice of proposed insurance, nor any application, endorsement or rider, shall be issued or used

until the expiration of (30) 60 days after it has been filed, unless the commissioner gives his prior written approval thereto.

Sec. 14. Minnesota Statutes 1984, section 62C.14, subdivision 10, is amended to read:

Subd. 10. Except as otherwise provided in subdivision 9, all forms received by the commissioner shall be deemed filed (30) 60 days after received unless disapproved by order transmitted to the corporation stating that the form used in a specified respect is contrary to law, contains a provision or provisions which are unfair, inequitable, misleading, inconsistent or ambiguous, or is in part illegible. It shall be unlawful to issue or use a document disapproved by the commissioner.

Sec. 15. Minnesota Statutes 1984, section 62E.14, subdivision 3, is amended to read:

Subd. 3. [PRE-EXISTING CONDITIONS.] No person who obtains coverage pursuant to this section shall be covered for any pre-existing condition during the first six months of coverage under the state plan if the person was diagnosed or treated for that condition during the 90 days immediately preceding the filing of an application. *Notwithstanding this restriction, terminated employees subject to sections 62A.17 and 62E.16 may, in lieu of a conversion contract election, enroll with a waiver of the preexisting condition limitation.*

Page 6, after line 3, insert:

"Sec. 17. Minnesota Statutes 1984, section 62F.01, is amended to read:

62F.01 [CITATION (; EXPIRATION DATE).]

(SUBDIVISION 1.) Sections 62F.01 to 62F.14 may be cited as the "(TEMPORARY) Joint Underwriting Association Act."

(SUBD. 2. SECTIONS 62F.01 TO 62F.14 EXPIRE SEPTEMBER 1, 1988.)

Sec. 18. Minnesota Statutes 1984, section 62F.02, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] There is created a (TEMPORARY) joint underwriting association to provide medical malpractice insurance coverage to any licensed health care provider unable to obtain this insurance through ordinary methods. Every insurer authorized to write and writing personal injury liability insurance in this state shall be a member of the association as a condition to obtaining and retaining a license to write insurance in this state.

Sec. 19. Minnesota Statutes 1984, section 62F.03, subdivision 2, is amended to read:

Subd. 2. "Association" means the (TEMPORARY) joint underwriting association.

Sec. 20. Minnesota Statutes 1984, section 62F.04, is amended by adding a subdivision to read:

*Subd. 1a. [REAUTHORIZATION.] The authorization to issue insurance is valid for a period of two years from the date it was made. The commissioner may reauthorize the issuance of insurance for additional two-year periods under the terms of subdivision 1. This subdivision is not a limitation on the number of times the commissioner may reauthorize the issuance of insurance, except that a hearing is required for reauthorization.*

Sec. 21. Minnesota Statutes 1984, section 62F.06, subdivision 1, is amended to read:

Subdivision 1. A policy issued by the association shall provide for a continuous period of coverage beginning with its effective date and terminating automatically at 12:01 a.m. on September 1, 1988, or sooner as provided in sections 62F.01 to 62F.14. The policy shall be issued subject to the group retrospective rating plan and the stabilization reserve fund authorized by section 62F.09. The policy shall be written to apply to (INJURY WHICH RESULTS FROM ACTS OR OMISSIONS) *claims first made against the insured and reported to the association during the policy period. No policy form shall be used by the association unless it has been filed with the commissioner, and the commissioner may disapprove the form within 30 days if he determines it is misleading or violates public policy.*

Sec. 22. Minnesota Statutes 1984, section 62F.09, is amended to read:

**62F.09 [STABILIZATION RESERVE FUND.]**

Subdivision 1. There is created a stabilization reserve fund administered by (THREE DIRECTORS, AS FOLLOWS: THE COMMISSIONER; A REPRESENTATIVE OF THE ASSOCIATION APPOINTED BY THE COMMISSIONER; AND A REPRESENTATIVE OF THE POLICYHOLDERS OF THE ASSOCIATION, APPOINTED BY THE COMMISSIONER.)

(SUBD. 2. THE DIRECTORS SHALL ACT BY MAJORITY VOTE WITH TWO DIRECTORS CONSTITUTING A QUORUM FOR THE TRANSACTION OF ANY BUSINESS OR THE EXERCISE OF ANY POWER OF THE FUND. THE DIRECTORS SHALL SERVE WITHOUT SALARY, BUT SHALL BE REIMBURSED FOR EXPENSES IN THE MAN-

NER PROVIDED FOR STATE EMPLOYEES. THE DIRECTORS SHALL NOT BE SUBJECT TO PERSONAL LIABILITY OR ACCOUNTABILITY IN THE ADMINISTRATION OF THE FUND) *the association or its designee.*

Subd. (3) 2. Each policyholder shall pay to the association a stabilization reserve fund charge of 33 percent of each premium payment due for insurance through the association. This charge shall be separately stated in the policy. The association shall cancel the policy of any policyholder who fails to pay the stabilization reserve fund charge.

Subd. (4) 3. The association shall promptly pay into the stabilization reserve fund charges which it collects from its policyholders and any retrospective premium refunds payable under the group retrospective rating plan.

Subd. (5) 4. All moneys paid into the fund shall be held in trust by a corporate trustee selected by the directors. The corporate trustee may invest the moneys held in trust, subject to the approval of the (DIRECTORS) *association.* All (INVESTMENT INCOME) *gains or losses from the investment of stabilization reserve fund money* shall be credited to the fund. All expenses of administration of the fund shall be charged against the fund. (THE MONEYS HELD IN TRUST) *Stabilization reserve fund money* shall be used solely for the purpose of discharging when due any retrospective premium charges payable by policyholders of the association under the group retrospective rating plan. Payment of retrospective premium charges shall be made (BY THE DIRECTORS) upon certification (TO THEM) by the association of the amount due. If all moneys accruing to the fund are exhausted in payment of retrospective premium charges, all liability and obligations of the association's policyholders with respect to the payment of retrospective premium charges shall terminate and shall be conclusively presumed to have been discharged. Any moneys remaining in the fund after all retrospective premium charges have been paid shall be returned to policyholders under procedures authorized by the (DIRECTORS) *association.*

Sec. 23. Minnesota Statutes 1984, section 62G.16, subdivision 9, is amended to read:

Subd. 9. All forms received by the commissioner shall be deemed filed (30) 60 days after received unless disapproved by order transmitted to the legal service plan corporation stating that the form used in a specified respect is contrary to law, contains a provision or provisions which are unfair, inequitable, misleading, inconsistent or ambiguous, or is in part illegible. It shall be unlawful to issue or use a document disapproved by the commissioner.

Sec. 24. Minnesota Statutes 1984, section 65A.32, is amended to read:

65A.32 [PURPOSES.]

The purposes of sections 65A.31 to 65A.43 are:

(1) To encourage stability in the property *and liability* insurance market for property located in (URBAN AREAS OF) this state;

(2) To encourage maximum use, in obtaining (BASIC) property *and liability* insurance, as defined in sections 65A.31 to 65A.43, of the normal insurance market provided by the private property *and casualty* insurance industry;

(3) To encourage the improvement of the condition of properties located in (URBAN AREAS OF) this state and to further orderly community development generally;

(4) To provide for the formulation and administration by an industry placement facility of a plan assuring fair access to insurance requirements (FAIR Plan) in order that no property shall be denied (BASIC) property *or liability* insurance through the normal insurance market provided by the private property *and casualty* insurance industry except after a physical inspection of such property and a fair evaluation of its individual underwriting characteristics;

(5) To publicize the purposes and procedures of the FAIR Plan to the end that no one may fail to seek its assistance through ignorance thereof;

(6) To provide for the formulation and administration by the industry placement facility of a reinsurance arrangement whereby property *and casualty* insurers shall share equitably the responsibility for insuring insurable property for which (BASIC) property *and liability* insurance cannot be obtained through the normal insurance markets; and

(7) To provide a framework for participation by the state in a sharing of insured losses resulting from riots and other civil disorders occurring in this state as required by section 1223 of the Housing and Urban Development Act of 1968 (Public Law 90-448, Ninetieth Congress, August 1, 1968).

Sec. 25. Minnesota Statutes 1984, section 65A.33, is amended to read:

65A.33 [DEFINITIONS.]

Subdivision 1. As used in sections 65A.31 to 65A.43, unless the context otherwise requires, the terms defined in this section have the following meaning given to them.

Subd. 2. "Insurer" means any insurance company or other organization licensed to write and engaged in writing property or liability insurance business, including the property or liability insurance components of multi-peril policies, on a direct basis, in this state, except where such insurer is specifically exempted by statute from participation in this program.

Subd. 3. "(BASIC) Property or liability insurance" means the coverage against direct loss to real or tangible personal property at a fixed location that is provided in the standard fire policy, extended coverage endorsement, *homeowners insurance*, as defined in section 65A.27, subdivision 4, *cooperative housing insurance*, *condominium insurance*, builders risk, and such vandalism and malicious mischief insurance and such other classes of insurance as may be added to the program with respect to said property by amendment as hereinafter provided. (BASIC) Property or liability insurance does not include automobile, farm *commercial liability* or such manufacturing risks as may be excluded by the commissioner.

Subd. 4. "Industry placement facility," hereinafter referred to as the facility, means the organization formed by insurers to assist applicants (IN URBAN AREAS) in securing (BASIC) property or liability insurance and to administer the FAIR Plan and the joint reinsurance association.

Subd. 5. "Inspection bureau" means the (FIRE INSURANCE) rating organization designated by the facility with the approval of the commissioner to make inspections as required under this program and to perform such other duties as may be authorized by the facility.

Subd. 6. ("URBAN AREA" INCLUDES ANY MUNICIPALITY OR OTHER POLITICAL SUBDIVISION, SUBJECT TO POPULATION OR OTHER LIMITATIONS DEFINED IN RULES AND REGULATIONS OF THE SECRETARY AND SUCH ADDITIONAL AREAS AS MAY BE DESIGNATED BY THE COMMISSIONER.)

(SUBD. 7.) "Premiums written" means gross direct premiums, excluding that portion of premium on risks ceded to the joint reinsurance association, charged during the second preceding calendar year with respect to property in this state on all policies of (BASIC) property or liability insurance and the (BASIC) property or liability insurance premium components of all multi-peril policies, as computed by the facility, less return premiums, dividends paid or credited to policyholders, or the unused or unabsorbed portions of premium deposits.

Subd. (8) 7. "Commissioner" means the commissioner of commerce of the state of Minnesota.

Subd. (9) 8. "Secretary" means the secretary of the United States department of housing and urban development.

(SUBD. 10. "SERVICING INSURER" MEANS AN INSURER DESIGNATED BY THE GOVERNING COMMITTEE TO ISSUE POLICIES ON BEHALF OF THE INDUSTRY PLACEMENT FACILITY.)

Sec. 26. Minnesota Statutes 1984, section 65A.34, subdivision 1, is amended to read:

65A.34 [FAIR PLAN; INSPECTIONS AND REPORTS.]

Subdivision 1. Any person having an insurable interest in real or tangible personal property (AT A FIXED LOCATION IN AN URBAN AREA) shall be entitled upon oral or written application therefor to the facility to a prompt inspection of the property by the inspection bureau without cost.

Sec. 27. Minnesota Statutes 1984, section 65A.35, subdivision 1, is amended to read:

65A.35 [FAIR PLAN BUSINESS; DISTRIBUTION AND PLACEMENT.]

Subdivision 1. [MEMBERSHIP.] Each insurer which is authorized to write and is engaged in writing within this state, on a direct basis, (BASIC) property *or liability* insurance or any component thereof contained in a multi-peril policy, including homeowners and commercial multi-peril policies, shall participate in the industry placement facility, as hereinafter described, as a condition of its authority to write such kinds of insurance within this state.

Sec. 28. Minnesota Statutes 1984, section 65A.35, subdivision 2, is amended to read:

Subd. 2. [PURPOSES.] The purposes of the facility shall be twofold, as more fully set forth in this section:

(1) To formulate and administer, subject to the approval of the commissioner, a plan assuring fair access to insurance requirements in order that no property (IN URBAN AREAS) shall be denied (BASIC) property *or liability* insurance through the normal insurance market provided by the private property *and casualty* insurance industry, except after a physical inspection of such property and a fair evaluation of its individual underwriting characteristics; and



(2) To formulate and administer, subject to the approval of the commissioner, a reinsurance arrangement whereby the members of the facility shall share equitably the responsibility for insuring property (IN URBAN AREAS) which is insurable but for which (BASIC) property *or liability* insurance cannot be obtained through normal insurance markets.

Sec. 29. Minnesota Statutes 1984, section 65A.37, is amended to read:

65A.37 [STANDARD POLICY COVERAGE.]

All policies (ISSUED), *except homeowners policies*, shall be (FOR BASIC PROPERTY INSURANCE) on standard policy forms at rates published by (THE INSPECTION BUREAU) *Insurance Services Office* and shall be issued for a term of one year. *All homeowners, cooperative housing insurance, and condominium insurance policies must be on forms published by Insurance Services Office and approved by the commissioner.*

Sec. 30. Minnesota Statutes 1984, section 65B.13, is amended to read:

65B.13 [AUTOMOBILE INSURANCE, DISCRIMINATION IN AUTOMOBILE POLICIES FORBIDDEN.]

No insurance company, or its agent, shall refuse to issue any standard *or preferred* policy of motor vehicle insurance or make any discrimination in the acceptance of risks, in rates, premiums, dividends, or benefits of any kind, or by way of rebate:

(a) between persons of the same class, or

(b) on account of race, or

(c) on account of physical handicap if the handicap is compensated for by special training, equipment, prosthetic device, corrective lenses, or medication and if the physically handicapped person;

(1) is licensed by the department of public safety to operate a motor vehicle in this state, and

(2) operates only vehicles which are equipped with auxiliary devices and equipment necessary for safe and effective operation by the handicapped person, *or*

(d) *on account of marital dissolution.*

Every company or agent violating any of the foregoing provisions shall be fined not more than \$100 per violation, and every

officer, agent, or solicitor violating the same shall be guilty of a misdemeanor. The commissioner of commerce is authorized to treat violations of this section as an unfair insurance practice and to enforce this section using the procedures, remedies, and penalties provided in sections 72A.17 to 72A.32.

**Sec. 31. [65B.1311] [COVERAGE FOR FORMER SPOUSE.]**

*Subdivision 1. [NEW POLICY ISSUED.] If the former spouse of a named insured under a policy of private passenger vehicle insurance applies within 60 days of entry of a valid decree of dissolution of the marriage and the former spouse was an insured driver under the policy for at least 12 months prior to entry of the decree, the insurer must issue a policy, upon payment of the appropriate premium, to the former spouse only on the basis of the driving record applicable to the former spouse and any person who is to be an insured, as defined in section 65B.43, under the policy to be issued, provided the person or persons to be insured meets the insurer's eligibility standards.*

*Subd. 2. [NAMED INSURED.] A named insured under a policy of private passenger vehicle insurance shall have the premium determined at the first and any subsequent renewals of the policy after entry of a valid decree of dissolution of the marriage of the named insured only on the basis of the driving record applicable to the named insured and any person who is to be an insured, as defined in section 65B.43, under the policy to be renewed.*

**Sec. 32. Minnesota Statutes 1984, section 70A.04, subdivision 2, is amended to read:**

**Subd. 2. [EXCESSIVENESS; MARKET TEST.] (a)** Rates are presumed not to be excessive if a reasonable degree of price competition exists at the consumer level with respect to the class of business to which they apply. In determining whether a reasonable degree of price competition exists, the commissioner shall consider all relevant tests (**INCLUDING, BUT NOT LIMITED TO, THE FOLLOWING:**)

**(1. THE NUMBER OF INSURERS ACTIVELY ENGAGED IN THE CLASS OF BUSINESS.)**

**(2. THE NATURE OF RATE DIFFERENTIALS IN THAT CLASS OF BUSINESS.)**

**(3. WHETHER LONG RUN PROFITABILITY FOR INSURERS GENERALLY OF THE CLASS OF BUSINESS IS UNREASONABLY HIGH IN RELATION TO ITS RISKINESS).**

*In addition to any other manner of determining whether a reasonable degree of price competition exists with respect to any class of insurance, it is presumed that a reasonable degree of competition does not exist if less than five insurers write more than 75 percent of the direct written premiums.*

(b) If such competition does not exist, rates are excessive if they are likely to produce a long-run profit that is unreasonably high in relation to the riskiness of the class of business, or if expenses are unreasonably high in relation to the services rendered.

*In determining whether an excessive rate is being charged by an individual insurer for a class of insurance where a reasonable degree of competition does not exist, the commissioner shall determine whether the rate charged produces a rate of return that is not in excess of a reasonable rate of return. To determine what is a reasonable rate of return, the riskiness of the class of insurance, the profitability of the insurer in that class of business, and other relevant factors shall be considered.*

Sec. 33. Minnesota Statutes 1984, section 70A.06, subdivision 1, is amended to read:

Subdivision 1. Every licensed insurer and every rate service organization licensed under section 70A.14 shall (FURNISH) file with the commissioner all rates and all changes and amendments of rates made by it for use in this state not later than their effective date. No rates contained in a filing shall become effective unless they have been filed with the commissioner. In any filing, the commissioner may require the insurer or rate service organization to file supporting data and explanatory data which shall include:

(1) *the experience and judgment of the filer, and, to the extent it wishes or the commissioner requires, of other insurers or rate service organizations;*

(2) *its interpretation of any statistical data relied upon;*

(3) *descriptions of the actuarial and statistical methods employed; and*

(4) *any other matters deemed relevant by the commissioner or the filer.*

*Notwithstanding the foregoing, if supporting data is not filed within 30 days after so requested by the commission, the rate is no longer effective and is presumed to be an excessive rate.*

Sec. 34. Minnesota Statutes 1984, section 70A.06, subdivision 2, is amended to read:

Subd. 2. No policy form shall be delivered or issued for delivery unless it has been filed with the commissioner and either (i) he has approved it or (ii) (30) 60 days have elapsed and he has not disapproved it as misleading or violative of public policy, which period may be extended by the commissioner for an additional period not to exceed (30) 60 days.

Sec. 35. Minnesota Statutes 1984, section 70A.08, is amended by adding a subdivision to read:

*Subd. 3. Until January 1, 1988, the commissioner may restrict approval on claims-made policies to forms filed by a rate service organization which have been approved.*

Sec. 36. Minnesota Statutes 1984, section 70A.10, is amended to read:

#### 70A.10 [DELAYED EFFECT OF RATES.]

Subdivision 1. [(RULE) ORDER INSTITUTING DELAYED EFFECT.] If the commissioner finds, after a hearing, that competition is not an effective regulator of the rates charged or that a substantial number of companies are competing irresponsibly through the rates charged, or that there are widespread violations of this chapter, in any kind or line of insurance or subdivision thereof or in any rating class or rating territory, he may issue (A RULE) *an order* requiring that in the kind or line of insurance or subdivision thereof or rating class or rating territory comprehended by the finding any subsequent changes in the rates or supplementary rate information be filed with him at least (30) 60 days before they become effective. He may extend the waiting period for not to exceed (15) 30 additional days by written notice to the filer before the (30) 60 day period expires.

Subd. 2. [SUPPORTING DATA.] In the (RULE) *order* issued under subdivision 1 or in any supplementary (RULE) *order*, the commissioner may require the filing of supporting data as to any or all kinds or lines of insurance or subdivisions thereof or classes of risks or combinations thereof as he deems necessary for the proper functioning of the rate monitoring and regulating process. The supporting data shall include:

(a) The experience and judgment of the filer, and, to the extent it wishes or the commissioner requires, of other insurers or rate service organizations;

(b) Its interpretation of any statistical data relied upon;

(c) Descriptions of the actuarial and statistical methods employed; and

(d) Any other matters deemed relevant by the commissioner or the filer.

Subd. 3. [EXPIRATION OF (REGULATION) ORDER.] (A REGULATION) *An order issued under subdivision 1 shall expire no more than (ONE YEAR) two years after issue. (THE COMMISSIONER MAY RENEW IT AFTER A HEARING AND APPROPRIATE FINDINGS AS PROVIDED UNDER SUBDIVISION 1.)*

Subd. 4. [SUPPORTING INFORMATION.] Whenever a filing is not accompanied by such information as the commissioner has required under subdivision 2, he may so inform the insurer and the filing shall be deemed to be made when the information is furnished.

Sec. 37. Minnesota Statutes 1984, section 70A.11, is amended to read:

70A.11 [DISAPPROVAL OF RATES.]

Subdivision 1. [ORDER (IN EVENT OF VIOLATION) AFTER HEARING.] If the commissioner finds after a (HEARING) *contested case proceeding under chapter 14* that a rate is not in compliance with section 70A.04, he shall order that its use is to be discontinued (ON A DATE NOT LESS THAN 30 DAYS AFTER THE ORDER) *and shall order the excess premium plus interest at the rate specified in section 549.09 to be refunded to the policyholder. The amount of the refund, plus interest, must be computed from the commencement date of the contested case hearing on the rate. Interest must be computed as simple interest per annum.*

Subd. 2. [TIMING OF ORDER.] The order under subdivision 1 shall be issued within (30) *60* days after the close of the hearing or within such reasonable time extension as the commissioner may fix.

Subd. 3. [APPROVAL OF SUBSTITUTED RATE.] No rate replacing a disapproved rate may be used until it has been filed with the commissioner and not disapproved within (30) *60* days thereafter, except that the rate disapproved under subdivision 1, with the consent of the commissioner, or the last previous rate in effect for the insurer may be used for a period of not more than three months pending the approval of a substituted rate. The commissioner's order may include provision for a premium adjustment in a rate charged pending approval of a substituted rate.

Sec. 38. Minnesota Statutes 1984, section 72A.13, subdivision 1, is amended to read:

Subdivision 1. Any company, corporation, association, society, or other insurer, or any officer or agent thereof, which or who solicits, issues or delivers to any person in this state any policy in violation of the provisions of sections 4 or 62A.01 to 62A.10, may be punished by a fine of not more than \$100 for each offense, and the commissioner may revoke the license of any company, corporation, association, society, or other insurer of another state or country, or of the agent thereof, which or who willfully violates any provision of sections 4 or 62A.01 to 62A.10.

Sec. 39. [145.682] [CERTIFICATION OF EXPERT REVIEW; AFFIDAVIT.]

*Subdivision 1. [DEFINITION.] For purposes of this section, "health care provider" means a physician, surgeon, dentist, or other health care professional or hospital, including all persons or entities providing health care as defined in section 145.61, subdivisions 2 and 4, or a certified health care professional employed by or providing services as an independent contractor in a hospital.*

*Subd. 2. [REQUIREMENT.] In an action alleging malpractice, error, mistake, or failure to cure, whether based on contract or tort, against a health care provider which includes a cause of action as to which expert testimony is necessary to establish a prima facie case, the plaintiff must: (1) unless otherwise provided in subdivision 3, paragraph (b), serve upon defendant with the summons and complaint an affidavit as provided in subdivision 3; and (2) serve upon defendant within 180 days after commencement of the suit an affidavit as provided by subdivision 4.*

*Subd. 3. [AFFIDAVIT OF EXPERT REVIEW.] The affidavit required by subdivision 2, clause (1), must be by the plaintiff's attorney and state that:*

*(a) the facts of the case have been reviewed by the plaintiff's attorney with an expert whose qualifications provide a reasonable expectation that the expert's opinions could be admissible at trial and that, in the opinion of this expert, one or more defendants deviated from the applicable standard of care and by that action caused injury to the plaintiff; or*

*(b) the expert review required by paragraph (a) could not reasonably be obtained before the action was commenced because of the applicable statute of limitations. If an affidavit is executed pursuant to this paragraph, the affidavit in paragraph (a) must be served on defendant or the defendant's counsel within 90 days after service of the summons and complaint.*

**Subd. 4. [IDENTIFICATION OF EXPERTS TO BE CALLED.]** *The affidavit required by subdivision 2, clause (2), must be by the plaintiff's attorney and state the identity of each person whom plaintiff expects to call as an expert witness at trial to testify with respect to the issues of malpractice or causation, the substance of the facts and opinions to which the expert is expected to testify, and a summary of the grounds for each opinion. Answers to interrogatories that state the information required by this subdivision satisfy the requirements of this subdivision if they are signed by the plaintiff's attorney and served upon the defendant within 180 days after commencement of the suit against the defendant.*

*The parties or the court for good cause shown, may by agreement, provide for extensions of the time limits specified in subdivision 2, 3, or this subdivision. Nothing in this subdivision may be construed to prevent either party from calling additional expert witnesses or substituting other expert witnesses.*

**Subd. 5. [RESPONSIBILITIES OF PLAINTIFF AS ATTORNEY.]** *If the plaintiff is acting pro se, the plaintiff shall sign the affidavit or answers to interrogatories referred to in this section and is bound by those provisions as if represented by an attorney.*

**Subd. 6. [PENALTY FOR NONCOMPLIANCE.]** *Failure to comply with subdivision 2, clause (1), within 60 days after demand for the affidavit results, upon motion, in mandatory dismissal with prejudice of each cause of action as to which expert testimony is necessary to establish a prima facie case.*

*Failure to comply with subdivision 2, clause (2), and subdivision 4 results, upon motion, in mandatory dismissal with prejudice of each cause of action as to which expert testimony is necessary to establish a prima facie case.*

**Subd. 7. [CONSEQUENCES OF SIGNING AFFIDAVIT.]** *The signature of the plaintiff or the plaintiff's attorney constitutes a certification that the person has read the affidavit or answers to interrogatories, and that to the best of the person's knowledge, information, and belief formed after a reasonable inquiry, it is true, accurate, and made in good faith. A certification made in violation of this subdivision subjects the attorney or plaintiff responsible for such conduct to reasonable attorney's fees, costs, and disbursements.*

Sec. 40. Minnesota Statutes 1984, section 245.814, is amended to read:

**245.814 [LIABILITY INSURANCE FOR (FOSTER PARENTS) LICENSED PROVIDERS.]**

*Subdivision 1.* [INSURANCE FOR FOSTER PARENTS.] The commissioner of human services shall within the appropriation provided purchase and provide insurance to foster parents to cover their liability for:

(1) injuries or property damage caused or sustained by foster children in their home; and

(2) actions arising out of alienation of affections sustained by the natural parents of a foster child.

Coverage shall apply to all foster boarding homes licensed by the department of human services, licensed by a federally recognized tribal government, or established by the juvenile court and certified by the commissioner of corrections pursuant to section 260.185, subdivision 1, clause (c) (5), to the extent that the liability is not covered by the provisions of the standard homeowner's or automobile insurance policy. The insurance shall not cover property owned by the foster parents, damage caused intentionally by a child over 12 years of age, or property damage arising out of business pursuits or the operation of any vehicle, machinery, or equipment.

*Subd. 2.* [LIABILITY INSURANCE; RISK POOL.] *If the commissioner determines that appropriate commercial liability insurance coverage is not available for a licensed foster home, group home, developmental achievement center, or day care provider, and that coverage available through the joint underwriting authority of the commissioner of commerce or other public entity is not appropriate for the provider or a class of providers, the commissioner of human services and the commissioner of commerce may jointly establish a risk pool to provide coverage for licensed providers out of premiums or fees paid by providers. The commissioners may set limits on coverage, establish premiums or fees, determine the proportionate share of each provider to be collected in a premium or fee based on the provider's claim experience and other factors the commissioners consider appropriate, establish eligibility and application requirements for coverage, and take other action necessary to accomplish the purposes of this subdivision. A human services risk pool fund is created for the purposes of this subdivision. Fees and premiums collected from providers for risk pool coverage are appropriated to the risk pool fund. Interest earned from the investment of money in the fund must be credited to the fund and money in the fund is appropriated to the commissioner of human services to pay administrative costs and covered claims for participating providers. In the event that money in the fund is insufficient to pay outstanding claims and associated administrative costs, the commissioner of human services may assess providers participating in the risk pool amounts sufficient to pay the costs. The commissioner of human services may not assess a provider an amount exceeding one year's premiums collected from that provider.*

**Sec. 41. [317.201] [UNPAID DIRECTORS OR TRUSTEES; LIABILITY FOR DAMAGES.]**



*A director or trustee of a nonprofit corporation or association who is not paid for services to the corporation or association is not individually liable for damages occasioned solely by reason of membership on or participation in board activities.*

Sec. 42. Minnesota Statutes 1984, section 398A.04, subdivision 6, is amended to read:

Subd. 6. [INSURANCE AND INDEMNITY.] (a) The authority shall be subject to tort liability to the extent provided in chapter 466 and may procure insurance against the liability, and may indemnify and purchase and maintain insurance on behalf of any of its commissioners, officers, employees, or agents, in connection with any threatened, pending, or completed action, suit, or proceeding, as provided in chapter 466, and to the same extent and in the same manner and with the same force and effect as provided in the case of a private corporation by section (300.082) *300.083*. It may also procure insurance against loss of or damage to property in the amounts, by reason of the risks, and from the insurers as it deems prudent.

(b) *A railroad leasing its tracks and right-of-way to a railroad authority created under this chapter and affiliated with a railroad museum is subject to tort liability only to the extent provided for municipalities in chapter 466 as to any claims arising out of fare-paying passenger operations carried on by the railroad authority primarily for the purpose of promoting tourism on tracks and right-of-way leased from the railroad.*

Sec. 43. Minnesota Statutes 1984, section 466.01, subdivision 1, is amended to read:

Subdivision 1. [MUNICIPALITY.] For the purposes of sections 466.01 to 466.15, "municipality" means any city, whether organized under home rule charter or otherwise, any county, town, public authority, public corporation, special district, school district, however organized, county agricultural society organized pursuant to chapter 38, *joint powers board or organization created under section 471.59 or other statute*, public library, regional public library system, multicounty multitype library system, or other political subdivision.

Sec. 44. Minnesota Statutes 1984, section 466.03, subdivision 4, is amended to read:

Subd. 4. [ACCUMULATIONS OF SNOW AND ICE.] Any claim based on snow or ice conditions on any highway, *public sidewalk that does not abut publicly-owned buildings and publicly-owned parking lots*, or other public place except when the condition is affirmatively caused by the negligent acts of the municipality.

Sec. 45. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 6d. [PARKS AND RECREATION AREAS.] Any claim based upon the construction, operation, or maintenance of any property owned or leased by the municipality that is intended or permitted to be used as a park, as a playground, as an open area for recreational purposes, or for the provision of recreational services, or from any claim based on the clearing of land, removal of refuse, and creation of trails or paths without artificial surfaces, if the claim arises from a loss incurred by a user of park and recreation property or services. Nothing in this subdivision limits the liability of a municipality for conduct that would entitle a trespasser to damages against a private person.*

Sec. 46. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 8. Any claim for a loss other than injury to or loss of property or personal injury or death.*

Sec. 47. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 9. Any claim for a loss of benefits or compensation due under a program of public assistance or public welfare, except where municipal compensation for loss is expressly required by federal law in order for the municipality to receive federal grants-in-aid.*

Sec. 48. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 10. Any claim for a loss based on the failure of any person to meet the standards needed for a license, permit, or other authorization issued by the municipality or its agents.*

Sec. 49. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 11. Any claim for a loss based on the usual care and treatment, or lack of care and treatment, of any person at a municipal hospital or corrections facility where reasonable use of available funds has been made to provide care.*

Sec. 50. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 12. Any claim for a loss, damage, or destruction of property of a patient or inmate of a municipal institution.*

Sec. 51. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 13. Any claim for a loss caused by the condition of unimproved real property owned by a municipality, which means land that the municipality has not improved, and appurtenances, fixtures and attachments to land that the municipality has neither affixed nor improved.*

Sec. 52. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 14. Any claim for a loss for which recovery is prohibited by section 169.121, subdivision 9.*

Sec. 53. Minnesota Statutes 1984, section 466.05, is amended to read:

#### 466.05 [NOTICE OF CLAIM.]

Subdivision 1. [NOTICE REQUIRED.] Except as provided in subdivisions 2 and 3, every person, *whether plaintiff, defendant or third party plaintiff or defendant*, who claims damages from any municipality or municipal employee acting within the scope of employment for or on account of any loss or injury within the scope of section 466.02 shall cause to be presented to the governing body of the municipality within 180 days after the alleged loss or injury is discovered a notice stating the time, place and circumstances thereof, *the names of the municipal employees known to be involved*, and the amount of compensation or other relief demanded. Actual notice of sufficient facts to reasonably put the governing body of the municipality or its insurer on notice of a possible claim shall be construed to comply with the notice requirements of this section. Failure to state the amount of compensation or other relief demanded does not invalidate the notice; but in such case, the claimant shall furnish full information regarding the nature and extent of the injuries and damages within 15 days after demand by the municipality. (NO ACTION THEREFOR SHALL BE MAINTAINED UNLESS SUCH NOTICE HAS BEEN GIVEN AND UNLESS THE ACTION IS COMMENCED WITHIN ONE YEAR AFTER SUCH NOTICE.) The time for giving such notice does not include the time, (NOT EXCEEDING 90 DAYS,) during which the person injured is incapacitated by the injury from giving the notice.

(SUBD. 2. [EXCEPTIONS TO THE NOTICE REQUIREMENT.] NOTICE SHALL NOT BE REQUIRED TO MAINTAIN AN ACTION FOR DAMAGES FOR OR ON ACCOUNT OF ANY LOSS OR INJURY WITHIN THE SCOPE OF SECTION 466.02 IF SUCH INJURY OR LOSS:)

((A) ARISES OUT OF AN INTENTIONAL TORT COMMITTED BY AN OFFICER, EMPLOYEE OR AGENT OF THE MUNICIPALITY; OR)

((B) INVOLVES A MOTOR VEHICLE OR OTHER EQUIPMENT OWNED BY THE MUNICIPALITY OR OPERATED BY AN OFFICER, EMPLOYEE OR AGENT OF THE MUNICIPALITY.)

(WHERE NO NOTICE OF CLAIM IS REQUIRED UNDER THIS CHAPTER, NO ACTION SHALL BE MAINTAINED UNLESS THE ACTION IS COMMENCED WITHIN TWO YEARS AFTER THE DATE OF THE INCIDENT, ACCIDENT OR TRANSACTION OUT OF WHICH THE CAUSE OF ACTION ARISES.)

Subd. (3) 2. [CLAIMS FOR WRONGFUL DEATH; NOTICE.] When the claim is one for death by wrongful act or omission, the notice may be presented by the personal representative, surviving spouse, or next of kin, or the consular officer of the foreign country of which the deceased was a citizen, within one year after the alleged injury or loss resulting in such death; if the person for whose death the claim is made has presented a notice that would have been sufficient had he lived an action for wrongful death may be brought without any additional notice.

Sec. 54. Minnesota Statutes 1984, section 466.07, is amended by adding a subdivision to read:

*Subd. 4. [PUNITIVE DAMAGES.] A municipality may not save harmless, indemnify or insure an officer or employee for punitive damages levied against the officer or employer. The municipality may provide a defense against a claim for punitive damages as a necessary incident to other elements of a defense.*

Sec. 55. [LAW ENFORCEMENT COSTS.]

*When costs are assessed against a municipality for injuries incurred or other medical expenses connected with the arrest of individuals violating Minnesota Statutes, the municipality responsible for the hiring, firing, training, and control of the law enforcement and other employees involved in the arrest is responsible for those costs.*

Sec. 56. Minnesota Statutes 1984, section 471.982, subdivision 3, is amended to read:

Subd. 3. Self-insurance pools established and open for enrollment on a statewide basis by the Minnesota league of cities insurance trust, the Minnesota school boards association insurance

trust or the Minnesota association of counties insurance trust *and the political subdivisions that belong to them* are exempt from the requirements of this section *and section 65B.48, subdivision 3.*

Sec. 57. Minnesota Statutes 1984, section 541.051, is amended to read:

**541.051 [LIMITATION OF ACTION FOR DAMAGES BASED ON SERVICES OR CONSTRUCTION TO IMPROVE REAL PROPERTY.]**

Subdivision 1. Except where fraud is involved, no action by any person in contract, tort, or otherwise to recover damages for any injury to property, real or personal, or for bodily injury or wrongful death, arising out of the defective and unsafe condition of an improvement to real property, nor any action for contribution or indemnity for damages sustained on account of the injury, shall be brought against any person performing or furnishing the design, planning, supervision, materials, or observation of construction or construction of the improvement to real property or against the owner of the real property more than two years after discovery thereof, nor, in any event shall such a cause of action accrue more than (15) *ten* years after substantial completion of the construction. Date of substantial completion shall be determined by the date when construction is sufficiently completed so that the owner or his representative can occupy or use the improvement for the intended purpose.

Nothing in this section shall apply to actions for damages resulting from negligence in the maintenance, operation or inspection of the real property improvement against the owner or other person in possession.

Subd. 2. Notwithstanding the provisions of subdivision 1, in the case of an action which accrues during the (14TH) *ninth* or (15TH) *tenth* year after substantial completion of the construction, an action to recover damages may be brought within two years after the date on which the action accrued, but in no event may an action be brought more than (17) *twelve* years after substantial completion of the construction.

Subd. 3. Nothing in this section shall be construed as extending the period prescribed by the laws of this state for the bringing of any action.

Subd. 4. This section shall not apply to actions based on breach of the statutory warranties set forth in section 327A.02, or to actions based on breach of an express written warranty, provided such actions shall be brought within two years of the discovery of the breach.

Sec. 58. [541.052] [LIMITATION OF ACTIONS FOR DAMAGES BASED ON ERRORS IN LAND SURVEYS.]

*Subdivision 1. Except where fraud is involved, no action to recover damages for an error in the survey of land, nor any action for contribution or indemnity for damages sustained on account of an error, may be brought against any person performing the survey more than two years after the discovery of the error, nor in any event more than ten years after the date of the survey.*

*Subd. 2. Notwithstanding the provisions of subdivision 1, in the case of action which occurs during the ninth or tenth year after the date of the survey, an action to recover damages may be brought within two years after the date on which the action occurred, but in no event may an action be brought more than twelve years after the date of the survey.*

Sec. 59. Minnesota Statutes 1984, section 541.15, is amended to read:

541.15 [PERIODS OF DISABILITY NOT COUNTED.]

(a) *Except as provided in paragraph (b), any of the following grounds of disability, existing at the time when a cause of action accrued or arising anytime during the period of limitation, shall suspend the running of the period of limitation until the same is removed; provided that such period, except in the case of infancy, shall not be extended for more than five years, nor in any case for more than one year after the disability ceases:*

- (1) That the plaintiff is within the age of 18 years;
- (2) His insanity;
- (3) His imprisonment on a criminal charge, or under a sentence of a criminal court for a term less than his natural life;
- (4) Is an alien and the subject or citizen of a country at war with the United States;
- (5) When the beginning of the action is stayed by injunction or by statutory prohibition.

If two or more disabilities shall coexist, the suspension shall continue until all are removed.

(b) *In actions alleging malpractice, error, mistake, or failure to cure, whether based on contract or tort, against a health care provider, the ground of disability specified in paragraph (a),*

*clause (1), suspends the period of limitation until the disability is removed. The suspension may not be extended for more than eight years.*

*For purposes of this paragraph, health care provider means a physician, surgeon, dentist, or other health care professional or hospital, including all persons or entities providing health care as defined in section 145.61, subdivisions 2 and 4, or a certified health care professional employed by or providing services as an independent contractor in a hospital.*

**Sec. 60. [548.36] [COLLATERAL SOURCE CALCULATIONS.]**

*Subdivision 1. [DEFINITION.] For purposes of this section, "collateral sources" means payments related to the injury or disability in question made to the plaintiff, or on the plaintiff's behalf up to the date of the verdict, by or pursuant to:*

*(1) a federal, state, or local income disability or workers' compensation act; or other public program providing medical expenses, disability payments, or similar benefits;*

*(2) health, accident and sickness, or automobile accident insurance or liability insurance that provides health benefits or income disability coverage; except life insurance benefits available to the plaintiff, whether purchased by the plaintiff or provided by others, and payments made pursuant to the United States Social Security Act, a pension, or other income disability coverage;*

*(3) a contract or agreement of a group, organization, partnership, or corporation to provide, pay for, or reimburse the costs of hospital, medical, dental or other health care services; or*

*(4) a contractual or voluntary wage continuation plan provided by employers or any other system intended to provide wages during a period of disability.*

*Subd. 2. [MOTION.] In a civil action, whether based on contract or tort, when liability is admitted or is determined by the trier of fact, and when damages include an award to compensate the plaintiff for losses available to the date of the verdict by collateral sources, a party may file a motion within ten days of the date of entry of the verdict requesting determination of collateral sources. If the motion is filed, the parties shall submit written evidence of, and the court shall determine:*

*(1) amounts of collateral sources that have been paid for the benefit of the plaintiff or are otherwise available to the plaintiff as a result of losses except those for which a subrogation right has been asserted; and*

(2) amounts that have been paid, contributed, or forfeited by, or on behalf of, the plaintiff or members of the plaintiff's immediate family for the two-year period immediately before the accrual of the action to secure the right to a collateral source benefit that the plaintiff is receiving as a result of losses.

*Subd. 3. [DUTIES OF THE COURT.] (a) The court shall reduce the award by the amounts determined under subdivision 2, clause (1), and offset any reduction in the award by the amounts determined under subdivision 2, clause (2).*

*(b) If the court cannot determine the amounts specified in paragraph (a) from the written evidence submitted, the court may within ten days request additional written evidence or schedule a conference with the parties to obtain further evidence.*

*Subd. 4. [CALCULATION OF ATTORNEYS' FEES.] If the fees for legal services provided to the plaintiff are based on a percentage of the amount of money awarded to the plaintiff, the percentage must be based on the amount of the award as adjusted under subdivision 3. Any subrogated provider of a collateral source not separately represented by counsel shall pay the same percentage of attorneys' fees as paid by the plaintiff and shall pay its proportionate share of the costs.*

*Subd. 5. [JURY NOT INFORMED OF COLLATERAL SOURCES.] The jury shall not be informed of the existence of collateral sources or any future benefits which may or may not be payable to the plaintiff.*

Sec. 61. Minnesota Statutes 1984, section 549.09, subdivision 1, is amended to read:

*Subdivision 1. [WHEN OWED; RATE.] (a) When the judgment is for the recovery of money, including a judgment for the recovery of taxes, interest from the time of the verdict or report until judgment is finally entered shall be computed by the clerk as provided in clause (c) and added to the judgment. (b) Except as otherwise provided by contract or allowed by law, pre-verdict or pre-report interest on pecuniary damages shall be computed as provided in clause (c) from the time of the commencement of the action, or the time of a written demand, whichever occurs first, except as provided herein. If either party serves a written offer of settlement, the other party may serve a written acceptance or a written counter-offer within 60 days. After that time interest on the judgment shall be calculated by the judge in the following manner. The prevailing party shall receive interest on any judgment from the time the action was commenced or a written demand was made, or as to special damages from the time when special damages were incurred, if later (THAN COMMENCEMENT OF THE ACTION), until the time of verdict or report only if the amount of its offer is closer to the judgment*



than the amount of the opposing party's offer. If the amount of the losing party's offer was closer to the judgment than the prevailing party's offer, the prevailing party shall receive interest only on the amount of the settlement offer or the judgment, whichever is less, and only from the time the action was commenced or a written demand was made, or as to special damages from when the special damages were incurred, if later (THAN COMMENCEMENT OF THE ACTION), until the time the settlement offer was made. *Subsequent offers and counteroffers supersede the legal effect of earlier offers and counteroffers. For the purposes of clause (3), the amount of settlement offer must be allocated between past and future damages in the same proportion as determined by the trier of fact.* Except as otherwise provided by contract or allowed by law, pre-verdict or pre-report interest shall not be awarded on the following:

(1) judgments, awards, or benefits in workers' compensation cases, but not including third-party actions;

(2) judgments, decrees, or orders in dissolution, annulment, or legal separation actions;

(3) *judgments for future damages;*

(4) punitive damages, fines, or other damages that are non-compensatory in nature;

((4)) (5) judgments not in excess of the amount specified in section 487.30; and

((5)) (6) that portion of any verdict or report which is founded upon interest, or costs, disbursements, attorney fees, or other similar items added by the court. (c) The interest shall be computed as simple interest per annum. The rate of interest shall be based on the secondary market yield of one year United States treasury bills, calculated on a bank discount basis as provided in this section.

On or before the 20th day of December of each year the state court administrator shall determine the rate from the secondary market yield on one year United States treasury bills for the most recent calendar month, reported on a monthly basis in the latest statistical release of the board of governors of the federal reserve system. This yield, rounded to the nearest one percent, shall be the annual interest rate during the succeeding calendar year; provided, however, that in no event shall the rate of interest be less than eight percent per annum. *The state court administrator shall also determine the average rate of interest on judgments to be used during the succeeding calendar year for computation of the discount rate under section 66, subdivision 4, clause (1).* The state court administrator shall communicate the interest

(RATE) rates to the clerks of court for (THEIR) use in computing the interest on verdicts *and the discount rate under section 66.*

Sec. 62. Minnesota Statutes 1984, section 549.20, subdivision 1, is amended to read:

Subdivision 1. Punitive damages (SHALL BE ALLOWED) *are not allowable* in civil actions (ONLY UPON CLEAR AND CONVINCING EVIDENCE THAT THE ACTS OF THE DEFENDANT SHOW A WILLFUL INDIFFERENCE TO THE RIGHTS OR SAFETY OF OTHERS).

Sec. 63. Minnesota Statutes 1984, section 549.21, is amended to read:

549.21 [REIMBURSEMENT FOR CERTAIN COSTS IN CIVIL ACTIONS.]

Upon motion of a party, the court in its discretion may award to that party costs, disbursements, reasonable attorney fees and witness fees if the party or attorney against whom costs, disbursements, reasonable attorney and witness fees are charged acted in bad faith; asserted a claim or defense (KNOWING IT TO BE) *that is frivolous and that is costly to the other party*; asserted an unfounded position solely to delay the ordinary course of the proceedings or to harass; or committed a fraud upon the court. (TO QUALIFY FOR AN AWARD UNDER THIS SECTION, A PARTY SHALL GIVE TIMELY NOTICE OF INTENT TO CLAIM AN AWARD.) An award under this section shall be without prejudice and as an alternative to any claim for sanctions that may be asserted under the rules of civil procedure. Nothing herein shall authorize the award of costs, disbursements or fees against a party or attorney advancing a claim or defense unwarranted under existing law, if it is supported by a good faith argument for an extension, modification, or reversal of the existing law.

Sec. 64. [549.23] [NONECONOMIC LOSSES; LIMITATIONS.]

Subdivision 1. [DEFINITION.] *For purposes of this section, "noneconomic loss" means all nonpecuniary harm for which damages are recoverable, including but not limited to pain, disability, disfigurement, embarrassment, emotional distress, and loss of consortium.*

Subd. 2. [LIMITATION.] *In civil actions, whether based on contract or tort, the amount of damages per person for noneconomic losses may not exceed \$500,000.*

Sec. 65. Minnesota Statutes 1984, section 595.02, is amended by adding a subdivision to read:

*Subd. 4. [WAIVER OF PRIVILEGE FOR HEALTH CARE PROVIDERS.] A party who commences an action for malpractice, error, mistake, or failure to cure, whether based on contract or tort, against a health care provider on the person's own behalf or in a representative capacity, waives in that action any privilege existing under subdivision 1, paragraphs (d) and (g), as to any information or opinion in the possession of a health care provider who has examined or cared for the party or other person whose health or medical condition has been placed in controversy in the action. This waiver must permit all parties to the action, and their attorneys or authorized representatives, to informally discuss the information or opinion with the health care provider if the provider consents. Prior to an informal discussion with a health care provider, the defendant must mail written notice to the other party at least 15 days before the discussion. The plaintiff's attorney or authorized representative must have the opportunity to be present at any informal discussion. Appropriate medical authorizations permitting discussion must be provided by the party commencing the action upon request from any other party.*

*A health care provider may refuse to consent to the discussion but, in that event, the party seeking the information or opinion may take the deposition of the health care provider with respect to that information and opinion, without obtaining a prior court order.*

*For purposes of this subdivision, "health care provider" means a physician, surgeon, dentist, or other health care professional or hospital, including all persons or entities providing health care as defined in section 145.61, subdivisions 2 and 4, or a certified health care professional employed by or providing services as an independent contractor in a hospital.*

Sec. 66. Minnesota Statutes 1984, section 604.02, subdivision 1, is amended to read:

*Subdivision 1. When two or more persons are (JOINTLY) liable in an action for death or injury to a person or injury to property, (CONTRIBUTIONS TO AWARDS SHALL BE) each person is severally liable in proportion to the percentage of fault attributable to (EACH, EXCEPT THAT EACH IS JOINTLY AND SEVERALLY LIABLE FOR THE WHOLE AWARD) that person. The principle of joint and several liability for the whole award is abolished.*

Sec. 67. Minnesota Statutes 1984, section 604.02, is amended by adding a subdivision to read:

Subd. 4. [DEFINITION.] *For purposes of this section, "person" includes a municipality as defined in section 466.01.*

Sec. 68. [604.07] [DISCOUNT, FUTURE DAMAGE AWARDS.]

Subdivision 1. [DEFINITIONS.] (a) *For purposes of this section, the following terms have the meanings given them.*

(b) *"Economic loss" means all pecuniary harm for which damages are recoverable, including, but not limited to, medical expenses, loss of earnings, and loss of earning capacity.*

(c) *"Future damages" means all damages which the trier of fact finds will accrue after the damage findings are made.*

(d) *"Noneconomic loss" means all nonpecuniary harm for which damages are recoverable, including, but not limited to, pain, disability, disfigurement, embarrassment, emotional distress, and loss of consortium.*

(e) *"Past damages" means all damages that have accrued when the damage findings are made.*

Subd. 2. [DISCOUNT REQUIRED.] *In all actions seeking damages for personal injury, wrongful death, or loss of means of support, awards of all future damages, including economic and noneconomic loss, reasonably certain to occur must be discounted to present value as provided in this section.*

Subd. 3. [FUTURE DAMAGES; EVIDENCE.] *The amount of all future damages, including economic and noneconomic loss reasonably certain to occur, must be ascertained at the time of trial without reference to projected inflationary or noninflationary changes. Evidence of noninflationary changes in earnings or earning capacity that are reasonably certain to occur are admissible, but this evidence is limited to the present value of the future changes without regard to inflationary changes. Projected increases in earnings or earning capacity dependent upon general economic statistics are not admissible.*

Subd. 4. [DISCOUNT RATE.] *The award calculated under subdivision 3 must be reduced to present value at the time of trial by application of a discount rate equal to:*

(1) *the average rate of interest on judgments under section 549.09 for the five calendar years immediately preceding the commencement of trial, rounded to the nearest one-tenth, less*

(2) *the average increase in the Consumer Price Index for all Urban Consumers, all items, as published by the U. S. Depart-*

*ment of Labor, Bureau of Labor Statistics, rounded to the nearest one-tenth, for the same five-year period. If the Labor Department statistics are not published by the time of trial, the court shall employ the average increase over the most recent five-year period available in the published statistics.*

*In no instance may the discount rate fall below two percent or rise above six percent.*

Sec. 69. [REPEALER.]

*Minnesota Statutes 1984, sections 70A.06, subdivision 4; 549.20, subdivisions 2 and 3, are repealed.*

Sec. 70. [APPLICATION.]

*Sections 1 and 43 to 56 apply to claims arising from incidents that occur after June 30, 1986.*

*Sections 39, 57, and 61 apply to all actions commenced on or after the effective date of those sections. Sections 58 to 67 apply to actions pending on or commenced on or after the effective date of those sections."*

Page 6, line 5, delete "1 and 2" and insert "4, 8, 9 to 40, and 68"

Page 6, line 6, after the period insert "Section 59 is effective January 1, 1987."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

Nelson, D., moved that S. F. No. 2078, as amended, be continued on Special Orders.

A roll call was requested and properly seconded.

The question was taken on the Nelson, D., motion and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 64 yeas and 67 nays as follows :

## Those who voted in the affirmative were:

Anderson, G.	Greenfield	McLaughlin	Pappas	Simoneau
Anderson, R.	Halberg	Metzen	Peterson	Skoglund
Battaglia	Jacobs	Minne	Piper	Solberg
Beard	Jaros	Munger	Price	Sparby
Begich	Jennings, L.	Murphy	Quinn	Staten
Brandl	Kahn	Nelson, D.	Rest	Tomlinson
Brinkman	Kelly	Nelson, K.	Rice	Tunheim
Brown	Knuth	Neuenschwander	Riveness	Vanasek
Carlson, L.	Kostohryz	Norton	Rodosovich	Vellenga
Clark	Krueger	Ogren	Sarna	Voss
Cohen	Lieder	Olson, E.	Scheid	Welle
Elioff	Long	Osthoff	Schoenfeld	Wynia
Ellingson	McEachern	Otis	Segal	

## Those who voted in the negative were:

Backlund	Erickson	Kiffmeyer	Piepho	Thiede
Becklin	Forsythe	Knickerbocker	Poppenhagen	Thorson
Bennett	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.	Hartinger	McPherson	Schafer	Waltman
Carlson, J.	Hartle	Miller	Schreiber	Wenzel
Clausnitzer	Haukoos	Olsen, S.	Seaberg	Zaffke
Dempsey	Heap	Omann	Shaver	Spk. Jennings, D.
DenOuden	Himle	Onnen	Sherman	
Dimler	Johnson	Ozment	Stanius	
Dyke	Kalis	Pauly	Sviggum	

The motion did not prevail.

Skoglund moved to amend the Olsen, S., amendment to S. F. No. 2078, as amended, as follows:

Page 11, after line 14, insert:

"Sec. 16. Minnesota Statutes 1984, section 62E.14, is amended by adding a subdivision to read:

*Subd. 4. Notwithstanding the above, any Minnesota resident holder of a policy or certificate of medicare supplement coverage pursuant to section 62A.32 to 62A.35, or medicare supplement plans previously approved by the commissioner, may enroll in the comprehensive health insurance plan as described in section 62E.07, with a waiver of the preexisting condition as described in subdivision 3, without interruption in coverage, provided, the policy or certificate has been terminated by the insurer for reasons other than nonpayment of premium and, provided further, that the option to enroll in the plan is exercised within 30 days of termination of the existing contract.*

*Coverage in the state plan for purposes of this section shall be effective on the date of termination upon completion of the*

*proper application and payment of the required premium. The application must include evidence of termination of the existing policy or certificate."*

Page 5, line 22, delete "Section 1 is" and insert "Sections 1 and 2 are"

Renumber the remaining section

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 114 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

The question recurred on the Olsen, S., amendment, as amended, and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 65 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dyke	Johnson	Ozment	Sherman
Backlund	Erickson	Kiffmeyer	Pauly	Stanius
Becklin	Fjoslien	Knickerbocker	Piepho	Sviggum
Bennett	Forsythe	Kvam	Poppenhagen	Thiede
Blatz	Frederick	Levi	Quist	Thorson
Boerboom	Frederickson	Marsh	Redalen	Tjornhom
Boo	Frerichs	McDonald	Rees	Tompkins
Burger	Gruenes	McKasy	Richter	Uphus
Carlson, D.	Gutknecht	McPherson	Rose	Valan
Carlson, J.	Hartle	Miller	Schafer	Valento
Clausnitzer	Haukoos	Olson, S.	Schreiber	Waltman
DenOuden	Heap	Omann	Seaberg	Zaffke
Dimler	Himle	Onnen	Shaver	Spk. Jennings, D.

Those who voted in the negative were:

Anderson, G.	Greenfield	McEachern	Otis	Simoneau
Battaglia	Halberg	McLaughlin	Pappas	Skoglund
Beard	Hartinger	Metzen	Peterson	Solberg
Begich	Jacobs	Minne	Piper	Sparby
Bishop	Jaros	Munger	Price	Staten
Brandl	Jennings, L.	Murphy	Quinn	Tomlinson
Brinkman	Kahn	Nelson, D.	Rest	Tunheim
Brown	Kalis	Nelson, K.	Rice	Vanasek
Carlson, L.	Kelly	Neuenschwander	Riveness	Vellenga
Clark	Knuth	Norton	Rodosovich	Voss
Cohen	Kostohryz	O'Connor	Sarna	Welle
Dempsey	Krueger	Ogren	Scheid	Wenzel
Elioff	Lieder	Olson, E.	Schoenfeld	Wynia
Ellingson	Long	Osthoff	Segal	

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

Rice moved to amend S. F. No. 2078, as amended, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 3-736, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] The state will pay compensation for injury to or loss of property or personal injury or death caused by an act or omission of any employee of the state while acting within the scope of his office or employment or peace officer who is not acting on behalf of a private employer and who is acting in good faith pursuant to section 629.40, subdivision 3, under circumstances where the state, if a private person, would be liable to the claimant, *whether arising out of a governmental or proprietary function*. Nothing in this section waives the defense of judicial or legislative immunity except to the extent provided in subdivision 8.



Sec. 2. Minnesota Statutes 1985 Supplement, section 3.736, subdivision 3, is amended to read:

Subd. 3. [EXCLUSIONS.] Without intent to preclude the courts from finding additional cases where the state and its employees should not, in equity and good conscience, pay compensation for personal injuries or property losses, the legislature declares that the state and its employees are not liable for the following losses:

(a) Any loss caused by an act or omission of a state employee exercising due care in the execution of a valid or invalid statute or regulation;

(b) Any loss caused by the performance or failure to perform a discretionary duty, whether or not the discretion is abused;

(c) Any loss in connection with the assessment and collection of taxes;

(d) Any loss caused by snow or ice conditions on any highway (OR OTHER PUBLIC PLACE) or *public sidewalk that does not abut a publicly-owned building or a publicly-owned parking lot*, except when the condition is affirmatively caused by the negligent acts of a state employee;

(e) Any loss caused by wild animals in their natural state;

(f) Any loss other than injury to or loss of property or personal injury or death;

(g) Any loss caused by the condition of unimproved real property owned by the state, which means land that the state has not improved, and appurtenances, fixtures and attachments to land that the state has neither affixed nor improved;

(h) Any loss incurred by a user within the boundaries of the outdoor recreation system and arising from the construction, operation, or maintenance of the system, as defined in section 86A.04, or from the clearing of land, removal of refuse, and creation of trails or paths without artificial surfaces, or from the construction, operation, or maintenance of a water access site created by the iron range resources and rehabilitation board, except that the state is liable for conduct that would entitle a trespasser to damages against a private person.

(i) Any loss of benefits or compensation due under a program of public assistance or public welfare, except where state compensation for loss is expressly required by federal law in order for the state to receive federal grants-in-aid;

(j) Any loss based on the failure of any person to meet the standards needed for a license, permit, or other authorization issued by the state or its agents;

(k) Any loss based on the usual care and treatment, or lack of care and treatment, of any person at a state hospital or state corrections facility where reasonable use of available appropriations has been made to provide care;

(l) Any loss, damage, or destruction of property of a patient or inmate of a state institution;

(m) Any loss for which recovery is prohibited by section 169.121, subdivision 9.

The state will not pay punitive damages.

### Sec. 3. [16B.85] [RISK MANAGEMENT.]

*Subdivision 1. [ALTERNATIVES TO CONVENTIONAL INSURANCE.] In the event that the state is unable to obtain certain types of insurance, or the commissioner determines insurance to be unreasonably costly, the commissioner may implement alternatives to the purchase of conventional insurance. A mechanism for implementing possible alternatives to conventional insurance is the risk management fund created in subdivision 2.*

*Subd. 2. [RISK MANAGEMENT FUND.] A state risk management fund is created. All state agencies which have had or may have casualty claims against them with respect to the risks for which the commissioner has implemented conventional insurance alternatives shall contribute to the fund a portion of the money appropriated to them. The commissioner shall determine the proportionate share of each agency on the basis of the agency's casualty claim experience as compared to other affected agencies. The money in the fund to pay casualty claims arising from state activities and for administrative costs, including costs for the adjustment and defense of the claims, is appropriated to the commissioner. Interest earned from the investment of money in the fund shall be credited to the fund and be available to the commissioner for the expenditures authorized in this subdivision. The fund is exempt from the provisions of section 16A.15, subdivision 1. In the event that proceeds in the fund are insufficient to pay outstanding claims and associated administrative costs, the commissioner, in consultation with the commissioner of finance, may assess state agencies participating in the fund amounts sufficient to pay the costs. The commissioner shall determine the proportionate share of the assessment of each agency on the basis of the agency's casualty claim experience as compared to other affected agencies.*

Sec. 4. Minnesota Statutes 1984, section 60A.06, is amended by adding a subdivision to read:

*Subd. 3. Unless specifically authorized by section 60A.06, subdivision 1, clause (4), it is unlawful to combine in one policy coverage permitted by section 60A.06, subdivision 1, clauses (4) and (5)(a). This subdivision does not prohibit the simultaneous sale of these products, but the sale must involve two separate and distinct policies. This subdivision does not apply to group policies.*

Sec. 5. Minnesota Statutes 1985 Supplement, section 60A.10, subdivision 1, is amended to read:

Subdivision 1. [DOMESTIC COMPANIES.] (1) [DEPOSIT AS SECURITY FOR ALL POLICYHOLDERS REQUIRED.] No company in this state, other than farmers' mutual, or real estate title insurance companies, shall do business in this state unless it has on deposit with the commissioner, for the protection of both its resident and nonresident policyholders, securities to an amount, the actual market value of which, exclusive of interest, shall never be less than \$200,000 until July 1, 1986, \$300,000 until July 1, 1987, \$400,000 until July 1, 1988, and \$500,000 on and after July 1, 1988 or one-half the applicable financial requirement set forth in section 60A.07, whichever is less. The securities shall be retained under the control of the commissioner as long as any policies of the depositing company remain in force.

(2) [SECURITIES DEFINED.] For the purpose of this subdivision, the word "securities" means bonds or other obligations of, or bonds or other obligations insured or guaranteed by, the United States, any state of the United States, any municipality of this state, or any agency or instrumentality of the foregoing.

(3) [PROTECTION OF DEPOSIT FROM LEVY.] No judgment creditor or other claimant may levy upon any securities held on deposit with, or for the account of, the commissioner. Upon the entry of an order by a court of competent jurisdiction for the rehabilitation, liquidation or conservation of any depositing company as provided in chapter 60B, that company's deposit together with any accrued income thereon shall be transferred to the commissioner as rehabilitator, liquidator, or conservator.

Sec. 6. Minnesota Statutes 1984, section 60A.13, is amended by adding a subdivision to read:

*Subd. 8. [ANNUAL REPORTS.] Each insurer licensed to write property and casualty insurance in this state, as a supplement to the annual statement required by this section, shall submit a report on a form furnished by the commissioner sepa-*

rately showing its direct writings in Minnesota and in the United States on: liquor liability, product liability, medical malpractice, and any other line so designated by the commissioner on January 1 of each year.

The supplemental reports must include the following data for the previous year ending on the 31st day of December:

- (1) direct premiums written;
- (2) direct premiums earned;
- (3) net investment income, including net realized capital gains and losses, using appropriate estimates where necessary;
- (4) incurred claims, developed as the sum, and with figures provided for, of the following:
  - (a) dollar amount of claims closed with payment, plus
  - (b) reserves for reported claims at the end of the current year, minus
  - (c) reserves for reported claims at the end of the previous year, plus
  - (d) reserves for incurred but not reported claims at the end of the current year, minus
  - (e) reserves for incurred but not reported claims at the end of the previous year, plus
  - (f) reserves for loss adjustment expense at the end of the current year, minus
  - (g) reserves for loss adjustment expense at the end of the previous year;
- (5) actual incurred expenses allocated separately to loss adjustment, commissions, other acquisition costs, general office expenses, taxes, licenses and fees, and all other expenses;
- (6) net underwriting gain or loss; and
- (7) net operation gain or loss, including net investment income.

This report is due by the first of May of each year and the report due May 1, 1987 must cover the last six months of 1986. The commissioner shall annually compile and review all reports

*submitted by insurers pursuant to this section. These filings must be published and made available to any interested insured or citizen.*

Sec. 7. Minnesota Statutes 1984, section 60A.25, is amended to read:

60A.25 [INSOLVENT COMPANIES (, NOTIFICATION OF POLICYHOLDERS).]

*Subdivision 1. [NOTIFICATION OF POLICYHOLDERS.] Whenever any foreign or domestic insurance company authorized to transact the business of insurance in Minnesota is adjudicated insolvent, or whenever its policies are declared null and void by court order, the commissioner of commerce shall ascertain the names and last known addresses of all Minnesota policyholders of said company, and shall notify all Minnesota policyholders within 30 days of such adjudication or court order. In the case of foreign insurers authorized to do business in this state, the commissioner of commerce may elect to notify all of the company's licensed agents in Minnesota with a directive that the agents notify all insureds of the company's insolvency or that its policies have been declared null and void.*

*Subd. 2. [REMITTANCE OF PREMIUMS.] Every agency contract written by an insurance company writing property and casualty insurance in Minnesota shall contain or be construed to contain the following provision: "Notwithstanding any other provision of this contract, the obligation of the agent to remit written premiums to the company shall be changed upon the commencement of any administrative or legal proceeding by any state against the carrier regarding its financial condition. After the commencement of the proceedings, the obligation of the agent to remit premiums shall be confined to the premiums earned before the commencement of the proceedings. The agent shall not owe or remit to the company or to the liquidator or receiver any premiums that are unearned as of the date of the commencement of the delinquency proceedings, and any unearned premiums in the possession of the agent on the date shall be returned promptly by the agent to the insured or, with the approval of the insured, be used to purchase new coverage for the insured with a different insurer."*

Sec. 8. [60A.29] [NONPROFIT RISK INDEMNIFICATION TRUST ACT.]

*Subdivision 1. [TITLE.] This section may be cited as the "nonprofit risk indemnification trust act."*

*Subd. 2. [PURPOSE.] The purpose of this section is to authorize the establishment of trust funds for the purpose of indemnifying nonprofit beneficiary organizations and their*

*officers, directors, and agents for financial loss due to the imposition of legal liability, and to regulate the operation of trust funds established under this section.*

*Subd. 3. [APPROVAL OF COMMISSIONER.] No trust fund with the purpose of indemnifying multiple nonprofit beneficiary organizations shall be established without the prior approval of the commissioner of the department of commerce. The commissioner shall withhold approval of any trust fund that fails to comply with the provisions and requirements of this section.*

*Subd. 4. [ELIGIBLE BENEFICIARIES.] No organization, corporation, agency, or program shall be a beneficiary of any trust fund established under this section unless it is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1954, as amended through December 30, 1985. No trust fund established under this section shall agree to indemnify the state of Minnesota, any political subdivision of the state, or any hospital licensed pursuant to section 144.55. No trust fund established under this section shall indemnify any beneficiary for loss or damage to property permanently located outside the boundaries of this state or for legal liabilities arising from operations or activities occurring outside this state, except where those operations or activities are of a nonroutine nature; provided, however, that this restriction shall not apply to a beneficiary which is incorporated under the laws of this state and has its principal office located in this state.*

*Subd. 5. [INELIGIBLE RISKS.] No trust fund established under this section shall indemnify any beneficiary for property loss, liabilities incurred under the workers' compensation act, or for benefits provided to employees pursuant to any medical, dental, life, or disability income protection plan.*

*Subd. 6. [BENEFIT SCHEDULES.] Every trust fund established under this section shall establish in its bylaws or plan of operation a schedule of benefits, to be approved by the commissioner, governing the indemnification of beneficiaries of the trust. The schedule of benefits shall include all conditions, limitations, and exclusions relevant to indemnification.*

*Subd. 7. [INDEMNIFICATION AGREEMENTS.] Every trust fund established under this section shall provide each of its beneficiaries with a written indemnification agreement specifying the rights and obligations of the trust fund and the beneficiary under the agreement. Each form of indemnification agreement shall be filed with and approved by the commissioner.*

*Subd. 8. [CONTRIBUTIONS.] The trust fund shall establish contributions required of beneficiaries necessary to fund*

*the operations of the fund. All contribution schedules shall be filed with and approved by the commissioner prior to use. Contributions must be based on sound actuarial principles and be adequate to fund the operation of the trust fund. Contributions may not be excessive, in relation to the benefits provided, or unfairly discriminatory.*

*Subd. 9. [MULTIPLE TRUST AGREEMENTS PROHIBITED.] No trust fund established under this section shall enter into an agreement with any other trust fund whereby the risks assumed by each are pooled or shared.*

*Subd. 10. [BOARD OF TRUSTEES.] Every trust fund established under this section shall be governed by a board of no fewer than five trustees. The initial trustees need not be appointed or elected by the beneficiaries of the trust fund. During the second year following the creation of an authorized trust fund, at least one-fourth of all its trustees in office shall have been elected or appointed by the beneficiaries. After the end of the second year following the creation of an authorized trust fund, a majority of all trustees in office shall have been elected or appointed by the beneficiaries. All trustees serving during the first two years following the creation of an authorized trust fund shall be elected or appointed for one-year terms. All trustees serving thereafter shall be elected or appointed for two-year terms, provided that the trustees may be elected or appointed for one-year terms to the extent necessary in order to create staggered terms. Any trustee may be removed at any time, with or without cause, by a majority vote of the beneficiaries. The board of trustees shall meet no fewer than four times each year.*

*Subd. 11. [TRUSTEES; COMPENSATION.] No trustee shall be paid a salary or receive other compensation for service as a trustee, except that the bylaws or plan of operation may provide for reimbursement for actual expenses incurred on behalf of the trust fund and for the payment of a reasonable per diem amount for attendance at meetings of the board.*

*Subd. 12. [BYLAWS; PLAN OF OPERATION.] The trustees of each trust fund authorized under this section shall cause to be adopted a set of bylaws or plan of operation which shall govern the operation of the trust fund. All bylaws or plans of operation or amendments to them are subject to prior approval by the commissioner. The commissioner shall adopt rules governing the content and approval of bylaws or plans of operation.*

*Subd. 13. [FINANCIAL STATEMENT; REPORT ON OPERATIONS.] Every trust fund authorized under this section shall, by June 1 of every year, file with the commissioner a financial statement for the previous year's operations. The financial statement must include the opinion of a certified public*

*accountant that the statement was prepared in conformity with generally accepted accounting principles. Also by June 1 of every year, every trust fund must file with the commissioner, on forms provided by the department, a report summarizing the trust fund's operations during the previous year.*

*Subd. 14. [FINANCIAL STANDARDS.] Every authorized trust fund shall have and maintain financial assets sufficient to satisfy all current and future financial obligations and responsibilities to beneficiaries. The commissioner shall adopt rules establishing minimum financial standards for authorized trust funds.*

*Subd. 15. [CONTRACTS; FEES.] Authorized trust funds may enter into contracts with risk management service providers, actuarial consultants, or other vendors as are necessary to ensure the effective and efficient operation of the trust fund. Fees paid to vendors for services provided must not be excessive.*

*Subd. 16. [REINSURANCE.] Authorized trust funds may insure or reinsure their obligations and liabilities with insurance companies authorized to do business in Minnesota, pursuant to section 60A.06, or with companies similarly authorized in any other state of the United States.*

*Subd. 17. [INTERBENEFICIARY CAUSE OF ACTION.] No beneficiary shall have any cause of action against any other beneficiary arising solely out of the insolvency or inability of the trust fund to meet its obligations.*

*Subd. 18. [EXAMINATION.] The commissioner may examine authorized trust funds to the same extent and with the same purpose as is provided, with respect to insurance companies, by section 60A.031.*

*Subd. 19. [SECURITY DEPOSIT.] As a condition of authorization, every trust fund shall deposit with the commissioner an acceptable security of a value equal to not less than \$500,000. In the event that a trust fund fails to honor the obligations assumed by it under trust agreements issued to its beneficiaries, use of the security deposit shall revert to the commissioner for the purposes of executing the trust fund's obligations to its beneficiaries. The commissioner shall adopt rules governing the amount of security required and the acceptable forms of security.*

*Subd. 20. [RULES.] The commissioner may adopt rules to enforce and administer the requirements of this section.*

*Subd. 21. [TRUST FUNDS NOT SUBJECT TO INSURANCE REGULATIONS.] Trust funds established under this section shall not be considered insurance companies or to be in*



*the business of insurance nor shall they be subject to regulation by the commissioner, except as provided for in this section.*

Sec. 9. Minnesota Statutes 1984, section 62A.02, subdivision 2, is amended to read:

Subd. 2. [APPROVAL.] No such policy shall be issued, nor shall any application, rider, or endorsement be used in connection therewith, until the expiration of (30) 60 days after it has been so filed unless the commissioner shall sooner give his written approval thereto.

Sec. 10. Minnesota Statutes 1984, section 62A.02, subdivision 3, is amended to read:

Subd. 3. [DISAPPROVAL.] The commissioner shall, within (30) 60 days after the filing of any form, disapprove the form:

(1) if the benefits provided therein are unreasonable in relation to the premium charged;

(2) if it contains a provision or provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation of the policy; or

(3) If the proposed premium rate is excessive because the insurer has failed to exercise reasonable cost control.

For the purposes of clause (1), the commissioner shall establish by rule a schedule of minimum anticipated loss ratios which shall be based on (i) the type or types of coverage provided, (ii) whether the policy is for group or individual coverage, and (iii) the size of the group for group policies. Except for individual policies of disability or income protection insurance, the minimum anticipated loss ratio shall not be less than 50 percent after the first year that a policy is in force. All applicants for a policy shall be informed in writing at the time of application of the anticipated loss ratio of the policy. For the purposes of this subdivision, "anticipated loss ratio" means the ratio at the time of form filing or at the time of subsequent rate revision of the present value of all expected future benefits, excluding dividends, to the present value of all expected future premiums. Nothing in this paragraph shall prohibit the commissioner from disapproving a form which meets the requirements of this paragraph but which the commissioner determines still provides benefits which are unreasonable in relation to the premium charged. (THE COMMISSIONER MAY UNTIL DECEMBER 31, 1978, EXERCISE EMERGENCY POWER FOR THE PURPOSE OF IMPLEMENTING THE MINIMUM ANTICIPATED LOSS RATIO REQUIREMENT, AND FOR THIS PURPOSE MAY ADOPT EMERGENCY RULES AS PROVIDED IN SECTIONS 14.29 TO 14.36. NOTWITHSTANDING THE EXPIRATION OF THE

**COMMISSIONER'S EMERGENCY POWER, ANY EMERGENCY RULE ADOPTED BY HIM PRIOR TO THE EXPIRATION OF HIS EMERGENCY POWER MAY REMAIN EFFECTIVE FOR THE PERIODS AUTHORIZED IN SECTIONS 14.29 TO 14.36.)**

If the commissioner notifies an insurer which has filed any form that the form does not comply with the provisions of this section or sections 62A.03 to 62A.05 and section 72A.20, it shall be unlawful thereafter for the insurer to issue the form or use it in connection with any policy. In the notice the commissioner shall specify the reasons for his disapproval and state that a hearing will be granted within 20 days after request in writing by the insurer.

Sec. 11. Minnesota Statutes 1984, section 62B.07, subdivision 2, is amended to read:

Subd. 2. The commissioner shall within (30) 60 days after the filing of policies, certificates of insurance, notices of proposed insurance, applications for insurance, endorsements and riders, disapprove any such form if the premium rates charged or to be charged are excessive in relation to benefits, or if it contains provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation of the coverage, or are contrary to any provision of the insurance laws or of any rule or regulation promulgated thereunder. In order to determine whether the premium to be charged under a particular policy form submitted by an insurer is excessive in relation to benefits, and to facilitate the submission and approval of policy forms and premium rates to be used in connection therewith, the commissioner shall give full consideration to and make reasonable allowances for underwriting expenses including, but not limited to, claim adjustment expenses, general administrative expenses including costs for handling return premiums, compensation to agents, expense allowances to creditors, if any, branch and field expenses and other acquisition costs, the types of policies actually issued and authorized as defined in section 62B.03, (1), (2), (3) and (4), and any and all other factors and trends demonstrated to be relevant. An insurer may support these factors by statistical information, experience, actuarial computations, and/or estimates certified by an executive officer of the insurer, and the commissioner shall give due consideration to such supporting data.

Sec. 12. Minnesota Statutes 1984, section 62B.07, subdivision 3, is amended to read:

Subd. 3. If the commissioner notifies the insurer that the form is disapproved, it is unlawful thereafter for the insurer to issue or use it. In his notice, the commissioner shall specify the reason for his disapproval and state that a hearing will be granted within 20 days after a request in writing by the insurer.

No policy, certificate of insurance, notice of proposed insurance, nor any application, endorsement or rider, shall be issued or used until the expiration of (30) 60 days after it has been filed, unless the commissioner gives his prior written approval thereto.

Sec. 13. Minnesota Statutes 1984, section 62C.14, subdivision 10, is amended to read:

Subd. 10. Except as otherwise provided in subdivision 9, all forms received by the commissioner shall be deemed filed (30) 60 days after received unless disapproved by order transmitted to the corporation stating that the form used in a specified respect is contrary to law, contains a provision or provisions which are unfair, inequitable, misleading, inconsistent or ambiguous, or is in part illegible. It shall be unlawful to issue or use a document disapproved by the commissioner.

Sec. 14. Minnesota Statutes 1984, section 62E.14, is amended by adding a subdivision to read:

*Subd. 4. Notwithstanding the above, any Minnesota resident holder of a policy or certificate of medicare supplement coverages pursuant to sections 62A.32 to 62A.35, or medicare supplement plans previously approved by the commissioner, may enroll in the comprehensive health insurance plan as described in section 62E.07, with a waiver of the preexisting condition as described in subdivision 3, without interruption in coverage, provided, the policy or certificate has been terminated by the insurer for reasons other than nonpayment of premium and, provided further, that the option to enroll in the plan is exercised within 30 days of termination of the existing contract.*

*Coverage in the state plan for purposes of this section shall be effective on the date of termination upon completion of the proper application and payment of the required premium. The application must include evidence of termination of the existing policy or certificate.*

Sec. 15. Minnesota Statutes 1984, section 62F.01, is amended to read:

**62F.01 [CITATION (; EXPIRATION DATE).]**

(SUBDIVISION 1.) Sections 62F.01 to 62F.14 may be cited as the "(TEMPORARY) Joint Underwriting Association Act."

(SUBD. 2. SECTIONS 62F.01 TO 62F.14 EXPIRE SEPTEMBER 1, 1988.)

Sec. 16. Minnesota Statutes 1984, section 62F.02, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] There is created a (TEMPORARY) joint underwriting association to provide medical malpractice insurance coverage to any licensed health care provider unable to obtain this insurance through ordinary methods. Every insurer authorized to write and writing personal injury liability insurance in this state shall be a member of the association as a condition to obtaining and retaining a license to write insurance in this state.

Sec. 17. Minnesota Statutes 1984, section 62F.03, subdivision 2, is amended to read:

Subd. 2. "Association" means the (TEMPORARY) joint underwriting association.

Sec. 18. Minnesota Statutes 1984, section 62F.04, is amended by adding a subdivision to read:

*Subd. 1a. [REAUTHORIZATION.] The authorization to issue insurance is valid for a period of two years from the date it was made. The commissioner may reauthorize the issuance of insurance for additional two-year periods under the terms of subdivision 1. This subdivision is not a limitation on the number of times the commissioner may reauthorize the issuance of insurance.*

Sec. 19. Minnesota Statutes 1984, section 62G.16, subdivision 9, is amended to read:

Subd. 9. All forms received by the commissioner shall be deemed filed (30) 60 days after received unless disapproved by order transmitted to the legal service plan corporation stating that the form used in a specified respect is contrary to law, contains a provision or provisions which are unfair, inequitable, misleading, inconsistent or ambiguous, or is in part illegible. It shall be unlawful to issue or use a document disapproved by the commissioner.

Sec. 20. [62I.01] [CITATION.]

*Sections 20 to 41 may be cited as the Minnesota joint underwriting association act.*

Sec. 21. [62I.02] [MINNESOTA JOINT UNDERWRITING ASSOCIATION.]

*Subdivision 1. [CREATION.] The Minnesota joint underwriting association is created to provide insurance coverage to any person or entity unable to obtain insurance through ordinary methods if the insurance is required by statute, ordinance, or otherwise required by law, or is necessary to earn a livelihood or*

conduct a business and serves a public purpose. Prudent business practice or mere desire to have insurance coverage is not a sufficient standard for the association to offer insurance coverage to a person or entity. The association shall be specifically authorized to provide insurance coverage to day care providers, foster parents, foster homes, developmental achievement centers, group homes, and sheltered workshops for mentally, emotionally, or physically handicapped persons, and citizen participation groups established pursuant to the housing and community redevelopment act of 1974, Public Law Number 93-383. Because the activities of certain persons or entities present a risk that is so great, the association shall not offer insurance coverage to any person or entity the board of directors of the association determines is outside the intended scope and purpose of the association because of the gravity of the risk of offering insurance coverage. The association shall not offer environmental impairment liability or product liability insurance, or coverage for activities that are conducted substantially outside the state of Minnesota unless the insurance is required by statute, ordinance, or otherwise required by law. Every insurer authorized to write property and casualty insurance in this state shall be a member of the association as a condition to obtaining and retaining a license to write insurance in this state.

**Subd. 2. [DIRECTOR.]** The association shall have a board of directors composed of 11 persons chosen annually as follows: five persons elected by members of the association at a meeting called by the commissioner; three public members, as defined in section 214.02, appointed by the commissioner; and three members, appointed by the commissioner representing groups to whom coverage has been extended by the association. If at any time no coverage is currently extended by the association, then either additional public members may be appointed to fill these three positions or, at the option of the commissioner, representatives from groups who had previously been covered by the association may serve as directors.

**Subd. 3. [REAUTHORIZATION.]** The authorization to issue insurance to day care providers, foster parents, foster homes, developmental activity centers, group homes, and sheltered workshops for mentally, emotionally, or physically handicapped persons, and citizen participation groups established pursuant to the housing and community redevelopment act of 1974, Public Law Number 93-383, is valid for a period of two years from the date it was made. The commissioner may reauthorize the issuance of insurance for additional two-year periods pursuant to sections 40 and 41. This subdivision is not a limitation on the number of times the commissioner may reauthorize the issuance of insurance. Insurance may not be offered pursuant to this section to persons or entities other than those listed in this subdivision after December 31, 1989.

## Sec. 22. [62I.03] [DEFINITION.]

*Subdivision 1. [SCOPE.] As used in sections 20 to 41 the following terms have the meanings given them in this section.*

*Subd. 2. [ASSOCIATION.] "Association" means the Minnesota joint underwriting association.*

*Subd. 3. [COMMISSIONER.] "Commissioner" means the commissioner of commerce.*

*Subd. 4. [DIRECT WRITTEN PREMIUMS.] "Direct written premiums" means that amount at column (2), lines 5, 8, 9, 17, 21.2, 22, 23, 24, 25, 26, and 27, page 14, of the annual statement filed annually with the department of commerce pursuant to section 60A.13.*

*Subd. 5. [DEFICIT.] "Deficit" means, for a particular policy year and line or type of insurance, that amount by which total paid and outstanding losses and loss adjustment expenses exceed premium revenue, including retrospective premium revenue.*

## Sec. 23. [62I.04] [POLICY ISSUANCE.]

*Any person or entity that is a resident of the state of Minnesota who has a current written notice of refusal to insure from an insurer licensed to offer insurance in the state of Minnesota may make written application to the association for coverage. The applicable premium or required portion of it must be paid prior to coverage by the association.*

*The application shall be filed simultaneously with the association and the market assistance plan for the association.*

*The association is authorized to (1) issue or cause to be issued insurance policies to applicants subject to limits specified in the plan of operation; (2) underwrite the insurance and adjust and pay losses with respect to it, or appoint service companies to perform those functions; (3) assume reinsurance from its members; and (4) cede reinsurance.*

## Sec. 24. [62I.05] [PLAN OF OPERATION.]

*Within 45 days after the appointment of the directors of the association, the directors shall submit to the commissioner for review, a proposed plan of operation, consistent with the provisions of this chapter.*

*The plan of operation shall provide economic, fair, and non-discriminatory administration and for the prompt, efficient pro-*

*vision of insurance coverage of the types provided by section 20. It shall provide for an expedited review and determination by the board of any application for a type of coverage that has not been previously excluded or authorized. The action of the board on the application shall be an amendment to the plan of operation and the type of coverage shall thereafter be specified in the plan as either excluded or authorized. It may contain other provisions necessary for the operation of the association, including but not limited to preliminary assessment of all members for initial expenses necessary to commence operations, establishment of necessary facilities, management of the association, assessment of members to defray losses and expenses, commission arrangements, reasonable and objective underwriting standards, acceptance and cessation of reinsurance, appointment of servicing carriers or other servicing arrangements and procedures for determining amounts of insurance to be provided by the association.*

*The plan of operation is subject to approval by the commissioner. If the commissioner disapproves all or any part of the proposed plan of operation, the directors shall within 15 days submit for review an appropriate revised plan of operation. If a revised plan is not submitted within 15 days the commissioner shall promulgate a plan of operation. The plan of operation approved or promulgated by the commissioner is effective and operational upon the order of the commissioner.*

*Amendments to the plan of operation may be made by the directors of the association subject to approval by the commissioner.*

**Sec. 25. [621.06] [POLICY FORMS; PREMIUM RATE.]**

*Subdivision 1. [REQUIREMENT.] The policies and contracts of coverage issued pursuant to this chapter shall contain the usual and customary provisions of similar insurance policies issued by private insurance companies. If a standard form is used in the private marketplace for any type of coverage that is to be extended by the association, then the association shall use that form. If there are varying types of forms used in the marketplace the association may choose to use a standard policy form issued by a service organization or other entity who commonly prepares standardized types of forms. If the board determines that neither of these alternatives is appropriate, then it shall adopt a policy form based upon the terms and conditions of the policies used for this type of coverage that are the most commonly used in the private market. As far as practical the board shall attempt to adopt forms that are consistent with the practice in the private market. No policy forms shall be used by the association unless it has been filed with the commissioner, and the commissioner may disapprove the form within 30 days if the commissioner determines that it is misleading, it violates public policy, or for any reason that the commissioner would be empowered to reject a similar form filed by a private company.*

*Subd. 2. [CANCELLATION.] If the insured fails to pay a stabilization reserve fund charge the association may cancel the policy by mailing or delivering to the insured at the insured's address shown on the policy at least ten days written notice stating the date that the cancellation is effective.*

*Subd. 3. [RATES.] The rates, rating plan, rating rules, rating classification and territories applicable to insurance written by the association and related statistics are subject to chapter 70A. Rates shall be on an actuarially sound basis, giving consideration to the group retrospective rating plan. The commissioner shall take all appropriate steps to make available, upon request of the association, loss and expense experience of insurers previously writing or currently writing insurance of any type the association offers or intends to offer.*

*Subd. 4. [APPROVAL.] All policies issued by the association are subject to the group retrospective rating plan approved by the commissioner under which the final premium for the insureds of the association, as a group, will be equal to the administrative expenses, loss and loss adjustment expenses and taxes, plus a reasonable allowance for contingency and servicing. If the board of directors feels it is appropriate and in the interest of fairness and equity, the insureds of the association may be broken down into more than one group. The rating plan may provide for varying rates within the rating plan for such groups as their relative burden to the group as a whole would merit. Policyholders shall be given full credit for all investment income, net of expenses and reasonable management fee on policyholder supplied funds. The standard premium, before retrospective adjustment, for each policy issued by the association shall be established for portions of the policy period coinciding with the association's fiscal year on the basis of the association rates, rating plans, rating rules, rating classifications and territories then in effect. The maximum premium for all policyholders of the association as a group shall be limited as provided in sections 20 to 41.*

*Subd. 5. [EXAMINATIONS.] The commissioner shall examine the business of the association as often as is appropriate to insure that the group retrospective rating plan is operating in a manner consistent with this chapter or other Minnesota laws. If it is found that the operation is deficient or inconsistent with this chapter or other Minnesota laws the commissioner may order the association to take corrective action.*

*Subd. 6. [DEFICITS.] The association shall certify to the commissioner the estimated amount of any deficit remaining after the stabilization reserve fund has been exhausted and payment of the maximum final premium for all policyholders of the association. Within 60 days after the certification, the commissioner shall authorize the association to recover the members' respective shares of the deficit by assessing all members an*



*amount sufficient to fully fund the obligations of the association. The assessment of each member shall be determined in the manner provided in section 26. An assessment made pursuant to this section shall be deductible by the member from past or future premium taxes due the state.*

*Subd. 7. [AMENDMENTS TO RATING PLAN.] In addition to the usual manner of amending the rating plan set forth in this section and section 24, the following procedure may also be used:*

*(1) Any person may, by written petition served upon the commissioner of commerce request that a hearing be held to amend the rating plan, or any part of the rating plan.*

*(2) The commissioner shall forward a copy of the petition to the chief administrative law judge within three business days of its receipt. The chief administrative law judge shall, within three business days of receipt of the copy of the petition or a request for hearing by the commissioner, set a hearing date, assign an administrative law judge to hear the matter, and notify the commissioner of the hearing date and the administrative law judge assigned to hear the matter. The hearing date must be set not less than 60 days nor more than 90 days from the date of receipt of the petition by the commissioner or the date of the commissioner's request for hearing if the commissioner is the person requesting a hearing.*

*(3) The commissioner shall publish a notice of the hearing in the State Register at least 30 days before the hearing date. The notice should be similar to that used for rulemaking under the administrative procedure act. Approval of the notice by the administrative law judge is not required.*

*(4) The hearing and all matters which occur after the hearing are a contested case under chapter 14. Within 45 days from the commencement of the hearing and within 15 days of the completion of the hearing the administrative law judge shall submit a report to the commissioner of commerce. The parties, or the administrative law judge, if the parties cannot agree, shall adjust all time requirements under the contested case procedure to conform with the 45-day requirement.*

*(5) The commissioner shall render a decision within ten business days of the receipt of the administrative law judge's report.*

*(6) If all parties to the proceeding agree, any of the previous requirements may be waived or modified.*

*(7) A petition for a hearing to amend the rating plan or any part of the rating plan received by the commissioner within 180*

*days of the date of the commissioner's decision in a prior proceeding to amend the rating plan is invalid and requires no action provided the petition involves the same rates as the previous hearing. If the petition involves matters in addition to those dealt with in the previous hearing, then the additional matters shall be treated as a separate petition for hearing and a hearing may be held on those matters.*

Sec. 26. [62I.07] [MEMBERSHIP ASSESSMENTS.]

*Each member of the association shall participate in its losses and expenses in the proportion that the direct written premiums of the member bears to the total aggregate direct written premiums written in this state by all members. The members' participation in the association shall be determined annually on the direct written premiums written during the preceding calendar year as reported on the annual statements and other reports filed by the member with the commissioner.*

Sec. 27. [62I.08] [APPLICATION PROCEDURE.]

*A person or entity that has been denied coverage or is unable to find an insurer willing to write coverage is eligible to make an application to the association. The application shall be on a form approved by the board of directors. To show eligibility to participate in the association the applicant shall certify that the applicant has been unable to find anyone to offer the coverage sought by the applicant. No further proof shall be required of the applicant. The application shall be filed simultaneously with the association and the market assistance plan of the association.*

Sec. 28. [62I.09] [MARKET ASSISTANCE PLAN.]

*Subdivision 1. [CREATION.] A market assistance program committee consisting of 12 members is created. The 12 members shall be appointed by the commissioner of commerce. The commissioner's designated representative shall serve as an ex officio member. The commissioner shall appoint six members of the committee as representatives of insurers; two members who are insurance agents; two public members; and two members representative of groups to whom the association has issued coverage. If, at any time after appointment, a member of the committee, through change of employment or similar circumstances, is no longer representative of the group the member was appointed to represent, that member shall be deemed unable to continue to serve as a member of the committee and the commissioner shall appoint a replacement for the balance of that member's term.*

*Subd. 2. [TERMS AND VACANCIES.] In the event of a member's inability to continue to serve, the commissioner shall appoint a replacement. The committee shall elect a chair and vice chair from among the members. The term of each member is one*

*year commencing on June 1, except that the first members to be appointed to the committee shall serve from the date of their appointment until June 1 immediately following their appointment.*

*Subd. 3. [MEETINGS.] The committee shall convene upon the call of the commissioner, the chair or vice chair or at the request of one of the committee members. No quorum requirements are necessary.*

**Sec. 29. [62I.10] [DISPOSITION OF APPLICATION.]**

*Subdivision 1. [ACTION UPON APPLICATION.] Upon receipt of an application, the committee or persons the committee appoints or designates will immediately review the application to determine what assistance the committee can give. The assistance may include: (1) discussion with the applicant's most recent underwriter, if any, to determine if the applicant's coverage can be maintained with the most recent carrier; (2) discussion with other known available insurance markets to determine if any other carrier will accept the applicant; (3) negotiating extensions of coverage with the most recent carrier or a temporary carrier, if possible, to permit additional exploration of insurance markets or accumulation of essential underwriting data; and (4) referring the application to the first five participating insurers (participants) on the relevant list provided in subdivision 2. Subsequent applications will be sent to the next five participants on a rotating basis. If at any time there are less than ten participants on the master list then the master list will no longer be utilized.*

*Subd. 2. [LIST OF PARTICIPATING INSURERS.] A list of participants shall be prepared and updated at least every two years in the following manner: (1) the committee will secure a mailing list from the department of commerce of every licensed insurer admitted to do business as well as every eligible licensed surplus lines licensee; (2) the committee will mail to each admitted insurer and eligible surplus lines licensee an outline of the conditions of participation; (3) a master list of participants willing to take part in the market assistance program will be created from the responses to the initial mailing. The master list will be updated at least every two years pursuant to clauses (1) and (2). Order on the master list will be determined by random selection.*

*Subd. 3. [REFERRAL TO PARTICIPANTS.] Upon receipt of an application, the committee or the persons the committee appoints or designates may mail or telex copies of the application to the first five participants on the master list.*

*Subd. 4. [QUOTES.] Participants must quote on at least one out of every three applications submitted. Each participant will have the right to individually evaluate the risk the applicant poses and develop a price commensurate with that risk.*

*Subd. 5. [REFERRAL.] If no quote is received from the first five participants on the list, the next five participants on the list shall receive the application and the same procedure shall be followed until a quote is obtained or the list is exhausted. All participants may, if the committee feels it appropriate, be given the application at once.*

*Subd. 6. [RESPONSE FROM PARTICIPANT.] Participants may provide a quote on the same coverage basis they normally provide for similar coverage for that type of insurance in Minnesota. Participants will return their quotations or refusals to quote to the committee within ten days. The applicant or the applicant's agent, if any, will be notified of the quotations. The agent will then complete the placement of the insurance, if the applicant accepts coverage from the participant at the price quoted, without need for an agency appointment from that participant. The insurer is not required to pay the agent any commission, but the agent may negotiate a fee with the applicant prior to initial submission of the application.*

*Subd. 7. [LIMITATION ON REAPPLICATION.] An applicant provided a quotation in accordance with the above procedure will not be eligible to seek additional quotations from the market assistance plan or to obtain coverage from the association if the quotation received would not be deemed to be a notice of refusal for purposes of determining eligibility for participation in the association.*

*Subd. 8. [REVIEW BY THE COMMITTEE.] If the procedures in subdivisions 1 to 7 do not produce a quote, the application may be submitted to the committee. The committee after reviewing the application shall proceed as follows: (1) attempt to place the applicant with a single carrier; or (2) attempt to arrange coverage on a quota share basis with a number of carriers.*

*Subd. 9. [DISQUALIFICATION AFTER COVERAGE GRANTED.] If an application is filed with the market assistance program less than 30 business days before the expiration date of the applicant's current insurance coverage the market assistance program may continue to seek coverage for the applicant after coverage is extended by the association. The market assistance program will have 30 business days from the date of filing of the application with the market assistance program to obtain an offer of coverage for the applicant. If the market assistance program is able to secure an offer of coverage for the applicant within 30 business days of filing of the application and if the offer of coverage would not otherwise be considered a refusal for purposes of the association, the applicant will be deemed to not be qualified to participate in the association and coverage, if any, shall be terminated. If the applicant accepts the coverage obtained by the market assistance plan, cov-*

*erage from the association will terminate when the new coverage begins.*

*Subd. 10. [NOTIFICATION OF FAILURE TO PLACE.] If the market assistance program does not produce a quote, it shall notify the submitting agent or the applicant at least 24 hours before the time the applicant's current insurance coverage terminates. A copy of the notification must be submitted to the commissioner and the association at the same time notice is made to the agent or applicant. Notwithstanding the foregoing, the market assistance program may continue to act pursuant to subdivision 9. Notice that the market assistance program is continuing to act pursuant to subdivision 9 shall be included in the notice required by this subdivision.*

**Sec. 30. [62I.11] [PROGRAM PARTICIPATION.]**

*Subdivision 1. [TERMINATION.] A participant may terminate its participation in the program at any time by providing written notice of the termination 90 days in advance of the effective date of the termination to the commissioner and to the committee.*

*Subd. 2. [NEW PARTICIPANTS.] New participants may join the program at any time by submitting a written request to the commissioner and to the committee.*

**Sec. 31. [62I.12] [ASSOCIATION ADMINISTRATION.]**

*Subdivision 1. [ADMINISTRATOR.] The association shall be administered by a qualified insurer or vendor of risk management services selected by the commissioner. If the commissioner deems it necessary, the commissioner may select more than one person to administer the association.*

*Subd. 2. [DUTIES.] The administrator shall perform all services necessary to accomplish the purposes of the association, including the servicing of policies or contracts of coverage, data management, and collection of assessments.*

*Subd. 3. [APPEALS.] Anyone adversely affected by the decision of the administrator may object to the decision by appealing to the commissioner within 15 days after the decision. The appeal must be made by letter mailed to the commissioner with a copy to the administrator within the 15-day period. The letter must include a summary of the administrator's decision from which the appeal is taken, the basis for the objection to the administrator's decision, and any argument or evidence in support of the appeal. Within 15 days after receipt of the letter, the administrator shall file a response, including the basis of the administrator's decision and all argument and evidence in support of the decision, with the commissioner. Within ten days*

*after receipt of the administrator's response, the commissioner shall either affirm, reverse, or modify the administrator's decision as the commissioner deems appropriate.*

**Sec. 32. [62I.13] [ACTION BY THE MINNESOTA JOINT UNDERWRITING ASSOCIATION UPON THE APPLICATION.]**

*Subdivision 1. [GENERALLY.] Eligibility for coverage by the association is subject to the terms and conditions of subdivisions 2 and 3.*

*Subd. 2. [MINIMUM OF QUALIFICATIONS.] Anyone who is unable to obtain insurance in the private market and who so certifies to the association in the application is eligible to make written application to the association for coverage. Payment of the applicable premium or required portion of it must be paid prior to coverage by the association. An offer of coverage at a rate in excess of the rate that would be charged by the association for similar coverage and risk shall be deemed to be a refusal of coverage for purposes of eligibility for participation in the association. It shall not be deemed to be a written notice of refusal if the rate for coverage offered is less than five percent in excess of the joint underwriting association rates for similar coverage and risk. However, the offered rate must also be the rate that the insurer has filed with the department of commerce if the insurer is required to file its rates with the department. If the insurer is not required to file its rates with the department, the offered rate must be the rate generally charged by the insurer for similar coverage and risk.*

*Subd. 3. [DISQUALIFYING FACTORS.] For good cause, coverage may be denied or terminated by the association. Good cause may exist if the applicant or insured: (1) has an outstanding debt due or owing to the association at the time of application or renewal arising from a prior policy; (2) refuses to permit completion of an audit requested by the commissioner or administrator; (3) submits misleading or erroneous information to the commissioner or administrator; (4) disregards safety standards, laws, rules or ordinance pertaining to the risk being insured; (5) fails to supply information requested by the commissioner or administrator; (6) fails to comply with the terms of the policies or contracts for coverage issued by the association; and (7) has not satisfied the requirements of the market assistance program as set forth in section 28.*

*Subd. 4. [DISQUALIFICATION AFTER COVERAGE GRANTED.] If an application is filed with the market assistance program less than 30 business days before the expiration of the applicant's current insurance coverage, the market assistance program may continue to seek coverage for the applicant after coverage is extended by the association. The market assistance program will have 30 business days from the date of filing*

*the application with the market assistance program to obtain an offer of coverage for the applicant. If the market assistance program is able to secure an offer of coverage for the applicant within 30 business days of filing of the application and if the offer of coverage would not otherwise be considered refusal for purposes of the association, the applicant will be deemed to be not qualified to participate in the association plan and coverage, if any, shall be terminated.*

*Subd. 5. [NOTICE.] An application for coverage under the association must be granted or denied within ten days after receipt by the administrator of a properly completed application and any supplemental information requested by the administrator. Anyone covered by the association must be given at least 30 days notice of nonrenewal or cancellation of coverage.*

**Sec. 33. [62I.14] [ASSESSMENTS.]**

*In the event the commissioner deems it necessary to make an assessment, an assessed insurer must pay the assessment within 30 days of receipt of notice of the assessment. The commissioner may suspend or revoke an insurer's certificate of authority and impose a civil penalty in an amount not to exceed \$5,000 for an insurer's failure to pay the assessment within the 30 day period.*

**Sec. 34. [62I.15] [EXTENSION OF COVERAGE.]**

*If the association determines that the applicant meets the underwriting standards of the association as described in the plan of operation and there is no unpaid, uncontested premium due from the application for prior insurance, including failure to make written objections to premium charges within 30 days after billing, or if there is no other allowable reason as set forth in this chapter for denial of coverage, the association upon receipt of the premium or portion of it as described in the plan of operation shall issue a policy of insurance to the applicant.*

**Sec. 35. [62I.16] [STABILIZATION RESERVE FUND.]**

*Subdivision 1. [CREATION.] There is created a stabilization reserve fund. Each policyholder shall pay to the association a stabilization reserve fund charge of 33 percent of each premium payment due for insurance through the association. This charge shall be separately stated in the policy. The association shall cancel the policy of any policyholder who fails to pay the stabilization reserve fund charge.*

*Subd. 2. [PAYMENT.] The association shall promptly pay into the stabilization reserve fund all fund charges it collects from its policyholders and any retrospective premium refunds payable under the group retrospective rating plan.*

*Subd. 3. [SUPERVISION.] All money paid into the fund shall be held in trust by the corporate trustee selected by the board of directors. The corporate trustee may invest the money held in trust subject to the approval of the board. All investment income shall be credited to the fund. All expenses of the administration of the fund shall be charged against the fund. The money held in trust shall be used solely for the purpose of discharging when due any retrospective premium charges payable by policyholders and any retrospective premium refunds payable to policyholders under the group retrospective rating plan. Payment of retrospective premium charges shall be made upon certification of the amount due. If all money accruing to the fund is exhausted in payment of retrospective premium charges, all liability and obligations of the association's policyholders with respect to the payment of retrospective premium charges shall terminate and shall be conclusively presumed to have been discharged. Any stabilization reserve fund charges from a particular policy year and line or type of insurance not used to pay retrospective premiums must be returned to policyholders after all claims and expense obligations from that particular policy year and line or type of insurance are satisfied.*

*Subd. 4. [EXEMPTION.] The board of directors may, upon their own motion or upon application of any applicant or insured, exempt any group from the payment of the stabilization reserve charge. The exemption shall be granted only to those groups who are unable to obtain insurance coverage in the private market as a result of the private market's refusal to write coverage for that group rather than because of loss experiences or risks posed by the applicant or insured as an individual. It shall be presumed that a group is qualified for this exemption if more than 20 percent of the members of that group are unable to obtain the insurance coverage that they seek. The board of directors shall also consider granting exemption if any members of the same group are unable to obtain coverage in the private market even though no claims have been made against them or payments made on their behalf by any insurer within the last three years.*

*Subd. 5. [SURCHARGE.] In addition to determining the basic rate for coverages to be offered by the joint underwriting association, the association shall also develop a surcharge plan or similar method for adjusting the rate to be charged to those persons who have had claims made against them. The surcharge plan shall take into effect the risk posed to the association by the applicant or the insured. The surcharge plan shall be sufficient to provide for the sound financial operation of the plan based upon commonly agreed upon actuarial principles.*

**Sec. 36. [62I.17] [IMMUNITY FROM LIABILITY.]**

*No cause of action of any nature shall arise against the association, the commissioner or the commissioner's authorized*



*representatives, or any other person or organization, for any statements made in good faith by them during any proceedings or concerning any matters within the scope of this chapter.*

**Sec. 37. [62I.18] [RIGHT OF APPEAL.]**

*Any applicant to the association, any person insured pursuant to this chapter or their representatives, any affected insurer, or any person who has applied for coverage pursuant to this chapter may appeal to the commissioner within 30 days after any ruling, action, or decision by or on behalf of the association with respect to those items that the plan of operation defines as appealable matters.*

**Sec. 38. [62I.19] [ANNUAL STATEMENTS.]**

*On March 1 of each year the association shall file with the commissioner a report of its transactions, financial conditions, and operations during the preceding year. The report shall be on a form approved by the commissioner. The commissioner may at any time require the association to furnish additional information to assist in evaluating the scope, operation, and experience of the association.*

**Sec. 39. [62I.20] [MERGER OF OTHER PLANS.]**

*Upon application by the governing body of the liquor liability assigned risk plan authorized by section 340A.409 or the joint underwriting association authorized by chapter 62F to be merged with the association, the commissioner shall, if the commissioner deems it appropriate, hold a public hearing in regard to the merger. The commissioner upon motion or upon the motion of any insured under plans shall hold a hearing. Unless it can be shown that the rights of the insured would be adversely affected by the merger or that it would be less efficient or more costly to merge the plans, the commissioner shall consent to the merger. The commissioner shall also consent to the merger at any time there are less than ten insureds in any plan.*

**Sec. 40. [62I.21] [ACTIVATION OF MARKET ASSISTANCE PLAN AND JOINT UNDERWRITING ASSOCIATION.]**

*At any time the commissioner of commerce deems it necessary to provide assistance with respect to the placement of general liability insurance coverage on Minnesota risks for a class of business, the commissioner shall by notice in the state register activate the market assistance plan and the joint underwriting association. The plan and association are activated for a period of 180 days from publication of the notice. At the same time the notice is published, the commissioner shall prepare a written petition requesting that a hearing be held to determine whether*

*activation of the market assistance plan and the joint underwriting association is necessary beyond the 180-day period. The hearing must be held in accordance with section 41. The commissioner by order shall deactivate a market assistance program and the joint underwriting association at any time the commissioner finds that the market assistance program and the joint underwriting association are not necessary.*

**Sec. 41. [62I.22] [HEARING.]**

*Subdivision 1. [ADMINISTRATIVE LAW JUDGE.] The commissioner shall forward a copy of the petition to activate the market assistance plan and the joint underwriting association with respect to a class of business to the chief administrative law judge. The chief administrative law judge shall, within three business days of receipt of the copy of the petition, set a hearing date, assign an administrative law judge to hear the matter, and notify the commissioner of the hearing date and the administrative law judge assigned to hear the matter. The hearing date must be no less than 60 days nor more than 90 days from the date of receipt of the petition by the chief administrative law judge.*

*Subd. 2. [NOTICE.] The commissioner of commerce shall publish notice of the hearing in the State Register at least 30 days before the hearing date. The notice should be that used for rulemaking under chapter 14. Approval by the administrative law judge of the notice prior to publication is not required.*

*Subd. 3. [CONTESTED CASE; REPORT.] The hearing and all matters after the hearing are a contested case under chapter 14. Within 45 days from the commencement of the hearing and within 15 days of the completion of the hearing the administrative law judge shall submit a report to the commissioner of commerce. The parties, or the administrative law judge, if the parties cannot agree, shall adjust all time requirements under the contested case procedure to conform with the 45-day requirement.*

*Subd. 4. [DECISION.] The commissioner shall make a decision within ten days of the receipt of the administrative law judge's report.*

*Subd. 5. [WAIVER OR MODIFICATION.] If all parties to the proceeding agree, any of the requirements of this section may be waived or modified.*

**Sec. 42.** Minnesota Statutes 1984, section 65A.32, is amended to read:

**65A.32 [PURPOSES.]**

The purposes of sections 65A.31 to 65A.43 are :

(1) To encourage stability in the property *and liability* insurance market for property located in (URBAN AREAS OF) this state;

(2) To encourage maximum use, in obtaining (BASIC) property *and liability* insurance, as defined in sections 65A.31 to 65A.43, of the normal insurance market provided by the private property *and casualty* insurance industry;

(3) To encourage the improvement of the condition of properties located in (URBAN AREAS OF) this state and to further orderly community development generally;

(4) To provide for the formulation and administration by an industry placement facility of a plan assuring fair access to insurance requirements (FAIR Plan) in order that no property shall be denied (BASIC) property *or liability* insurance through the normal insurance market provided by the private property *and casualty* insurance industry except after a physical inspection of such property and a fair evaluation of its individual underwriting characteristics;

(5) To publicize the purposes and procedures of the FAIR Plan to the end that no one may fail to seek its assistance through ignorance thereof;

(6) To provide for the formulation and administration by the industry placement facility of a reinsurance arrangement whereby property *and casualty* insurers shall share equitably the responsibility for insuring insurable property for which (BASIC) property *and liability* insurance cannot be obtained through the normal insurance markets; and

(7) To provide a framework for participation by the state in a sharing of insured losses resulting from riots and other civil disorders occurring in this state as required by section 1223 of the Housing and Urban Development Act of 1968 (Public Law 90-448, Ninetieth Congress, August 1, 1968).

Sec. 43. Minnesota Statutes 1984, section 65A.33, is amended to read:

#### 65A.33 [DEFINITIONS.]

Subdivision 1. As used in sections 65A.31 to 65A.43, unless the context otherwise requires, the terms defined in this section have the following meaning given to them.

Subd. 2. "Insurer" means any insurance company or other organization licensed to write and engaged in writing property

*or liability* insurance business, including the property *or liability* insurance components of multi-peril policies, on a direct basis, in this state, except where such insurer is specifically exempted by statute from participation in this program.

Subd. 3. “(BASIC) Property *or liability* insurance” means the coverage against direct loss to real or tangible personal property at a fixed location that is provided in the standard fire policy, extended coverage endorsement, *homeowners insurance*, as defined in section 65A.27, subdivision 4, *cooperative housing insurance*, *condominium insurance*, builders risk, and such vandalism and malicious mischief insurance and such other classes of insurance as may be added to the program with respect to said property by amendment as hereinafter provided. (BASIC) Property *or liability* insurance does not include automobile, farm, *commercial liability*, or such manufacturing risks as may be excluded by the commissioner.

Subd. 4. “Industry placement facility,” hereinafter referred to as the facility, means the organization formed by insurers to assist applicants (IN URBAN AREAS) in securing (BASIC) property *or liability* insurance and to administer the FAIR Plan and the joint reinsurance association.

Subd. 5. “Inspection bureau” means the (FIRE INSURANCE) rating organization designated by the facility with the approval of the commissioner to make inspections as required under this program and to perform such other duties as may be authorized by the facility.

Subd. 6. (“URBAN AREA” INCLUDES ANY MUNICIPALITY OR OTHER POLITICAL SUBDIVISION, SUBJECT TO POPULATION OR OTHER LIMITATIONS DEFINED IN RULES AND REGULATIONS OF THE SECRETARY AND SUCH ADDITIONAL AREAS AS MAY BE DESIGNATED BY THE COMMISSIONER.)

(SUBD. 7.) “Premiums written” means gross direct premiums, excluding that portion of premium on risks ceded to the joint reinsurance association, charged during the second preceding calendar year with respect to property in this state on all policies of (BASIC) property *or liability* insurance and the (BASIC) property *or liability* insurance premium components of all multi-peril policies, as computed by the facility, less return premiums, dividends paid or credited to policyholders, or the unused or unabsorbed portions of premium deposits.

Subd. (8) 7. “Commissioner” means the commissioner of commerce of the state of Minnesota.

Subd. (9) 8. “Secretary” means the secretary of the United States department of housing and urban development.

(SUBD. 10. "SERVICING INSURER" MEANS AN INSURER DESIGNATED BY THE GOVERNING COMMITTEE TO ISSUE POLICIES ON BEHALF OF THE INDUSTRY PLACEMENT FACILITY.)

Sec. 44. Minnesota Statutes 1984, section 65A.34, subdivision 1, is amended to read:

65A.34 [FAIR PLAN; INSPECTIONS AND REPORTS.]

Subdivision 1. Any person having an insurable interest in real or tangible personal property (AT A FIXED LOCATION IN AN URBAN AREA) shall be entitled upon oral or written application therefor to the facility to a prompt inspection of the property by the inspection bureau without cost.

Sec. 45. Minnesota Statutes 1984, section 65A.35, subdivision 1, is amended to read:

65A.35 [FAIR PLAN BUSINESS; DISTRIBUTION AND PLACEMENT.]

Subdivision 1. [MEMBERSHIP.] Each insurer which is authorized to write and is engaged in writing within this state, on a direct basis, (BASIC) property or liability insurance or any component thereof contained in a multi-peril policy, including homeowners and commercial multi-peril policies, shall participate in the industry placement facility, as hereinafter described, as a condition of its authority to write such kinds of insurance within this state.

Sec. 46. Minnesota Statutes 1984, section 65A.35, subdivision 2, is amended to read:

Subd. 2. [PURPOSES.] The purposes of the facility shall be twofold, as more fully set forth in this section:

(1) To formulate and administer, subject to the approval of the commissioner, a plan assuring fair access to insurance requirements in order that no property (IN URBAN AREAS) shall be denied (BASIC) property or liability insurance through the normal insurance market provided by the private property and casualty insurance industry, except after a physical inspection of such property and a fair evaluation of its individual underwriting characteristics; and

(2) To formulate and administer, subject to the approval of the commissioner, a reinsurance arrangement whereby the members of the facility shall share equitably the responsibility for insuring property (IN URBAN AREAS) which is insurable

but for which (BASIC) property *or liability* insurance cannot be obtained through normal insurance markets.

Sec. 47. Minnesota Statutes 1984, section 65A.37, is amended to read:

65A.37 [STANDARD POLICY COVERAGE.]

All policies (ISSUED), *except homeowners policies*, shall be (FOR BASIC PROPERTY INSURANCE) on standard policy forms at rates published by (THE INSPECTION BUREAU) *Insurance Services Office* and shall be issued for a term of one year. *All homeowners, cooperative housing insurance, and condominium insurance policies must be on forms published by Insurance Services Office and approved by the commissioner.*

Sec. 48. Minnesota Statutes 1984, section 65B.13, is amended to read:

65B.13 [AUTOMOBILE INSURANCE, DISCRIMINATION IN AUTOMOBILE POLICIES FORBIDDEN.]

No insurance company, or its agent, shall refuse to issue any standard *or preferred* policy of motor vehicle insurance or make any discrimination in the acceptance of risks, in rates, premiums, dividends, or benefits of any kind, or by way of rebate:

(a) between persons of the same class, or

(b) on account of race, or

(c) on account of physical handicap if the handicap is compensated for by special training, equipment, prosthetic device, corrective lenses, or medication and if the physically handicapped person;

(1) is licensed by the department of public safety to operate a motor vehicle in this state, and

(2) operates only vehicles which are equipped with auxiliary devices and equipment necessary for safe and effective operation by the handicapped person, *or*

(d) *on account of marital dissolution.*

Every company or agent violating any of the foregoing provisions shall be fined not more than \$100 per violation, and every officer, agent, or solicitor violating the same shall be guilty of a misdemeanor. The commissioner of commerce is authorized to treat violations of this section as an unfair insurance practice and to enforce this section using the procedures, remedies, and penalties provided in sections 72A.17 to 72A.32.

Sec. 49. [65B.1311] [COVERAGE FOR FORMER SPOUSE.]

*Subdivision 1. [NEW POLICY ISSUED.] If the former spouse of a named insured under a policy of private passenger vehicle insurance applies within 60 days of entry of a valid decree of dissolution of the marriage and the former spouse was an insured driver under the policy for at least 12 months prior to entry of the decree, the insurer must issue a policy, upon payment of the appropriate premium, to the former spouse only on the basis of the driving record applicable to the former spouse and any person who is to be an insured, as defined in section 65B.43, under the policy to be issued, provided the person or persons to be insured meets the insurer's eligibility standards.*

*Subd. 2. [NAMED INSURED.] A named insured under a policy of private passenger vehicle insurance shall have the premium determined at the first and any subsequent renewals of the policy after entry of a valid decree of dissolution of the marriage of the named insured only on the basis of the driving record applicable to the named insured and any person who is to be an insured, as defined in section 65B.43, under the policy to be renewed.*

Sec. 50. Minnesota Statutes 1984, section 65B.47, subdivision 1, is amended to read:

Subdivision 1. In case of injury to the driver or other occupant of a motor vehicle other than a commuter van, or other than a vehicle being used to transport children to school or to a school sponsored activity or other bus while it is in operation within the state of Minnesota as to any Minnesota resident who is an insured as defined in section 65B.43, subdivision 5, if the accident causing the injury occurs while the vehicle is being used in the business of transporting persons or property, the security for payment of basic economic loss benefits is the security covering the vehicle or, if none, the security under which the injured person is an insured.

Sec. 51. Minnesota Statutes 1984, section 70A.04, subdivision 2, is amended to read:

Subd. 2. [EXCESSIVENESS; MARKET TEST.] (a) Rates are presumed not to be excessive if a reasonable degree of price competition exists at the consumer level with respect to the class of business to which they apply. In determining whether a reasonable degree of price competition exists, the commissioner shall consider all relevant tests (, INCLUDING, BUT NOT LIMITED TO, THE FOLLOWING:)

(1. THE NUMBER OF INSURERS ACTIVELY ENGAGED IN THE CLASS OF BUSINESS.)

(2. THE NATURE OF RATE DIFFERENTIALS IN THAT CLASS OF BUSINESS.)

(3. WHETHER LONG RUN PROFITABILITY FOR INSURERS GENERALLY OF THE CLASS OF BUSINESS IS UNREASONABLY HIGH IN RELATION TO ITS RISKINESS).

*In addition to any other manner of determining whether a reasonable degree of price competition exists with respect to any class of insurance, it is presumed that a reasonable degree of competition does not exist if less than five insurers write more than 75 percent of the direct written premiums.*

(b) If such competition does not exist, rates are excessive if they are likely to produce a long-run profit that is unreasonably high in relation to the riskiness of the class of business, or if expenses are unreasonably high in relation to the services rendered.

*In determining whether an excessive rate is being charged by an individual insurer for a class of insurance where a reasonable degree of competition does not exist, the commissioner shall determine whether the rate charged produces a rate of return that is not in excess of a reasonable rate of return. To determine what is a reasonable rate of return, the riskiness of the class of insurance, the profitability of the insurer in that class of business, and other relevant factors shall be considered.*

Sec. 52. Minnesota Statutes 1984, section 70A.06, subdivision 1, is amended to read:

Subdivision 1. Every licensed insurer and every rate service organization licensed under section 70A.14 shall (FURNISH) file with the commissioner all rates and all changes and amendments of rates made by it for use in this state not later than their effective date. No rates contained in a filing shall become effective unless they have been filed with the commissioner. In any filing, the commissioner may require the insurer or rate service organization to file supporting data and explanatory data which shall include:

(1) *the experience and judgment of the filer, and, to the extent it wishes or the commissioner requires, of other insurers or rate service organizations;*

(2) *its interpretation of any statistical data relied upon;*

(3) *descriptions of the actuarial and statistical methods employed; and*

(4) *any other matters deemed relevant by the commissioner or the filer.*



*Notwithstanding the foregoing, if the supporting data is not filed within 30 days after so requested by the commissioner, the rate is no longer effective and is presumed to be an excessive rate.*

Sec. 53. Minnesota Statutes 1984, section 70A.06, subdivision 2, is amended to read:

Subd. 2. No policy form shall be delivered or issued for delivery unless it has been filed with the commissioner and either (i) he has approved it or (ii) (30) 60 days have elapsed and he has not disapproved it as misleading or violative of public policy, which period may be extended by the commissioner for an additional period not to exceed (30) 60 days.

Sec. 54. Minnesota Statutes 1984, section 70A.08, is amended by adding a subdivision to read:

*Subd. 3. Until January 1, 1988, the commissioner may restrict approval on claims-made policies to forms filed by a rate service organization which have been approved.*

Sec. 55. Minnesota Statutes 1984, section 70A.10, is amended to read:

#### 70A.10 [DELAYED EFFECT OF RATES.]

Subdivision 1. [(RULE) ORDER INSTITUTING DELAYED EFFECT.] If the commissioner finds, after a hearing, that competition is not an effective regulator of the rates charged or that a substantial number of companies are competing irresponsibly through the rates charged, or that there are widespread violations of this chapter, in any kind or line of insurance or subdivision thereof or in any rating class or rating territory, he may issue (A RULE) *an order* requiring that in the kind or line of insurance or subdivision thereof or rating class or rating territory comprehended by the finding any subsequent changes in the rates or supplementary rate information be filed with him at least (30) 60 days before they become effective. He may extend the waiting period for not to exceed (15) 30 additional days by written notice to the filer before the (30) 60 day period expires.

Subd. 2. [SUPPORTING DATA.] In the (RULE) *order* issued under subdivision 1 or in any supplementary (RULE) *order*, the commissioner may require the filing of supporting data as to any or all kinds or lines of insurance or subdivisions thereof or classes of risks or combinations thereof as he deems necessary for the proper functioning of the rate monitoring and regulating process. The supporting data shall include:

(a) The experience and judgment of the filer, and, to the extent it wishes or the commissioner requires, of other insurers or rate service organizations;

- (b) Its interpretation of any statistical data relied upon;
- (c) Descriptions of the actuarial and statistical methods employed; and
- (d) Any other matters deemed relevant by the commissioner or the filer.

Subd. 3. [EXPIRATION OF (REGULATION) ORDER.] (A REGULATION) *An order* issued under subdivision 1 shall expire no more than (ONE YEAR) *two years* after issue. (THE COMMISSIONER MAY RENEW IT AFTER A HEARING AND APPROPRIATE FINDINGS AS PROVIDED UNDER SUBDIVISION 1.)

Subd. 4. [SUPPORTING INFORMATION.] Whenever a filing is not accompanied by such information as the commissioner has required under subdivision 2, he may so inform the insurer and the filing shall be deemed to be made when the information is furnished.

Sec. 56. Minnesota Statutes 1984, section 70A.11, is amended to read:

#### 70A.11 [DISAPPROVAL OF RATES.]

Subdivision 1. [ORDER (IN EVENT OF VIOLATION) AFTER HEARING.] If the commissioner finds after a (HEARING) *contested case proceeding under chapter 14* that a rate is not in compliance with section 70A.04, he shall order that its use is to be discontinued (ON A DATE NOT LESS THAN 30 DAYS AFTER THE ORDER) *and shall order the excess premium plus interest at the rate specified in section 549.09 to be refunded to the policyholder. The amount of the refund, plus interest, must be computed from the commencement date of the contested case hearing on the rate. Interest must be computed as simple interest per annum.*

Subd. 2. [TIMING OF ORDER.] The order under subdivision 1 shall be issued within (30) *60* days after the close of the hearing or within such reasonable time extension as the commissioner may fix.

Subd. 3. [APPROVAL OF SUBSTITUTED RATE.] No rate replacing a disapproved rate may be used until it has been filed with the commissioner and not disapproved within (30) *60* days thereafter, except that the rate disapproved under subdivision 1, with the consent of the commissioner, or the last previous rate in effect for the insurer may be used for a period of not more than three months pending the approval of a substituted rate. The

commissioner's order may include provision for a premium adjustment in a rate charged pending approval of a substituted rate.

Sec. 57. Minnesota Statutes 1984, section 72A.13, subdivision 1, is amended to read:

Subdivision 1. Any company, corporation, association, society, or other insurer, or any officer or agent thereof, which or who solicits, issues or delivers to any person in this state any policy in violation of the provisions of sections 4 or 62A.01 to 62A.10, may be punished by a fine of not more than \$100 for each offense, and the commissioner may revoke the license of any company, corporation, association, society, or other insurer of another state or country, or of the agent thereof, which or who wilfully violates any provision of sections 4 or 62A.01 to 62A.10.

Sec. 58. [60A.29] [RENEWAL OF INSURANCE POLICY WITH ALTERED RATES.]

*If an insurance company licensed to do business in this state offers or purports to offer to renew any commercial liability and/or property insurance policy at less favorable terms as to the dollar amount of coverage or deductibles, higher rates, and/or higher rating plan, the new terms, the new rates and/or rating plan may take effect on the renewal date of the policy if the insurer has sent to the policyholder notice of the new terms, new rates and/or rating plan at least 30 days prior to the expiration date. If the insurer has not so notified the policyholder, the policyholder may elect to cancel the renewal policy within the 30-day period after receipt of the notice. Earned premium for the period of coverage, if any, shall be calculated pro rata upon the prior rate. This subdivision does not apply to ocean marine insurance, accident and health insurance, and reinsurance.*

Sec. 59. [60A.30] [MID-TERM CANCELLATION.]

*In addition to the requirements of Minnesota Statutes 1984, section 176.185, subdivision 1, no policy of insurance issued to cover the liability to pay compensation under Minnesota Statutes 1984, chapter 176, shall be canceled by the insurer within the policy period unless the insurer has also complied with the requirements of such rules as the commissioner of commerce may adopt in regard to the cancellation of commercial liability and/or commercial property insurance policies.*

Sec. 60. [145.682] [CERTIFICATION OF EXPERT REVIEW; AFFIDAVIT.]

Subdivision 1. [DEFINITION.] *For purposes of this section, "health care provider" means a physician, surgeon, dentist, or other health care professional or hospital, including all persons*

or entities providing health care as defined in section 145.61, subdivisions 2 and 4, or a certified health care professional employed by or providing services as an independent contractor in a hospital.

*Subd. 2. [REQUIREMENT.] In an action alleging malpractice, error, mistake, or failure to cure, whether based on contract or tort, against a health care provider which includes a cause of action as to which expert testimony is necessary to establish a prima facie case, the plaintiff must: (1) unless otherwise provided in subdivision 3, paragraph (b), serve upon defendant with the summons and complaint an affidavit as provided in subdivision 3; and (2) serve upon defendant within 180 days after commencement of the suit an affidavit as provided by subdivision 4.*

*Subd. 3. [AFFIDAVIT OF EXPERT REVIEW.] The affidavit required by subdivision 2, clause (1), must be by the plaintiff's attorney and state that:*

*(a) the facts of the case have been reviewed by the plaintiff's attorney with an expert whose qualifications provide a reasonable expectation that the expert's opinions could be admissible at trial and that, in the opinion of this expert, one or more defendants deviated from the applicable standard of care and by that action caused injury to the plaintiff; or*

*(b) the expert review required by paragraph (a) could not reasonably be obtained before the action was commenced because of the applicable statute of limitations. If an affidavit is executed pursuant to this paragraph, the affidavit in paragraph (a) must be served on defendant or the defendant's counsel within 90 days after service of the summons and complaint.*

*Subd. 4. [IDENTIFICATION OF EXPERTS TO BE CALLED.] The affidavit required by subdivision 2, clause (2), must be by the plaintiff's attorney and state the identity of each person whom plaintiff expects to call as an expert witness at trial to testify with respect to the issues of malpractice or causation, the substance of the facts and opinions to which the expert is expected to testify, and a summary of the grounds for each opinion. Answers to interrogatories that state the information required by this subdivision satisfy the requirements of this subdivision if they are signed by the plaintiff's attorney and served upon the defendant within 180 days after commencement of the suit against the defendant.*

*The parties or the court for good cause shown, may by agreement, provide for extensions of the time limits specified in subdivision 2, 3, or this subdivision. Nothing in this subdivision may be construed to prevent either party from calling additional expert witnesses or substituting other expert witnesses.*

*Subd. 5. [RESPONSIBILITIES OF PLAINTIFF AS ATTORNEY.] If the plaintiff is acting pro se, the plaintiff shall sign the affidavit or answers to interrogatories referred to in this section and is bound by those provisions as if represented by an attorney.*

*Subd. 6. [PENALTY FOR NONCOMPLIANCE.] Failure to comply with subdivision 2, clause (1), within 60 days after demand for the affidavit results, upon motion, in mandatory dismissal with prejudice of each cause of action as to which expert testimony is necessary to establish a prima facie case.*

*Failure to comply with subdivision 2, clause (2), and subdivision 4 results, upon motion, in mandatory dismissal with prejudice of each cause of action as to which expert testimony is necessary to establish a prima facie case.*

*Subd. 7. [CONSEQUENCES OF SIGNING AFFIDAVIT.] The signature of the plaintiff or the plaintiff's attorney constitutes a certification that the person has read the affidavit or answers to interrogatories, and that to the best of the person's knowledge, information, and belief formed after a reasonable inquiry, it is true, accurate, and made in good faith. A certification made in violation of this subdivision subjects the attorney or plaintiff responsible for such conduct to reasonable attorney's fees, costs, and disbursements.*

Sec. 61. Minnesota Statutes 1984, section 245.814, is amended to read:

**245.814 [LIABILITY INSURANCE FOR (FOSTER PARENTS) LICENSED PROVIDERS.]**

*Subdivision 1. [INSURANCE FOR FOSTER PARENTS.] The commissioner of human services shall within the appropriation provided purchase and provide insurance to foster parents to cover their liability for:*

(1) injuries or property damage caused or sustained by foster children in their home; and

(2) actions arising out of alienation of affections sustained by the natural parents of a foster child.

Coverage shall apply to all foster boarding homes licensed by the department of human services, licensed by a federally recognized tribal government, or established by the juvenile court and certified by the commissioner of corrections pursuant to section 260.185, subdivision 1, clause (c) (5), to the extent that the liability is not covered by the provisions of the standard homeowner's or automobile insurance policy. The insurance shall not cover property owned by the foster parents, damage caused in-

tionally by a child over 12 years of age, or property damage arising out of business pursuits or the operation of any vehicle, machinery, or equipment.

*Subd. 2. [LIABILITY INSURANCE; RISK POOL.] If the commissioner determines that appropriate commercial liability insurance coverage is not available for a licensed foster home, group home, developmental achievement center, or day care provider, and that coverage available through the joint underwriting authority of the commissioner of commerce or other public entity is not appropriate for the provider or a class of providers, the commissioner of human services and the commissioner of commerce may jointly establish a risk pool to provide coverage for licensed providers out of premiums or fees paid by providers. The commissioners may set limits on coverage, establish premiums or fees, determine the proportionate share of each provider to be collected in a premium or fee based on the provider's claim experience and other factors the commissioners consider appropriate, establish eligibility and application requirements for coverage, and take other action necessary to accomplish the purposes of this subdivision. A human services risk pool fund is created for the purposes of this subdivision. Fees and premiums collected from providers for risk pool coverage are appropriated to the risk pool fund. Interest earned from the investment of money in the fund must be credited to the fund and money in the fund is appropriated to the commissioner of human services to pay administrative costs and covered claims for participating providers. In the event that money in the fund is insufficient to pay outstanding claims and associated administrative costs, the commissioner of human services may assess providers participating in the risk pool amounts sufficient to pay the costs. The commissioner of human services may not assess a provider an amount exceeding one year's premiums collected from that provider.*

**Sec. 62. [317.201] [UNPAID DIRECTORS OR TRUSTEES; LIABILITY FOR DAMAGES.]**

*A director or trustee of a nonprofit corporation or association who is not paid for services to the corporation or association is not individually liable for damages occasioned solely by reason of membership on or participation in board activities.*

**Sec. 63. Minnesota Statutes 1984, section 398A.04, subdivision 6, is amended to read:**

**Subd. 6. [INSURANCE AND INDEMNITY.] (a)** The authority shall be subject to tort liability to the extent provided in chapter 466 and may procure insurance against the liability, and may indemnify and purchase and maintain insurance on behalf of any of its commissioners, officers, employees, or agents, in connection with any threatened, pending, or completed action, suit, or proceeding, as provided in chapter 466, and to the same

extent and in the same manner and with the same force and effect as provided in the case of a private corporation by section (300.082) *300.083*. It may also procure insurance against loss of or damage to property in the amounts, by reason of the risks, and from the insurers as it deems prudent.

*(b) A railroad leasing its tracks and right-of-way to a railroad authority that is created under this chapter and affiliated with a railroad museum is subject to tort liability only to the extent provided for municipalities in chapter 466 as to any claims arising out of fare-paying passenger operations carried on by the railroad authority primarily for the purpose of promoting tourism on tracks and right-of-way leased from the railroad.*

Sec. 64. Minnesota Statutes 1984, section 466.01, subdivision 1, is amended to read:

Subdivision 1. [MUNICIPALITY.] For the purposes of sections 466.01 to 466.15, "municipality" means any city, whether organized under home rule charter or otherwise, any county, town, public authority, public corporation, special district, school district, however organized, county agricultural society organized pursuant to chapter 38, *joint powers board or organization created under section 471.59 or other statute*, public library, regional public library system, multicounty multitype library system, or other political subdivision.

Sec. 65. Minnesota Statutes 1984, section 466.03, subdivision 4, is amended to read:

Subd. 4. [ACCUMULATIONS OF SNOW AND ICE.] Any claim based on snow or ice conditions on any highway (OR OTHER PUBLIC PLACE) *or public sidewalk that does not abut a publicly-owned building or publicly-owned parking lot*, except when the condition is affirmatively caused by the negligent acts of the municipality.

Sec. 66. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 6d. [PARKS AND RECREATION AREAS.] Any claim based upon the construction, operation, or maintenance of any property owned or leased by the municipality that is intended or permitted to be used as a park, as an open area for recreational purposes, or for the provision of recreational services, or from any claim based on the clearing of land, removal of refuse, and creation of trails or paths without artificial surfaces, if the claim arises from a loss incurred by a user of park and recreation property or services. Nothing in this subdivision limits the liability of a municipality for conduct that would entitle a trespasser to damages against a private person.*

Sec. 67. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 8. Any claim for a loss other than injury to or loss of property or personal injury or death.*

Sec. 68. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 9. Any claim for a loss of benefits or compensation due under a program of public assistance or public welfare, except where municipal compensation for loss is expressly required by federal law in order for the municipality to receive federal grants-in-aid.*

Sec. 69. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 10. Any claim for a loss based on the failure of any person to meet the standards needed for a license, permit, or other authorization issued by the municipality or its agents.*

Sec. 70. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 11. Any claim for a loss based on the usual care and treatment, or lack of care and treatment, of any person at a municipal hospital or corrections facility where reasonable use of available funds has been made to provide care.*

Sec. 71. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 12. Any claim for a loss, damage, or destruction of property of a patient or inmate of a municipal institution.*

Sec. 72. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 13. Any claim for a loss caused by the condition of unimproved real property owned by a municipality, which means land that the municipality has not improved, and appurtenances, fixtures and attachments to land that the municipality has neither affixed nor improved.*

Sec. 73. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 14. Any claim for a loss for which recovery is prohibited by section 169.121, subdivision 9.*



Sec. 74. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 15. Any claim against a municipality, if the same claim would be excluded under section 3.736, if brought against the state.*

Sec. 75. Minnesota Statutes 1984, section 466.05, is amended to read:

466.05 [NOTICE OF CLAIM.]

Subdivision 1. [NOTICE REQUIRED.] Except as provided in subdivisions 2 and 3, every person, *whether plaintiff, defendant or third party plaintiff or defendant*, who claims damages from any municipality or municipal employee acting within the scope of employment for or on account of any loss or injury within the scope of section 466.02 shall cause to be presented to the governing body of the municipality within 180 days after the alleged loss or injury is discovered a notice stating the time, place and circumstances thereof, *the names of the municipal employees known to be involved*, and the amount of compensation or other relief demanded. Actual notice of sufficient facts to reasonably put the governing body of the municipality or its insurer on notice of a possible claim shall be construed to comply with the notice requirements of this section. Failure to state the amount of compensation or other relief demanded does not invalidate the notice; but in such case, the claimant shall furnish full information regarding the nature and extent of the injuries and damages within 15 days after demand by the municipality. (NO ACTION THEREFOR SHALL BE MAINTAINED UNLESS SUCH NOTICE HAS BEEN GIVEN AND UNLESS THE ACTION IS COMMENCED WITHIN ONE YEAR AFTER SUCH NOTICE.) The time for giving such notice does not include the time, (NOT EXCEEDING 90 DAYS,) during which the person injured is incapacitated by the injury from giving the notice.

(SUBD. 2. [EXCEPTIONS TO THE NOTICE REQUIREMENT.] NOTICE SHALL NOT BE REQUIRED TO MAINTAIN AN ACTION FOR DAMAGES FOR OR ON ACCOUNT OF ANY LOSS OR INJURY WITHIN THE SCOPE OF SECTION 466.02 IF SUCH INJURY OR LOSS:)

((A) ARISES OUT OF AN INTENTIONAL TORT COMMITTED BY AN OFFICER, EMPLOYEE OR AGENT OF THE MUNICIPALITY; OR)

((B) INVOLVES A MOTOR VEHICLE OR OTHER EQUIPMENT OWNED BY THE MUNICIPALITY OR OPERATED BY AN OFFICER, EMPLOYEE OR AGENT OF THE MUNICIPALITY.)

(WHERE NO NOTICE OF CLAIM IS REQUIRED UNDER THIS CHAPTER, NO ACTION SHALL BE MAINTAINED UNLESS THE ACTION IS COMMENCED WITHIN TWO YEARS AFTER THE DATE OF THE INCIDENT, ACCIDENT OR TRANSACTION OUT OF WHICH THE CAUSE OF ACTION ARISES.)

Subd. (3) 2. [CLAIMS FOR WRONGFUL DEATH; NOTICE.] When the claim is one for death by wrongful act or omission, the notice may be presented by the personal representative, surviving spouse, or next of kin, or the consular officer of the foreign country of which the deceased was a citizen, within one year after the alleged injury or loss resulting in such death; if the person for whose death the claim is made has presented a notice that would have been sufficient had he lived an action for wrongful death may be brought without any additional notice.

Sec. 76. Minnesota Statutes 1984, section 466.07, is amended by adding a subdivision to read:

*Subd. 4. [PUNITIVE DAMAGES.] A municipality may not save harmless, indemnify or insure an officer or employee for punitive damages levied against the officer or employer. The municipality may provide a defense against a claim for punitive damages as a necessary incident to other elements of a defense.*

Sec. 77. [466.101] [LAW ENFORCEMENT COSTS.]

*When costs are assessed against a municipality for injuries incurred or other medical expenses connected with the arrest of individuals violating Minnesota Statutes, the municipality responsible for the hiring, firing, training, and control of the law enforcement and other employees involved in the arrest is responsible for those costs.*

Sec. 78. Minnesota Statutes 1984, section 471.982, subdivision 3, is amended to read:

Subd. 3. Self-insurance pools established and open for enrollment on a statewide basis by the Minnesota league of cities insurance trust, the Minnesota school boards association insurance trust or the Minnesota association of counties insurance trust and the political subdivisions that belong to them are exempt from the requirements of this section and section 65B.48, subdivision 3.

Sec. 79. Minnesota Statutes 1984, section 541.15, is amended to read:

541.15 [PERIODS OF DISABILITY NOT COUNTED.]

(a) *Except as provided in paragraph (b), any of the following grounds of disability, existing at the time when a cause of*

action accrued or arising anytime during the period of limitation, shall suspend the running of the period of limitation until the same is removed; provided that such period, except in the case of infancy, shall not be extended for more than five years, nor in any case for more than one year after the disability ceases:

- (1) That the plaintiff is within the age of 18 years;
- (2) His insanity;
- (3) His imprisonment on a criminal charge, or under a sentence of a criminal court for a term less than his natural life;
- (4) Is an alien and the subject or citizen of a country at war with the United States;
- (5) When the beginning of the action is stayed by injunction or by statutory prohibition.

If two or more disabilities shall coexist, the suspension shall continue until all are removed.

*(b) In actions alleging malpractice, error, mistake, or failure to cure, whether based on contract or tort, against a health care provider, the ground of disability specified in paragraph (a), clause (1), suspends the period of limitation until the disability is removed. The suspension may not be extended for more than seven years, or for more than one year after the disability ceases.*

*For purposes of this paragraph, health care provider means a physician, surgeon, dentist, or other health care professional or hospital, including all persons or entities providing health care as defined in section 145.61, subdivisions 2 and 4, or a certified health care professional employed by or providing services as an independent contractor in a hospital.*

**Sec. 80. [548.36] [COLLATERAL SOURCE CALCULATIONS.]**

*Subdivision 1. [DEFINITION.] For purposes of this section, "collateral sources" means payments related to the injury or disability in question made to the plaintiff, or on the plaintiff's behalf up to the date of the verdict, by or pursuant to:*

- (1) a federal, state, or local income disability or workers' compensation act; or other public program providing medical expenses, disability payments, or similar benefits;*
- (2) health, accident and sickness, or automobile accident insurance or liability insurance that provides health benefits or income disability coverage; except life insurance benefits avail-*

able to the plaintiff, whether purchased by the plaintiff or provided by others, payments made pursuant to the United States Social Security Act, or pension payments;

(3) a contract or agreement of a group, organization, partnership, or corporation to provide, pay for, or reimburse the costs of hospital, medical, dental or other health care services; or

(4) a contractual or voluntary wage continuation plan provided by employers or any other system intended to provide wages during a period of disability, except benefits received from a private disability insurance policy where the premiums were wholly paid for by the plaintiff.

**Subd. 2. [MOTION.]** *In a civil action, whether based on contract or tort, when liability is admitted or is determined by the trier of fact, and when damages include an award to compensate the plaintiff for losses available to the date of the verdict by collateral sources, a party may file a motion within ten days of the date of entry of the verdict requesting determination of collateral sources. If the motion is filed, the parties shall submit written evidence of, and the court shall determine:*

(1) amounts of collateral sources that have been paid for the benefit of the plaintiff or are otherwise available to the plaintiff as a result of losses except those for which a subrogation right has been asserted; and

(2) amounts that have been paid, contributed, or forfeited by, or on behalf of, the plaintiff or members of the plaintiff's immediate family for the two-year period immediately before the accrual of the action to secure the right to a collateral source benefit that the plaintiff is receiving as a result of losses.

**Subd. 3. [DUTIES OF THE COURT.]** (a) *The court shall reduce the award by the amounts determined under subdivision 2, clause (1), and offset any reduction in the award by the amounts determined under subdivision 2, clause (2).*

(b) *If the court cannot determine the amounts specified in paragraph (a) from the written evidence submitted, the court may within ten days request additional written evidence or schedule a conference with the parties to obtain further evidence.*

**Subd. 4. [CALCULATION OF ATTORNEYS' FEES.]** *If the fees for legal services provided to the plaintiff are based on a percentage of the amount of money awarded to the plaintiff, the percentage must be based on the amount of the award as adjusted under subdivision 3. Any subrogated provider of a collateral source not separately represented by counsel shall pay the same percentage of attorneys' fees as paid by the plaintiff and shall pay its proportionate share of the costs.*

*Subd. 5. [JURY NOT INFORMED OF COLLATERAL SOURCES.] The jury shall not be informed of the existence of collateral sources or any future benefits which may or may not be payable to the plaintiff.*

Sec. 81. Minnesota Statutes 1984, section 549.09, subdivision 1, is amended to read:

Subdivision 1. [WHEN OWED; RATE.] (a) When the judgment is for the recovery of money, including a judgment for the recovery of taxes, interest from the time of the verdict or report until judgment is finally entered shall be computed by the clerk as provided in clause (c) and added to the judgment. (b) Except as otherwise provided by contract or allowed by law, pre-verdict or pre-report interest on pecuniary damages shall be computed as provided in clause (c) from the time of the commencement of the action, *or the time of a written settlement demand, whichever occurs first*, except as provided herein. *The action must be commenced within 60 days of a written settlement demand for interest to begin to accrue from the time of the demand.* If either party serves a written offer of settlement, the other party may serve a written acceptance or a written counter-offer within 60 days. After that time interest on the judgment shall be calculated by the judge in the following manner. The prevailing party shall receive interest on any judgment from the time the action was commenced *or a written settlement demand was made*, or as to special damages from the time when special damages were incurred, if later (THAN COMMENCEMENT OF THE ACTION), until the time of verdict or report only if the amount of its offer is closer to the judgment than the amount of the opposing party's offer. If the amount of the losing party's offer was closer to the judgment than the prevailing party's offer, the prevailing party shall receive interest only on the amount of the settlement offer or the judgment, whichever is less, and only from the time the action was commenced *or a written settlement demand was made*, or as to special damages from when the special damages were incurred, if later (THAN COMMENCEMENT OF THE ACTION), until the time the settlement offer was made. *Subsequent offers and counteroffers supersede the legal effect of earlier offers and counteroffers. For the purposes of clause (3), the amount of settlement offer must be allocated between past and future damages in the same proportion as determined by the trier of fact.* Except as otherwise provided by contract or allowed by law, pre-verdict or pre-report interest shall not be awarded on the following:

(1) judgments, awards, or benefits in workers' compensation cases, but not including third-party actions;

(2) judgments, decrees, or orders in dissolution, annulment, or legal separation actions;

(3) *judgments for future damages;*

(4) punitive damages, fines, or other damages that are non-compensatory in nature;

((4)) (5) judgments not in excess of the amount specified in section 487.30; and

((5)) (6) that portion of any verdict or report which is founded upon interest, or costs, disbursements, attorney fees, or other similar items added by the court. (c) The interest shall be computed as simple interest per annum. The rate of interest shall be based on the secondary market yield of one year United States treasury bills, calculated on a bank discount basis as provided in this section.

On or before the 20th day of December of each year the state court administrator shall determine the rate from the secondary market yield on one year United States treasury bills for the most recent calendar month, reported on a monthly basis in the latest statistical release of the board of governors of the federal reserve system. This yield, rounded to the nearest one percent, shall be the annual interest rate during the succeeding calendar year; provided, however, that in no event shall the rate of interest be less than eight percent per annum. *The state court administrator shall also determine the average rate of interest on judgments to be used during the succeeding calendar year for computation of the discount rate under section 86, subdivision 4.* The state court administrator shall communicate the interest (RATE) rates to the clerks of court for (THEIR) use in computing the interest on verdicts *and the discount rate under section 86.*

Sec. 82. [549.191] [CLAIM FOR PUNITIVE DAMAGES.]

*Upon commencement of a civil action, the complaint must not seek punitive damages. After filing the suit a party may make a motion to amend the pleadings to claim punitive damages. The motion must allege the applicable legal basis under section 549.20 or other law for awarding punitive damages in the action and must be accompanied by one or more affidavits showing the factual basis for the claim. At the hearing on the motion, if the court finds prima facie evidence in support of the motion, the court shall grant the moving party permission to amend the pleadings to claim punitive damages. For purposes of tolling the statute of limitations, pleadings amended under this section relate back to the time the action was commenced.*

Sec. 83. Minnesota Statutes 1984, section 549.21, is amended to read:

549.21 [REIMBURSEMENT FOR CERTAIN COSTS IN CIVIL ACTIONS.]

*Subdivision 1. [ACKNOWLEDGEMENT IN PLEADINGS.] The parties by their attorneys in any civil action shall attach to and make a part of the pleading served on the opposite party or parties a signed acknowledgement stating that the parties acknowledge that costs, disbursements, and reasonable attorney and witness fees may be awarded to the opposing party or parties pursuant to subdivision 2.*

*Subd. 2. [AWARD OF COSTS.] Upon motion of a party, or upon the court's own motion, the court in its discretion may award to that party costs, disbursements, reasonable attorney fees and witness fees if the party or attorney against whom costs, disbursements, reasonable attorney and witness fees are charged acted in bad faith; asserted a claim or defense (KNOWING IT TO BE) that is frivolous and that is costly to the other party; asserted an unfounded position solely to delay the ordinary course of the proceedings or to harass; or committed a fraud upon the court. (TO QUALIFY FOR AN AWARD UNDER THIS SECTION, A PARTY SHALL GIVE TIMELY NOTICE OF INTENT TO CLAIM AN AWARD.) An award under this section shall be without prejudice and as an alternative to any claim for sanctions that may be asserted under the rules of civil procedure. Nothing herein shall authorize the award of costs, disbursements or fees against a party or attorney advancing a claim or defense unwarranted under existing law, if it is supported by a good faith argument for an extension, modification, or reversal of the existing law.*

Sec. 84. Minnesota Statutes 1984, section 595.02, is amended by adding a subdivision to read:

*Subd. 4. [WAIVER OF PRIVILEGE FOR HEALTH CARE PROVIDERS.] A party who commences an action for malpractice, error, mistake, or failure to cure, whether based on contract or tort, against a health care provider on the person's own behalf or in a representative capacity, waives in that action any privilege existing under subdivision 1, paragraphs (d) and (g), as to any information or opinion in the possession of a health care provider who has examined or cared for the party or other person whose health or medical condition has been placed in controversy in the action. This waiver must permit all parties to the action, and their attorneys or authorized representatives, to informally discuss the information or opinion with the health care provider if the provider consents. Prior to an informal discussion with a health care provider, the defendant must mail written notice to the other party at least 15 days before the discussion. The plaintiff's attorney or authorized representative must have the opportunity to be present at any informal discussion. Appropriate medical authorizations permitting discussion must be provided by the party commencing the action upon request from any other party.*

*A health care provider may refuse to consent to the discussion but, in that event, the party seeking the information*

*or opinion may take the deposition of the health care provider with respect to that information and opinion, without obtaining a prior court order.*

*For purposes of this subdivision, "health care provider" means a physician, surgeon, dentist, or other health care professional or hospital, including all persons or entities providing health care as defined in section 145.61, subdivisions 2 and 4, or a certified health care professional employed by or providing services as an independent contractor in a hospital.*

Sec. 85. 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. *If the state or a municipality as defined in section 466.01 is jointly liable, and its fault is less than 35 percent, it is jointly and severally liable for an amount no greater than twice the amount of fault.*

Sec. 86. [604.07] [DISCOUNT, FUTURE DAMAGE AWARDS.]

*Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the following terms have the meanings given them.*

*(b) "Economic loss" means all pecuniary harm for which damages are recoverable, including, but not limited to, medical expenses, loss of earnings, and loss of earning capacity.*

*(c) "Future damages" means all damages which the trier of fact finds will accrue after the damage findings are made.*

*(d) "Intangible loss" means embarrassment, emotional distress, and loss of consortium.*

*(d) "Noneconomic loss" means pain, disability, and disfigurement.*

*(e) "Past damages" means all damages that have accrued when the damage findings are made.*

Subd. 2. [DISCOUNT REQUIRED.] *In all actions seeking damages for personal injury, wrongful death, or loss of means of support, awards of all future damages, including economic, non-economic and intangible loss, reasonably certain to occur must be discounted to present value as provided in this section.*

Subd. 3. [FUTURE DAMAGES; EVIDENCE.] *The amount of all future damages, including economic, noneconomic and*



*intangible loss reasonably certain to occur, must be ascertained at the time of trial without reference to projected inflationary or noninflationary changes. Evidence of noninflationary changes in earnings or earning capacity that are reasonably certain to occur are admissible, but this evidence is limited to the present value of the future changes without regard to inflationary changes. Projected increases in earnings or earning capacity dependent upon general economic statistics are not admissible.*

*Subd. 4. [DISCOUNT RATE.] The award calculated under subdivision 3 must be reduced to present value at the time of trial by application of a discount rate equal to:*

*(1) the average rate of interest on judgments under section 549.09 for the five calendar years immediately preceding the commencement of trial, rounded to the nearest one-tenth, less*

*(2) the average increase in the Consumer Price Index for all Urban Consumers, all items, as published by the U.S. Department of Labor, Bureau of Labor Statistics, rounded to the nearest one-tenth, for the same five-year period. If the Labor Department statistics are not published by the time of trial, the court shall employ the average increase over the most recent five-year period available in the published statistics.*

*In no instance may the discount rate fall below two percent or rise above six percent.*

Sec. 87. Minnesota Statutes 1985 Supplement, section 62B.05, is amended to read:

**62B.05 [TERM OF CREDIT LIFE INSURANCE AND CREDIT ACCIDENT AND HEALTH INSURANCE.]**

The term of any credit life insurance or credit accident and health insurance shall, subject to acceptance by the insurer, commence on the date when the debtor becomes obligated to the creditor, except that, where a group policy provides coverage with respect to existing obligations, the insurance on a debtor with respect to the indebtedness shall commence on the effective date of the policy. Where evidence of insurability is required and the evidence is furnished more than 30 days after the date when the debtor becomes obligated to the creditor, the term of the insurance may commence on the date on which the insurance company determines the evidence to be satisfactory, and in that event there shall be an appropriate refund or adjustment of any charge to the debtor for insurance. The term of the insurance shall not extend more than 15 days beyond the scheduled maturity date of the indebtedness except when extended without additional cost to the debtor.

If an indebtedness is prepaid in full before its scheduled maturity, except by performance of the insurer's obligation under

the policy, the insurance shall be deemed canceled and a refund shall be paid or credited as provided in section 62B.08. *Upon prepayment in full, the creditor shall make the refund of unearned premium, unless the credit insurance was originated by a third party, in which case the creditor shall promptly notify the third party who shall make the refund.*

**Sec. 88. [549.23] [INTANGIBLE LOSSES; LIMITATIONS.]**

*Subdivision 1. [DEFINITION.] For purposes of this section, "intangible loss" means embarrassment, emotional distress, and loss of consortium. Intangible loss does not include pain, disability or disfigurement.*

*Subd. 2. [LIMITATION.] In civil actions, whether based on contract or tort, the amount of damages per person for intangible losses may not exceed \$400,000.*

*Subd. 3. [JURY NOT INFORMED OF LIMITATION.] The court may not inform the jury of the existence of the limitation in subdivision 2.*

*Subd. 4. [NOT NEW ACTION.] This section does not create a new cause of action for intangible loss.*

**Sec. 89. [549.24] [SPECIFIC DAMAGE FINDINGS BY JURY.]**

*The court shall require the jury to specify amounts for past damages and future damages as defined in section 86. Within each category of damages, the jury must further specify amounts for intangible loss as defined in section 88.*

**Sec. 90. [466.13] [INDEMNIFICATION BY STATE.]**

*Municipalities, when performing, as required or mandated by state law, inspections or investigations of persons prior to the issuance of state licenses, are employees of the state for purposes of the indemnification provisions of section 3.736, subdivision 9. A municipality is not, however, an employee of the state for purposes of this section if in hiring, supervising, or continuing to employ the person performing an inspection or investigation for the municipality, the municipality was clearly negligent.*

Sec. 91. Minnesota Statutes 1984, section 465.72, is amended to read:

**465.72 [SEVERANCE PAY.]**

*Subdivision 1. [PAYMENT; LIMITS.] Except as may otherwise be provided in Laws 1959, Chapter 690, as amended, any*

county, city, township, school district or other governmental subdivision may pay severance pay to its employees and promulgate rules for the payment of severance pay to an employee who leaves employment on or before or subsequent to the normal retirement date. Severance pay shall also include the payment of accumulated vacation leave, accumulated sick leave or a combination thereof. The severance pay shall be excluded from retirement deductions and from any calculations in retirement benefits. It shall be paid in a manner mutually agreeable to the employee and employer and, except as provided in subdivision 2, over a period not to exceed five years from retirement or termination of employment. If a retired or terminated employee dies before all or a portion of the severance pay has been disbursed, that balance due shall be paid to a named beneficiary or, lacking same, to the deceased's estate. Except as provided in subdivision 2, in no event shall severance pay provided for an employee leaving employment exceed an amount equivalent to one year of pay.

*Subd. 2. [EXCEPTIONS.] The provisions of subdivision 1 requiring that severance pay be paid over a period not to exceed five years from retirement or termination of employment and limiting severance pay to an amount equal to one year of pay do not apply to severance pay constituting compensation for accumulated sick leave in the form of periodic contributions toward premiums for group insurance policies provided for a former employee by a governmental subdivision.*

*This subdivision applies only to periodic contributions that have commenced before the effective date of this act or that are required under contracts, or, with respect to employees not covered by contracts, personnel policies, formally adopted by the governing body of the governmental subdivision, in existence on the effective date of this act. After the effective date of this act, a governmental subdivision may not enter into a contract or adopt a personnel policy providing for a payment in violation of subdivision 1. A personnel policy or portion of a personnel policy in existence on the effective date of this act and providing for a payment in violation of subdivision 1 is null and void (i) upon the expiration of a collective bargaining agreement containing a similar provision and covering employees of the governmental subdivision that has adopted the policy, or (ii) two years from the effective date of this act, whichever is earlier. Any payments by governmental subdivisions in accordance with this subdivision before the effective date of this act are validated.*

Sec. 92. Minnesota Statutes 1984, section 541.051, is amended to read:

**541.051 [LIMITATION OF ACTION FOR DAMAGES BASED ON SERVICES OR CONSTRUCTION TO IMPROVE REAL PROPERTY.]**

Subdivision 1. Except where fraud is involved, no action by any person in contract, tort, or otherwise to recover damages for

any injury to property, real or personal, or for bodily injury or wrongful death, arising out of the defective and unsafe condition of an improvement to real property, nor any action for contribution or indemnity for damages sustained on account of the injury, shall be brought against any person performing or furnishing the design, planning, supervision, materials, or observation of construction or construction of the improvement to real property or against the owner of the real property more than two years after discovery thereof, nor, in any event shall such a cause of action accrue more than (15) *ten* years after substantial completion of the construction. Date of substantial completion shall be determined by the date when construction is sufficiently completed so that the owner or his representative can occupy or use the improvement for the intended purpose.

Nothing in this section shall apply to actions for damages resulting from negligence in the maintenance, operation or inspection of the real property improvement against the owner or other person in possession.

Subd. 2. Notwithstanding the provisions of subdivision 1, in the case of an action which accrues during the (14TH) *ninth* or (15TH) *tenth* year after substantial completion of the construction, an action to recover damages may be brought within two years after the date on which the action accrued, but in no event may an action be brought more than (17) *twelve* years after substantial completion of the construction.

Subd. 3. Nothing in this section shall be construed as extending the period prescribed by the laws of this state for the bringing of any action.

Subd. 4. This section shall not apply to actions based on breach of the statutory warranties set forth in section 327A.02, or to actions based on breach of an express written warranty, provided such actions shall be brought within two years of the discovery of the breach.

**Sec. 93. [541.052] [LIMITATION OF ACTIONS FOR DAMAGES BASED ON ERRORS IN LAND SURVEYS.]**

*Subdivision 1. Except where fraud is involved, no action to recover damages for an error in the survey of land, nor any action for contribution or indemnity for damages sustained on account of an error, may be brought against any person performing the survey more than two years after the discovery of the error, nor in any event more than ten years after the date of the survey.*

*Subd. 2. Notwithstanding the provisions of subdivision 1, in the case of action which occurs during the ninth or tenth year after the date of the survey, an action to recover damages may*

*be brought within two years after the date on which the action occurred, but in no event may an action be brought more than twelve years after the date of the survey.*

Sec. 94. [REPEALER.]

*Minnesota Statutes 1984, section 70A.06, subdivision 4, is repealed.*

Sec. 95. [EFFECTIVE DATES.]

*Sections 2, 63 to 77, and 90 are effective July 1, 1986, and apply to claims arising from incidents that occur on or after that date.*

*Sections 60, 79, 82, and 83 apply to all actions commenced on or after the effective date of those sections. Sections 80, 84, 85, 86, 88, and 89 apply to actions pending on or commenced on or after the effective date of those sections.*

*Sections 3 to 59, 61, 62, 78, and 94 are effective the day following final enactment. Section 79 is effective January 1, 1987."*

Delete the title and insert:

"A bill for an act relating to insurance; providing for government immunity; requiring certain annual reports of property and casualty insurers; prohibiting certain tying arrangements; providing for remitting of certain premiums; providing deposit requirements for domestic companies; extending certain filing, approval, and disapproval dates; creating a joint underwriting association; requiring participation by insurers; broadening fair plan coverage; regulating rates, forms and cancellations; regulating medical malpractice insurance to health care providers who are unable to obtain the coverage in the voluntary market; regulating malpractice actions against health care providers; providing certification of expert review and the waiver of privilege by health care providers; requiring disclosure of experts; revising the statute of limitations for medical malpractice claims by minors; regulating claims for punitive damages; changing the collateral source rule; providing for discount of future damages; regulating civil actions; limiting intangible loss; amending Minnesota Statutes 1984, sections 60A.06, by adding a subdivision; 60A.13, by adding a subdivision; 60A.25; 62A.02, subdivisions 2 and 3; 62B.07, subdivisions 2 and 3; 62C.14, subdivision 10; 62E.14, by adding a subdivision; 62F.01; 62F.02, subdivision 1; 62F.03, subdivision 2; 62F.04, by adding a subdivision; 65A.-32; 65A.33; 65A.34, subdivision 1; 65A.35, subdivisions 1 and 2; 65A.37; 65B.13; 65B.47, subdivision 1; 70A.04, subdivision 2; 70A.06, subdivisions 1 and 2; 70A.08, by adding a subdivision;

70A.10; 70A.11; 72A.13, subdivision 1; 245.814; 398A.04, subdivision 6; 465.72; 466.01, subdivision 1; 466.03, subdivision 4, and by adding subdivisions; 466.05; 466.07, by adding a subdivision; 471.982, subdivision 3; 541.051; 541.15; 549.09, subdivision 1; 549.21; 595.02, by adding a subdivision; 604.02, subdivision 1, and by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 3.736, subdivisions 1 and 3; 60A.10, subdivision 1; and 62B.05; proposing coding for new law in Minnesota Statutes, chapters 16B; 60A; 65B; 145; 317; 466; 541; 548; 549; and 604; proposing coding for new law as Minnesota Statutes, chapter 62I; repealing Minnesota Statutes 1984, section 70A.06, subdivision 4.”

A roll call was requested and properly seconded.

Heap moved to amend the Rice amendment to S. F. No. 2078, as amended, as follows:

Page 15, delete everything after line 1 to page 34, line 3

Delete sections 16 to 41

Renumber the sections

Correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

Rees moved that S. F. No. 2078, as amended, be continued on Special Orders.

A roll call was requested and properly seconded.

The question was taken on the Rees motion and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 40 yeas and 86 nays as follows:

Those who voted in the affirmative were:

Becklin	Erickson	Johnson	Pauly	Sviggum
Bennett	Frederick	Kiffmeyer	Piepho	Thorson
Boerboom	Frederickson	Knickerbocker	Poppenhagen	Uphus
Burger	Frerichs	Kvam	Quist	Valan
Carlson, J.	Gu'knecht	Levi	Rees	Valento
Clausnitzer	Haukoos	McDonald	Rose	Waltman
Dempsey	Himle	McKasy	Schreiber	Zaffke
Dimler	Jacobs	Onnen	Seaberg	Spk. Jennings, D.

## Those who voted in the negative were:

Anderson, G.	Greenfield	McPherson	Peterson	Sparby
Anderson, R.	Gruenes	Metzen	Piper	Stanius
Battaglia	Hartinger	Miller	Price	Staten
Beard	Hartle	Minne	Quinn	Thiede
Begich	Heap	Munger	Rest	Tjornhom
Blatz	Jaros	Murphy	Rice	Tomlinson
Brandl	Jennings, L.	Nelson, D.	Richter	Tompkins
Brinkman	Kahn	Nelson, K.	Riveness	Tunheim
Brown	Kalis	Neuenschwander	Rodosovich	Vanasek
Carlson, L.	Kelly	Norton	Sarna	Vellenga
Clark	Knuth	O'Connor	Schafer	Voss
Cohen	Kostohryz	Ogren	Scheid	Welle
DenOuden	Krueger	Olsen, S.	Schoenfeld	Wenzel
Dyke	Lieder	Olson, E.	Segal	Wynia
Elioff	Long	Omann	Shaver	
Ellingson	Marsh	Osthoff	Simoneau	
Fjoslien	McEachern	Otis	Skoglund	
Forsythe	McLaughlin	Pappas	Solberg	

The motion did not prevail.

The question recurred on the Heap amendment to the Rice amendment to S. F. No. 2078, as amended, 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, R.	Dyke	Kiffmeyer	Ozment	Swiggum
Backlund	Forsythe	Knickerbocker	Pauly	Thiede
Becklin	Frederick	Kvam	Piepho	Thorson
Bennett	Frederickson	Levi	Poppenhagen	Tjornhom
Boerboom	Frerichs	Marsh	Quist	Tompkins
Boo	Gruenes	McDonald	Redalen	Uphus
Burger	Hartinger	McKasv	Rees	Valan
Carlson, J.	Hartle	McPherson	Richter	Valento
Clausnitzer	Haukoos	Miller	Schafer	Waltman
Dempsey	Heap	Olsen, S.	Seaberg	Zaffke
DenOuden	Himle	Omann	Shaver	Spk. Jennings, D.
Dimler	Johnson	Onnen	Stanius	

## Those who voted in the negative were:

Anderson, G.	Cohen	Kalis	Munger	Pappas
Battaglia	Elioff	Kelly	Murphy	Peterson
Beard	Ellingson	Knuth	Nelson, D.	Piper
Begich	Erickson	Kostohryz	Nelson, K.	Price
Bishop	Fjoslien	Krueger	Neuenschwander	Quinn
Blatz	Greenfield	Lieder	Norton	Rest
Brandl	Halberg	Long	O'Connor	Rice
Brinkman	Jacobs	McEachern	Ogren	Riveness
Brown	Jaros	McLaughlin	Olson, E.	Rodosovich
Carlson, L.	Jennings, L.	Metzen	Osthoff	Scheid
Clark	Kahn	Minne	Otis	Schoenfeld

Schreiber	Skoglund	Staten	Vanasek	Welle
Segal	Solberg	Tomlinson	Vellenga	Wenzel
Simoneau	Sparby	Tunheim	Voss	Wynia

The motion did not prevail and the amendment to the amendment was not adopted.

Rees moved that S. F. No. 2078, as amended, be continued on Special Orders.

A roll call was requested and properly seconded.

The question was taken on the Rees motion 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:

Backlund	Erickson	Kvam	Quist	Swiggum
Becklin	Fjoslien	Levi	Redalen	Thiede
Bennett	Forsythe	Marsh	Rees	Thorson
Boerboom	Frederick	McDonald	Rest	Tompkins
Boo	Frederickson	McKasy	Richter	Uphus
Burger	Hartinger	Miller	Rose	Valan
Carlson, J.	Hartle	Olsen, S.	Schafer	Valento
Clausnitzer	Haukoos	Onnen	Schreiber	Waltman
Dempsey	Heap	Ozment	Seaberg	Zaffke
DenOuden	Himle	Pauly	Shaver	Spk. Jennings, D.
Dimler	Johnson	Piepho	Sherman	
Dyke	Knickerbocker	Poppenhagen	Stanius	

Those who voted in the negative were:

Anderson, G.	Frerichs	McLaughlin	Otis	Solberg
Anderson, R.	Greenfield	McPherson	Pappas	Sparby
Battaglia	Gruenes	Metzen	Peterson	Staten
Beard	Halberg	Minne	Piper	Tjornhom
Begich	Jaros	Munger	Price	Tomlinson
Bishop	Jennings, L.	Murphy	Quinn	Tunheim
Blatz	Kahn	Nelson, D.	Rice	Vanasek
Brandl	Kalis	Nelson, K.	Riveness	Vellenga
Brinkman	Kiffmeyer	Neuenschwander	Rodosovich	Voss
Brown	Knuth	Norton	Sarna	Welle
Carlson, L.	Kostohryz	O'Connor	Scheid	Wenzel
Clark	Krueger	Ogren	Schoenfeld	Wynia
Cohen	Lieder	Olson, E.	Segal	
Elioff	Long	Omman	Simoneau	
Ellingson	McEachern	Osthoff	Skoglund	

The motion did not prevail.

Poppenhagen moved to amend the Rice amendment to S. F. No. 2078, as amended, as follows:



Page 62, line 12, insert "non-economic or" before "intangible" delete "\$400,000" and insert "\$500,000"

A roll call was requested and properly seconded.

The question was taken on the Poppenhagen amendment to the Rice amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 44 yeas and 84 nays as follows:

Those who voted in the affirmative were:

Becklin	Frederick	Levi	Poppenhagen	Svigum
Bennett	Frederickson	Marsh	Quist	Thiede
Blatz	Frerichs	McPherson	Redalen	Tjornhorn
Boerboom	Gutknecht	Miller	Rees	Valan
Carlson, J.	Hartinger	Olsen, S.	Richter	Valento
Clausnitzer	Haukoos	Onnen	Schafer	Waltman
Dempsey	Heap	Ozment	Schreiber	Zaffke
Dyke	Kiffmeyer	Pauly	Seaberg	Spk. Jennings, D.
Forsythe	Kvam	Piepho	Stanis	

Those who voted in the negative were:

Anderson, G.	Ellingson	Lieder	Otis	Simoneau
Anderson, R.	Erickson	Long	Pappas	Skoglund
Backlund	Fjoslien	McEachern	Peterson	Solberg
Battaglia	Greenfield	McLaughlin	Piper	Sparby
Beard	Gruenes	Metzen	Price	Staten
Begich	Halberg	Minne	Quinn	Thorson
Bishop	Hartle	Munger	Rest	Tomlinson
Boo	Jacobs	Murphy	Rice	Tompkins
Brandl	Jaros	Nelson, D.	Riveness	Tunheim
Brinkman	Jennings, L.	Nelson, K.	Rodosovich	Uphus
Brown	Johnson	Neuenschwander	Rose	Vanasek
Burger	Kahn	Norton	Sarna	Vellenga
Carlson, L.	Kalis	O'Connor	Scheid	Voss
Clark	Kelly	Ogren	Schoenfeld	Welle
Cohen	Knuth	Olson, E.	Segal	Wenzel
Dimler	Kostohryz	Omann	Shaver	Wynia
Elioff	Krueger	Osthoff	Sherman	

The motion did not prevail and the amendment to the amendment was not adopted.

The question recurred on the Rice amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 116 yeas and 15 nays as follows:

## Those who voted in the affirmative were:

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

## Those who voted in the negative were:

Carlson, J.	Jacobs	Miller	Rees	Valan
DenOuden	Kiffmeyer	Piepho	Richter	Zaffke
Fredrick	Kvam	Quist	Thiede	Spk. Jennings, D.

The motion prevailed and the amendment was adopted.

Rees moved that his name be stricken as chief author and that Halberg be shown as chief author on H. F. No. 2268. The motion prevailed.

S. F. No. 2078, A bill for an act relating to insurance; authorizing and regulating the use of nonprofit risk indemnification trusts; prescribing the powers and duties of the commissioner; proposing coding for new law in Minnesota Statutes, chapter 60A.

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 124 yeas and 9 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Carlson, J.	Kvam	Poppenhagen	Rees	Spk. Jennings, D.
Jacobs	Piepho	Quist	Zaffke	

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

Norton moved that the House recess until 11:00 a.m., Tuesday, March 18, 1986. The Speaker ruled the Norton motion out of order.

There being no objection the order of business reverted to Messages from the Senate.

### MESSAGES FROM THE SENATE

The following messages were received from 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. 1863, A bill for an act relating to crimes; clarifying the crime of failing to file a tax return; creating a presumption that property acquired during the course of certain crimes are "proceeds" of the crime for purposes of forfeiture law; providing

protection for crime victims against adverse employer actions; amending Minnesota Statutes 1985 Supplement, sections 290.92, subdivision 15; and 609.531, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 611A.

The Senate has appointed as such Committee Messrs. Freeman, Merriam and Novak.

Said House File is herewith returned to the House.

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. 1991, A bill for an act relating to metropolitan government; providing for appointments, administration, reports, and duties of metropolitan agencies; amending Minnesota Statutes 1984, sections 473.121, subdivision 6, and by adding subdivisions; 473.123, subdivisions 2a, 3, and 3a; 473.141, subdivisions 2, 3, and 4a; 473.146, subdivisions 1, 2, and 3; 473.161; 473.163, subdivisions 1 and 2; and 473.303, subdivisions 2 and 4a; Minnesota Statutes 1985 Supplement, section 473.38, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1984, sections 473.121, subdivision 7; 473.163, subdivisions 3 and 4; 473.373, subdivision 3; 473.377; and 473.38, subdivision 1.

The Senate has appointed as such Committee Messrs. Moe, D. M.; Purfeerst and Wegscheid.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 1910.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

## CONFERENCE COMMITTEE REPORT ON S. F. NO. 1910

A bill for an act relating to transportation; adding new route to trunk highway system in substitution of existing route; allowing old highway to be turned back to city of Willmar; directing revisor of statutes to make route substitution; amending Laws 1974, chapter 151, section 3.

March 17, 1986

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable David M. Jennings  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1910, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 1910 be further amended as follows:

Delete everything after the enacting clause and insert:

**"Section 1. [65B.481] [DRIVER TO HAVE PROOF OF INSURANCE IN POSSESSION.]**

*Every driver shall have in his immediate possession at all times when operating a motor vehicle evidence that insurance covering the vehicle is in effect. On demand of a peace officer, an authorized representative of the department of public safety, or an officer authorized by law to enforce the laws relating to the operation of motor vehicles on public streets and highways, the driver must produce proof of insurance in the form of a valid insurance policy or an identification card issued by an insurer. No person shall be in violation of this section if the person provides the required proof of insurance to the officer within seven days or to the court on or before the date set for appearance. The commissioner of public safety may suspend the license of any operator who violates this section. Commercial vehicles required to file proof of insurance pursuant to chapter 221 and school buses as defined in section 171.01, subdivision 21 are exempt from this section.*

Sec. 2. Minnesota Statutes 1984, section 65B.67, subdivision 3, is amended to read:

Subd. 3. [VIOLATION BY DRIVER.] Any other person who operates a motor vehicle or motorcycle upon a public highway, street or road in this state (WITH KNOWLEDGE) who knows or has reason to know that the owner does not have se-

curity complying with the terms of section 65B.48 in full force and effect is guilty of a misdemeanor and shall be sentenced as provided in subdivision 4.

Sec. 3. Minnesota Statutes 1984, section 65B.67, subdivision 4a, is amended to read:

Subd. 4a. The commissioner of public safety (MAY) shall revoke the registration of any motor vehicle or motorcycle, and may suspend the driver's license of any operator, without preliminary hearing upon a showing by department records, including accident reports required to be submitted by section 169.09, or other sufficient evidence that security required by section 65B.48 has not been provided and maintained. Before reinstatement of the registration, there shall be filed with the commissioner of public safety the written certificate of an insurance carrier authorized to do business in the state stating that security has been provided as required by section 65B.48. The commissioner of public safety may require the certificate of insurance provided to satisfy this subdivision to be certified by the insurance carrier to be noncancelable for a period not to exceed one year. The commissioner of public safety may also require a certificate of insurance to be filed with respect to all vehicles required to be insured under section 65B.48 and owned by any person whose driving privileges have been suspended or revoked as provided in this section before reinstating the person's driver's license.

Sec. 4. [160.81] [HIGHWAYS IN RECREATION AREAS.]

*Subdivision 1. [JOINT STANDARDS.] The commissioner of transportation, in consultation with the commissioner of natural resources, shall establish standards for trunk highway segments located in areas of unusual scenic interest. The rules shall:*

*(1) define "areas of unusual scenic interest," which must include major recreational areas, historic areas and major publicly and privately owned tourist attractions;*

*(2) prescribe standards for right-of-way, shoulders and parking areas for trunk highway segments in such areas; and*

*(3) prescribe standards for scenic overlooks, parking piers and other parking areas, tourist information facilities, public water access points and other facilities intended to expand the recreational use of trunk highway segments in such areas.*

*Subd. 2. [PLAN.] The commissioner of transportation, in consultation with the commissioner of natural resources, shall prepare a plan for the recreational uses of trunk highway right-of-way and adjacent public land in areas of unusual scenic in-*

*terest. The plan must provide for the enhancement of such recreational uses by the construction of new recreational facilities or the improvement or rehabilitation of existing recreational facilities, as enumerated in subdivision 1, clause (3). The plan must provide for joint development of these facilities by the departments of transportation and natural resources, where feasible, and must contain provisions permitting local units of government and regional development commissions to participate in the planning and development of recreational facilities.*

*Subd. 3. [RECREATIONAL FACILITIES.] The commissioner of transportation may, in areas of unusual scenic interest:*

*(1) construct, improve, and maintain recreational facilities, including parking areas, scenic overlooks, and tourist information facilities, on trunk highway right-of-way and adjacent areas; and*

*(2) construct, improve, and maintain access ramps and turnoffs to connect trunk highways with recreational land owned by the department of natural resources.*

*Subd. 4. [APPLICABILITY OF ADMINISTRATIVE PROCEDURE ACT.] Promulgation of the recreational use plan under subdivision 2 is subject to chapter 14, the administrative procedure act. The standards established under subdivision 1 are not subject to the administrative procedure act.*

**Sec. 5. [TRUNK HIGHWAY SYSTEM; NEW ROUTE SUBSTITUTED FOR EXISTING ROUTE.]**

*Subdivision 1. [ADDITIONAL ROUTE.] There is added to the trunk highway system a new route in Minnesota Statutes, section 161.115, described as follows:*

*Route No. 294. Beginning at the intersection of business route no. 71 (old trunk highway no. 71) and Civic Center Road (formerly 15th Avenue N.E.) in Willmar, at or near the South Line of Government Lot 1, Section 2, Township 119 North, Range 35 West; thence extending in a general easterly, northerly, and northwesterly direction into and through the grounds of the Willmar state hospital to the intersection with old trunk highway no. 71 about 400 feet northerly of the South Line of Government Lot 1, Section 1, Township 119 North, Range 35 West.*

*Subd. 2. [SUBSTITUTION.] The route established in subdivision 1 is substituted for route no. 294 as contained and described in Minnesota Statutes 1984, section 161.115. Route no. 294 as contained and described in that section is discontinued and removed from the trunk highway system.*

*Subd. 3. [DIRECTIONS TO REVISOR.] The revisor of statutes, in compiling the next and subsequent editions of Minnesota Statutes, shall substitute the route established in subdivision 1 for the route discontinued and removed from the trunk highway system in subdivision 2.*

**Sec. 6. [161.52] [TOURIST INFORMATION CENTERS.]**

*For the fiscal year ending June 30, 1988, and subsequent years, the payment of the cost of staffing and operating tourist information centers located on trunk highways, including interstate highways, by the commissioner of transportation is subject to the following restrictions:*

*(a) For the fiscal year ending June 30, 1988, not more than two-thirds of the cost may be paid from the trunk highway fund.*

*(b) For the fiscal year ending June 30, 1989, not more than one-third of the cost may be paid from the trunk highway fund.*

*(c) For the fiscal year ending June 30, 1990, no part of the cost may be paid from the trunk highway fund.*

*That portion of the cost not paid from the trunk highway fund must be paid either by the commissioner from funds appropriated for that purpose from sources other than the trunk highway fund, or by local sources of funding.*

**Sec. 7. Minnesota Statutes 1984, section 162.06, subdivision 5, is amended to read:**

**Subd. 5. [STATE PARK ROAD ACCOUNT.]** *After deducting for administrative costs and for the disaster account and research account as heretofore provided from the remainder of the total sum provided for in subdivision 1, there shall be deducted a sum equal to the three quarters of one percent of the remainder but not to exceed the sum of (\$200,000) \$600,000 annually. The sum so deducted shall be set aside in a separate account and shall be used for the establishment, location, relocation, construction, reconstruction and improvement of those roads included in the county state-aid highway system under Minnesota Statutes 1961, Section 162.02, Subdivision 6 which border and provide substantial access to an outdoor recreation unit as defined in section 86A.04 or which provide access to the headquarters of or the principal parking lot located within (A STATE PARK) such a unit. At the request of the commissioner of natural resources the counties wherein such roads are located shall do such work as requested in the same manner as on any other county state-aid highway and shall be reimbursed for such construction, reconstruction or improvements from the amount set aside by this subdivision. Before requesting a county to do work on a county state-aid highway as provided in this subdivi-*



*sion, the commissioner of natural resources must obtain approval for the project from the county state-aid screening board. The screening board, before giving its approval, must obtain a written comment on the project from the county engineer of the county requested to undertake the project. Any sums paid to counties in accordance with this subdivision shall reduce the money needs of said counties in the amounts necessary to equalize their status with those counties not receiving such payments. Any balance of the amount so set aside, at the end of each year shall be transferred to the county state-aid highway fund.*

Sec. 8. Minnesota Statutes 1984, section 162.14, subdivision 2, is amended to read:

Subd. 2. [PURPOSES FOR WHICH MONEY IS APPORTIONED.] Money so apportioned to each such city shall be used for aid in the establishment, location, construction, reconstruction, improvement, and maintenance of the municipal state-aid street system within each city including the expense of sidewalks, signals and safety devices, *including systems that permit an emergency vehicle operator to activate a green traffic signal for the emergency vehicle*, on such system approved by the commissioner, provided that in the event of hardship or in the event that the municipal state-aid street system of any municipality is improved to the standards set forth in the commissioner's rules and regulations, and subject to the consent of the commissioner and under rules and regulations of the commissioner, a portion of the money so apportioned may be used on other streets or roads within the city. The governing body of any such city may, subject to the consent of the commissioner, and under the rules and regulations of the commissioner, use a portion of the money so apportioned on any state trunk highway or county state-aid highway within the city. The amount of money to be appropriated by such cities from other funds for use in the establishment, location, construction, reconstruction, improvement, and maintenance of the municipal state-aid street system within the city is hereby left to the direction of the individual governing bodies of the cities.

Sec. 9. [163.161] [IMPASSABLE CITY THROUGHFARES.]

*When a written complaint signed by five or more freeholders of a statutory city of not more than 5,000 population is presented to the county board stating that a city throughfare located outside an urban area as defined in section 169.01, subdivision 59 has not been properly maintained and because of the improper maintenance is not reasonably passable the county board shall consider and act upon the complaint in the same manner provided for a complaint under section 163.16.*

Sec. 10. Minnesota Statutes 1985 Supplement, 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. *After July 31, 1985, motor vehicle does not include a three-wheel off-road vehicle as defined in section 84.92, subdivision 8; except that if the three-wheel off-road vehicle was licensed as a motor vehicle before August 1, 1985, the owner may continue to license it as a motor vehicle until it is conveyed or otherwise transferred to another owner, is destroyed, or fails to comply with the registration and licensing requirements of this chapter.*

Sec. 11. Minnesota Statutes 1985 Supplement, section 168.012, subdivision 1c, is amended to read:

Subd. 1c. (a) The annual *administrative* 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.) *The license plate fee for a tax-exempt vehicle, except a trailer, is \$10 for two plates per vehicle, payable only on the first tax-exempt registration of the vehicle.* ((C) ON OR 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) *The administrative fee is 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.)*

(b) *The owner of a tax-exempt vehicle shall apply for tax-exempt license plates, and pay the administrative and plate fees, and the filing fee under section 168.33, subdivision 7, only to a deputy registrar in the county in which the vehicle is domiciled.*

Sec. 12. Minnesota Statutes 1985 Supplement, 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 subdivi-

sion 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 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 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 *each of* 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 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 SUCCEEDING YEARS OF VEHICLE LIFE, THE TAX SHALL BE 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. 13. Minnesota Statutes 1985 Supplement, 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, on truck-tractor and semitrailer combinations except those defined as farm 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	475
M	39,001 - 45,000	595
N	45,001 - 51,000	715
O	51,001 - 57,000	865
P	57,001 - 63,000	1015
Q	63,001 - 69,000	1185
R	69,001 - 73,280	1325
S	73,281 - 78,000	1525
T	78,001 - 81,000	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 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.

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 221.60, 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 *each* of 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 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 *each* of 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 COMMERCIAL ZONE VEHICLES SPECIFICALLY PROVIDED FOR IN THIS SUBDIVISION, DURING EACH OF THE FIRST EIGHT YEARS OF VEHICLE LIFE THE TAX SHALL BE 100 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE).

Sec. 14. Minnesota Statutes 1984, section 168.27, subdivision 1, is amended to read:

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

(1) "Leasing motor vehicles" means furnishing a motor vehicle for a fee under a bailor-bailee relationship where no incidences of ownership are intended to be transferred other than the right to use the vehicle for a stated period of time.

(2) "Brokering motor vehicles" means arranging sales between willing buyers and sellers of motor vehicles and receiving a fee for said service.

(3) "Wholesaling motor vehicles" means selling new or used motor vehicles to dealers for resale to the public.

(4) "Auctioning motor vehicles" means arranging for and handling the sale of motor vehicles, not the property of the auctioneer, to the highest bidder.

(5) "Dealer" includes new motor vehicle dealers, used motor vehicle dealers, brokers, wholesalers, auctioneers and lessors of new or used motor vehicles.

(6) "Commercial building" means a building adapted to commercial use and located in an area zoned for commercial or other less restrictive nonresidential use by the governmental unit in which it is located.

(7) "*Horse trailer*" is a trailer designed and used to carry horses and other livestock, which has not more than three axles and a maximum gross weight capacity of not more than 24,000 pounds.

Sec. 15. Minnesota Statutes 1984, section 168.27, subdivision 22, is amended to read:

Subd. 22. [MOTORIZED BICYCLES, BOAT AND SNOW-MOBILE TRAILERS.] Any person, copartnership or corpora-

tion having a permanent enclosed commercial building or structure either owned in fee or leased and engaged in the business, either exclusively or in addition to any other occupation, of selling motorized bicycles, boat trailers, *horse trailers* or snowmobile trailers, may apply to the registrar for a dealer's license. Upon payment of a \$10 fee the registrar shall license the applicant as a dealer for the remainder of the calendar year in which the application was received. Thereafter the license may be renewed on or before the second day of January of each year by payment of a fee of \$10. The registrar shall issue to each dealer, upon his request, dealer plates as provided in subdivision 16 upon payment of \$3 for each plate, and the plates may be used in the same manner and for the same purposes as is provided in subdivision 16. Except for motorized bicycle dealers, the registrar shall also issue to the dealer, upon his request, "in transit" plates as provided in subdivision 17 upon payment of a fee of \$2 for each plate. This subdivision shall not be construed to abrogate any of the provisions of this section as the same relates to the duties, responsibilities and requirements of persons, copartnerships or corporations engaged in the business, either exclusively or in addition to other occupations, of selling motor vehicles or manufactured homes.

Sec. 16. Minnesota Statutes 1985 Supplement, section 168.27, subdivision 24, is amended to read:

Subd. 24. [BONDS.] All persons licensed hereunder shall keep in full force and effect a bond with a corporate surety to be approved by the registrar of motor vehicles in amounts as herein provided; in the case of boat, snowmobile trailer, *horse trailer* or motorized bicycle dealers in the amount of \$5,000; and as to all other persons in the amount of \$25,000. The bond shall be conditioned on the faithful performance by the licensee of the obligations imposed by the laws of this state, including the conduct required of a licensee by this section and other sections governing the sale or transfer of motor vehicles, and the payment of all taxes, license fees and penalties. The bond shall be for the benefit of the state of Minnesota and any transferor, seller, or purchaser of a motor vehicle for any monetary loss caused by failure of the licensee to meet the obligations enumerated above. Proceedings on the forfeiture of the bonds shall be commenced in the district court of the county wherein the business of the licensed person was carried on, or if in more than one county, the county in which the offense occurred.

Sec. 17. Minnesota Statutes 1984, section 168.28, is amended to read:

**168.28 [VEHICLES SUBJECT TO TAX; EXCEPTIONS.]**

Every motor vehicle (except those exempted in section 168.012, and except those (EXEMPTED IN SECTION 168.012) which are being towed upon the streets and highways and which

shall not be deemed to be using the streets and highways within the meaning of this section) shall be deemed to be one using the public streets and highways and hence as such subject to taxation under this act if such motor vehicle has since April 23, 1921, used such public streets or highways, or shall actually use them, or if it shall come into the possession of an owner other than as a manufacturer, dealer, warehouseman, mortgagee or pledgee. New and unused motor vehicles in the possession of a dealer solely for the purpose of sale, and used or secondhand motor vehicles which have not theretofore used the public streets or highways of this state which are in the possession of a dealer solely for the purpose of sale and which are duly listed as herein provided, shall not be deemed to be vehicles using the public streets or highways. The driving or operating of a motor vehicle upon the public streets or highways of this state by a motor vehicle dealer or any employee of such motor vehicle dealer for demonstration purposes or for any purpose incident to the usual and customary conduct and operation of his business in which he has been licensed under section 168.27 to engage, or solely for the purpose of moving it from points outside or within the state to the place of business or storage of a licensed dealer within the state or solely for the purpose of moving it from the place of business of a manufacturer, or licensed dealer within the state to the place of business or residence of a purchaser outside the state, shall not be deemed to be using the public streets or highways in the state within the meaning of this chapter or of the Constitution of the State of Minnesota, Article 14, and shall not be held to make the motor vehicle subject to taxation under this chapter as one using the public streets or highways, if during such driving or moving the dealer's plates herein provided for shall be duly displayed upon such vehicle. Any dealer or distributor may register a motor vehicle prior to its assessment or taxation as personal property, and pay the license fee and tax thereon for the full calendar year as one using the public streets and highways, and thereafter such vehicle shall be deemed to be one using the public streets and highways and shall not be subject to assessment or taxation as personal property during the calendar year for which it is so registered, whether or not such vehicle shall actually have used the streets or highways.

Sec. 18. Minnesota Statutes 1984, section 169.07, is amended to read:

#### 169.07 [UNAUTHORIZED SIGNS.]

No person shall place, maintain, or display upon or in view of any highway any unauthorized sign, signal, marking, or device which purports to be or is an imitation of or resembles an official traffic-control device or railroad sign or signal, or which attempts to direct the movement of traffic, or which hides from view or interferes with the effectiveness of any official traffic-control device or any railroad sign or signal, and no person shall place or maintain, nor shall any public authority permit, upon any highway any traffic sign or signal bearing thereon any com-



mercial advertising. This shall not be deemed to prohibit (1) the erection upon private property adjacent to highways of signs giving useful directional information and of a type that cannot be mistaken for official signs, or (2) *the temporary placement by auctioneers licensed or exempt from licensing under section 330.01, for a period of not more than eight consecutive hours, on or adjacent to the right-of-way of a highway not more than four signs directing motorists to the location of an auction. The signs must conform to standards for size, content, placement, and location for such signs promulgated by the commissioner of transportation. The rules may require a permit for each such sign but no fee may be charged for the permit.*

Every such prohibited sign, signal, or marking is hereby declared to be a public nuisance, and the authority having jurisdiction over the highways is hereby empowered to remove the same, or cause it to be removed, without notice.

Sec. 19. Minnesota Statutes 1984, section 169.44, is amended by adding a subdivision to read:

*Subd. 18. [MOTOR COACH USED FOR SCHOOL ACTIVITIES.] A school district or an area vocational technical institute shall not acquire a motor coach. Motor coaches acquired by school districts or area vocational technical institutes before the effective date of this section may be used by school districts or area vocational technical institutes only to transport students participating in school activities, their instructors, and supporting personnel, to and from school activities. The motor coaches shall not in any way be outwardly equipped and identified as school buses. A motor coach operated under this subdivision is not a school bus for purposes of section 124.225. By August 1, 1986, the state board of education shall adopt rules governing the equipment, identification, operation, inspection, and certification of motor coaches operated under this subdivision. After January 1, 1998, a school district or area vocational technical institute shall not own or operate a motor coach for any purpose.*

Sec. 20. Minnesota Statutes 1984, section 169.99, is amended by adding a subdivision to read:

*Subd. 1b. The uniform traffic ticket must provide a blank or space wherein an officer who issues a citation for a violation of section 169.141 must specify whether the speed was greater than ten miles per hour in excess of the speed designated under that section.*

Sec. 21. Minnesota Statutes 1984, section 171.02, subdivision 3, is amended to read:

*Subd. 3. [MOTORIZED BICYCLES.] No motorized bicycle shall be operated on any public roadway by any person who does not possess a valid drivers license, unless the person has obtained*

a motorized bicycle operator's permit or *motorized bicycle instruction permit* from the commissioner of public safety. The operator's permit may be issued to any person who has attained the age of 15 years and who has passed the examination prescribed by the commissioner. *The instruction permit may be issued to any person who has attained the age of 15 years and who has passed the written portion of the examination prescribed by the commissioner.* The commissioner may promulgate rules and regulations prescribing the content of the examination and the information to be contained on the (PERMIT) *permits*.

The fees for motorized bicycle operator's (PERMIT) *permits* are as follows:

(a) Examination and operator's permit, valid for one year .....	\$ 4
(b) Duplicate .....	\$ 2
(c) Renewal permit before age (18) 19 and valid until age (18) 19 .....	\$ 6
(d) Renewal permit after age (18) 19 and valid for four years .....	\$10
(e) Duplicate of any renewal permit .....	\$ 3
(f) <i>Written examination and instruction permit, valid for 30 days</i> .....	\$ 4

Sec. 22. Minnesota Statutes 1984, section 171.05, is amended by adding a subdivision to read:

*Subd. 3. Notwithstanding any provision in subdivision 1 to the contrary, the department, upon application and payment of the fee prescribed in section 1, may issue a motorized bicycle instruction permit to an applicant who is 15 years of age and who has successfully completed the written portion of the examination prescribed by the commissioner. The holder of this instruction permit who has the permit in possession may operate a motorized bicycle within one mile of the holder's residence for the purpose of practicing to take the operator portion of the examination prescribed by the commissioner.*

Sec. 23. Minnesota Statutes 1984, section 171.07, subdivision 5, is amended to read:

Subd. 5. The department may provide a donor document to each person making application for a driver's license or a Minnesota identification card whereby any such person (, 18 YEARS OF AGE OR MORE,) may execute an anatomical gift, pursuant to the provisions of the uniform anatomical gift act, sections 525.-

921 to 525.93. The commissioner of public safety shall prescribe the form of the donor document. *If the donor is 18 years of age or older*, the donor document must be signed by the donor in the presence of two witnesses who must sign the donor document in the donor's presence. If the donor cannot sign, the donor document may be signed for the donor at the donor's direction, in the donor's presence, and in the presence of two witnesses who must sign the donor document in the donor's presence. *If the donor is a minor*, the donor document must be signed by the minor donor, and both of the minor donor's parents, a legal guardian, or the parent or parents having legal custody. *If the minor cannot sign*, the donor document may not be signed for the minor. The department shall identify donors of anatomical gifts by the designation "donor" on the front side of the donor's driver's license or Minnesota identification card. The designation "donor" shall constitute sufficient legal authority for the removal of all body organs or parts upon death of the donor for the purpose of transplantation and the designation shall be removed only upon written notice to the department. (NO DESIGNATION MAY BE NOTED UPON THE DRIVER'S LICENSE OR MINNESOTA IDENTIFICATION CARD OF ANY PERSON UNDER 18.) Delivery of the license or Minnesota identification card during the donor's lifetime is not necessary to make the gift valid.

Sec. 24. Minnesota Statutes 1984, section 171.12, is amended by adding a subdivision to read:

*Subd. 6. [CERTAIN CONVICTIONS NOT RECORDED.] The department shall not keep on the record of a driver any conviction for a violation of section 169.141 unless the violation consisted of a speed greater than ten miles per hour in excess of the lawful speed designated under that section.*

Sec. 25. Minnesota Statutes 1985 Supplement, section 171.27, is amended to read:

#### 171.27 [EXPIRATION OF LICENSES.]

The expiration date for each driver's license, other than provisional licenses, is the birthday of the driver in the fourth year following the date of issuance of the license. The birthday of the driver shall be as indicated on the application for a driver's license. A license may be renewed on or before expiration or within one year after expiration upon application, payment of the required fee, and passing the examination required of all drivers for renewal. Driving privileges shall be extended or renewed on or preceding the expiration date of an existing driver's license unless the commissioner believes that the licensee is no longer qualified as a driver.

The expiration date for each provisional license shall be the (18TH) 19th birthday of the licensee. Upon the provisional licensee attaining the age of (18) 19 and upon the application,

payment of the required fee, and passing the examination required of all drivers for renewal, a driver's license shall be issued if the commissioner deems the record of the provisional licensee to be satisfactory.

Any valid Minnesota driver's license issued to a person then or subsequently on active duty with the Armed Forces of the United States, or the person's spouse, shall continue in full force and effect without requirement for renewal until 90 days after the date of the person's discharge from such service, provided that a spouse's license must be renewed if the spouse is residing within the state at the time the license expires or within 90 days after the spouse returns to Minnesota and resides within the state.

Sec. 26. Minnesota Statutes 1984, section 173.08, subdivision 1, is amended to read:

Subdivision 1. [ADVERTISING DEVICES RESTRICTED.] No advertising device, excepting the advertising devices described and permitted under sections 173.01 to 173.27, shall be erected or maintained in an adjacent area, after June 8, 1971, except the following:

(a) Directional and other official signs, including, but not limited to, signs pertaining to natural wonders, scenic and historical attractions, which are required or authorized by law, and which comply with regulations which shall be promulgated by the commissioner relative to their lighting, size, spacing and other requirements as may be appropriate to implement sections 173.01 to 173.27;

(b) Advertising devices advertising the sale or lease of property upon which they are located, provided that there shall not be more than one such sign, advertising the sale or lease of the same property, visible to traffic proceeding in any one direction on any one interstate or primary highway;

(c) Advertising devices advertising activities conducted on the property on which they are located, including, without limiting the generality of the foregoing, goods sold, stored, manufactured, processed or mined thereon, services rendered thereon, and entertainment provided thereon;

(d) Advertising devices stating the name and address of the owner, lessee or occupant of such property or information otherwise required or authorized by law to be posted or displayed thereon;

(e) Public utility signs;

(f) Service club and religious notices;

(g) Advertising devices of which the advertising copy or the name of the owner thereof is in no part visible from the traveled way of the aforesaid highways;

(h) Advertising devices which are located, or which are to be located, in business areas and which comply, or will comply when erected, with the provisions of sections 173.01 to 173.27;

(i) *Signs placed temporarily by auctioneers under section 169.07.*

Sec. 27. Minnesota Statutes 1985 Supplement, section 221.083, subdivision 3, is amended to read:

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) *for tank motor vehicles with a capacity of 3,000 gallons or less that are used to transport gasoline and which were designed and manufactured between 1950 and 1975 (ACCORDING TO AMERICAN SOCIETY OF MECHANICAL ENGINEERS SPECIFICATIONS IN EFFECT AT THE TIME OF MANUFACTURE) to transport petroleum products.* 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. 28. Laws 1974, chapter 151, section 3, is amended to read:

Sec. 3. This act shall take effect upon the construction of the (TRUNK HIGHWAY 12) *Route No. 4 and Route No. 49 bypass of Willmar.*

Sec. 29. Laws 1977, chapter 402, section 2, is amended to read:

Sec. 2. [LEXINGTON AVENUE SOUTH OF LARPEN-TEUR.]

The city of Saint Paul may (NOT) take or use existing park land for the redesign, reconstruction or widening of Lexington avenue south of Larpenteur avenue *only if the redesign, reconstruction or widening:*

(a) *does not result in a traveled way on Lexington avenue between Horton avenue and Hoyt avenue greater than 32 feet, except for turning lanes, and*

(b) *is consistent with the Como Park master plan approved by the metropolitan council.*

Sec. 30. [VARIANCE NOT REQUIRED.]

*Notwithstanding any other provision of law that section of Lexington avenue which is located within Como Park in the city of Saint Paul does not require a variance from municipal state-aid engineering standards in order to be redesigned, reconstructed or widened, and is eligible for inclusion in the money needs of the city on the same basis as other municipal state-aid streets in the city.*

Sec. 31. [HIGH OCCUPANCY VEHICLES.]

*Subdivision 1. [HIGH OCCUPANCY LANES.] The commissioner of transportation shall, in the design of any controlled access highway within the metropolitan area as defined in Minnesota Statutes, section 473.02, subdivision 5, consider the inclusion in the design of one or more lanes of traffic reserved exclusively for vehicles carrying two or more persons.*

*Subd. 2. [EXCLUSIVE BUS LANES.] The commissioner of transportation shall, in the management of controlled access highways within the metropolitan area as defined in Minnesota Statutes, section 473.02, subdivision 5, which have entrance ramps reserved exclusively for buses, consider the use of such ramps by any vehicle carrying two or more persons.*

Sec. 32. [RECONVEYANCE.]

*Notwithstanding any other law, the proceeds from the conveyance of excess real estate in the city of St. Cloud that was acquired for the improvement of marked trunk highway No. 15 in the St. Cloud metropolitan area must be placed by the state treasurer in a separate account if the excess real estate is conveyed before the improvement is completed. All money in this account is hereby appropriated to the commissioner for expenditure only to pay the costs of completing the improvement of marked trunk highway No. 15 in the St. Cloud metropolitan area. The commissioner shall pay any money so appropriated which is in excess of the amount required to complete the improvement to the state treasurer for deposit in the trunk highway fund. For purposes of this section "St. Cloud metropolitan area" means the cities of St. Cloud, St. Joseph, Sauk Rapids, Waite Park and Sartell and all towns contiguous to those cities. For purposes of this section, "improvement" means the segment of trunk highway No. 15 between county road No. 137 in St. Cloud and Benton Drive in Sauk Rapids.*

Sec. 33. Laws 1985, First Special Session chapter 15, section 9, subdivision 5, is amended to read:

Subd. 5. Construct rest areas near the cities listed in this subdivision ..... 4,099,000

(a) Baptism River, on trunk highway 61 ..... 156,000

This appropriation is added to the appropriation in Laws 1983, chapter 344, section 6, subdivision 8, as amended by Laws 1984, chapter 597, section 54.

(b) Bigelow, on trunk highway 60, including a travel information center ..... 1,191,000

**(ONE-HALF THE COST OF STAFFING AND OPERATING THE TRAVEL INFORMATION CENTER MUST BE PAID FROM SOURCES OTHER THAN THE TRUNK HIGHWAY FUND. THE COMMISSIONER MAY PROCEED WITH CONSTRUCTION ONLY AFTER AGREEMENTS TO PROVIDE THIS FUNDING ARE OBTAINED.)**

(c) Orr, on trunk highway 53, including a travel information center ..... 573,000

\$341,000 is for construction of parking spaces.

\$232,000 is for a grant to the city of Orr for site acquisition and development and construction of a travel information center.

The costs of maintaining, staffing, and operating the rest area and travel information center must not be paid from the trunk highway fund.

(d) St. Cloud, on trunk highway 10, including a travel information center ..... 1,145,000

**(ONE-HALF THE COST OF STAFFING AND OPERATING THE TRAVEL INFORMATION CENTER MUST BE PAID FROM SOURCES OTHER THAN THE TRUNK HIGHWAY FUND. THE COMMISSIONER MAY PROCEED WITH CONSTRUCTION ONLY AFTER AGREEMENTS TO PROVIDE THIS FUNDING ARE OBTAINED.)**

(e) St. Peter, on trunk highway 169 ..... 1,034,000

Sec. 34. Laws 1985, chapter 299, section 40, is amended to read:

## Sec. 40. [SPECIAL PERMIT.]

Subdivision 1. [PERMIT TO BE ISSUED.] Notwithstanding any law to the contrary the commissioner of transportation shall issue one special permit authorizing the operation for testing purposes of a three vehicle combination consisting of a motor vehicle, a "motorized hitch" and a trailer. The permit is valid for one year from the date of issuance. The annual fee for the permit is \$30. The permit is subject to all applicable provisions of Minnesota Statutes 1984, section 169.86, except as otherwise provided in this subdivision. The holder of the permit is responsible for all liability for personal injury, property damage or time lost, which may occur as a result of the operation of the combination for which the permit is issued, and must, if a claim is made against the state or a department, division officer or employee thereof arising from such operation, defend, indemnify and hold them harmless.

Subd. 2. [REPEALER.] This section is repealed July 31, (1986) 1987.

## Sec. 35. [PREPAID FEES FOR TAX-EXEMPT VEHICLES CARRIED FORWARD.]

*The owner of a tax-exempt vehicle registered for the two-year period beginning March 1, 1986, whose fees for administrative handling, license plates, and filing exceeded \$20 per vehicle, may apply the excess toward payment of administrative handling fees for tax-exempt vehicles in subsequent registration periods, as provided in this section. Only payments made before the effective date of section 5 may be applied to subsequent administrative handling fees. The registrar shall notify each owner of a tax-exempt vehicle of the amount of the credit, if any, for which the owner is eligible under this section.*

## Sec. 36. [EXCHANGE OF LAND.]

*Until July 1, 1988, the commissioner of transportation may contract to dispose of and replace existing land, buildings, and associated property located in the southwest quadrant of the intersection of marked interstate highway no. 494 and France Avenue South in the city of Bloomington. The property may be replaced with land, buildings and associated property at a new location if replacement would result in a clear public benefit. A clear public benefit results if the following conditions are satisfied:*

(1) *the present use of the property to be replaced is not the highest and best use of the property compared to other property located in the immediate, surrounding area;*

(2) *replacement will promote commercial and economic development and employment in the area;*



(3) replacement will not result in diminished service provided by the department or result in significantly increased future costs for the department due solely to the relocation of its facilities;

(4) the replacement will result in a significant economic benefit or interest to the state; and

(5) the procedures to effectuate replacement include an open, competitive contracting process.

*The commissioner may enter into a contract for purposes of this paragraph only after presenting a report detailing the terms of the contract to the chairs of the house appropriations committee and the senate finance committee.*

### Sec. 37. [REPEALER.]

*Minnesota Statutes 1984, section 171.15, subdivision 2, is repealed.*

### Sec. 38. [EFFECTIVE DATES.]

*Sections 5, 19, 27, 28, 32 and 34 are effective the day following final enactment. Sections 29 and 30 are effective on approval by the St. Paul city council and compliance with Minnesota Statutes 1984, section 645.021."*

Delete the title and insert:

"A bill for an act relating to transportation; providing for the licensing, taxation, ownership, and operation of motor vehicles; providing for the standards and construction of certain highways and payment of street and highway expenses; providing definitions; providing penalties; appropriating money; amending Minnesota Statutes 1984, sections 65B.67, subdivisions 3 and 4a; 162.06, subdivision 5; 162.14, subdivision 2; 168.27, subdivisions 1 and 22; 168.28; 169.07; 169.44, by adding a subdivision; 169.99, by adding a subdivision; 171.02, subdivision 3; 171.05, by adding a subdivision; 171.07, subdivision 5; 171.12, by adding a subdivision; and 173.08, subdivision 1; Minnesota Statutes 1985 Supplement, sections 168.011, subdivision 4; 168.012, subdivision 1c; 168.013, subdivisions 1c and 1e; 168.27, subdivision 24; 171.27; and 221.033, subdivision 3; Laws 1974, chapter 151, section 3; Laws 1977, chapter 402, section 2; Laws 1985, chapter 299, section 40; Laws 1985, First Special Session chapter 15, section 9, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 65B; 160; 161; and 163; repealing Minnesota Statutes 1984, section 171.15, subdivision 2."

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

Senate Conferees: DEAN E. JOHNSON, ROBERT J. SCHMITZ and CLARENCE M. PURFEERST.

House Conferees: DENNIS D. OZMENT, VIRGIL J. JOHNSON and GLEN H. ANDERSON.

Ozment moved that the report of the Conference Committee on S. F. No. 1910 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1910, A bill for an act relating to transportation; adding new route to trunk highway system in substitution of existing route; allowing old highway to be turned back to city of Willmar; directing revisor of statutes to make route substitution; amending Laws 1974, chapter 151, section 3.

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.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 128 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Anderson, C.	Elioff	Krueger	Otis	Simoneau
Anderson, R.	Ellingson	Kvam	Ozment	Skoglund
Backlund	Erickson	Levi	Pauly	Solberg
Battaglia	Fjoslien	Lieder	Peterson	Sparby
Beard	Forsythe	Long	Piepho	Stanius
Becklin	Frederick	Marsh	Piper	Staten
Begich	Frederickson	McDonald	Poppenhagen	Svigum
Bennett	Frerichs	McEachern	Price	Thiede
Bishop	Greenfield	McKasy	Quinn	Thorson
Blatz	Gruenes	McLaughlin	Quist	Tjornhom
Boerboom	Gutknecht	McPherson	Redalen	Tompkins
Boo	Halberg	Metzen	Rees	Tunheim
Brandl	Hartinger	Miller	Rest	Uphus
Brinkman	Hartle	Minnc	Rice	Valan
Brown	Haukoos	Munger	Richter	Valento
Burger	Heap	Murphy	Riveness	Vanasek
Carlson, D.	Himle	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	Kiffmeyer	Olsen, S.	Schreiber	Zaffke
DenOuden	Knickerbocker	Omman	Scaberg	Spk. Jennings, D.
Dimler	Knuth	Onnen	Shaver	
Dyke	Kostohryz	Osthoff	Sherman	

Those who voted in the negative were:

Jacobs	Olson, E.	Pappas	Segal	Tomlinson
Kelly				

The bill was repassed, as amended by Conference, and its title agreed to.

## MOTION FOR ADJOURNMENT

Norton moved that the House adjourn until 11:00 a.m., Tuesday, March 18, 1986. The motion did not prevail.

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 1869.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

## CONFERENCE COMMITTEE REPORT ON S. F. NO. 1869

A bill for an act relating to utilities; changing the powers and responsibilities of the chair of the public utilities commission; requiring the governor to appoint the chair of the commission; changing qualification for commissioners; requiring commissioners to file certain financial information before taking office; prohibiting commissioners and certain employees from engaging in certain activity after leaving the commission; requiring the commission to adopt a code of conduct; providing penalties; amending Minnesota Statutes 1984, sections 216A.03, subdivision 3; and 216A.035; proposing coding for new law in Minnesota Statutes, chapter 216A.

March 17, 1986

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable David M. Jennings  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1869, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 1869 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1984, section 216A.03, subdivision 1, is amended to read:

Subdivision 1. [MEMBERS.] (AS OF JANUARY 1, 1975)  
The public utilities commission shall consist of five members  
(, THREE OF WHOM SHALL BE THE MEMBERS THEN

SERVING, WHO SHALL CONTINUE TO SERVE FOR THE BALANCE OF THEIR ELECTIVE OR APPOINTIVE TERMS. THERE SHALL BE TWO ADDITIONAL COMMISSIONERS APPOINTED BY THE GOVERNOR WITH THE ADVICE AND CONSENT OF THE SENATE, ONE FOR A TERM EXPIRING DECEMBER 31, 1975, AND ONE FOR A TERM EXPIRING DECEMBER 31, 1977). (THEREAFTER) The terms of (ALL SUBSEQUENT) members (OF THE COMMISSION) shall be six years and until their successors have been appointed and qualified. Each commissioner shall be appointed by the governor by and with the advice and consent of the senate. Not more than three commissioners shall belong to the same political party. *At least one commissioner must have been domiciled at the time of appointment outside the seven-county metropolitan area. If the membership of the commission after July 31, 1986, does not consist of at least one member domiciled at the time of appointment outside the seven-county metropolitan area, the membership shall conform to this requirement following normal attrition of the present commissioners.* The governor in his selection of commissioners shall give consideration to persons learned in the law or persons who have engaged in the profession of engineering, public accounting (OR), property and utility valuation, *finance, physical or natural sciences, production agriculture, or natural resources* as well as being representative of the general public.

*For purposes of this subdivision, "seven-county metropolitan area" means Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties.*

Sec. 2. Minnesota Statutes 1984, section 216A.03, subdivision 3, is amended to read:

Subd. 3. [CHAIRMAN.] The (COMMISSION) governor shall (ELECT) select one of (THEIR NUMBER) the commissioners to serve as the chairman (AT THE MEETING OF THE COMMISSION IN THE SECOND WEEK IN JANUARY OF EACH YEAR) for a term (OF ONE YEAR) concurrent with that of the governor.

If a vacancy occurs in the position of chairman, the (COMMISSION) governor shall (ELECT) select a new chairman to complete the unexpired term.

Sec. 3. Minnesota Statutes 1984, section 216A.035, is amended to read:

216A.035 [CONFLICT OF INTEREST.]

(a) No person during his term of membership on the public utilities commission, *while acting as executive secretary of the commission, or while employed in a professional capacity by the*

*commission, shall receive any (SIGNIFICANT PORTION OF HIS) income, other than dividends or other earnings from a mutual fund or trust if these earnings do not constitute a significant portion of the person's income, directly or indirectly from any public utility or other organization subject to regulation by the commission. (NO PERSON SHALL BE ELIGIBLE TO BE APPOINTED AS A MEMBER OF THE PUBLIC UTILITIES COMMISSION UNLESS AND UNTIL HE DIVESTS HIMSELF OF ANY SIGNIFICANT INTEREST OR ABANDONS ANY EMPLOYMENT WITH A UTILITY.)*

*(b) No person is eligible to be appointed as a member of the commission if the person has been employed with an entity, or an affiliated company of an entity, that is subject to rate regulation by the commission within one year from the date when the person's term on the commission will begin.*

*(c) No person who is an employee of the public service department shall participate in any manner in any decision or action of the commission where he has a direct or indirect financial interest. Each commissioner or employee of the public service department who is in the general professional, supervisory, or technical units established in section 179A.10 or who is a professional, supervisory, or technical employee defined as confidential in section 179A.03, subdivision 4, or who is a management classification employee and whose duties are related to public utilities or transportation regulation shall report to the ethical practices board annually before April 15 any interest he has in an industry or business regulated by the commission. Each commissioner shall file a statement of economic interest as required by section 10A.09 with the ethical practices board and the public utilities commission before taking office. The statement of economic interest must state any interest that the commissioner has in an industry or business regulated by the commission.*

*(d) A professional employee of the commission or department must immediately disclose to the commission or to the director of the department, respectively, any communication, direct or indirect, with a person who is a party to a pending proceeding before the commission regarding future benefits, compensation, or employment to be received from that person.*

#### Sec. 4. [216A.036] [EMPLOYMENT RESTRICTIONS.]

*(a) A person who serves as (1) a commissioner of the public utilities commission, (2) director of the department of public service, or (3) deputy director of the department, shall not, while employed with or within one year after leaving the commission, or department, accept employment with, receive compensation directly or indirectly from, or enter into a contractual relationship with an entity, or an affiliated company*

of an entity, that is subject to rate regulation by the commission.

(b) An entity or an affiliated company of an entity that is subject to rate regulation by the commission, or a person acting on behalf of the entity, shall not negotiate or offer to employ or compensate a commissioner, the director, or the deputy director, while the person is so employed or within one year after the person leaves that employment.

(c) For the purposes of this section, "affiliated company" means a company that controls, is controlled by, or is under common control with an entity subject to rate regulation by the commission.

(d) A person who violates this section is subject to a civil penalty not to exceed \$10,000 for each violation. The attorney general may bring an action in district court to collect the penalties provided in this section.

#### Sec. 5. [216A.037] [RULES.]

*Subdivision 1. [EX PARTE COMMUNICATIONS.] The commission shall adopt rules under chapter 14 prescribing permissible and impermissible ex parte communications.*

*The ex parte rules may prohibit only ex parte communications by commission members with a party relating to:*

- (1) a material issue during a pending contested case proceeding;*
- (2) a material issue in a rulemaking proceeding after the beginning of commission deliberations;*
- (3) a material issue in a disputed formal petition; and*
- (4) any other communication impermissible by law.*

*A contested case is pending from the time the commission refers the matter to the office of administrative hearings until the commission has issued its final order, and the time to petition for reconsideration has expired or the commission has issued an order finally disposing an application for reconsideration, whichever is later.*

*Subd. 2. [COMMUNICATIONS PROHIBITED.] A commissioner shall not communicate, directly or indirectly, with a person or entity who is a party to a pending proceeding before the commission regarding past or future benefits or compensation to be received from that person or entity. The commission*

*may dismiss a proceeding if an applicant, petitioner, or complainant violates this subdivision.*

*Subd. 3. [CODE OF CONDUCT.] Except as limited by subdivision 1, the commission shall adopt rules prescribing a code of conduct for commissioners and employees of the commission. The code of conduct must include standards to preserve the quasi-judicial function of the commission.*

*The commission shall adopt emergency rules to implement this subdivision.*

Sec. 6. Minnesota Statutes 1984, section 216B.16, subdivision 1a, is amended to read:

Subd. 1a. [SETTLEMENT BARRED.] When a public utility proposes changes in general rates that would increase general rates paid by consumers (BY MORE THAN \$500,000 ANNUALLY), the commission (SHALL NOT) *may* approve the change (UNTIL AFTER REQUIRING THE OFFICE OF ADMINISTRATIVE HEARINGS TO CONDUCT) *without* a contested case hearing (ON, AT A MINIMUM, THE APPROPRIATE RATE BASE, EXPENSE AND REVENUE LEVELS FOR THE TEST YEAR, AND THE RATE OF RETURN. IF THE FORMAL PARTIES TO THE CONTESTED CASE CHOOSE NOT TO CROSS EXAMINE THE TESTIMONY PRESENTED, IT SHALL BE THE DUTY OF THE COMMISSION AND ITS STAFF TO MAKE INQUIRY OF THE WITNESSES PRESENTED TO ENSURE THAT THE TESTIMONY IS WELL REASONED AND CONSTITUTES SUBSTANTIAL EVIDENCE. AFTER A REPORT OF THE EXAMINER HAS BEEN ISSUED, THE COMMISSION MAY PROCEED TO TAKE ACTION ON THE PROPOSED RATES CONSISTENT WITH THE PROVISIONS OF THIS SECTION. THE COMMISSION SHALL NOT ACCEPT ANY STIPULATION THAT IS NOT AGREED TO BY) *if applicant and all intervening parties agree to a stipulated settlement of the case and the settlement is supported by substantial evidence. The commission shall accept or reject the settlement in its entirety and, at any time until its final order is issued in the case, may require the office of administrative hearings to conduct a contested case hearing.*

Sec. 7 Minnesota Statutes 1984, section 216B.16, subdivision 2, is amended to read:

Subd. 2. [SUSPENSION OF RATES; HEARING.] Whenever there is filed with the commission a schedule modifying or resulting in a change in any rates then in force as provided in subdivision 1, the commission may suspend the operation of the schedule by filing with the schedule of rates and delivering to the affected utility a statement in writing of its reasons for

the suspension at any time before the rates become effective. The suspension shall not be for a longer period than ten months beyond the initial filing date. During the suspension the commission shall determine whether all questions of the reasonableness of the rates requested raised by persons deemed interested or by the administrative division of the department of public service can be resolved to the satisfaction of the commission. If the commission finds that all significant issues raised have not been resolved to its satisfaction, or upon petition by ten percent of the affected customers or 250 affected customers, whichever is less, it shall refer the matter to the office of administrative hearings with instructions for a public hearing as a contested case pursuant to chapter 14, except as otherwise provided in this section. The commission may order that the issues presented by the proposed rate changes be bifurcated into two separate hearings as follows: (1) determination of the utility's revenue requirements and (2) determination of the rate design. Upon issuance of both hearing examiner reports, the issues shall again be joined for consideration and final determination by the commission. All prehearing discovery activities of state agency intervenors shall be consolidated and conducted by the department of public service. If the commission does not make a final determination concerning a schedule of rates within ten months after the initial filing date, the schedule shall be deemed to have been approved by the commission; *except if a settlement has been submitted to and rejected by the commission, the schedule is deemed to have been approved 12 months after the initial filing.* For the purposes of this section, "final determination" means the initial decision of the commission and not any order which may be entered by the commission in response to a petition for rehearing or other further relief. The commission may further suspend rates until it determines all those petitions.

Sec. 8. Minnesota Statutes 1984, section 237.075, subdivision 1a, is amended to read:

Subd. 1a. [SETTLEMENT BARRED.] When a telephone company proposes changes in general rates that would increase general rates paid by consumers (BY MORE THAN \$500,000 ANNUALLY), the commission (SHALL NOT) *may* approve the change (UNTIL AFTER REQUIRING THE OFFICE OF ADMINISTRATIVE HEARINGS TO CONDUCT) *without* a contested case hearing (ON, AT A MINIMUM, THE APPROPRIATE RATE BASE, EXPENSE AND REVENUE LEVELS FOR THE TEST YEAR, AND THE RATE OF RETURN. IF THE FORMAL PARTIES TO THE CONTESTED CASE CHOOSE NOT TO CROSS EXAMINE THE TESTIMONY PRESENTED, IT SHALL BE THE DUTY OF THE COMMISSION AND ITS STAFF TO MAKE INQUIRY OF THE WITNESSES PRESENTED TO ENSURE THAT THE TESTIMONY IS WELL REASONED AND CONSTITUTES SUBSTANTIAL EVIDENCE. AFTER A REPORT OF THE EX-



AMINER HAS BEEN ISSUED, THE COMMISSION MAY PROCEED TO TAKE ACTION ON THE PROPOSED RATES CONSISTENT WITH THE PROVISIONS OF THIS SECTION. THE COMMISSION SHALL NOT ACCEPT ANY STIPULATION THAT IS NOT AGREED TO BY) *if applicant and all intervening parties agree to a stipulated settlement of the case and the settlement is supported by substantial evidence. The commission shall accept or reject the settlement in its entirety and, at any time until its final order is issued in the case, may require the office of administrative hearings to conduct a contested case hearing.*

Sec. 9. Minnesota Statutes 1984, section 237.075, subdivision 2, is amended to read:

Subd. 2. [SUSPENSION OF RATES; HEARING.] Whenever there is filed with the commission as provided in subdivision 1 a schedule modifying or resulting in a change in any rate then in force, the commission may suspend the operation of the schedule by filing with the schedule of rates and delivering to the affected telephone company a statement in writing of its reasons for the suspension at any time before the rates become effective. The suspension shall not be for a longer period than ten months beyond the initial filing date. During the suspension the commission shall determine whether all questions of the reasonableness of the rates requested raised by persons deemed interested or by the administrative division of the department of public service can be resolved to the satisfaction of the commission. If the commission finds that all significant issues raised have not been resolved to its satisfaction, or upon petition by ten percent of the affected customers or 250 affected customers, whichever is less, it shall refer the matter to the office of administrative hearings with instructions for a public hearing as a contested case pursuant to chapter 14, except as otherwise provided in this section. The commission may order that the issues presented by the proposed rate changes be bifurcated into two separate hearings as follows: (1) determination of the telephone company's revenue requirements and (2) determination of the rate design. Upon issuance of both administrative law judge reports, the issues shall again be joined for consideration and final determination by the commission. All prehearing discovery activities of state agency intervenors shall be consolidated and conducted by the department of public service. If the commission does not make a final determination concerning a schedule of rates within ten months after the initial filing date, the schedule shall be deemed to have been approved by the commission; *except if a settlement has been submitted to and rejected by the commission, the schedule is deemed to have been approved 12 months after the initial filing.* For the purposes of this section, "final determination" means the initial decision of the commission and not any order which may be entered by the commission in response to a petition for rehearing or other further relief. The commission may further suspend rates until it determines all those petitions.

## Sec. 10. [EFFECTIVE DATE.]

*Sections 1 and 3, paragraphs (b), (c), and (d), and sections 4 and 5 are effective the day following final enactment. Section 3, paragraph (a), is effective July 1, 1986. Section 2 is effective January 1, 1987."*

Delete the title and insert:

"A bill for an act relating to utilities; changing qualifications for members of the public utilities commission; requiring the governor to appoint the chair of the commission; requiring commissioners to file certain information before taking office; prohibiting commissioners and certain employees of the department of public service from engaging in certain activities prior to and after leaving the commission or the department; requiring the commission to adopt rules relating to ex parte communications and a code of conduct; authorizing stipulated settlements in certain cases; prescribing penalties; amending Minnesota Statutes 1984, sections 216A.03, subdivisions 1 and 3; 216A.035; 216B.16, subdivisions 1a and 2; and 237.075, subdivisions 1a and 2; proposing coding for new law in Minnesota Statutes, chapter 216A."

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

Senate Conferees: NEIL DIETERICH, TAD JUDE and FRITZ KNAAK.

House Conferees: ELTON R. REDALEN, JOEL JACOBS and DAVID B. GRUENES.

Redalen moved that the report of the Conference Committee on S. F. No. 1869 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1869, A bill for an act relating to utilities; changing the powers and responsibilities of the chair of the public utilities commission; requiring the governor to appoint the chair of the commission; changing qualification for commissioners; requiring commissioners to file certain financial information before taking office; prohibiting commissioners and certain employees from engaging in certain activity after leaving the commission; requiring the commission to adopt a code of conduct; providing penalties; amending Minnesota Statutes 1984, sections 216A.03, subdivision 3; and 216A.035; proposing coding for new law in Minnesota Statutes, chapter 216A.

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.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Kvam	Ozment	Simoneau
Anderson, R.	Fjosli	Levi	Pappas	Skoglund
Backlund	Fersythe	Lieder	Pauly	Solberg
Battaglia	Frederick	Long	Peterson	Sparby
Beard	Frederickson	Marsh	Piepho	Stanius
Becklin	Frerichs	McDonald	Piper	Staten
Begich	Greenfield	McEachern	Poppenhagen	Svigum
Bennett	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	Olsen, E.	Schreiber	Wynia
Dimler	Knickerbocker	Omann	Seaberg	Zaffke
Dyke	Knuth	Onnen	Segal	Spk. Jennings, D.
Elioff	Kostohryz	Osthoff	Shaver	
Ellingson	Krueger	Otis	Sherman	

The bill was repassed, as amended by Conference, and its title agreed to.

The following conference committee report was received:

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 1863

A bill for an act relating to crimes; providing for the right to counsel in juvenile proceedings in certain instances; clarifying the crime of failing to file a tax return; creating a presumption that property acquired during the course of certain crimes are "proceeds" of the crime for purposes of forfeiture law; repealing the crime of criminal syndicalism; amending Minnesota Statutes 1984, sections 260.155, by adding subdivisions; 260.251, subdivision 4; and Minnesota Statutes 1985 Supplement, sections 290.92, subdivision 15; and 609.531, subdivision 2; repealing Minnesota Statutes 1984, sections 260.155, subdivision 2; and 609.405.

March 17, 1986

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. 1863, 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. 1863 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 260.155, is amended by adding a subdivision to read:

*Subd. 1a. [RIGHT TO PARTICIPATE IN PROCEEDINGS.] A child who is the subject of a petition, and the parents, guardian, or custodian of the child, and any grandparent of the child with whom the child has resided within the past two years, have the right to participate in all proceedings on a petition.*

Sec. 2. Minnesota Statutes 1984, section 260.155, subdivision 8, is amended to read:

*Subd. 8. [WAIVER.] (a) Waiver of any right which a child has under this chapter must be an express waiver voluntarily and intelligently made by the child after the child has been fully and effectively informed of the right being waived. If a child is under 12 years of age, the child's parent, guardian or custodian shall give any waiver or offer any objection contemplated by this chapter.*

*(b) Waiver of a child's right to be represented by counsel provided under the juvenile court rules must be an express waiver voluntarily and intelligently made by the child after the child has been fully and effectively informed of the right being waived. In determining whether a child has voluntarily and intelligently waived the right to counsel, the court shall look to the totality of the circumstances which includes but is not limited to the child's age, maturity, intelligence, education, experience, and ability to comprehend, and the presence and competence of the child's parents, guardian, or guardian ad litem. If the court accepts the child's waiver, it shall state on the record the findings and conclusions that form the basis for its decision to accept the waiver.*

Sec. 3. Minnesota Statutes 1985 Supplement, section 290.92, subdivision 15, is amended to read:

*Subd. 15. [PENALTIES.] (1) In the case of any failure to withhold a tax on wages, make and file quarterly returns or make payments to or deposits with the commissioner of amounts withheld, as required by this section, within the time prescribed by law, there shall be added to the tax a penalty equal to ten percent of the amount of tax that should have been properly withheld and paid over to or deposited with the commissioner*

if the failure is for not more than 30 days with an additional five percent for each additional 30 days or fraction thereof during which the failure continues, not exceeding 25 percent in the aggregate. The amount of the tax together with this amount shall bear interest at the rate specified in section 270.75 from the time the tax should have been paid until paid. The amount added to the tax shall be collected at the same time and in the same manner and as a part of the tax unless the tax has been paid before the discovery of the negligence, in which case the amount added shall be collected in the same manner as the tax.

(2) If any employer required to withhold a tax on wages, make deposits, make and file quarterly returns and make payments to the commissioner of amounts withheld, as required by sections 290.92 to 290.97, willfully fails to withhold the tax or make the deposits, files a false or fraudulent return, willfully fails to make the payment or deposit, or willfully attempts in any manner to evade or defeat the tax or the payment or deposit of it, there shall also be imposed on the employer as a penalty an amount equal to 50 percent of the amount of tax, less any amount paid or deposited by the employer on the basis of the false or fraudulent return or deposit, that should have been properly withheld and paid over or deposited with the commissioner. The amount of the tax together with this amount shall bear interest at the rate specified in section 270.75 from the time the tax should have been paid until paid. The penalty imposed by this paragraph shall be collected as a part of the tax, and shall be in addition to any other penalties civil and criminal, prescribed by this subdivision.

(3) If any person required under the provisions of subdivision 7 to furnish a statement to an employee or payee and a duplicate statement to the commissioner, or to furnish a reconciliation of the statements, and quarterly returns, to the commissioner, willfully furnishes a false or fraudulent statement to an employee or payee or a false or fraudulent duplicate statement or reconciliation of statements, and quarterly returns, to the commissioner, or willfully fails to furnish a statement or the reconciliation in the manner, at the time, and showing the information required by the provisions of subdivision 7, or rules prescribed by the commissioner thereunder, there shall be imposed on the person a penalty of \$50 for each act or failure to act, but the total amount imposed on the delinquent person for all such failures during any calendar year shall not exceed \$25,000. The penalty imposed by this paragraph is due and payable within ten days after the mailing of a written demand therefor, and may be collected in the manner prescribed in subdivision 6, paragraph (8).

(4) In addition to any other penalties prescribed, any person required to withhold a tax on wages, (MAKE AND) file quarterly returns, and make payments or deposits to the commissioner of amounts withheld, as required by this section, who *attempts to*

*evade the tax by (i) willfully (FAILS) failing to withhold the tax (OR TRUTHFULLY MAKE AND), file the (QUARTERLY) return, or make the payment or deposit, or (ATTEMPTS TO EVADE OR DEFEAT THE TAX) (ii) willfully preparing or filing a false return, is guilty of a gross misdemeanor unless the tax involved exceeds \$300, in which event he is guilty of a felony.*

(5) In lieu of any other penalty provided by law, except the penalty provided by paragraph (3), any person required under the provisions of subdivision 7 to furnish a statement of wages to an employee and a duplicate statement to the commissioner, who willfully furnishes a false or fraudulent statement of wages to an employee or a false or fraudulent duplicate statement of wages to the commissioner, or who willfully fails to furnish a statement in the manner, at the time, and showing the information required by the provisions of subdivision 7, or rules prescribed by the commissioner thereunder, is guilty of a gross misdemeanor.

(6) Any employee required to supply information to his employer under the provisions of subdivision 5, who willfully fails to supply information or willfully supplies false or fraudulent information thereunder which would require an increase in the tax to be deducted and withheld under subdivision 2a or 3, is guilty of a gross misdemeanor.

(7) The term "person," as used in this section, includes an officer or employee of a corporation, or a member or employee of a partnership, who as an officer, employee, or member is under a duty to perform the act in respect of which the violation occurs.

(8) All payments received may, in the discretion of the commissioner of revenue, be credited first to the oldest liability not secured by a judgment or lien, but in all cases shall be credited first to penalties, next to interest, and then to the tax due.

(9) In addition to any other penalty provided by law, any employee who furnishes a withholding exemption certificate to his employer which the employee has reason to know contains a materially incorrect statement is liable to the commissioner of revenue for a penalty of \$500 for each instance. The penalty is immediately due and payable and may be collected in the same manner as any delinquent income tax.

(10) In addition to any other penalty provided by law, any employer who fails to submit a copy of a withholding exemption certificate required by subdivision 5a, clause (1) (a), (1) (b), or (2) is liable to the commissioner of revenue for a penalty of \$50 for each instance. The penalty is immediately due and payable and may be collected in the manner provided in subdivision 6, paragraph (8).

(11) Any person who willfully aids or assists in, or procures, counsels, or advises the preparation or presentation under, or in connection with any matter arising under this section, of a return, affidavit, claim, or other document, which is fraudulent or false as to any material matter, whether or not the falsity or fraud is with the knowledge or consent of the person authorized or required to present the return, affidavit, claim, or document, is guilty of a gross misdemeanor, unless the tax involved exceeds \$300, in which event he is guilty of a felony.

(12) Notwithstanding the provisions of section 628.26, or any other provision of the criminal laws of this state, an indictment may be found and filed, upon any criminal offense specified in this subdivision, in the proper court within six years after the commission of the offense.

Sec. 4. Minnesota Statutes 1985 Supplement, section 609.531, subdivision 2, is amended to read:

Subd. 2. [FORFEITURES OF CONVEYANCE DEVICES; COMMUNICATIONS DEVICES; PRIMARY CONTAINERS; WEAPONS USED; AND CONTRABAND PROPERTY.] (a) Proceeds that are derived from or traced to the commission of a designated offense, conveyance devices, communications devices or components, primary containers, and weapons associated with the commission or utilized in the commission of a designated offense, and all contraband property shall be subject to forfeiture with the following limitations:

((A)) (1) No conveyance device, communications device or component or primary container used by any person as a common carrier in the transaction of business as a common carrier is subject to forfeiture under this section unless the owner or other person in charge of the conveyance, container, or communications device or component is a consenting party or privy to commission of a designated offense.

((B)) (2) No conveyance device, communications device or component, primary container, or weapon used is subject to forfeiture under this section unless the owner of it is privy to a violation of a designated offense or unless the use of the conveyance device, communications device or component, primary container, or weapon in a violation occurred with his knowledge or consent.

((C)) (3) A forfeiture of a conveyance device, communications device or component, primary container, or weapon used encumbered by a bona fide security interest is subject to the interest of the secured party unless he had knowledge of or consented to the act or omission upon which the forfeiture is based.

((D)) (4) Proceeds which are derived from or traced to the commission of a designated offense are subject to forfeiture un-

der this section only to the extent that the owner of the proceeds was privy to the violation upon which the forfeiture action is based.

*(b) Any property acquired during or after the commission of the designated offense shall be presumed to be proceeds derived from or traced to the commission of a designated offense and subject to forfeiture under paragraph (a). The burden of rebutting this presumption is upon the claimant.*

**Sec. 5. [EFFECTIVE DATE.]**

*Sections 3 and 4 are effective August 1, 1986, and apply to crimes committed on or after that date."*

Delete the title and insert:

**"A bill for an act relating to crimes; providing for the waiver of the right to counsel in juvenile proceedings; clarifying the crime of failing to file a tax return; creating a presumption that property acquired during the course of certain crimes are "proceeds" of the crime for purposes of forfeiture law; amending Minnesota Statutes 1984, section 260.155, subdivision 8, and by adding a subdivision; and Minnesota Statutes 1985 Supplement, sections 290.92, subdivision 15; and 609.531, subdivision 2."**

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

**House Conferees: ARTHUR W. SEABERG, RANDY C. KELLY and MARCUS M. MARSH.**

**Senate Conferees: MICHAEL O. FREEMAN and GENE MERRIAM.**

Seaberg moved that the report of the Conference Committee on H. F. No. 1863 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1863, A bill for an act relating to crimes; providing for the right to counsel in juvenile proceedings in certain instances; clarifying the crime of failing to file a tax return; creating a presumption that property acquired during the course of certain crimes are "proceeds" of the crime for purposes of forfeiture law; repealing the crime of criminal syndicalism; amending Minnesota Statutes 1984, sections 260.155, by adding subdivisions; 260.251, subdivision 4; and Minnesota Statutes 1985 Supplement, sections 290.92, subdivision 15; and 609.531, subdivision 2; repealing Minnesota Statutes 1984, sections 260.155, subdivision 2; and 609.405.

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.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 115 yeas and 16 nays as follows :

Those who voted in the affirmative were :

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

Those who voted in the negative were :

Bennett	Haukoos	Kostohryz	Rodosovich	Stanius
Clausnitzer	Jennings, L.	Piepho	Schreiber	Tjornhom
Dimler	Johnson	Rice	Solberg	Welle
Gruenes				

The bill was repassed, as amended by Conference, and its title agreed to.

### MESSAGES FROM THE SENATE, Continued

Mr. Speaker :

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on :

S. F. No. 1949.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

## CONFERENCE COMMITTEE REPORT ON S. F. NO. 1949

A bill for an act relating to natural resources; requiring public access restrictions to be the same as lake use restrictions; amending Minnesota Statutes 1984, sections 378.32, subdivisions 2, 6, and 7; and 459.20; proposing coding for new law in Minnesota Statutes, chapter 378.

March 17, 1986

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable David M. Jennings  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1949, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 1949 be further amended as follows:

Page 3, line 2, after "to" insert "*ordinances adopted pursuant to*" and after "*contracts*" delete "*creating*" and insert "*providing for*"

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

Senate Conferees: GENE MERRIAM, JOHN BERNHAGEN and RANDOLPH W. PETERSON.

House Conferees: DOUGLAS W. CARLSON, HARRIET A. MCPHERSON and DAVID P. BATTAGLIA.

Carlson, D., moved that the report of the Conference Committee on S. F. No. 1949 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1949, A bill for an act relating to natural resources; requiring public access restrictions to be the same as lake use restrictions; amending Minnesota Statutes 1984, sections 378.32, subdivisions 2, 6, and 7; and 459.20; proposing coding for new law in Minnesota Statutes, chapter 378.

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 134 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	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	Omman	Seaberg	Zaffke
Dyke	Knuth	Onnen	Segal	Spk. Jennings, D.
Elioff	Kostohryz	Osthoff	Shaver	

The bill was repassed, as amended by Conference, and its title agreed to.

The following conference committee report was received:

CONFERENCE COMMITTEE REPORT ON 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.

March 17, 1986

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. 229, 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. 229, be further amended as follows:

Delete everything after the enacting clause and insert:

**"Section 1. [62E.081] [HEALTH INSURANCE FOR RETIRED TEACHERS.]**

*Subdivision 1. [TEACHERS ELIGIBLE FOR HEALTH INSURANCE.] A teacher who retired before May 1, 1974, from the basic plan of the Minneapolis teachers retirement fund association and who is not currently eligible for the health insurance benefits of the federal Medicare Program of the Social Security Act is entitled to have health insurance premiums paid and to receive the benefits of a number two qualified plan offered by the Minnesota comprehensive health association under sections 62E.01 to 62E.17. The premium payments must be made through contributions from employed teachers in special school district No. 1 and from special school district No. 1 in the manner described in subdivision 2. To qualify for a benefit under this subdivision a retiree shall permit the school district to verify with the Social Security Administration that the retiree does not qualify for Medicare. The permission must be granted on a form prescribed by the school district.*

*Subd. 2. [DETERMINATION OF PREMIUM.] Before June 30 of each year, the writing carrier for the Minnesota comprehensive health association under section 62E.13 shall notify the school district of the total premium payment for the following school year required for coverage of the eligible teachers enrolled under subdivision 1 in the comprehensive health insurance plan. The school district shall remit the required premium payment on a monthly basis thereafter to the writing carrier. The employer contribution to the required premium payment must be one-half of the total premium payment and must be paid from the school district's general fund. The school district shall calculate the percentage of total annual payroll for teachers necessary to raise one-half of the total premium payment. The school district shall withhold the appropriate amount from each teacher's paychecks.*

**Sec. 2. Minnesota Statutes 1984, section 62E.14, subdivision 1, is amended to read:**

**Subdivision 1. [CERTIFICATE, CONTENTS.]** The comprehensive health insurance plan shall be open for enrollment by eligible persons. An eligible person shall enroll by submission of a certificate of eligibility to the writing carrier. The certificate shall provide the following:

(a) Name, address, age, and length of time at residence of the applicant;

(b) Name, address, and age of spouse and children if any, if they are to be insured;

(c) Evidence of rejection, a requirement of restrictive riders, a rate up, or a pre-existing conditions limitation on a qualified

plan, the effect of which is to substantially reduce coverage from that received by a person considered a standard risk, by at least one association members within six months of the date of the certificate, or other eligibility requirements adopted by rule by the commissioner which are not inconsistent with this chapter and which evidence that a person is unable to obtain coverage substantially similar to that which may be obtained by a person who is considered a standard risk; (AND)

(d) *Evidence that the applicant meets the eligibility requirements of section 1, subdivision 1, of this act; and*

(e) A designation of the coverage desired.

An eligible person may not purchase more than one policy from the state plan. Upon ceasing to be a resident of Minnesota a person is no longer eligible to purchase or renew coverage under the state plan.

Sec. 3. Minnesota Statutes 1985 Supplement, section 136C.50, subdivision 7, is amended to read:

Subd. 7. [STAFF.] The council may employ an executive director and other staff needed to carry out its duties. The executive director *shall serve in the unclassified service and may be paid an allowance not to exceed \$2,000 annually for miscellaneous expenses in connection with duties of the office.* The council may contract with professional, technical, and clerical consultants and interns needed to carry out its functions.

Sec. 4. Minnesota Statutes 1984, section 352.12, subdivision 2, is amended to read:

Subd. 2. [SURVIVING SPOUSE BENEFIT.] If an employee or former employee who has attained the age of at least (55) 50 years and has credit for not less than ten years allowable service or who has credit for not less than 30 years of allowable service, regardless of age attained, dies before an annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, his or her surviving spouse may elect to receive, in lieu of the refund with interest provided in subdivision 1, an annuity equal to the joint and 100 percent survivor annuity which the employee could have qualified for had he or she terminated service on the date of death. *The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service.* The annuity shall be computed as provided in section 352.115, subdivisions 1, 2, and 3, and section 352.116, subdivisions 1 and 3. *Sections 352.22, subdivision 3, and 352.72, subdivision 2, apply to a deferred annuity payable under this subdivision.* The annuity shall cease with the last payment re-

ceived by the surviving spouse in his or her lifetime. An amount equal to the excess, if any, of the accumulated contributions which were credited to the account of the deceased employee over and above the total of the benefits paid and payable to the surviving spouse shall be paid to the deceased employee's last designated beneficiary or, if none, to the surviving children of the deceased spouse in equal shares or, if none, to the surviving parents of the deceased spouse or, if none, to the representative of the estate of such deceased spouse. Any employee may request in writing that this subdivision not apply and that payment be made only to his designated beneficiary as otherwise provided by this chapter.

Sec. 5. Minnesota Statutes 1984, section 352D.01, is amended to read:

**352D.01 [ESTABLISHMENT.]**

There is hereby established within the Minnesota state retirement system a retirement program for certain (UNCLASSIFIED) *public* employees (IN STATE SERVICE) to be known as the Minnesota unclassified employees retirement program, which shall be administered by the Minnesota state retirement system.

Sec. 6. Minnesota Statutes 1984, section 352D.015, subdivision 5, is amended to read:

Subd. 5. "Covered employment" means employment covered by (CHAPTER 352, OR) this chapter.

Sec. 7. Minnesota Statutes 1984, section 352D.02, as amended by Laws 1985, First Special Session chapter 10, section 88, is amended to read:

**352D.02 [COVERAGE.]**

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 *employees* retirement (SYSTEM) *fund*, 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 section 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 chair, chief administrator, and not to exceed nine positions at the division director or administrative deputy level of the metropolitan waste control commission as designated by the commission; the chair, executive director, and not to exceed three positions at the division director or assistant to the chair level of the regional transit board; a chief administrator who is an employee of the metropolitan transit commission; and the chair, executive director, and not to exceed nine positions at the division director or administrative deputy level of the metropolitan council as designated by the council; provided that upon initial designation of all positions provided for in this clause, no further designations or redesignations 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.

*Subd. 1a. The following employees if they are eligible for coverage under the state employees retirement fund, or the teachers retirement association, or would have been eligible for coverage under those funds but for this subdivision, shall participate in the plan, subject to the provisions of subdivision 5 and section 36, and have social security coverage under the agreement between the state and the secretary of health and human services: the chancellor, university presidents, and unclassified managerial employees in the state university system employed at the level of dean or higher.*

**Subd. 1b.** Any person who on the day before June 30, 1982 is a participant in the state unclassified employees retirement program, whose position is placed in the classified service pursuant to Laws 1982, Chapter 560, may elect to maintain membership in the unclassified program as long as the person holds the position or a position in a higher class in the same agency. When an unclassified position which entitles a person to participate in the unclassified retirement program is placed in the classified service, the commissioner of employee relations shall send written notice to the incumbent of the position, and to the director of the Minnesota state retirement system. This notice shall state the incumbent's option under this subdivision. A person eligible to maintain membership in the unclassified plan shall notify the executive director of the state retirement system of the person's election to maintain membership in the unclassified plan within 60 days of the date on which the commissioner sends the notice stating that the position has been placed in the classified service. A person who does not file this notice shall be deemed to have waived the right to remain in the unclassified plan.

**Subd. (1B) 1c.** An employee covered by the regular plan who is subsequently employed as a permanent, full-time unclassified employee of the legislature or any commission or agency of the legislature may elect to transfer accumulated employee and matching employer contributions, as provided in section 352D.03.

**Subd. 2.** A person becoming a participant in the unclassified program by virtue of employment in a position specified in subdivision 1, clause (2) and remaining in the unclassified service shall remain a participant in the program even though the position the person occupies is deleted from any of the sections referenced in subdivision 1, clause (2) by subsequent amendment, except that a person shall not be eligible to elect the unclassified program after separation from unclassified service if on the return of the person to service, that position is not specified in subdivision 1, clause (2). Any person employed in a position spec-



ified in subdivision 1 shall cease to participate in the unclassified program in the event his position is placed in the classified service.

Subd. 3. An election to not participate is irrevocable during any period of covered employment. An employee with employee shares to his credit in the unclassified program, after acquiring credit for ten years of allowable service but prior to termination of covered employment, may, notwithstanding other provisions of this subdivision, elect to terminate his participation in the unclassified plan and be covered by the regular plan by filing such election with the executive director. The executive director shall thereupon redeem the employee's total shares and shall credit to the employee's account in the regular plan the amount of contributions that would have been so credited had the employee been covered by the regular plan during his entire covered employment. The balance of moneys so redeemed and not credited to the employee's account shall be transferred to the state contribution reserve of the state employees retirement fund, except that the employee contribution paid to the unclassified plan in excess of that required by the general employee plan shall be refunded to the employee as provided in section 352.22.

Subd. 4. When any person elects participation in the unclassified program all contributions from the time first eligible to make such an election shall be covered by the program.

*Subd. 5. An employee in a position with retirement coverage under the basic program in the teachers retirement association is not entitled to participate in the plan unless the employee leaves the position and begins employment more than 30 days later in a position with retirement coverage under the plan.*

Sec. 8. Minnesota Statutes 1984, section 352D.06, subdivision 1, is amended to read:

Subdivision 1. When a participant attains at least age 58, is retired from covered service, and applies for a retirement annuity, the cash value of his shares shall be transferred to the Minnesota post-retirement investment fund and used to provide an annuity for the retired employee based upon his age when the benefit begins to accrue according to the reserve basis used by the (REGULAR) *state employees retirement* fund in determining pensions and reserves.

Sec. 9. Minnesota Statutes 1984, section 352D.065, subdivision 5, is amended to read:

Subd. 5. (AN UNCLASSIFIED EMPLOYEE) *A participant* who returns to covered service after receiving benefits under this section shall not be required or allowed to repay such benefits.

Sec. 10. Minnesota Statutes 1984, section 352D.085, subdivision 1, is amended to read:

Subdivision 1. Service under the unclassified program for which the employee has employee shares to his credit, may be used for the limited purpose of qualifying for benefits under sections 352.115, 352.72, subdivision 1, (AND) 352.113, *354.44, 354.45, 354.48, and 354.60*; provided such service may not be used to qualify for a disability benefit under section 352.113, *or 354.48* if a participant was under the unclassified program at the time of the disability, and provided further that the years of service and salary paid while (SUCH) *the* participant was in the unclassified program shall not be used in determining the amount of benefits.

Sec. 11. Minnesota Statutes 1985 Supplement, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. [INCLUDED EMPLOYEES.] The following persons are included in the meaning of "public employee":

(a) Elected or appointed officers and employees of elected officers.

(b) District court reporters.

(c) Officers and employees of the public employees retirement association.

(d) Employees of the League of Minnesota Cities.

(e) Officers and employees of public hospitals, owned or operated by or an integral part of, any governmental subdivision or governmental subdivisions.

(f) Employees of a school district who receive separate salaries for driving their own buses.

(g) Employees of the Association of Minnesota Counties.

(h) Employees of the Metropolitan Inter-County Association.

(i) Employees of the Minnesota Municipal Utilities Association.

(j) Employees of the metropolitan airports commission if employment initially commences on or after July 1, 1979.

(k) Employees of the Minneapolis employees retirement fund, if employment initially commences on or after July 1, 1979.

(l) Employees of the Range Association of Municipalities and Schools.

(m) Employees of the soil and water conservation districts.

(n) Employees of a county historical society *who are county employees.*

Sec. 12. Minnesota Statutes 1984, section 353.32, subdivision 1a, is amended to read:

Subd. 1a. [SURVIVING SPOUSE OPTIONAL ANNUITY.] If a member or former member who has attained the age of at least (55) 50 years and has credit for not less than ten years of allowable service, or who has credit for not less than 30 years of allowable service, regardless of age attained, dies before the annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive, in lieu of a refund with interest provided in subdivision 1, or survivor benefits otherwise payable pursuant to section 353.31, an annuity equal to the 100 percent joint and survivor annuity which the member could have qualified for had the member terminated service on the date of death. *The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service.* The annuity shall be computed as provided in sections 353.29, subdivisions 2 and 3; and 353.30, subdivisions 1, 1a, 1b and 1c. *Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity payable under this subdivision.* No payment shall accrue beyond the end of the month in which entitlement to the annuity has terminated. An amount equal to the excess, if any, of the accumulated contributions which were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the surviving spouse shall be paid to the deceased member's last designated beneficiary or, if none, to the legal representative of the estate of the deceased member. Any member may specify in writing that this subdivision shall not apply and that payment shall be made only to the designated beneficiary, as otherwise provided by this chapter.

Sec. 13. Minnesota Statutes 1985 Supplement, section 353.-657, subdivision 2a, is amended to read:

Subd. 2a. If a member who has attained the age of at least (55) 50 years and has credit for not less than ten years allowable service dies before public service has terminated, or if an employee who has filed a valid application for an annuity or disability benefit prior to termination of public service dies before the annuity or benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive, in lieu of a refund with interest provided

in section 353.32, subdivision 1, or survivor benefits otherwise payable pursuant to subdivisions 1 and 2, an annuity equal to the 100 percent joint and survivor annuity which the member could have qualified for on the date of death, computed as provided in sections 353.651, subdivisions 2 and 3, and 353.30, subdivision 3. *The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity payable under this subdivision.* No payment shall accrue beyond the end of the month in which entitlement to such annuity has terminated. An amount equal to the excess, if any, of the accumulated contributions which were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the surviving spouse shall be paid to the deceased member's last designated beneficiary or, if none, to the legal representative of the estate of such deceased member. Any member may request in writing that this subdivision not apply and that payment be made only to the designated beneficiary, as otherwise provided by this chapter.

Sec. 14. Minnesota Statutes 1984, section 354.05, subdivision 2, is amended to read:

Subd. 2. [TEACHER.] "Teacher" includes any person who renders service as a teacher, supervisor, principal, superintendent, or librarian in the public schools of the state located outside of the corporate limits of the cities of the first class as those cities were so classified on January 1, 1979, or in the state universities, or in any charitable or state institution including penal and corrective institutions supported, in whole or in part, by public funds, or who is engaged in educational administration in connection with the state public school system, including the state university system and state community college system, but excluding the University of Minnesota, whether the position be a public office or an employment, not including members of any general governing or managing board or body connected with the systems, or the officers of common, independent, special, or associated school districts, or unorganized territory. The term shall also include an employee of the teachers retirement association unless the employee is covered by the Minnesota state retirement system by virtue of prior employment by the association, and any nurse, counselor, social worker, therapist or psychologist who renders service in the public schools as defined above or in state universities. The term shall also include any person who renders teaching service on a part time basis and who also renders other services for a school district. In such cases, the teachers retirement association shall have the authority to determine whether all or none of the combined employment shall be covered by the teachers retirement association. *The term does not include an employee described in section 352D.02, subdivision 1a, clause (1), who is hired after the effective date of this act.* The term does not mean any person who works for a

school or institution as an independent contractor. The term shall not include any person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act from and after March 30, 1978, unless the person has as of the later of March 30, 1978 or the date of employment sufficient service credit in the retirement fund to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal comprehensive training and employment act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contribution in addition to the required employee contribution. The term shall not include any person holding a part time adult supplementary vocational-technical school license who renders part time teaching service in a vocational-technical school if (1) the service is incidental to the regular nonteaching occupation of the person; and (2) the applicable vocational-technical school stipulates annually in advance that the part time teaching service will not exceed 300 hours in a fiscal year; and (3) the part time teaching service actually does not exceed 300 hours in a fiscal year. The term also shall not include a person exempt from licensure pursuant to section 125.031 or any person who was excluded from membership prior to January 1, 1981 pursuant to Laws 1978, chapter 556, section 1 and Laws 1980, chapter 342, section 8, if the person annually certifies on a form prescribed by the executive director that the person has established and is contributing to an individual retirement account which is based on nonteaching employment.

Sec. 15. Minnesota Statutes 1984, section 354.05, subdivision 26, is amended to read:

Subd. 26. [POST RETIREMENT INVESTMENT FUND ANNUITY.] "Post retirement investment fund annuity" means the payments made by the fund to an annuitant after retirement in accordance with the provisions of section 354.63. It also means that the payments made by the fund shall never be an amount less than the amount originally determined on the date of retirement (OR) *as adjusted on each succeeding January 1* (, 1974 WHICHEVER IS LATER BUT NOT INCLUDING THE ADJUSTMENTS PROVIDED) in section 11A.18.

Sec. 16. Minnesota Statutes 1984, section 354.44, subdivision 4, is amended to read:

Subd. 4. [TIME AND MANNER OF PAYMENTS.] A member may make application to the board for a retirement annuity any time after the member has satisfied the age and service requirements of this chapter for retirement except that no appli-

cation for retirement may be made more than 60 days before termination of teaching service. The annuity payment shall begin to accrue after the termination of teaching service, or after the application for retirement has been filed with the board, whichever is later, as follows:

(a) on the sixteenth day of the month of termination or filing if the termination or filing occurs on or before the fifteenth day of the month or

(b) on the first day of the month following the month of termination or filing if the termination or filing occurs on or after the sixteenth day of the month (BUT IN NO EVENT SHALL AN ANNUITY BEGIN TO ACCRUE MORE THAN ONE MONTH PRIOR TO THE DATE OF FINAL SALARY RECEIPT).

*If an application for retirement is filed with the board during the 90-day period immediately following the termination of teaching service, the annuity may begin to accrue as if the application for retirement had been filed with the board on the date teaching service terminated. In no event may an annuity begin to accrue more than one month before the date of final salary receipt.*

Sec. 17. Minnesota Statutes 1984, section 354.46, subdivision 2, is amended to read:

Subd. 2. [DEATH WHILE ELIGIBLE DESIGNATED BENEFICIARY BENEFIT.] The surviving spouse of any member or former member who has attained the age of at least (55) 50 years and has credit for at least ten years of allowable service or who has credit for at least 30 years of allowable service irrespective of age shall be entitled to joint and survivor annuity coverage in the event of death of the member prior to retirement. If the surviving spouse does not elect to receive a surviving spouse benefit provided pursuant to subdivision 1, if applicable, or does not elect to receive a refund of accumulated member contributions provided pursuant to sections 354.47, subdivision 1, or 354.62, subdivision 5, clause (3), whichever is applicable, the surviving spouse shall be entitled to receive, upon written application on a form prescribed by the executive director, a benefit equal to the second portion of a 100 percent joint and survivor annuity as provided pursuant to section 354.45 and computed pursuant to section 354.44, subdivisions 2, 6 or 7, whichever is applicable. *The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. Sections 354.44, subdivisions 6 and 7, and 354.60 apply to a deferred annuity payable under this section.* If the member was a participant in the variable annuity division, the applicable portion of the benefit shall be computed pursuant to section 354.62, subdivision 5, clause (1). The benefit shall be payable for life.

Sec. 18. Minnesota Statutes 1985 Supplement, section 354.55, subdivision 11, is amended to read:

Subd. 11. Any person covered under section 354.44, subdivisions 6 and 7, who ceases to render teaching service may leave the person's accumulated deductions in the fund for the purpose of receiving a deferred annuity at retirement. Eligibility for an annuity under this subdivision shall be governed pursuant to section 354.44, subdivision 1, or 354.60.

The amount of the deferred retirement annuity shall be determined by section 354.44, subdivisions 6 and 7, and augmented as provided herein. The required reserves related to that portion of the annuity which had accrued at the time the member ceased to render teaching service shall be augmented by interest compounded annually from the first day of the month following the month during which the member ceased to render teaching service to the effective date of retirement. There shall be no augmentation if this period is less than three months or if this period commences prior to July 1, 1971. The rates of interest used for this purpose shall be five percent commencing July 1, 1971, until January 1, 1981, and three percent thereafter. If a person has more than one period of uninterrupted service, *a separate average salary determined under section 354.44, subdivision 6, must be used for each period* and the required reserves related to each period shall be augmented by interest pursuant to this subdivision. The sum of the augmented required reserves so determined shall be the basis for purchasing the deferred annuity. If a person does not render teaching service in any one or more consecutive fiscal years and then resumes teaching service, the formula percentages used from date of resumption will be those applicable to new members. The mortality table and interest assumption contained therein used to compute the annuity shall be determined by the law in effect at the time of the member's retirement. A period of uninterrupted service for the purposes of this subdivision shall mean a period of covered teaching service during which the member has not been separated from active service for more than one fiscal year.

The provisions of this subdivision shall not apply to variable account accumulations as defined in section 354.05, subdivision 23.

In no case shall the annuity payable herein be less than the amount of annuity payable pursuant to section 354.44, subdivisions 6 and 7.

The requirements and provisions for retirement prior to age 65 contained in section 354.44, subdivision 6, clause (2) shall also apply to an employee fulfilling the requirements with a combination of service as provided in section 354.60.

The augmentation provided by this subdivision shall not apply to any period in which a person is on an approved leave of ab-

sence from an employer unit covered by the provisions of this chapter.

Sec. 19. Minnesota Statutes 1984, section 354A.35, subdivision 2, is amended to read:

Subd. 2. [DEATH WHILE ELIGIBLE TO RETIRE; SURVIVING SPOUSE OPTIONAL ANNUITY.] The surviving spouse of any coordinated member who has attained the age of at least (55) 50 years and has credit for at least (20) ten years of service or has credit for at least 30 years of service regardless of age shall be entitled to joint and survivor annuity coverage in the event of death of the member prior to retirement. *The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service.* The member's surviving spouse shall be paid a joint and survivor annuity as provided in section 354A.32 and computed pursuant to section 354A.31. *Sections 354A.37, subdivision 2, and 354A.39 apply to a deferred annuity payable under this section.* The benefits shall be payable for life.

Sec. 20. Minnesota Statutes 1985 Supplement, section 356.215, subdivision 4d, is amended to read:

Subd. 4d. [INTEREST ASSUMPTIONS.] For funds governed by chapters 3A, 352, 352B, 352C, 353, 354 (*except the variable annuity fund, which is governed by section 354.62*), and 490, a preretirement interest assumption of eight percent, a post-retirement interest assumption of five percent, and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.065 multiplied by the salary for the preceding year must be used. For funds governed by chapter 354A, preretirement and postretirement assumptions of eight percent and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.065 multiplied by the salary for the preceding year, but the payment of post-retirement adjustments to retirees shall be based on the methods specified in the bylaws of the fund as approved by the legislature. For all other funds, a preretirement interest assumption of five percent, a postretirement interest assumption of five percent, and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.035 multiplied by the salary for the preceding year must be used.

Sec. 21. Minnesota Statutes 1985 Supplement, 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 chapter 352, 353, 354, or 354A who *by January 1, 1987*, has attained the age of at least 55 years and whose at-



tained age plus credited allowable service totals at least 85, is entitled, upon valid application and termination of service prior to (JANUARY) *July 1, 1987*, to the normal retirement annuity provided in these chapters without any reduction in annuity by reason of such early retirement.

Sec. 22. Laws 1985, First Special Session chapter 7, section 31, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE EMPLOYEES.] From the public employees retirement association, a member who is currently employed by independent school district No. 281, who was absent from employment due to illness between (APRIL 22) *March 20, 1981*, and (SEPTEMBER 1) *April 17, 1981*, and *between June 13, 1981, and October 23, 1981*, and who did not have the required deductions made from income received (BETWEEN JULY 1, 1981, AND SEPTEMBER 1, 1981) *during those two periods of absence*, shall be entitled to pay the voluntary assessments.

Sec. 23. [BUHL POLICE SURVIVOR BENEFITS.]

*Notwithstanding the limitations in Minnesota Statutes, section 423.58, or any other law, the bylaws of the Buhl police relief association may be amended to provide for the payment of a survivor benefit to the surviving spouse of a deceased member, or the surviving children equally if there is no surviving spouse, in an amount equal to 85 percent of the pension the deceased member was to receive on the date of his death. Benefits calculated in accordance with this section must continue until the surviving spouse remarries or until a dependent child reaches the age of 18 years or, if a full-time student, 22 years, and may be made retroactive to June 30, 1985.*

Sec. 24. [EVELETH POLICE AND FIREFIGHTERS; BENEFIT INCREASE.]

*Notwithstanding any general or special law to the contrary, in addition to other benefits payable, retirement benefits payable to retired police officers and firefighters and their surviving spouses by the Eveleth police and fire trust fund may be increased by \$25 a month. Increases may be made retroactive to January 1, 1986.*

Sec. 25. [ANDOVER FIREFIGHTERS BYLAW AMENDMENT.]

*Notwithstanding any provision of Minnesota Statutes, sections 69.771 to 69.776 or chapter 424A, the Andover firefighters relief association may amend its bylaws to allow computation of service pensions utilizing a member's period of service as an active member of the municipal fire department during the period prior to incorporation of the relief association.*

**Sec. 26. [FALLS NURSING HOME EMPLOYEES.]**

*Subdivision 1. [REFUND OF CONTRIBUTIONS.] A member of the public employees retirement association who was employed by the Falls nursing home on the date the nursing home was taken over by a private corporation or organization must be paid a refund of accumulated employee and employer contributions made by or on behalf of the employee to the association, plus interest at the rate of six percent a year. If an employee has previously received a refund of employee contributions, only the employer contributions plus the total interest must be refunded. No employer additional contributions may be refunded.*

*Subd. 2. [DEFERRED ANNUITY.] If an employee described in subdivision 1 had at least five years of allowable service credit, the employee may elect to receive, in lieu of the refund, a deferred annuity under section 353.34, subdivision 3, notwithstanding the length of service requirements contained in that subdivision. An employee eligible for a deferred annuity who has previously received a refund of employee contributions may reinstate his or her eligibility for a deferred annuity by repaying the amount refunded, including any interest received, to the association.*

*Subd. 3. [DEADLINE.] Refunds must be paid or options exercised and repayments of refunds made before July 1, 1987.*

**Sec. 27. [PURCHASE OF PRIOR SERVICE CREDIT BY CERTAIN EMPLOYEES.]**

*Notwithstanding the limitations in Minnesota Statutes, section 353.36, subdivision 2, or any other law, a person who was employed by the Becker county highway department from May, 1952, to June, 1954, and who does not have the required number of years of allowable service credit to qualify for early retirement under section 356.70, subdivision 1, solely because of prior public service for which salary deductions were not taken out for the association, and who otherwise meets the requirements of section 353.36, subdivision 2, may, by paying before December 31, 1986, an amount calculated in accordance with section 353.36, subdivision 2, purchase the period of prior public service necessary to bring the person's total allowable service to the minimum required for retirement under section 356.70, subdivision 1, although the person's public service did not terminate before July 1, 1982.*

**Sec. 28. [PURCHASE OF PRIOR SERVICE CREDIT.]**

*Notwithstanding any provision of law to the contrary, a person who was employed as a public health nurse by the suburban Hennepin county public health nursing service from June, 1957,*

to February, 1961, and who is currently employed by the city of Bloomington as a health administrator, may purchase prior service credit from the public employees retirement association for the period from June 10, 1957, to February 26, 1961.

Sec. 29. [PAYMENT.]

*The provisions of Laws 1982, chapter 578, article II, section 2, govern the amount and manner of payment for the purchase of prior service credit. Payment may be made either by the city of Bloomington or by the person entitled to purchase prior service.*

Sec. 30. [PAYMENT OF VOLUNTARY ASSESSMENTS.]

*Subdivision 1. Notwithstanding Minnesota Statutes, section 353.01, subdivision 16, or any other law, the person described in subdivision 2 may pay the public employees retirement association voluntary assessments. The amount of the payment is governed by section 353.27, subdivision 2.*

*Subd. 2. A member of the public employees retirement association who is currently employed by the Hennepin county medical center who was absent from employment due to injury between December 3, 1982, and February 7, 1983, and who did not have the required deductions made from income received between December 3, 1982, and February 7, 1983, may pay the voluntary assessments.*

*Subd. 3. Payment of employee contributions must be made by the member, and the current employer of the person must pay the employer and additional employer contribution required by section 353.27, subdivisions 3 and 3a. All employee, employer, and employer additional contributions must include interest at the rate of six percent a year, compounded annually, from December 3, 1982. Payments must be completed by July 1, 1986.*

Sec. 31. Minnesota Statutes 1984, section 352.91, is amended by adding a subdivision to read:

*Subd. 3b. Covered correctional service also means service performed by certain state employees in positions usually covered by this section who were excluded by law from coverage between July 1973 and July 1980 if they were 45 years of age or over when hired, provided they are state employees on the effective date of this subdivision and provided they elect coverage. Eligible employees who elect coverage must file written notice of their election with the director prior to July 1, 1986.*

Sec. 32. [CONTRIBUTIONS.]

*State employees electing coverage under section 31 must pay employee contributions in an amount equal to the difference be-*

*tween employee contributions previously made and employee contributions under the correctional employee plan for the appropriate period of employment between July 1973 and July 1980. The employer of an employee electing coverage shall pay the difference in employer contributions. Employee and employer contributions paid pursuant to this section shall include interest at six percent per annum compounded annually. No service credit shall be awarded in the correctional plan until all contributions are paid.*

**Sec. 33. [REFUNDS FOR COUNTY HISTORICAL SOCIETY EMPLOYEES.]**

*Upon application prior to January 1, 1987, refunds of employee and equal employer contributions must be made to employees of a county historical society who are not county employees. Refunds must include interest at a rate of six percent a year compounded annually.*

**Sec. 34. [MANKATO POLICE PROBATIONARY PERIOD.]**

*Notwithstanding Minnesota Statutes, section 423.372 or any other law, a member of the Mankato police relief association who served a probationary period during which the member was not eligible for membership in the association, may elect to purchase service credit for the probationary period. A member electing to purchase service credit shall pay to the association an amount equal to the employee contribution which would have been required of a member during the probationary period plus interest thereon at a rate equal to the annual average rate of return on investments of the special fund of the association. An election to purchase service credit and all payments of contributions must be completed by December 31, 1987 or the date the member retires, if earlier.*

**Sec. 35. [FALLS NURSING HOME EMPLOYEES.]**

*Subdivision 1. [ELIGIBLE EMPLOYEES.] Notwithstanding any other provision of law, a person who was employed by the Minneapolis public library in a temporary or part time position prior to July 1, 1979, and is currently a member of the public employees retirement association, may purchase prior service credit from the public employees retirement association for a period of service between 1972 and 1985 that has not been credited in the public employees retirement association. Purchase may be only for months actually employed.*

*Subd. 2. [PAYMENT.] The amount of payment will be the higher of the payment required by section 353.36, subdivision 2, or the payment required by Laws 1982, chapter 578, article II, section 2. Payments must be made prior to July 1, 1987.*

## Sec. 36. [ELECTION OF COVERAGE; TRANSITION.]

*A current employee or official enumerated in Minnesota Statutes, section 352D.02, subdivision 1a, as added by section 7, may elect prospective coverage in the unclassified plan. The employee may elect to transfer prior service credit to the plan under the provisions of section 352D.12.*

*The executive director of the state retirement system, or teachers retirement association, as appropriate, shall notify current employees or officials of the option within six months following the effective date of this act. An employee or official eligible to elect coverage by the plan shall notify the appropriate director within six months after the date of notice. An election to participate in the plan is irrevocable during any current or subsequent period of employment.*

## Sec. 37. [OPTION TO CHOOSE PLAN.]

*Subdivision 1. Each legislative employee who while being employed by the legislature exercised an option to retain coverage in the state employees retirement fund has an option to choose future coverage in the unclassified plan and to transfer to the unclassified plan prior service credit accrued in the state employees retirement fund.*

*For an employee who elects to transfer service credit, the executive director of the fund shall transfer to the unclassified plan accumulated employee and equal employer contributions with interest at six percent a year compounded annually, based on fiscal year balances. The employee must complete the application for the transfer before July 1, 1987.*

*Subd. 2. The legislative body for which the employee is employed has the option to pay to the employee's account in the unclassified plan an amount equal to the difference between the employer contribution that would have been deposited in the employee's account had the employee been a member of the plan and the employer contribution that was contributed to the state employees retirement fund on behalf of the employee during the period the employee retained coverage in the state employees retirement fund. The legislative body must exercise its option before July 1, 1987.*

## Sec. 38. [INCREASE IN CERTAIN ANNUITIES.]

*A former member of the public employees retirement association, the state patrol retirement fund, or the state retirement system who terminated employment before July 1, 1973, or the teachers retirement association who terminated employment before July 1, 1972, and was at least 55 years of age with at least ten years of service at the time of termination, and who deferred*

*receipt of an annuity until after June 30, 1973, must be paid the annuity increase granted to pre-1973 retirees by Laws 1973, chapter 653, sections 32 and 34; chapter 728, section 25, subdivisions 13 and 14; chapter 753, sections 2 and 36; and chapter 755, section 5, commencing with the first annuity payment made after the effective date of this section. Retirement funds covered by this section shall transfer to the post retirement fund the required reserves necessary to support the increases granted by this section.*

**Sec. 39. [EFFECTIVE DATE.]**

*Sections 1 and 2 are effective upon approval by the governing board of Special School District No. 1. Section 23 is effective upon approval by the Buhl city council. Section 24 is effective upon approval by the Eveleth city council. Section 25 is effective upon approval by the Andover city council. Section 34 is effective upon approval by the Mankato city council. All local approvals must comply with Minnesota Statutes, section 645.021. Sections 3 to 22, 26 to 33, and 35 to 38 are effective the day following final enactment. Sections 4, 12, 13, 17, and 19 apply to members whose deaths occur after June 30, 1985."*

Delete the title and insert:

**"A bill for an act relating to retirement; public plans generally; extending the time for termination of service to qualify for early retirement without reduction of annuities; providing health insurance benefits for certain retired teachers; changing eligibility requirements for surviving spouse benefits; regulating coverage under the unclassified employees retirement program; amending Minnesota Statutes 1984, sections 62E.14, subdivision 1; 352.12, subdivision 2; 352.91, by adding a subdivision; 352D.01; 352D.015, subdivision 5; 352D.02; 352D.06, subdivision 1; 352D.065, subdivision 5; 352D.085, subdivision 1; 353.32, subdivision 1a; 354.05, subdivisions 2 and 26; 354.44, subdivision 4; 354.46, subdivision 2; and 354A.35, subdivision 2; Minnesota Statutes 1985 Supplement, sections 136C.50, subdivision 7; 353.01, subdivision 2a; 353.657, subdivision 2a; 354.55, subdivision 11; 356.215, subdivision 4d; and 356.70, subdivision 1; Laws 1985, First Special Session chapter 7, section 31, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 62E."**

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

House Conferees: TERRY M. DEMPSEY, STEVE A. SVIGGUM and GIL GUTKNECHT.

Senate Conferees: DONALD M. MOE, ALLAN H. SPEAR and EARL W. RENNEKE.

Dempsey moved that the report of the Conference Committee on H. F. No. 229 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

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.

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.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Eilingson	Kvam	Ozment	Simoneau
Anderson, R.	Erickson	Levi	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	Sviggunn
Bennett	Greenfield	McKasy	Price	Thiede
Bishop	Gruenes	McLaughlin	Quinn	Thorson
Blatz	Gutknecht	McPherson	Quist	Tjornhom
Boerboom	Halberg	Metzen	Redalen	Tomlinson
Boo	Hartinger	Miller	Rees	Tompkins
Brandl	Hartle	Minne	Rest	Tunheim
Brinkman	Haukoos	Munger	Rice	Uphus
Brown	Heap	Murphy	Richter	Valan
Burger	Himle	Nelson, D.	Riveness	Valento
Carlson, D.	Jacobs	Nelson, K.	Rodosovich	Vanasek
Carlson, J.	Jaros	Neuenschwander	Rose	Vellenga
Carlson, L.	Jennings, L.	Norton	Sarna	Voss
Clark	Johnson	O'Connor	Schafer	Waltman
Clausnitzer	Kahn	Ogren	Scheid	Welle
Cohen	Kalis	Olsen, S.	Schoenfeld	Wenzel
Dempsey	Kelly	Olson, E.	Schreiber	Wynia
DenOuden	Kiffmeyer	Omann	Seaberg	Zaffke
Dimler	Knuth	Onnen	Segal	Spk. Jennings, D.
Dyke	Kostohryz	Osthoff	Shaver	
Elioff	Krueger	Otis	Sherman	

The bill was repassed, as amended by Conference, and its title agreed to.

#### MESSAGES FROM THE SENATE, Continued

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 1725.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 1725

A bill for an act relating to the city of East Grand Forks; permitting the establishment of a port authority; authorizing the port authority to exercise the powers of a municipal housing and redevelopment authority.

March 17, 1986

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable David M. Jennings  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1725, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 1725 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1984, section 116D.04, subdivision 1a, is amended to read:

Subd. 1a. For the purposes of sections 116D.01 to 116D.07, the following terms have the meanings given to them in this subdivision.

(a) “Natural resources” has the meaning given it in section 116B.02, subdivision 4.

(b) “Pollution, impairment or destruction” has the meaning given it in section 116B.02, subdivision 5.

(c) “Environmental assessment worksheet” means a brief document which is designed to set out the basic facts necessary to determine whether an environmental impact statement is required for a proposed action.

(d) “Governmental action” means activities, including projects wholly or partially conducted, permitted, assisted,



financed, regulated or approved by units of government including the federal government.

(e) "Governmental unit" means any state agency and any general or special purpose unit of government in the state including, but not limited to, watershed districts organized under chapter 112, counties, towns, cities, port authorities (AND), housing authorities, and economic development authorities established under sections 13 to 33, but not including courts, school districts and regional development commissions other than the metropolitan council.

Sec. 2. Minnesota Statutes 1984, section 117.521, subdivision 3, is amended to read:

Subd. 3. The provisions of subdivisions 1 and 2 shall not apply to the acquisition of properties situated wholly or in part within any district for development authorized under Laws 1971, Chapters 548 or 677; or Laws 1973, Chapters 196, 761, or 764; or Laws 1974, Chapter 485; or Minnesota Statutes, Chapters 462, (OR) 458; or sections 13 to 33.

Sec. 3. Minnesota Statutes 1984, section 272.01, subdivision 2, is amended to read:

Subd. 2. (a) When any real or personal property which for any reason is exempt from ad valorem taxes, and taxes in lieu thereof, is leased, loaned, or otherwise made available and used by a private individual, association or corporation in connection with a business conducted for profit, there shall be imposed a tax, for the privilege of so using or possessing such real or personal property, in the same amount and to the same extent as though the lessee or user was the owner of such property.

(b) The tax imposed by this subdivision shall not apply to (1) property leased or used by way of a concession in or relative to the use in whole or part of a public park, market, fair grounds, port authority, economic development authority established under sections 13 to 33, municipal auditorium, airport owned by a city, town, county or group thereof but not the metropolitan airports commission, municipal museum or municipal stadium or (2) property constituting or used as a public pedestrian ramp, concourse, passenger check-in area or ticket sale counter, boarding area or luggage claim area in connection with a public airport; provided that real estate which is owned by a municipality in connection with the operation of a public airport and which is leased or used for agricultural purposes shall not be exempt.

(c) Taxes imposed by this subdivision shall be due and payable as in the case of personal property taxes and such taxes shall be assessed to such lessees or users of real or personal

property in the same manner as taxes assessed to owners of real or personal property, except that such taxes shall not become a lien against the property. When due, the taxes shall constitute a debt due from the lessee or user to the state, township, city, county and school district for which the taxes were assessed and shall be collected in the same manner as personal property taxes. If property subject to the tax imposed by this subdivision is leased or used jointly by two or more persons, each lessee or user shall be jointly and severally liable for payment of the tax.

Sec. 4. Minnesota Statutes 1984, section 273.72, is amended to read:

273.72 [STATEMENT OF PURPOSE.]

The statutes governing the use of tax increment financing in Minnesota have evolved over a long period of time and exist in several different special and general laws. These laws are sometimes inconsistent and provide varying procedures which render them difficult to administer. It is the intent of the legislature, by enacting the Minnesota tax increment financing act, to ratify and confirm the findings, declarations and determinations made by the legislature in connection with chapters 362A, 458, *sections 13 to 33*, 462, 472A and 474 and to establish a uniform set of standards and procedures to be followed when using this method of financing.

Sec. 5. Minnesota Statutes 1984, section 273.73, subdivision 2, is amended to read:

Subd. 2. [AUTHORITY.] "Authority" means a rural development financing authority created pursuant to chapter 362A, a housing and redevelopment authority created pursuant to chapter 462; a port authority created pursuant to chapter 458; *an economic development authority created pursuant to sections 13 to 33*; a redevelopment agency as defined by chapter 474; a municipality which is administering a development district created pursuant to chapter 472A or any special law, a municipality which undertakes a project pursuant to chapter 474; or a municipality which exercises the powers of a port authority pursuant to any general or special law.

Sec. 6. Minnesota Statutes 1984, section 273.73, subdivision 8, is amended to read:

Subd. 8. [PROJECT.] "Project" means a project as defined in section 362A.01; an industrial development district as defined in section 458.191, subdivision 1; *an economic development district as defined in section 25, subdivision 1*; a project as defined in section 462.421, subdivision 14; a development district

as defined in chapter 472A or any special law; or a project as defined in section 474.02, subdivisions 1, 1a or 1b.

Sec. 7. Minnesota Statutes 1985 Supplement, 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 an economic development authority to finance or otherwise pay the cost of redevelopment pursuant to sections 13 to 33*, by a housing and redevelopment authority or *economic development authority* to finance or otherwise pay public redevelopment costs pursuant to chapter 462, by a municipality or *economic development authority* 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. Revenues derived from tax increment may be used to finance the costs of 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 only under the following conditions: (a) tax increments may not be collected for a program for a period in excess of 12 years after the date of the first interest rate reduction payment for the program, (b) tax increments may not be used for an interest reduction program, if the proceeds of bonds issued pursuant to section 273.77 after December 31, 1985, have been or will be used to provide financial assistance to the specific project which would receive the benefit of the interest reduction program, and (c) not more than 50 percent of the estimated tax increment derived from a project may be used to finance an interest reduction program for owner-occupied single-family dwellings unless a project is located either in an area which would qualify as a redevelopment district or within a city designated as an enterprise zone pursuant to section 273.1312, subdivision 4, clause (c)(3). 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.

Sec. 8. Minnesota Statutes 1984, section 273.86, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION.] A developer proposing to construct improvements on property located within an industrial development district as defined in section 458.191, subdivision 1; an *economic development district as defined in section 25, subdivision 1*; a development district as defined in section 472A.02, subdivision 3, or any special law; or a redevelopment project as defined in section 462.421, subdivision 14 may apply to the governing body of the city or municipality in which the property is located to obtain deferral of property tax on the improved property, stating the nature and location of the proposed improvement, its estimated cost, and the projected length of construction time. If the governing body finds that the proposed development is consistent with the requirements of the above referred sections, it may approve the application. If the application is approved by June 30, the tax exemption shall be in effect for taxes paid the following year; if it is approved later than June 30, the exemption shall be in effect for taxes paid in the second subsequent taxable year.

Sec. 9. Minnesota Statutes 1985 Supplement, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. [INCLUDED EMPLOYEES.] The following persons are included in the meaning of "public employee":

(a) Elected or appointed officers and employees of elected officers.

(b) District court reporters.

(c) Officers and employees of the public employees retirement association.

(d) Employees of the League of Minnesota Cities.

(e) Officers and employees of public hospitals, owned or operated by or an integral part of, any governmental subdivision or governmental subdivisions.

(f) Employees of a school district who receive separate salaries for driving their own buses.

(g) Employees of the Association of Minnesota Counties.

(h) Employees of the Metropolitan Inter-County Association.

(i) Employees of the Minnesota Municipal Utilities Association.

(j) Employees of the metropolitan airports commission if employment initially commences on or after July 1, 1979.

(k) Employees of the Minneapolis employees retirement fund, if employment initially commences on or after July 1, 1979.

(l) Employees of the Range Association of Municipalities and Schools.

(m) Employees of the soil and water conservation districts.

(n) Employees of a county historical society.

(o) *Employees of an economic development authority created under sections 13 to 33.*

Sec. 10. Minnesota Statutes 1984, section 355.11, subdivision 5, is amended to read:

Subd. 5. "Employing unit" means any municipal housing and redevelopment authorities organized pursuant to sections 462.415 to 462.705 and any soil and water conservation district organized pursuant to chapter 40 or any port authority organized pursuant to chapter 458, or any economic development authority organized pursuant to sections 13 to 33, or any hospital district organized or reorganized pursuant to sections 447.31 to 447.37.

Sec. 11. Minnesota Statutes 1985 Supplement, section 395.08, is amended to read:

395.08 [ECONOMIC AND AGRICULTURAL DEVELOPMENT.]

A county board may appropriate not more than (\$25,000) \$50,000 annually out of the general revenue fund of the county to be paid to any incorporated development society or organization of this state which, in the board's opinion, will use the money for the best interests of the county in promoting, adver-

tising, improving, or developing the economic and agricultural resources of the county.

Sec. 12. [458.101] [NO STATE BAILOUT OF PORT AUTHORITIES.]

*State appropriations or credit of the state must not be used to pay or guarantee the payment of the debt of a port authority.*

Sec. 13. [458C.01] [DEFINITIONS.]

*Subdivision 1. [TERMS.] In sections 13 to 33, the terms defined in this section have the meaning given them.*

*Subd. 2. [AUTHORITY.] "Authority" means an economic development authority, unless specified otherwise.*

*Subd. 3. [CITY.] "City" means a home rule charter or statutory city.*

*Subd. 4. [DEVELOPMENT.] "Development" includes redevelopment, and developing includes redeveloping.*

*Subd. 5. [COST OF REDEVELOPMENT.] "Cost of redevelopment" means, with respect to an economic development district project, the cost of:*

*(a) acquiring property, whether by purchase, lease, condemnation, or otherwise;*

*(b) demolishing or removing structures or other improvements on acquired properties;*

*(c) correcting soil deficiencies necessary to develop or use the property for an appropriate use as determined by the authority;*

*(d) constructing or installing public improvements, including streets, roads, and utilities;*

*(e) providing relocation benefits to the occupants of acquired properties;*

*(f) planning, engineering, legal and other services necessary to carry out the functions listed in clauses (a) to (e); and*

*(g) the allocated administrative expenses of the authority for the project.*

Sec. 14. [458C.03] [ECONOMIC DEVELOPMENT AUTHORITY; ESTABLISHMENT.]

*A city may, by adopting an enabling resolution in compliance with the procedural requirements of section 16, establish an economic development authority that, subject to section 15, has the powers contained in sections 13 to 33 and a housing and redevelopment authority under chapter 462 or other law, and a city under chapter 472A or other law. If the economic development authority exercises the powers of a housing and redevelopment authority contained in chapter 462 or other law, the city shall exercise the powers relating to a housing and redevelopment authority granted to a city by chapter 462 or other law.*

Sec. 15. [458C.04] [LIMIT OF POWERS.]

*Subdivision 1. [RESOLUTION.] The enabling resolution may impose the following limits upon the actions of the authority:*

*(1) that the authority must not exercise any specified powers contained in sections 13 to 33, chapters 462 and 472A or that the authority must not exercise any powers without the prior approval of the city council;*

*(2) that, except when previously pledged by the authority, the city council may, by resolution, require the authority to transfer any portion of the reserves generated by activities of the authority that the city council determines is not necessary for the successful operation of the authority, to the debt service fund of the city, to be used solely to reduce tax levies for bonded indebtedness of the city;*

*(3) that the sale of all bonds or obligations issued by the authority be approved by the city council before issuance;*

*(4) that the 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 authority must be consistent with the adopted comprehensive plan of the city, and any official controls implementing the comprehensive plan;*

*(6) that the authority submit all planned activities for influencing the action of any other governmental agency, subdivision, or body to the city council for approval;*

*(7) that the authority submit its administrative structure and management practices to the city council for approval; and*

*(8) any other limitation or control established by the city council by the enabling resolution.*

*Subd. 2. [MODIFICATION OF RESOLUTION.] The enabling resolution may be modified at any time, subject to subdivision 5, and provided that any modification is made in accordance with section 15.*

*Subd. 3. [REPORT ON RESOLUTION.] Without limiting the right of the authority to petition the city council at any time, each year, within 60 days of the anniversary date of the first adoption of the enabling resolution, the authority shall submit to the city council a report stating whether and how the enabling resolution should be modified. Within 30 days of receipt of the recommendation, the city council shall review the enabling resolution, consider the recommendations of the authority, and make any modification it considers appropriate. Modifications must be made in accordance with the procedural requirements of section 16.*

*Subd. 4. [COMPLIANCE.] The city council's determination that the authority has complied with the limitations imposed under this section is conclusive.*

*Subd. 5. [LIMITS; SECURITY.] Limits imposed under this section must not be applied in a manner that impairs the security of any bonds issued or contracts executed before the limit is imposed. The city council must not modify any limit 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. 16. [458C.05] [PROCEDURAL REQUIREMENT.]**

*Subdivision 1. [ENABLING RESOLUTION.] The creation of an authority by a city must be by written resolution known as the enabling resolution. Before adopting the enabling resolution, the city council shall conduct a public hearing. Notice of the time and place of hearing, a statement of the purpose of the hearing, and a summary of the resolution must be published in a newspaper of general circulation within the city once a week for two consecutive weeks. The first publication must appear not more than 30 days from the date of the public hearing.*

*Subd. 2. [MODIFICATIONS.] All modifications to the enabling resolution must be by written resolution and must be adopted after notice is given and a public hearing conducted as required for the original adoption of the enabling resolution.*

**Sec. 17. [458C.06] [TRANSFER OF AUTHORITY.]**

*Subdivision 1. [ECONOMIC DEVELOPMENT, HOUSING, REDEVELOPMENT POWERS.] The city may, by ordinance, divide any economic development, housing, and redevelopment*



*powers granted under chapter 462 and this chapter between the economic development authority and any other authority or commission established under statute or city charter for economic development, housing, or redevelopment.*

*Subd. 2. [PROJECT CONTROL, AUTHORITY, OPERATION.] The city may, by resolution, transfer the control, authority, and operation of any project as defined in section 273.73, subdivision 8, or any other program or project authorized by chapter 462 or 472A located within the city, from the governmental agency or subdivision that established the project to the economic development authority. The city council may also require acceptance of control, authority, and operation of the project by the economic development authority. The economic development authority may exercise all of the powers that the governmental unit establishing the project could exercise with respect to the project.*

*When a project or program is transferred to the economic development authority, the authority shall covenant and pledge to perform the terms, conditions, and covenants of the bond indenture or other agreements executed for the security of any bonds issued by the governmental subdivision that initiated the project or program. The economic development authority may exercise all of the powers necessary to perform the terms, conditions, and covenants of any indenture or other agreements executed for the security of the bonds and shall become obligated on the bonds when the project or program is transferred as provided in this subdivision.*

*Subd. 3. [TRANSFER OF PERSONNEL.] Notwithstanding any other law or charter provision to the contrary, the city council may, by resolution, place any employees of the housing and redevelopment authority under the direction, supervision, or control of the economic development authority. The placement of any employees under the direction, supervision, or control of the economic development authority does not affect the rights of any employees of the housing and redevelopment authority, including any rights existing under a collective bargaining agreement or fringe benefit plan. The employees shall become employees of the economic development authority.*

**Sec. 18. [458C.07] [ECONOMIC DEVELOPMENT AUTHORITY.]**

*An economic development authority is a public body corporate and politic and a political subdivision of the state with the right to sue and be sued in its own name. An authority carries out an essential governmental function when it exercises its power, but the authority is not immune from liability because of this.*

**Sec. 19. [458C.08] [COMMISSIONERS; APPOINTMENT, TERMS, VACANCIES, PAY, REMOVAL.]**

*Subdivision 1. [COMMISSIONERS.] Except as provided in subdivision 2, clause (d), an economic development authority shall consist of either three, five, or seven commissioners who shall be appointed after the enabling resolution provided for in section 16 becomes effective. The resolution must indicate the number of commissioners constituting the authority.*

*Subd. 2. [APPOINTMENT, TERMS; VACANCIES.] (a) Three-member authority: the commissioners constituting a three-member authority, one of whom must be a member of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of two, four, and six years, respectively. Thereafter all commissioners shall be appointed for six-year terms.*

*(b) Five-member authority: the commissioners constituting a five-member authority, two of whom must be members of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of two, three, four, and five years respectively and one member for six years. Thereafter all commissioners shall be appointed for six-year terms.*

*(c) Seven-member authority: the commissioners constituting a seven-member authority, two of whom must be members of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of one, two, three, four, and five years respectively and two members for six years. Thereafter all commissioners shall be appointed for six-year terms.*

*(d) The enabling resolution may provide that the members of the city council shall serve as the commissioners.*

*(e) The enabling resolution may provide for the appointment of members of the city council in excess of the number required in clauses (a), (b), and (c).*

*(f) A vacancy is created in the membership of an authority when a city council member of the authority ends council membership. A vacancy for this or another reason must be filled for the balance of the unexpired term, in the manner in which the original appointment was made. The city council may set the term of the commissioners who are members of the city council to coincide with their term of office as members of the city council.*

*Subd. 3. [INCREASE IN COMMISSION MEMBERS.] An authority may be increased from three to five or seven members, or from five to seven members by a resolution adopted by the city council following the procedure provided for modifying the enabling resolution in section 16.*

*Subd. 4. [COMPENSATION AND REIMBURSEMENT.] A commissioner, including the president, shall be paid for attending each regular or special meeting of the authority in an amount to be determined by the city council. In addition to receiving pay for meetings, the commissioners may be reimbursed for actual expenses incurred in doing official business of the authority. All money paid for compensation or reimbursement must be paid out of the authority's budget.*

*Subd. 5. [REMOVAL FOR CAUSE.] A commissioner may be removed by the city council for inefficiency, neglect of duty, or misconduct in office. A commissioner shall be removed only after a hearing. A copy of the charges must be given to the commissioner at least ten days before the hearing. The commissioner must be given an opportunity to be heard in person or by counsel at the hearing. When written charges have been submitted against a commissioner, the city council may temporarily suspend the commissioner. If the city council finds that those charges have not been substantiated, the commissioner shall be immediately reinstated. If a commissioner is removed, a record of the proceedings, together with the charges and findings, shall be filed in the office of the city clerk.*

**Sec. 20. [458C.09] [OFFICERS; DUTIES; ORGANIZATIONAL MATTERS.]**

*Subdivision 1. [BYLAWS, RULES, SEAL.] An authority may adopt bylaws and rules of procedure and shall adopt an official seal.*

*Subd. 2. [OFFICERS.] An authority shall elect a president, a vice president, a treasurer, a secretary, and an assistant treasurer. The authority shall elect the president, treasurer, and secretary annually. A commissioner must not serve as president and vice president at the same time. The other offices may be held by the same commissioner. The offices of secretary and assistant treasurer need not be held by a commissioner.*

*Subd. 3. [DUTIES AND POWERS.] The officers have the usual duties and powers of their offices. They may be given other duties and powers by the authority.*

*Subd. 4. [TREASURER'S DUTIES.] The treasurer:*

- (1) shall receive and is responsible for authority money;*
- (2) is responsible for the acts of the assistant treasurer;*
- (3) shall disburse authority money by check only;*
- (4) shall keep an account of the source of all receipts, and the nature, purpose, and authority of all disbursements; and*

(5) shall file the authority's detailed financial statement with its secretary at least once a year at times set by the authority.

*Subd. 5. [ASSISTANT TREASURER.] The assistant treasurer has the powers and duties of the treasurer if the treasurer is absent or disabled.*

*Subd. 6. [TREASURER'S BOND.] The treasurer shall give bond to the state conditioned for the faithful discharge of official duties. The bond must be approved as to form and surety by the authority and filed with the secretary. The bond must be for twice the amount of money probably on hand at any one time, as determined at least annually by the authority. However, the bond must not exceed \$300,000.*

*Subd. 7. [PUBLIC MONEY.] Authority money is public money.*

*Subd. 8. [CHECKS.] An authority check must be signed by the treasurer and one other officer named by the authority in a resolution. The check must state the name of the payee and the nature of the claim that the check is issued for.*

*Subd. 9. [FINANCIAL STATEMENT.] The authority's detailed financial statement must show all receipts and disbursements, their nature, the money on hand, the purposes to which the money on hand is to be applied, the authority's credits and assets, and its outstanding liabilities in a form required for the city's financial statements. The authority shall examine the statement together with the treasurer's vouchers. If the authority finds that the statement and vouchers are correct, it shall approve them by resolution and enter the resolution in its records.*

**Sec. 21. [458C.10] [EMPLOYEES; SERVICES; SUPPLIES.]**

*Subdivision 1. [EMPLOYEES.] An economic development authority may employ an executive director, a chief engineer, other technical experts and agents, and other employees as it may require, and determine their duties, qualifications, and compensation.*

*Subd. 2. [CONTRACT FOR SERVICES.] The authority may contract for the services of consultants, agents, public accountants, and other persons needed to perform its duties and exercise its powers.*

*Subd. 3. [LEGAL SERVICES.] The authority may use the services of the city attorney or hire a general counsel for its legal needs. The city attorney or general counsel, as determined by the authority, is its chief legal advisor.*

*Subd. 4. [SUPPLIES.] The authority may purchase the supplies and materials it needs to carry out sections 13 to 33.*

*Subd. 5. [CITY PURCHASING.] An authority may use the facilities of its city's purchasing department in connection with construction work and to purchase equipment, supplies, or materials.*

*Subd. 6. [CITY FACILITIES, SERVICES.] A city may furnish offices, structures and space, and stenographic, clerical, engineering, or other assistance to its authority.*

*Subd. 7. [DELEGATION POWER.] The authority may delegate to one or more of its agents or employees powers or duties as it may deem proper.*

**Sec. 22. [458C.11] [CONFLICT OF INTEREST.]**

*Except as authorized in section 471.88 a commissioner, officer, or employee of an authority must not acquire any financial interest, direct or indirect, in any project or in any property included or planned to be included in any project, nor shall the person have any financial interest, direct or indirect, in any contract or proposed contract for materials or service to be furnished or used in connection with any project.*

**Sec. 23. [458C.12] [DEPOSITORIES; DEFAULT; COLLATERAL.]**

*Subdivision 1. [NAMED; BOND.] Every two years an authority shall name national or state banks within the state as depositories. Before acting as a depository, a named bank shall give the authority a bond approved as to form and surety by the authority. The bond must be conditioned for the safekeeping and prompt repayment of deposits. The amount of bond must be at least equal to the maximum sums expected to be deposited at any one time.*

*Subd. 2. [ONE BANK ACCOUNT.] An authority may deposit all its money from any source in one bank account.*

*Subd. 3. [DEFAULT; COLLATERAL.] When authority funds are deposited by the treasurer in a bonded depository, the treasurer and the surety on the treasurer's official bond are exempt from liability for the loss of the deposits because of the failure, bankruptcy, or other act or default of the depository. However, an authority may accept assignments of collateral from its depository to secure deposits just as assignments of collateral are permitted by law to secure deposits of the authority's city.*

**Sec. 24. [458C.13] [OBLIGATIONS.]**

*Subdivision 1. [TAXES AND ASSESSMENTS PROHIBITED.] An authority must not levy a tax or special assessment, except as otherwise provided in sections 13 to 33, pledge the credit of the state or the state's municipal corporations or other subdivisions, or incur an obligation enforceable on property not owned by the authority.*

*Subd. 2. [BUDGET TO CITY.] Annually, at a time fixed by charter, resolution, or ordinance of the city, an authority shall send its budget to its city's council. The budget must include a detailed written estimate of the amount of money that the authority expects to need from the city to do authority business during the next fiscal year. The needed amount is what is needed in excess of any expected receipts from other sources.*

*Subd. 3. [FISCAL YEAR.] The fiscal year of the authority must be the same as the fiscal year of its city.*

*Subd. 4. [REPORT TO CITY.] Annually, at a time and in a form fixed by the city council, the authority shall make a written report to the council giving a detailed account of its activities and of its receipts and expenditures during the preceding calendar year, together with additional matters and recommendations it deems advisable for the economic development of the city.*

*Subd. 5. [AUDITS.] The financial statements of the authority must be prepared, audited, filed, and published or posted in the manner required for the financial statements of the city that established the authority. The financial statements must permit comparison and reconciliation with the city's accounts and financial reports. The report must be filed with the state auditor by June 30 of each year. The auditor shall review the report and may accept it or, in the public interest, audit the books of the authority.*

*Subd. 6. [COMPLIANCE EXAMINATIONS.] At the request of the city or upon the auditor's initiative, the state auditor may make a legal compliance examination of the authority for that city. Each authority examined must pay the total cost of the examination, 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 must be deposited in the revolving fund of the state auditor.*

**Sec. 25. [458C.14] [ECONOMIC DEVELOPMENT DISTRICTS; SCHEDULE OF POWERS.]**

*Subdivision 1. [ESTABLISHMENT.] An economic development authority may create and define the boundaries of economic development districts at any place or places within the city if the district satisfies the requirements of section 273.73,*

*subdivision 10, except that the district boundaries must be contiguous, and may use the powers granted in sections 13 to 33 to carry out its purposes. First the authority must hold a public hearing on the matter. At least ten days before the hearing, the authority shall publish notice of the hearing in a daily newspaper of general circulation in the city. Also, the authority shall find that an economic development district is proper and desirable to establish and develop within the city.*

*Subd. 2. [ACQUIRE PROPERTY.] The economic development authority may acquire by lease, purchase, gift, devise, or condemnation proceedings the needed right, title, and interest in property to create economic development districts. It shall pay for the property out of money it receives under sections 13 to 33. It may hold and dispose of the property subject to the limits and conditions in sections 13 to 33. The title to property acquired by condemnation or purchase must be in fee simple, absolute. The authority may accept an interest in property acquired in another way subject to any condition of the grantor or donor. The condition must be consistent with the proper use of the property under sections 13 to 33. Property acquired, owned, leased, controlled, used, or occupied by the authority for any of the purposes of this section is for public governmental and municipal purposes and is exempt from taxation by the state or by its political subdivisions. The exemption applies only while the authority holds property for its own purpose. The exemption is subject to the provisions of section 272.02, subdivision 5. When property is sold it begins to be taxed again.*

*Subd. 2a. [OPTIONS.] The economic development authority may sign options to purchase, sell, or lease property.*

*Subd. 3. [EMINENT DOMAIN.] The economic development authority may use eminent domain under chapter 117, or under its city's charter to acquire property it is authorized to acquire by condemnation. The authority may acquire in this way property acquired by its owner by eminent domain or property already devoted to a public use only if its city's council approves. The authority may possess property to be condemned after it files a petition in condemnation proceedings describing the property. The authority may abandon the condemnation before taking possession.*

*Subd. 4. [CONTRACTS.] The economic development authority may make contracts for the purpose of economic development within the powers given it in sections 13 to 33. The authority may contract or arrange with the federal government, or any of its departments, with persons, public corporations, the state, or any of its political subdivisions, commissions, or agencies, for separate or joint action, on any matter related to using the authority's powers or doing its duties. The authority may contract to purchase and sell real and personal property. However, an*

*obligation or expense must not be incurred except when existing appropriations together with the reasonable expected revenue of the authority from other sources are sufficient to discharge the obligation or pay the expense when due. The state and its municipal subdivisions are not liable on the obligations.*

*Subd. 4a. [LIMITED PARTNER.] The economic development authority may be a limited partner in a partnership whose purpose is consistent with the authority's purpose.*

*Subd. 5. [RIGHTS; EASEMENTS.] The economic development authority may acquire rights or an easement for a term of years or perpetually for development of an economic development district.*

*Subd. 6. [SUPPLIES; MATERIALS.] The economic development authority may buy the supplies and materials it needs to carry out this section.*

*Subd. 7. [RECEIVE PUBLIC PROPERTY.] The economic development authority may accept land, money, or other assistance, whether by gift, loan or otherwise, in any form from the federal or state government, or an agency of either, or a local subdivision of state government to carry out sections 13 to 33 and to acquire and develop an economic development district and its facilities under this section.*

*Subd. 8. [DEVELOPMENT DISTRICT AUTHORITY.] The economic development authority may sell or lease land held by it for economic development in economic development districts. The authority may acquire, sell, or lease single or multiple tracts of land regardless of size, to be developed as a part of the economic development of the district under sections 13 to 33.*

*Subd. 9. [FOREIGN TRADE ZONE.] The economic development authority may apply to the board defined in United States Code, title 19, section 81a, for the right to use the powers provided in United States Code, title 19, sections 81a to 81u. If the right is granted, the authority may use the powers. One authority may apply with another authority.*

*Subd. 10. [RELATION TO CHAPTER 474.] The economic development authority may exercise powers and duties of a redevelopment agency under chapter 474, for a purpose in sections 13 to 33 or 462.411 to 462.705. The authority may also use the powers and duties in sections 13 to 33 and 462.411 to 462.705 for a purpose in chapter 474.*

*Subd. 11. [PUBLIC FACILITIES.] The authority may operate and maintain a public parking facility or other public facility to promote development in an economic development district.*



## Sec. 26. [458C.15] [GENERAL OBLIGATION BONDS.]

*Subdivision 1. [AUTHORITY; PROCEDURE.] An economic development authority may issue general obligation bonds in the principal amount authorized by two-thirds majority vote of its city's council. The bonds may be issued in anticipation of income from any source. The bonds may be issued: (1) to secure funds needed by the authority to pay for acquired property or (2) for other purposes in sections 13 to 33. The bonds must be in the amount and form and bear interest at the rate set by the city council. The authority shall sell the bonds to the highest bidder. The authority shall publish notice of the time and the place for receiving bids, once at least two weeks before the bid deadline. Sections 13 to 33 govern issuance of the bonds. When those sections are silent, chapter 475 governs. The authority when issuing the bonds is a municipal corporation under chapter 475, and issuance of the bonds is subject to the provisions of chapter 475.*

*Subd. 2. [DETAIL; MATURITY.] The authority with the consent of its city's council shall set the date, denominations, place of payment, form, and details of the bonds. The bonds must mature serially. The first installment is due in not more than three years and the last in not more than 20 years from the date of issuance.*

*Subd. 3. [SIGNATURES; COUPONS; LIABILITY.] The bonds must be signed by the president of the authority, be attested by its secretary, and be countersigned by its treasurer; the signatures may be facsimile signatures. The interest coupons if any, must be attached to the bonds. The coupons must be executed and authenticated by the printed, engrossed, or lithographed facsimile signature of the authority's president and secretary. The bonds do not impose any personal liability on a member of the authority.*

*Subd. 4. [PLEDGE.] The bonds must be secured by the pledge of the full faith, credit, and resources of the issuing authority's city. The authority may pledge the full faith, credit, and resources of the city only if the city specifically authorizes the authority to do so. The city council must first decide whether the issuance of the bonds by the authority is proper in each case and if so, what amount of bonds to issue. The city council shall give specific consent in an ordinance to the pledge of the city's full faith, credit, and resources. The authority shall pay the principal amount of the bonds and the interest on it from taxes levied under this section to make the payment or from authority income from any source.*

*Subd. 5. [TAX LEVY.] An authority that issues bonds under this section, shall, before issuing them, levy a tax for each year on the taxable property in the authority's city. The tax must be for at least five percent more than the amount required to pay the principal and interest on the bonds as the principal*

*and interest mature. The tax must be levied annually until the principal and interest are paid in full. After the bonds have been delivered to the purchasers, the tax must not be repealed until the debt is paid. After the bonds are issued, the authority need not take any more action to authorize extending, assessing, and collecting the tax. The authority's secretary shall immediately send a certified copy of the levy to the county auditor. The secretary shall send with the copy full information on the bonds for which the tax is levied. The county auditor shall extend and assess the levied tax annually until the principal and interest are paid in full. The authority shall transfer the surplus from the excess levy in this section to a sinking fund after the principal and interest for which the tax was levied and collected is paid. The authority may direct its secretary to send a certificate to the county auditor before October 15 in a year. The certificate must state how much available income including the amount in the sinking fund the authority will use to pay principal or interest or both on each specified issue of the authority's bonds. The auditor shall then reduce the bond levy for that year by that amount. The authority shall then set aside the certified amount and may not use it for any purpose except to pay the principal and interest on the bonds. The taxes in this section shall be collected and sent to the authority by the county treasurer under the law on collection of other taxes. The taxes must be used only to pay the bonds when due.*

*Subd. 6. [AUTHORIZED SECURITIES.] Bonds legally issued under this chapter are authorized securities under section 50.14. A savings bank, trust company, or insurance company may invest in them. A public or municipal corporation may invest its sinking funds in them. The bonds may be pledged by a bank or trust company as security for the deposit of public money in place of a surety bond.*

*The authority's bonds are instrumentalities of a public governmental agency.*

**Sec. 27. [458C.16] [REVENUE BONDS; PLEDGE; COVENANTS.]**

*Subdivision 1. [AUTHORITY.] An economic development authority may decide by resolution to issue its revenue bonds either at one time or in series from time to time. The revenue bonds may be issued to provide money to pay to acquire land needed to operate the authority, to purchase or construct facilities, to purchase, construct, install, or furnish capital equipment to operate a facility for economic development of any kind within the city, or to pay to extend, enlarge, or improve a project under its control. The issued bonds may include the amount the authority considers necessary to establish an initial reserve to pay principal and interest on the bonds. The authority shall state in a resolution how the bonds and their attached interest coupons are to be executed.*

*Subd. 2. [FORM.] The bonds of each series issued by the authority under this section shall bear interest at a rate or rates, shall mature at the time or times within 20 years from the date of issuance and shall be in the form, whether payable to bearer, registrable as to principal, or fully registrable, as may be determined by the authority. Section 26, subdivision 6, applies to all bonds issued under this section, and the bonds and their coupons, if any, when payable to bearer, shall be negotiable instruments.*

*Subd. 3. [SALE.] The sale of revenue bonds issued by the authority shall be at public or private sale. The bonds may be sold in the manner and for the price that the authority determines to be for the best interest of the authority. The bonds may be made callable, and if so issued, may be refunded.*

*Subd. 4. [AGREEMENTS.] The authority may by resolution make an agreement or covenant with the bondholders or their trustee. The authority must first decide that the agreement or covenant is needed or desirable to do what the authority may do under this section and to assure that the revenue bonds are marketable and promptly paid.*

*Subd. 5. [REVENUE PLEDGE.] In issuing general obligation or revenue bonds, the authority may secure the payment of the principal and the interest on the bonds by a pledge of and lien on authority revenue. The revenue must come from the facility to be acquired, constructed, or improved with the bond proceeds or from other facilities named in the bond-authorizing resolutions. The authority also may secure the payment with its promise to impose, maintain, and collect enough rentals, rates and charges, for the use and occupancy of the facilities and for services furnished in connection with the use and occupancy, to pay its current expenses to operate and maintain the named facilities, and to produce and put enough net revenue in a special fund to meet the interest and principal requirements of the bonds, and to collect and keep any more money required by the resolutions. The authority shall decide what is current expense under this subdivision based on what is normal and reasonable under accepted accounting principles. Revenues pledged by the authority must not be used or pledged for any other authority purpose or to pay any other bonds issued under this section or under section 26, unless the other use or pledge is specifically authorized in the bond-authorizing resolutions.*

*Subd. 6. [NOT CITY DEBT.] Revenue bonds issued under this section are not a debt of the authority's city nor a pledge of that city's full faith and credit. The bonds are payable only from project revenue as described in this section. A revenue bond must contain on its face a statement to the effect that the economic development authority and its named city do not have to pay the bond or the interest on it except from revenue and that the faith, credit, and taxing power of the city are not pledged to pay the principal of or the interest on the bond.*

*Subd. 7. [NOT APPLICABLE.] Sections 474.01, subdivisions 7a, 7b, and 8 and 474.02, subdivision 1d, do not apply to revenue bonds issued under this section and chapter 474 if the interest on the revenue bonds is subject to both state and federal income tax or if the revenue bond proceeds are not loaned by the authority to a private person.*

*Subd. 8. [TAX INCREMENT BONDS.] Obligations secured or payable from tax increment revenues and issued pursuant to this section or section 26 are subject to the provisions of section 273.77.*

**Sec. 28. [458C.17] [SECTIONS THAT APPLY IF FEDERAL LIMIT APPLIES.]**

*Sections 474.16 to 474.23 apply to obligations issued under sections 13 to 33 that are limited by a federal limitation act defined in section 474.16, subdivision 5.*

**Sec. 29. [458C.18] [ADDITIONAL POWERS.]**

*Subdivision 1. [AS AGENT.] An economic development authority may cooperate with or act as agent for the federal or the state government, or a state public body, or an agency or instrumentality of a government or a public body to carry out sections 13 to 33 or any other related federal, state or local law in the area of economic development district improvement.*

*Subd. 2. [STUDIES, ANALYSIS, RESEARCH.] An authority may study and analyze economic development needs in the city, and ways to meet the needs. An authority may study the desirable patterns for land use for economic development and community growth and other factors affecting local economic development in the city and make the result of the studies available to the public and to industry in general. An authority may engage in research and give out information on economic development within the city.*

*Subd. 3. [PUBLIC RELATIONS.] To further an authorized purpose an authority may (1) join an official, industrial, commercial, or trade association, or another organization concerned with the purpose, (2) have a reception of officials who may contribute to advancing the city and its economic development, and (3) carry out other public relations activities to promote the city and its economic development. Activities under this subdivision have a public purpose.*

*Subd. 4. [ACCEPT PUBLIC LAND.] An authority may accept conveyances of land from all other public agencies, commissions or other units of government, if the land can be properly used by the authority in an economic development district, to carry out the purposes of sections 13 to 33.*

*Subd. 5. [ECONOMIC DEVELOPMENT.] An authority may carry out the law on economic development districts to develop and improve the lands in an economic development district to make it suitable and available for economic development uses and purposes. An authority may fill, grade, and protect the property and do anything necessary and expedient, after acquiring the property, to make it suitable and attractive as a tract for economic development. An authority may lease some or all of its lands or property and may set up local improvement districts in all or part of an economic development district.*

*In general, with respect to an economic development district, an authority may use all the powers given an economic development authority by law.*

*Subd. 6. [AS BORROWER.] An authority after authorizing bonds under section 26 or 27 may borrow to provide money immediately required for the bond purpose. The loans must not exceed the amount of the bonds. The authority shall by resolution decide the terms of the loans. The loans must be evidenced by negotiable notes due in not more than 12 months from the date of the loan payable to the order of the lender or to bearer, to be repaid with interest from the proceeds of the bonds when the bonds are issued and delivered to the bond purchasers. The loan must not be obtained from any commissioner of the authority or from any corporation, association, or other institution of which an authority commissioner is a stockholder or officer.*

*Subd. 7. [AS LENDER.] The proceeds of obligations issued by an authority under section 27 and temporary loans obtained under this section may be used to make or purchase loans for economic development facilities that the authority believes will require financing. To make or purchase the loans, the authority may enter into loan and related agreements, both before and after issuing the obligations, with persons, firms, public or private corporations, federal or state agencies, and governmental units under terms and conditions the authority considers appropriate. A governmental unit in the state may apply, contract for, and receive the loans. Chapter 475 does not apply to the loans.*

*Subd. 8. [MINED SPACE DEVELOPMENT.] Upon delegation by a municipality as provided in section 472B.08, an authority may exercise any of the delegated powers in connection with mined underground space development under sections 472B.03 to 472B.07.*

*Subd. 9. [CITY FACILITIES, SERVICES.] An authority city may furnish offices, structures, and space, stenographic, clerical, engineering, or other assistance to its authority.*

**Sec. 30. [458C.19] [SALE OF PROPERTY.]**

*Subdivision 1. [POWER.] An economic development authority may sell and convey property owned by it within the city*

or an economic development district. First, the authority must decide that the sale and conveyance are in the best interests of the city or district and its people, and that the transaction furthers its general plan of economic development. This section is not limited by other law on powers of economic development authorities.

*Subd. 2. [NOTICE; HEARING.] An authority shall hold a hearing on the sale. At the hearing a taxpayer may testify for or against the sale. At least ten, but not more than 20, days before the hearing the authority shall publish notice of the hearing on the proposed sale in a newspaper. The newspaper must be published and have general circulation in the authority's county and city. The notice must describe the property to be sold and state the time and place of the hearing. The notice must also state that the public may see the terms and conditions of the sale at the authority's office and that at the hearing the authority will meet to decide if the sale is advisable.*

*Subd. 3. [DECISION; APPEAL.] The authority shall make its findings and decision on whether the sale is advisable and enter its decision on its records within 30 days of the hearing. A taxpayer may appeal the decision. The appeal is made by filing a notice of appeal with the district court in the city or economic development district's county and serving the notice on the secretary of the authority, within 20 days after the decision is entered. The only ground for appeal is that the action of the authority was arbitrary, capricious, or contrary to law.*

*Subd. 4. [TERMS.] The terms and conditions of sale of the property must include the use that the bidder will be allowed to make of it. The authority may require the purchaser to file security to assure that the property will be given that use. In deciding the sale terms and conditions the authority may consider the nature of the proposed use and the relation of the use to the improvement of the authority's city and the business and the facilities of the authority in general. The sale must be made on the authority's terms and conditions. The authority may publish an advertisement for bids on the property at the same time and in the same manner as the notice of hearing required in this section. The authority may award the sale to the bid considered by it to be most favorable considering the price and the specified intended use. The authority may also sell the property at private sale at a negotiated price if after its hearing the authority considers that sale to be in the public interest and to further the aims and purposes of sections 13 to 33.*

*Subd. 5. [ONE-YEAR DEADLINE.] The purchaser shall, within one year from the date of purchase, devote the property to its intended use, or shall begin work on the improvements to the property to devote it to that use. If the purchaser fails to do so, the authority may cancel the sale and title to the property*

*shall return to it. The authority may extend the time to comply with a condition if the purchaser has good cause. The terms of sale may contain other provisions that the authority considers necessary and proper to protect the public interest. A purchaser must not transfer title to the property within one year of purchase without the consent of the authority.*

*Subd. 6. [COVENANT RUNNING WITH THE LAND.] A sale made under this section must incorporate in the deed as a covenant running with the land the conditions of sections 13 to 33 relating to the use of the land. If the covenant is violated the authority may declare a breach of the covenant and seek a judicial decree from the district court declaring a forfeiture and a cancellation of the deed.*

*Subd. 7. [PLANS: SPECIFICATIONS.] A conveyance must not be made until the purchaser gives the authority plans and specifications to develop the property sold. The authority must approve the plans and specifications in writing. The preparation of final plans and specifications before the hearing on the sale is not required by this subdivision but the authority may make that requirement.*

**Sec. 31. [458C.20] [ADVANCES BY AUTHORITY.]**

*An authority may advance its general fund money or its credit, or both, without interest, for the objects and purposes of sections 13 to 33. The advances must be repaid from the sale or lease, or both, of developed or redeveloped lands. If the money advanced for the development or redevelopment was obtained from the sale of the authority's general obligation bonds, then the advances must have not less than the average annual interest rate that is on the authority's general obligation bonds that are outstanding at the time the advances are made. The authority may advance repaid money for more objects and purposes of sections 13 to 33 subject to repayment in the same manner. The authority must still use rentals of lands acquired with advanced money to collect and maintain reserves to secure the payment of principal and interest on revenue bonds issued to finance economic development facilities, if the rentals have been pledged for that purpose under section 27. Advances made to acquire lands and to construct facilities for recreation purposes if authorized by law need not be reimbursed under this section. Sections 13 to 33 do not exempt lands leased from the authority to a private person, or entity from assessments or taxes against the leased property while the lessee is liable for the assessments or taxes under the lease.*

**Sec. 32. [458C.22] [CITY MAY LEVY TAXES FOR ECONOMIC DEVELOPMENT AUTHORITY.]**

*Subdivision 1. [CITY TAX LEVY.] A city may, at the request of the authority, levy a tax in any year for the benefit of*

*the authority. The tax must be for not more than .75 mill times the assessed valuation of taxable property in the city. The tax may be levied beyond levy limits in law. The amount levied must be paid by the city treasurer to the treasurer of the authority, to be spent by the authority.*

*Subd. 2. [REVERSE REFERENDUM.] A city may increase its levy for economic development authority purposes under subdivision 1 in the following way. Its city council must first pass a resolution stating the proposed amount of levy increase. The city must then publish the resolution together with a notice of public hearing on the resolution for two successive weeks in its official newspaper or if none exists in a newspaper of general circulation in the city. The hearing must be held two to four weeks after the first publication. After the hearing, the city council may decide to take no action or may adopt a resolution authorizing the proposed increase or a lesser increase. A resolution authorizing an increase must be published in the city's official newspaper or if none exists in a newspaper of general circulation in the city. The resolution is not effective if a petition requesting a referendum on the resolution is filed with the city clerk within 30 days of publication of the resolution. The petition must be signed by voters equaling five percent of the votes cast in the city in the last general election. The election must be held pursuant to the procedure specified in section 275.53.*

**Sec. 33. [458C.23] [SPECIAL LAW; OPTIONAL USE.]**

*A city that has established a port authority by special law or that has been granted the power to establish a port authority by special law, or a city whose city council has been authorized to exercise the powers of a port authority by special law may elect to use the powers granted in sections 13 to 33. If the election is made, the powers and duties set forth in sections 13 to 33 supersede the special law and the special law must not be used anymore. The use of powers under sections 13 to 33 by a city described in this section does not impair the security of any obligations issued or contracts or agreements executed under the special law. Control, authority, and operation of any project may be transferred to the authority in the manner provided in section 17.*

**Sec. 34. [LEGISLATIVE FINDINGS.]**

*The statement of policy and the findings of the legislature in enacting Laws 1957, chapter 812, are confirmed and apply equally to the exercise of powers by economic development authorities and statutory or home rule charter cities pursuant to sections 13 to 33.*

**Sec. 35. Minnesota Statutes 1984, section 462C.02, subdivision 6, is amended to read:**



Subd. 6. "City" means any statutory or home rule charter city, or any public body which (a) is the housing and redevelopment authority in and for a city, (OR) the port authority of a city, or *an economic development authority of a city established under sections 13 to 33*, and (b) is authorized by ordinance to exercise, on behalf of a city, the powers conferred by sections 462C.01 to 462C.08.

Sec. 36. Minnesota Statutes 1984, section 462C.02, subdivision 9, is amended to read:

Subd. 9. "Targeted area" means

(a) a development district established pursuant to section 472A.03,

(b) a development district established pursuant to Laws 1971, Chapter 677 as amended,

(c) a redevelopment project established pursuant to section 462.521,

(d) an industrial development district established pursuant to section 458.191,

(e) a census tract in which 70 percent or more of the families have income which is 80 percent or less of the statewide median family income as estimated by the United States department of housing and urban development, (OR)

(f) an area of chronic economic distress designated by the Minnesota housing finance agency, or

(g) *an economic development district established pursuant to section 25.*

Sec. 37. Minnesota Statutes 1985 Supplement, section 462C.12, subdivision 2, is amended to read:

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 this chapter and chapter 462 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 developments 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 or economic development authority established under sections 13 to 33 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.

Sec. 38. Minnesota Statutes 1984, section 471.88, subdivision 1, is amended to read:

Subdivision 1. The governing body of any port authority, seaway port authority, *economic development authority*, town, school district, hospital district, county, or city, by unanimous vote, may contract for goods or services with an interested officer of the governmental unit in any of the following cases.

Sec. 39. Minnesota Statutes 1984, section 471.88, subdivision 9, is amended to read:

Subd. 9. When a port authority commissioner or *economic development authority commissioner* is engaged in or employed by a firm engaged in the business of importing or exporting or general trade, it shall be lawful for the authority to do business with the commissioner or his employer provided that in the fixing of any rates affecting shippers or users of the terminal facility, said commissioner shall not vote thereon.

Sec. 40. Minnesota Statutes 1984, section 471.88, subdivision 11, is amended to read:

Subd. 11. When a commissioner of any public housing (OR), port authority, or *economic development authority* is employed by

a bank engaged in making loans or performing trust services involving real or personal property affected by any plan or such housing or port authority, no restriction shall apply to any such loans made or trust services performed by said bank if the commissioner shall disclose the nature of such loans or trust services of which he has personal knowledge, which disclosure shall be entered upon the minutes of such authority.

Sec. 41. Minnesota Statutes 1985 Supplement, section 472B.-04, is amended to read:

472B.04 [POWERS OF MUNICIPALITY.]

A municipality may, to accomplish the purposes of this chapter:

(1) exercise any or all powers enumerated in chapter 458, but only if the municipality has been granted authority to exercise the powers enumerated in *sections 13 to 33*, chapters 458, 462, 472, 472A, and 474, in conjunction with the powers granted by this chapter;

(2) provide public facilities pursuant to chapters 429, 430, and any charter provision or any special law;

(3) acquire, by lease, purchase, gift, condemnation, or otherwise, land or interests in land, and convey land or interests in land. A municipality is empowered to acquire by condemnation any property, property right or interest in property, corporate or incorporeal, within its boundaries which may be needed by it for a project, for access, including surface and subsurface access, for ventilation, or for any other purpose which it finds by resolution to be needed by it in connection with mined underground space development; and the fact that the property or interest in property so needed has been acquired by the owner under the power of eminent domain, or is already devoted to a public use, or is owned by the University of Minnesota, any city, county, school district, town, other municipality, or other governmental subdivision, railroad, or public or private utility, shall not prevent its acquisition by the municipality by the exercise of the right of eminent domain hereby conferred, provided the existing use thereof is not impaired; the necessity of the taking of any property or interest in property by the municipality shall be determined by resolution duly adopted by the governing body of the municipality, which shall describe the property or interest as nearly as it may be described and state the use and purpose to which it is to be devoted; except as otherwise provided in this chapter, the right of eminent domain shall be exercised in accordance with chapter 117, 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;

(4) acting alone or with others, acquire, purchase, construct, lease, mortgage, maintain, operate, and convey projects;

(5) borrow money to carry out the purposes of this chapter;

(6) enter into contracts, sue and be sued and do or accomplish all other acts and things necessary or convenient to carry out the purposes and policies of this chapter; and

(7) exercise bonding authority as provided in section 472B.05.

Sec. 42. Minnesota Statutes 1984, section 474.02, subdivision 3, is amended to read:

Subd. 3. "Redevelopment agency" means any port authority referred to in chapter 458, or any city authorized by general or special law to exercise the powers of a port authority; *any economic development authority referred to in sections 13 to 33*; any housing and redevelopment authority referred to in chapter 462 or any body authorized to exercise the powers of a housing and redevelopment authority; and any area or municipal redevelopment agency referred to in chapter 472.

Sec. 43. Minnesota Statutes 1984, section 474.16, subdivision 2, is amended to read:

Subd. 2. "Local issuer" means any home rule charter or statutory city, any town, any housing and redevelopment authority referred to in chapter 462 or any body authorized to exercise the powers of a housing and redevelopment authority, any port authority referred to in chapter 458, *any economic development authority referred to in sections 13 to 33*, or any body authorized to exercise the powers of a port authority, any area or municipal redevelopment agency referred to in chapter 472, any county, or any other municipal authority or agency established pursuant to special law other than the iron range resources and rehabilitation board, acting as an issuer of obligations pursuant to law.

#### Sec. 44. [DOWNTOWN TAXING AREA.]

*If a bill is enacted into law in the 1986 legislative session which authorizes the city of Minneapolis to issue bonds and expend certain funds including taxes to finance the acquisition and betterment of a convention center and related facilities, which authorizes certain taxes to be levied in a downtown taxing area, then, notwithstanding the provisions of that law "downtown taxing area" shall mean the geographic area bounded by the portion of the Mississippi River between I-35W and Washington Avenue, the portion of Washington Avenue between the*

*river and I-35W, the portion of I-35W between Washington Avenue and 8th Street South, the portion of 8th Street South between I-35W and Portland Avenue South, the portion of Portland Avenue South between 8th Street South and I-94, the portion of I-94 from the intersection of Portland Avenue South to the intersection of I-94 and the Burlington Northern Railroad tracks, the portion of the Burlington Northern Railroad tracks from I-94 to Main Street and including Nicollet Island, and the portion of Main Street to Hennepin Avenue and the portion of Hennepin Avenue between Main Street and 2nd Street S.E., and the portion of 2nd Street S.E. between Main Street and Bank Street, and the portion of Bank Street between 2nd Street S.E. and University Avenue S.E., and the portion of University Avenue S.E. between Bank Street and I-35W, and by I-35W from University Avenue S.E., to the river.*

**Sec. 45. [EFFECTIVE DATE.]**

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

Delete the title and insert:

"A bill for an act relating to public administration; authorizing home rule charter or statutory cities to establish economic development districts; granting powers to cities and authorities; amending Minnesota Statutes 1984, sections 116D.04, subdivision 1a; 117.521, subdivision 3; 272.01, subdivision 2; 273.72; 273.73, subdivisions 2 and 8; 273.86, subdivision 1; 355.11, subdivision 5; 462C.02, subdivisions 6 and 9; 471.88, subdivisions 1, 9, and 11; 474.02, subdivision 3; and 474.16, subdivision 2; Minnesota Statutes 1985 Supplement, section 273.75, subdivision 4; 353.01, subdivision 2a; 395.08; 462C.12, subdivision 2; and 472B.04; proposing coding for new law in Minnesota Statutes, chapter 458; and proposing coding for new law as Minnesota Statutes, chapter 458C."

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

Senate Conferees: ROGER D. MOE, LAWRENCE J. POGEMILLER and DOUGLAS J. JOHNSON.

House Conferees: BERNARD L. LIEDER, DON J. VALENTO and PAUL M. THIEDE.

Lieder moved that the report of the Conference Committee on S. F. No. 1725 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1725, A bill for an act relating to the city of East Grand Forks; 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 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 132 yeas and 2 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	Solberg
Battaglia	Forsythe	Lieder	Pauly	Sparby
Beard	Frederick	Long	Peterson	Stanius
Becklin	Frederickson	Marsh	Piepho	Staten
Begich	Frerichs	McDonald	Piper	Swiggum
Bennett	Greenfield	McEachern	Poppenhagen	Thiede
Bishop	Gruenes	McKasy	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
Burger	Himle	Murphy	Richter	Valento
Carlson, D.	Jacobs	Nelson, D.	Riveness	Vanasek
Carlson, J.	Jaros	Nelson, K.	Rodosovich	Vellenga
Carlson, L.	Jennings, L.	Neuenschwander	Rose	Voss
Clark	Johnson	Norton	Sarna	Waltman
Clausnitzer	Kahn	O'Connor	Schafer	Welle
Cohen	Kalis	Ogren	Scheid	Wenzel
Dempsey	Kelly	Olsen, S.	Schoenfeld	Wynia
DenOuden	Kiffmeyer	Olson, E.	Schreiber	Spk. Jennings, D.
Dimler	Knickerbocker	Omann	Seaberg	
Dyke	Knuth	Onnen	Segal	
Elioff	Kostohryz	Osthoff	Shaver	

Those who voted in the negative were:

Skoglund      Zaffke

The bill was repassed, as amended by Conference, and its title agreed to.

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 1793.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

## CONFERENCE COMMITTEE REPORT ON S. F. NO. 1793

A bill for an act relating to local government; permitting an agreement to finance library construction in McGregor.

March 17, 1986

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable David M. Jennings  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1793, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 1793 be further amended as follows:

Delete everything after the enacting clause and insert:

“ARTICLE 1

Section 1. [AITKIN COUNTY; DEVELOPMENT LEVY.]

*The Aitkin county board may annually levy a tax of not more than one and one third mills on taxable property in the county, to provide funds to be used by the county for tourist, agricultural, industrial, and economic development. A levy under this section is in addition to any other permitted by law and shall be disregarded in the calculation of any other levies or limits on levies provided by Minnesota Statutes, sections 275.50 to 275.56 or other law.*

Sec. 2. [REVERSE REFERENDUM.]

*If the Aitkin county board intends to exercise the authority provided by section 1, it shall pass a resolution stating the fact. 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 county auditor, 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 is 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 October 1 of the first year for which the tax authorized under section 1 is proposed to be levied.*

Sec. 3. Laws 1984, chapter 502, article 13, section 10, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] The limitation imposed upon the levy of the city of Breezy Point by Minnesota Statutes, section 275.11, is increased by (\$125,000) \$175,000 for taxes levied in (1984) 1986 and thereafter.

Sec. 4. [REVERSE REFERENDUM.]

*If the Breezy Point city council proposes to increase the levy limit base of the city pursuant to section 3, it shall pass a resolution stating the amount by which the levy limit base is proposed to be increased. Thereafter, the resolution shall be published for two successive weeks in the official newspaper of the city or if there is no official newspaper, in a newspaper of general circulation in the city, together with a notice fixing a date for a public hearing on the proposed increase. 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 city may determine to take no further action or, in the alternative, adopt a resolution authorizing the increase as originally proposed or approving an increase in the lesser amount it determines. The resolution authorizing an increase shall be published in the official newspaper of the city or if there is no official newspaper, in a newspaper of general circulation in the city. If within 30 days thereafter a petition signed by voters equal in number to five percent of the votes cast in the city in the last general election requesting a referendum 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 is in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the referendum. The referendum must be held at a special or general election prior to October of the first levy year in which the tax authorized under section 3 is proposed to be levied.*

Sec. 5. [AITKIN COUNTY; RETAIL RURAL ELECTRIC COOPERATIVE ASSOCIATION.]



*A person who has paid tax on electricity used in agricultural production that is exempt from taxation under section 297A.25, subdivision 1, clause (h), may file a claim for refund with the commissioner if the tax was paid to the retail rural electric cooperative association based in Aitkin county.*

**Sec. 6. [MCGREGOR; LIBRARY; JOINT FINANCING.]**

*The city of McGregor may agree with one or more of the towns or home rule charter or statutory cities located in Aitkin county or the county itself that the local government units making the agreement will subject taxable property within their boundaries to taxation to discharge debt incurred for the construction of a library and related facilities in the city of McGregor pursuant to Laws 1985, chapter 138, section 4. The portion of the debt to be discharged by taxation in each unit may be set by agreement or a single rate may be levied against all subject property or, by agreement, both methods may be used in part. A unit may also agree to discharge a portion of the costs of construction or debt incurred for the costs by a transfer of any money available to the unit that the unit is not obliged by law to use for some other purpose. Any joint powers agreement entered between the city of McGregor and any town located in Aitkin county to finance the McGregor library construction must be approved at the annual town meeting by the town electors of the town before the agreement may be entered. Obligations for the purpose may be issued without an election and shall not be subject to the general limit on net debt. In other respects, the debt shall be incurred and discharged in accordance with Minnesota Statutes, chapter 475.*

**Sec. 7. [LAND EXCHANGE AUTHORIZED.]**

*Notwithstanding Minnesota Statutes, section 94.343, subdivision 9, and the appraisal requirement under section 94.343, subdivision 3, the state of Minnesota may exchange certain parcels or tracts of state-owned land located within Carlton county with the city of Thomson.*

(a) *State lands to be exchanged are described as:*

(1) *All of the unplatted portion of Government Lot 1 lying northerly and easterly of that strip of land deeded to the Village of Thomson by the Northern Pacific Railway Company, November 18, 1940, and recorded February 5, 1941, as document #101684 and on May 13, 1938, and recorded May 21, 1938, as document #96017; southerly of the former Burlington Northern, Inc.'s St. Paul to Duluth Branch right-of-way and easterly of the right-of-way of Minnesota Highway 210, in section 8, Township 48N, Range 16W.*

(2) *Lots 1 to 16, both inclusive, and Lot 21 of Block 5 and Lots 3, 4, 8 and 9 of Block 4 in the Townsite of Thomson, ac-*

ording to the plat thereof on file in the Office of the Recorder of Deeds of Carlton County, Minnesota.

(3) Those portions of Lots 17 to 20, both inclusive, 22 and 23 in Block 5 in the Townsite of Thomson, lying southerly of a line 75 feet northerly at right angles and parallel with the centerline of former Burlington Northern, Inc.'s St. Paul to Duluth Branch main line railroad track.

(4) That portion of a 20 foot wide north and south alley between Block 5 and Block 4 in the Townsite of Thomson that lies southerly of a line 75 feet northerly at right angles and parallel with the centerline of former Burlington Northern, Inc.'s St. Paul to Duluth Branch main line railroad track and northerly of the easterly projection of the southerly line of Lot 8 of Block 4 in the Townsite of Thomson.

(5) The South 85 feet of Lots 24 to 46, both inclusive, of Block 5, in the Townsite of Thomson.

(6) The North Half (N 1/2) of vacated Otter Avenue lying between the Southerly extension of the East and West lines of said Block 5, in the Townsite of Thomson.

(b) City lands to be exchanged are described as:

(1) A strip of land two hundred (200) feet wide in Government Lot One (1), Section eight (8), Township forty-eight (48) North, Range sixteen (16) West, 4th P.M., said strip being one hundred (100) feet wide on each side of the centerline of the original main track of the Lake Superior and Mississippi Railroad Company Fond Du Lac Branch as formerly constructed but now removed, and extending from the east line of said Government Lot one (1) to a westerly production of the north line of Block one (1) Original Town of Thomson, according to the recorded plat thereof.

(2) A strip of land fifty (50) feet wide on the northeasterly side of and adjoining the two hundred (200) foot strip above described, extending from a westerly production of the north line of said Block one (1) to a line drawn at right angles to the northeasterly line of the two hundred (200) foot strip above described from a point therein distant two hundred thirty-five (235) feet northwesterly, measured along said northeasterly line, from the east line of said Government Lot one (1).

(3) A strip of land 250 feet wide in Government Lot 1, said strip lying between two lines drawn parallel with and distant 150 feet northeasterly and 100 feet southwesterly, measured at right angles, from the centerline of the original main track of the Lake Superior and Mississippi Railroad Company Fond Du Lac Branch as formerly constructed but now removed, and extending from a line drawn parallel with and distant 100 feet southerly,

*measured at right angles, from the centerline of the main track of the Northern Pacific Railway Company's St. Paul to Duluth Line as now constructed and operated to a westerly projection of the north line of Block 1, Original Town of Thompson, according to the recorded plat thereof.*

*This section is effective the day after final enactment.*

**Sec. 8. [DEFINITIONS.]**

*Subdivision 1. For the purpose of sections 8 to 18, the terms defined in this section have the following meanings.*

*Subd. 2. "City" means the city of Cambridge or the city of Lindstrom.*

*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 9 or 10.*

*Subd. 6. "Land area" means the land area in the district which is subject to property taxation.*

**Sec. 9. [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. 10. [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. 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 sufficient 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 9 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 15 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 sections 8 to 18.*

**Subd. 3. [LEVY LIMIT EXEMPTION.]** *Taxes and service charges imposed pursuant to sections 8 to 18 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 by a homestead credit.*

**Sec. 11. [ENLARGEMENT OF SPECIAL SERVICE DISTRICTS.]**

*Boundaries of a special service district may be enlarged only after hearing and notice as provided in sections 9 and 10. 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 15 and the veto power in section 16 shall only apply to owners, individuals, and business organizations in the area proposed to be added to the district.*

**Sec. 12. [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 sections 8 to 18 shall not be included in computations under Minnesota Statutes, section 273.76, or any other law that applies to general ad valorem levies.*

**Sec. 13. [BONDS.]**

*At any time after a contract for the construction of all or part of an improvement authorized pursuant to sections 8 to 18 has been entered into or the work has been ordered done by day labor, the governing body of the city may issue obligations including certificates of indebtedness 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 10, 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 amount of any taxes that are required to be levied outside of the territory of the special services district or taken from the general funds of the municipality to pay principal and interest on the obligations shall be reimbursed to the municipality from taxes levied within the special services district. 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. 14. [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. 15. [PETITION REQUIRED.]

*No action may be taken pursuant to section 9 unless owners of 15 percent or more of the land area of the proposed special service district and owners of 15 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 10 to impose an ad valorem tax unless owners of 15 percent or more of the land area subject to a proposed tax and owners of 15 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 10 to impose a service charge unless 15 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. 16. [VETO POWER OF OWNERS.]

*Subdivision 1. [NOTICE OF RIGHT TO FILE OBJECTIONS.] Except as provided in section 17, the effective date of any ordinance or resolution adopted pursuant to sections 9 and 10 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 9. 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 9 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 10 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 10 with the city clerk before the effective date of the resolution, the resolution shall not become effective.*

**Sec. 17. [EXCLUSION FROM PETITION REQUIREMENTS AND VETO POWER.]**

*The petition requirement of section 15 and the right of owners and those subject to a service charge to veto a resolution in section 20 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 15 and which has not been vetoed under section 20 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 10 and the notice mailed with the adopted resolution pursuant to section 16 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. 18. [REPORT TO LEGISLATURE.]

*The administrator of the city 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, 1987. The report shall apprise the committee as to the activities undertaken pursuant to sections 8 to 18 and recommend any changes that should be considered if the legislature were to enact statewide legislation for the establishment of special service districts.*

Sec. 19. Minnesota Statutes 1984, section 375.09, is amended to read:

**375.09 [MAY NOT HOLD OTHER OFFICE; (NO INTEREST IN CONTRACT) BRIBERY; VIOLATION; MALFEASANCE.]**

**No county commissioner shall (BE APPOINTED OR) hold another elected (BY THE BOARD OF WHICH HE IS A MEMBER TO ANY) office (OR POSITION OF TRUST OR EMOLUMENT) during tenure as commissioner nor be employed by the county in which he is a commissioner. No commissioner shall receive any money or other valuable thing as a condition of voting or inducement to vote for any contract or other thing under consideration by the board (, OR BECOME A PARTY TO, OR DIRECTLY OR INDIRECTLY INTERESTED IN, ANY CONTRACT MADE BY THE BOARD). Every (APPOINTMENT OR) election (MADE) and every contract or payment voted for or made contrary to this section is void. Any violation of this section is a malfeasance in office.**

Sec. 20. Minnesota Statutes 1984, section 375.18, subdivision 7, is amended to read:

**Subd. 7. [TRANSFER OF SURPLUS.] Each county board may transfer by (UNANIMOUS) a majority vote any surplus beyond the needs of the current year in any county fund to any other county fund to supply a deficiency in it.**

**Sec. 21. [375.84] [PREPAY SOFTWARE, SUBSCRIPTIONS, UNITED STATES DOCUMENTS.]**

*A county may make advance deposits or payments for software development or maintenance services for county-owned or leased electronic data processing equipment and for newspaper, magazine, and other subscription fees customarily paid for in advance, and may allow advance deposits by any department or agency of the county with the Library of Congress and federal Supervisor of Documents for items to be purchased from these federal agencies.*

**Sec. 22. [375.85] [COUNTIES MAY MARKET SOFTWARE PRODUCTS.]**

*Notwithstanding any other law to the contrary, a county or group of counties acting jointly under section 471.59 may sell or license self-developed or vendor custom-developed computer software products or systems either on competitive bids or in the open market, in the discretion of the county or joint powers board. Prices for the software products or systems may be based on market considerations. A county or group of counties may make agreements with private persons or entities to assist with marketing software products or systems.*

**Sec. 23. [375.86] [APPLICATION OF OTHER LAW.]**

*Subdivision 1. [NONPUBLIC DATA.] County software product programming source code, object code, and all material relating to product or system development and distribution is "trade secret information" for purposes of classification under section 13.37, subdivision 2.*

Sec. 24. Minnesota Statutes 1984, section 375A.11, subdivision 3, is amended to read:

Subd. 3. [VACANCIES IN CERTAIN ELECTIVE OFFICES.] (a) If any of the offices of county auditor, treasurer or county recorder shall become vacant before the expiration of the term for the office, a county board may appoint either of the holders of the other two offices to fill the vacancy for the unexpired term. The board may provide additional compensation for the added duties imposed on the appointee by virtue of his holding two offices for that period. *If the office of county auditor or treasurer becomes vacant, the county board may initiate a referendum by resolution to consolidate the two offices into one elected office. The referendum shall be conducted according to section 375A.12, subdivisions 4 and 5.*

(b) The authority granted by clause (a) of this subdivision shall be in addition to the authorities granted by existing law or statute and by the provisions of sections 375A.01 to 375A.13 relating to consolidation and appointment of county offices; the authority granted by this subdivision may be exercised notwithstanding any prohibitions against the holding of two offices that may exist in the laws or statutes of this state.

Sec. 25. Minnesota Statutes 1984, section 375A.12, subdivision 3, is amended to read:

Subd. 3. [REFERENDA; PROCEDURE.] Any referendum required to be held as a condition of the adoption of an option may be initiated by a resolution by the county board, a recommendation of a county government study commission or a peti-

tion signed by voters equal in number to five percent of the electors voting at the last previous election for the office of governor requesting that a referendum be held on the adoption of one or more of the options provided in sections 375A.01 to 375A.10. (UNLESS THE REFERENDUM IS A RECOMMENDATION OF THE STUDY COMMISSION) *If a study commission has been established*, a referendum on an option may not be initiated by a resolution of the county board or a petition of voters until after the study commission has completed its study provided for in section 375A.13, subdivision 3.

Sec. 26. Minnesota Statutes 1984, section 375A.12, subdivision 4, is amended to read:

Subd. 4. [CONDUCT OF ELECTION.] When a referendum is required to be held, the county auditor shall conduct the referendum following the procedures provided in chapter 372, as nearly as possible and not inconsistent with sections 375A.01 to 375A.10 (, EXCEPT, INSTEAD OF THE COUNTY BOARD MEETING TO ACT ON THE PETITION, A COMMITTEE CONSISTING OF THE PERSONS WHO CONSTITUTE A JURY COMMISSION AS PROVIDED IN SECTION 593.13, SHALL MEET AND ACT ON THE PETITION). The referendum may be held at any primary, general or special election held not less than 30 days before the first day on which candidates may file for county office.

Sec. 27. Minnesota Statutes 1984, section 383C.17, is amended to read:

**383C.17 [COURTHOUSE BUILDING COMMISSION.]**

(NOTWITHSTANDING THE PROVISIONS OF MINNESOTA STATUTES 1961, SECTIONS 394.01 TO 394.05,) In St. Louis County, the courthouse building commission shall have the authority to assign and reassign space and rooms to the various offices in the courthouses and county office buildings in said county.

Sec. 28. Minnesota Statutes 1985 Supplement, section 386.77, is amended to read:

**386.77 [CONVEYANCES AND DOCUMENTS FOR BENEFIT OF GOVERNMENTAL AGENCIES, FEES.]**

An instrument of conveyance, assignment or release, a judgment or other document, which is entitled to recording or filing, and which by its terms is for the benefit of the state or any county, city or town, shall be recorded or filed by any county recorder or registrar of titles without the payment of fees when offered for filing or recording by the state or any of its agencies, or by the benefited subdivision. The fee for the recording or filing shall be

paid by the state, its agency, or by the benefited subdivision, but not by another department or agency of that county, upon submission of a statement of charges by the county recorder or registrar of titles.

Sec. 29. [REPEALER.]

*Minnesota Statutes 1984, sections 394.01, 394.02, 394.03, 394.04, and 394.05 are repealed.*

Sec. 30. Minnesota Statutes 1984, section 465.72, is amended to read:

465.72 [SEVERANCE PAY.]

*Subdivision 1. [PAYMENT; LIMITS.] Except as may otherwise be provided in Laws 1959, Chapter 690, as amended, any county, city, township, school district or other governmental subdivision may pay severance pay to its employees and promulgate rules for the payment of severance pay to an employee who leaves employment on or before or subsequent to the normal retirement date. Severance pay shall also include the payment of accumulated vacation leave, accumulated sick leave or a combination thereof. The severance pay shall be excluded from retirement deductions and from any calculations in retirement benefits. It shall be paid in a manner mutually agreeable to the employee and employer and, except as provided in subdivision 2, over a period not to exceed five years from retirement or termination of employment. If a retired or terminated employee dies before all or a portion of the severance pay has been disbursed, that balance due shall be paid to a named beneficiary or, lacking same, to the deceased's estate. Except as provided in subdivision 2, in no event shall severance pay provided for an employee leaving employment exceed an amount equivalent to one year of pay.*

*Subd. 2. [EXCEPTIONS.] The provisions of subdivision 1 requiring that severance pay be paid over a period not to exceed five years from retirement or termination of employment and limiting severance pay to an amount equal to one year of pay do not apply to severance pay constituting compensation for accumulated sick leave in the form of periodic contributions toward premiums for group insurance policies provided for a former employee by a governmental subdivision.*

*This subdivision applies only to periodic contributions that have commenced before the effective date of this act or that are required under contracts, or, with respect to employees not covered by contracts, personnel policies, formally adopted by the governing body of the governmental subdivision, in existence on the effective date of this act. After the effective date of this act, a governmental subdivision may not enter into a contract or adopt a personnel policy providing for a payment in violation of subdivi-*

*vision 1. A personnel policy or portion of a personnel policy in existence on the effective date of this act and providing for a payment in violation of subdivision 1 is null and void (i) upon the expiration of a collective bargaining agreement containing a similar provision and covering employees of the governmental subdivision that has adopted the policy, or (ii) two years from the effective date of this act, whichever is earlier. Any payments by governmental subdivisions in accordance with this subdivision before the effective date of this act are validated.*

Sec. 31. [EFFECTIVE DATE.]

*Section 19 does not become effective for any county commissioner currently holding two elected offices until the term of one of the offices expires.*

Sec. 32. [EFFECTIVE DATE.]

*Sections 1, 2, 3, 4, 5, and 6 are effective the day following final enactment. Sections 8 to 18 are effective separately for each of the cities of Cambridge and Lindstrom the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3.*

## ARTICLE 2

Section 1. Minnesota Statutes 1984, section 116D.04, subdivision 1a, is amended to read:

Subd. 1a. For the purposes of sections 116D.01 to 116D.07, the following terms have the meanings given to them in this subdivision.

(a) "Natural resources" has the meaning given it in section 116B.02, subdivision 4.

(b) "Pollution, impairment or destruction" has the meaning given it in section 116B.02, subdivision 5.

(c) "Environmental assessment worksheet" means a brief document which is designed to set out the basic facts necessary to determine whether an environmental impact statement is required for a proposed action.

(d) "Governmental action" means activities, including projects wholly or partially conducted, permitted, assisted, financed, regulated or approved by units of government including the federal government.

(e) "Governmental unit" means any state agency and any general or special purpose unit of government in the state includ-

ing, but not limited to, watershed districts organized under chapter 112, counties, towns, cities, port authorities (AND), housing authorities, *and economic development authorities established under sections 13 to 33*, but not including courts, school districts and regional development commissions other than the metropolitan council.

Sec. 2. Minnesota Statutes 1984, section 117.521, subdivision 3, is amended to read:

Subd. 3. The provisions of subdivisions 1 and 2 shall not apply to the acquisition of properties situated wholly or in part within any district for development authorized under Laws 1971, Chapters 548 or 677; or Laws 1973, Chapters 196, 761, or 764; or Laws 1974, chapter 485; or Minnesota Statutes, Chapters 462, (OR) 458; *or sections 13 to 33*.

Sec. 3. Minnesota Statutes 1984, section 272.01, subdivision 2, is amended to read:

Subd. 2. (a) When any real or personal property which for any reason is exempt from ad valorem taxes, and taxes in lieu thereof, is leased, loaned, or otherwise made available and used by a private individual, association or corporation in connection with a business conducted for profit, there shall be imposed a tax, for the privilege of so using or possessing such real or personal property, in the same amount and to the same extent as though the lessee or user was the owner of such property.

(b) The tax imposed by this subdivision shall not apply to (1) property leased or used by way of a concession in or relative to the use in whole or part of a public park, market, fair grounds, port authority, *economic development authority established under sections 13 to 33*, municipal auditorium, airport owned by a city, town, county or group thereof but not the metropolitan airports commission, municipal museum or municipal stadium or (2) property constituting or used as a public pedestrian ramp, concourse, passenger check-in area or ticket sale counter, boarding area or luggage claim area in connection with a public airport; provided that real estate which is owned by a municipality in connection with the operation of a public airport and which is leased or used for agricultural purposes shall not be exempt.

(c) Taxes imposed by this subdivision shall be due and payable as in the case of personal property taxes and such taxes shall be assessed to such lessees or users of real or personal property in the same manner as taxes assessed to owners of real or personal property, except that such taxes shall not become a lien against the property. When due, the taxes shall constitute a debt due from the lessee or user to the state, township, city, county and school district for which the taxes were assessed and shall be collected in the same manner as personal property taxes. If prop-

erty subject to the tax imposed by this subdivision is leased or used jointly by two or more persons, each lessee or user shall be jointly and severally liable for payment of the tax.

Sec. 4. Minnesota Statutes 1984, section 273.72, is amended to read:

**273.72 [STATEMENT OF PURPOSE.]**

The statutes governing the use of tax increment financing in Minnesota have evolved over a long period of time and exist in several different special and general laws. These laws are sometimes inconsistent and provide varying procedures which render them difficult to administer. It is the intent of the legislature, by enacting the Minnesota tax increment financing act, to ratify and confirm the findings, declarations and determinations made by the legislature in connection with chapters 362A, 458, *sections 13 to 33*, 462, 472A and 474 and to establish a uniform set of standards and procedures to be followed when using this method of financing.

Sec. 5. Minnesota Statutes 1984, section 273.73, subdivision 2, is amended to read:

Subd. 2. [AUTHORITY.] "Authority" means a rural development financing authority created pursuant to chapter 362A, a housing and redevelopment authority created pursuant to chapter 462; a port authority created pursuant to chapter 458; *an economic development authority created pursuant to sections 13 to 33*; a redevelopment agency as defined by chapter 474; a municipality which is administering a development district created pursuant to chapter 472A or any special law, a municipality which undertakes a project pursuant to chapter 474; or a municipality which exercises the powers of a port authority pursuant to any general or special law.

Sec. 6. Minnesota Statutes 1984, section 273.73, subdivision 8, is amended to read:

Subd. 8. [PROJECT.] "Project" means a project as defined in section 362A.01; an industrial development district as defined in section 458.191, subdivision 1; *an economic development district as defined in section 25, subdivision 1*; a project as defined in section 462.421, subdivision 14; a development district as defined in chapter 472A or any special law; or a project as defined in section 474.02, subdivisions 1, 1a or 1b.

Sec. 7. Minnesota Statutes 1985 Supplement, 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 prin-

cipal 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 an economic development authority to finance or otherwise pay the cost of redevelopment pursuant to sections 13 to 33*, by a housing and redevelopment authority or economic development authority to finance or otherwise pay public redevelopment costs pursuant to chapter 462, by a municipality or economic development authority 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. Revenues derived from tax increment may be used to finance the costs of 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 only under the following conditions: (a) tax increments may not be collected for a program for a period in excess of 12 years after the date of the first interest rate reduction payment for the program, (b) tax increments may not be used for an interest reduction program, if the proceeds of bonds issued pursuant to section 273.77 after December 31, 1985, have been or will be used to provide financial assistance to the specific project which would receive the benefit of the interest reduction program, and (c) not more than 50 percent of the estimated tax increment derived from a project may be used to finance an interest reduction program for owner-occupied single-family dwellings unless a project is located either in an area which would qualify as a redevelopment district or within a city designated as an enterprise zone pursuant to section 273.1312, subdivision 4, clause (c) (3). 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.

Sec. 8. Minnesota Statutes 1984, section 273.86, subdivision 1, is amended to read:



Subdivision 1. [APPLICATION.] A developer proposing to construct improvements on property located within an industrial development district as defined in section 458.191, subdivision 1; an economic development district as defined in section 25, subdivision 1; a development district as defined in section 472A.02, subdivision 3, or any special law; or a redevelopment project as defined in section 462.421, subdivision 14 may apply to the governing body of the city or municipality in which the property is located to obtain deferral of property tax on the improved property, stating the nature and location of the proposed improvement, its estimated cost, and the projected length of construction time. If the governing body finds that the proposed development is consistent with the requirements of the above referred sections, it may approve the application. If the application is approved by June 30, the tax exemption shall be in effect for taxes paid the following year; if it is approved later than June 30, the exemption shall be in effect for taxes paid in the second subsequent taxable year.

Sec. 9. Minnesota Statutes 1985 Supplement, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. [INCLUDED EMPLOYEES.] The following persons are included in the meaning of "public employee":

(a) Elected or appointed officers and employees of elected officers.

(b) District court reporters.

(c) Officers and employees of the public employees retirement association.

(d) Employees of the League of Minnesota Cities.

(e) Officers and employees of public hospitals, owned or operated by or an integral part of, any governmental subdivision or governmental subdivisions.

(f) Employees of a school district who receive separate salaries for driving their own buses.

(g) Employees of the Association of Minnesota Counties.

(h) Employees of the Metropolitan Inter-County Association.

(i) Employees of the Minnesota Municipal Utilities Association.

(j) Employees of the metropolitan airports commission if employment initially commences on or after July 1, 1979.

(k) Employees of the Minneapolis employees retirement fund, if employment initially commences on or after July 1, 1979.

(l) Employees of the Range Association of Municipalities and Schools.

(m) Employees of the soil and water conservation districts.

(n) Employees of a county historical society.

(o) *Employees of an economic development authority created under sections 13 to 33.*

Sec. 10. Minnesota Statutes 1984, section 355.11, subdivision 5, is amended to read:

Subd. 5. "Employing unit" means any municipal housing and redevelopment authorities organized pursuant to sections 462.415 to 462.705 and any soil and water conservation district organized pursuant to chapter 40 or any port authority organized pursuant to chapter 458, or any economic development authority organized pursuant to sections 13 to 33, or any hospital district organized or reorganized pursuant to sections 447.31 to 447.37.

Sec. 11. Minnesota Statutes 1985 Supplement, section 395.08, is amended to read:

**395.08 [ECONOMIC AND AGRICULTURAL DEVELOPMENT.]**

A county board may appropriate not more than (\$25,000) \$50,000 annually out of the general revenue fund of the county to be paid to any incorporated development society or organization of this state which, in the board's opinion, will use the money for the best interests of the county in promoting, advertising, improving, or developing the economic and agricultural resources of the county.

**Sec. 12. [458.101] [NO STATE BAILOUT OF PORT AUTHORITIES.]**

*State appropriations or credit of the state must not be used to pay or guarantee the payment of the debt of a port authority.*

**Sec. 13. [458C.01] [DEFINITIONS.]**

*Subdivision 1. [TERMS.] In sections 13 to 33, the terms defined in this section have the meaning given them.*

*Subd. 2. [AUTHORITY.] "Authority" means an economic development authority, unless specified otherwise.*

*Subd. 3. [CITY.] "City" means a home rule charter or statutory city.*

*Subd. 4. [DEVELOPMENT.] "Development" includes redevelopment, and developing includes redeveloping.*

*Subd. 5. [COST OF REDEVELOPMENT.] "Cost of redevelopment" means, with respect to an economic development district project, the cost of:*

*(a) acquiring property, whether by purchase, lease, condemnation, or otherwise;*

*(b) demolishing or removing structures or other improvements on acquired properties;*

*(c) correcting soil deficiencies necessary to develop or use the property for an appropriate use as determined by the authority;*

*(d) constructing or installing public improvements, including streets, roads, and utilities;*

*(e) providing relocation benefits to the occupants of acquired properties;*

*(f) planning, engineering, legal and other services necessary to carry out the functions listed in clauses (a) to (e); and*

*(g) the allocated administrative expenses of the authority for the project.*

**Sec. 14. [458C.03] [ECONOMIC DEVELOPMENT AUTHORITY; ESTABLISHMENT.]**

*A city may, by adopting an enabling resolution in compliance with the procedural requirements of section 16, establish an economic development authority that, subject to section 15, has the powers contained in sections 13 to 33 and a housing and redevelopment authority under chapter 462 or other law, and a city under chapter 472A or other law. If the economic development authority exercises the powers of a housing and redevelopment authority contained in chapter 462 or other law, the city shall exercise the powers relating to a housing and redevelopment authority granted to a city by chapter 462 or other law.*

**Sec. 15. [458C.04] [LIMIT OF POWERS.]**

*Subdivision 1. [RESOLUTION.] The enabling resolution may impose the following limits upon the actions of the authority:*

(1) that the authority must not exercise any specified powers contained in sections 13 to 33, chapters 462 and 472A or that the authority must not exercise any powers without the prior approval of the city council;

(2) that, except when previously pledged by the authority, the city council may, by resolution, require the authority to transfer any portion of the reserves generated by activities of the authority that the city council determines is not necessary for the successful operation of the authority, to the debt service fund of the city, to be used solely to reduce tax levies for bonded indebtedness of the city;

(3) that the sale of all bonds or obligations issued by the authority be approved by the city council before issuance;

(4) that the 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 authority must be consistent with the adopted comprehensive plan of the city, and any official controls implementing the comprehensive plan;

(6) that the authority submit all planned activities for influencing the action of any other governmental agency, subdivision, or body to the city council for approval;

(7) that the authority submit its administrative structure and management practices to the city council for approval; and

(8) any other limitation or control established by the city council by the enabling resolution.

Subd. 2. [MODIFICATION OF RESOLUTION.] The enabling resolution may be modified at any time, subject to subdivision 5, and provided that any modification is made in accordance with section 15.

Subd. 3. [REPORT ON RESOLUTION.] Without limiting the right of the authority to petition the city council at any time, each year, within 60 days of the anniversary date of the first adoption of the enabling resolution, the authority shall submit to the city council a report stating whether and how the enabling resolution should be modified. Within 30 days of receipt of the recommendation, the city council shall review the enabling resolution, consider the recommendations of the authority, and make any modification it considers appropriate. Modifications must be made in accordance with the procedural requirements of section 16.

*Subd. 4. [COMPLIANCE.] The city council's determination that the authority has complied with the limitations imposed under this section is conclusive.*

*Subd. 5. [LIMITS; SECURITY.] Limits imposed under this section must not be applied in a manner that impairs the security of any bonds issued or contracts executed before the limit is imposed. The city council must not modify any limit 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. 16. [458C.05] [PROCEDURAL REQUIREMENT.]**

*Subdivision 1. [ENABLING RESOLUTION.] The creation of an authority by a city must be by written resolution known as the enabling resolution. Before adopting the enabling resolution, the city council shall conduct a public hearing. Notice of the time and place of hearing, a statement of the purpose of the hearing, and a summary of the resolution must be published in a newspaper of general circulation within the city once a week for two consecutive weeks. The first publication must appear not more than 30 days from the date of the public hearing.*

*Subd. 2. [MODIFICATIONS.] All modifications to the enabling resolution must be by written resolution and must be adopted after notice is given and a public hearing conducted as required for the original adoption of the enabling resolution.*

**Sec. 17. [458C.06] [TRANSFER OF AUTHORITY.]**

*Subdivision 1. [ECONOMIC DEVELOPMENT, HOUSING, REDEVELOPMENT POWERS.] The city may, by ordinance, divide any economic development, housing, and redevelopment powers granted under chapter 462 and this chapter between the economic development authority and any other authority or commission established under statute or city charter for economic development, housing, or redevelopment.*

*Subd. 2. [PROJECT CONTROL, AUTHORITY, OPERATION.] The city may, by resolution, transfer the control, authority, and operation of any project as defined in section 273.73, subdivision 8, or any other program or project authorized by chapter 462 or 472A located within the city, from the governmental agency or subdivision that established the project to the economic development authority. The city council may also require acceptance of control, authority, and operation of the project by the economic development authority. The economic development authority may exercise all of the powers that the governmental unit establishing the project could exercise with respect to the project.*

*When a project or program is transferred to the economic development authority, the authority shall covenant and pledge to perform the terms, conditions, and covenants of the bond indenture or other agreements executed for the security of any bonds issued by the governmental subdivision that initiated the project or program. The economic development authority may exercise all of the powers necessary to perform the terms, conditions, and covenants of any indenture or other agreements executed for the security of the bonds and shall become obligated on the bonds when the project or program is transferred as provided in this subdivision.*

*Subd. 3. [TRANSFER OF PERSONNEL.] Notwithstanding any other law or charter provision to the contrary, the city council may, by resolution, place any employees of the housing and redevelopment authority under the direction, supervision, or control of the economic development authority. The placement of any employees under the direction, supervision, or control of the economic development authority does not affect the rights of any employees of the housing and redevelopment authority, including any rights existing under a collective bargaining agreement or fringe benefit plan. The employees shall become employees of the economic development authority.*

**Sec. 18. [458C.07] [ECONOMIC DEVELOPMENT AUTHORITY.]**

*An economic development authority is a public body corporate and politic and a political subdivision of the state with the right to sue and be sued in its own name. An authority carries out an essential governmental function when it exercises its power, but the authority is not immune from liability because of this.*

**Sec. 19. [458C.08] [COMMISSIONERS; APPOINTMENT, TERMS, VACANCIES, PAY, REMOVAL.]**

*Subdivision 1. [COMMISSIONERS.] Except as provided in subdivision 2, clause (d), an economic development authority shall consist of either three, five, or seven commissioners who shall be appointed after the enabling resolution provided for in section 16 becomes effective. The resolution must indicate the number of commissioners constituting the authority.*

*Subd. 2. [APPOINTMENT, TERMS; VACANCIES.] (a) Three-member authority: the commissioners constituting a three-member authority, one of whom must be a member of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of two, four, and six years, respectively. Thereafter all commissioners shall be appointed for six-year terms.*

(b) *Five-member authority: the commissioners constituting a five-member authority, two of whom must be members of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of two, three, four, and five years respectively and one member for six years. Thereafter all commissioners shall be appointed for six-year terms.*

(c) *Seven-member authority: the commissioners constituting a seven-member authority, two of whom must be members of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of one, two, three, four, and five years respectively and two members for six years. Thereafter all commissioners shall be appointed for six-year terms.*

(d) *The enabling resolution may provide that the members of the city council shall serve as the commissioners.*

(e) *The enabling resolution may provide for the appointment of members of the city council in excess of the number required in clauses (a), (b), and (c).*

(f) *A vacancy is created in the membership of an authority when a city council member of the authority ends council membership. A vacancy for this or another reason must be filled for the balance of the unexpired term, in the manner in which the original appointment was made. The city council may set the term of the commissioners who are members of the city council to coincide with their term of office as members of the city council.*

**Subd. 3. [INCREASE IN COMMISSION MEMBERS.]** *An authority may be increased from three to five or seven members, or from five to seven members by a resolution adopted by the city council following the procedure provided for modifying the enabling resolution in section 16.*

**Subd. 4. [COMPENSATION AND REIMBURSEMENT.]** *A commissioner, including the president, shall be paid for attending each regular or special meeting of the authority in an amount to be determined by the city council. In addition to receiving pay for meetings, the commissioners may be reimbursed for actual expenses incurred in doing official business of the authority. All money paid for compensation or reimbursement must be paid out of the authority's budget.*

**Subd. 5. [REMOVAL FOR CAUSE.]** *A commissioner may be removed by the city council for inefficiency, neglect of duty, or misconduct in office. A commissioner shall be removed only after a hearing. A copy of the charges must be given to the commissioner at least ten days before the hearing. The com-*

*missioner must be given an opportunity to be heard in person or by counsel at the hearing. When written charges have been submitted against a commissioner, the city council may temporarily suspend the commissioner. If the city council finds that those charges have not been substantiated, the commissioner shall be immediately reinstated. If a commissioner is removed, a record of the proceedings, together with the charges and findings, shall be filed in the office of the city clerk.*

**Sec. 20. [458C.09] [OFFICERS; DUTIES; ORGANIZATIONAL MATTERS.]**

*Subdivision 1. [BYLAWS, RULES, SEAL.] An authority may adopt bylaws and rules of procedure and shall adopt an official seal.*

*Subd. 2. [OFFICERS.] An authority shall elect a president, a vice president, a treasurer, a secretary, and an assistant treasurer. The authority shall elect the president, treasurer, and secretary annually. A commissioner must not serve as president and vice president at the same time. The other offices may be held by the same commissioner. The offices of secretary and assistant treasurer need not be held by a commissioner.*

*Subd. 3. [DUTIES AND POWERS.] The officers have the usual duties and powers of their offices. They may be given other duties and powers by the authority.*

*Subd. 4. [TREASURER'S DUTIES.] The treasurer:*

- (1) shall receive and is responsible for authority money;*
- (2) is responsible for the acts of the assistant treasurer;*
- (3) shall disburse authority money by check only;*
- (4) shall keep an account of the source of all receipts, and the nature, purpose, and authority of all disbursements; and*
- (5) shall file the authority's detailed financial statement with its secretary at least once a year at times set by the authority.*

*Subd. 5. [ASSISTANT TREASURER.] The assistant treasurer has the powers and duties of the treasurer if the treasurer is absent or disabled.*

*Subd. 6. [TREASURER'S BOND.] The treasurer shall give bond to the state conditioned for the faithful discharge of official duties. The bond must be approved as to form and surety by the authority and filed with the secretary. The bond must be for*



*twice the amount of money probably on hand at any one time, as determined at least annually be the authority. However, the bond must not exceed \$300,000.*

*Subd. 7. [PUBLIC MONEY.] Authority money is public money.*

*Subd. 8. [CHECKS.] An authority check must be signed by the treasurer and one other officer named by the authority in a resolution. The check must state the name of the payee and the nature of the claim that the check is issued for.*

*Subd. 9. [FINANCIAL STATEMENT.] The authority's detailed financial statement must show all receipts and disbursements, their nature, the money on hand, the purposes to which the money on hand is to be applied, the authority's credits and assets, and its outstanding liabilities in a form required for the city's financial statements. The authority shall examine the statement together with the treasurer's vouchers. If the authority finds that the statement and vouchers are correct, it shall approve them by resolution and enter the resolution in its records.*

**Sec. 21. [458C.10] [EMPLOYEES; SERVICES; SUPPLIES.]**

*Subdivision 1. [EMPLOYEES.] An economic development authority may employ an executive director, a chief engineer, other technical experts and agents, and other employees as it may require, and determine their duties, qualifications, and compensation.*

*Subd. 2. [CONTRACT FOR SERVICES.] The authority may contract for the services of consultants, agents, public accountants, and other persons needed to perform its duties and exercise its powers.*

*Subd. 3. [LEGAL SERVICES.] The authority may use the services of the city attorney or hire a general counsel for its legal needs. The city attorney or general counsel, as determined by the authority, is its chief legal advisor.*

*Subd. 4. [SUPPLIES.] The authority may purchase the supplies and materials it needs to carry out sections 13 to 33.*

*Subd. 5. [CITY PURCHASING.] An authority may use the facilities of its city's purchasing department in connection with construction work and to purchase equipment, supplies, or materials.*

*Subd. 6. [CITY FACILITIES, SERVICES.] A city may furnish offices, structures and space, and stenographic, clerical, engineering, or other assistance to its authority.*

*Subd. 7. [DELEGATION POWER.] The authority may delegate to one or more of its agents or employees powers or duties as it may deem proper.*

**Sec. 22. [458C.11] [CONFLICT OF INTEREST.]**

*Except as authorized in section 471.88 a commissioner, officer, or employee of an authority must not acquire any financial interest, direct or indirect, in any project or in any property included or planned to be included in any project, nor shall the person have any financial interest, direct or indirect, in any contract or proposed contract for materials or service to be furnished or used in connection with any project.*

**Sec. 23. [458C.12] [DEPOSITORIES; DEFAULT; COLLATERAL.]**

*Subdivision 1. [NAMED; BOND.] Every two years an authority shall name national or state banks within the state as depositories. Before acting as a depository, a named bank shall give the authority a bond approved as to form and surety by the authority. The bond must be conditioned for the safekeeping and prompt repayment of deposits. The amount of bond must be at least equal to the maximum sums expected to be deposited at any one time.*

*Subd. 2. [ONE BANK ACCOUNT.] An authority may deposit all its money from any source in one bank account.*

*Subd. 3. [DEFAULT; COLLATERAL.] When authority funds are deposited by the treasurer in a bonded depository, the treasurer and the surety on the treasurer's official bond are exempt from liability for the loss of the deposits because of the failure, bankruptcy, or other act or default of the depository. However, an authority may accept assignments of collateral from its depository to secure deposits just as assignments of collateral are permitted by law to secure deposits of the authority's city.*

**Sec. 24. [458C.13] [OBLIGATIONS.]**

*Subdivision 1. [TAXES AND ASSESSMENTS PROHIBITED.] An authority must not levy a tax or special assessment, except as otherwise provided in sections 13 to 33, pledge the credit of the state or the state's municipal corporations or other subdivisions, or incur an obligation enforceable on property not owned by the authority.*

*Subd. 2. [BUDGET TO CITY.] Annually, at a time fixed by charter, resolution, or ordinance of the city, an authority shall send its budget to its city's council. The budget must include a*

*detailed written estimate of the amount of money that the authority expects to need from the city to do authority business during the next fiscal year. The needed amount is what is needed in excess of any expected receipts from other sources.*

*Subd. 3. [FISCAL YEAR.] The fiscal year of the authority must be the same as the fiscal year of its city.*

*Subd. 4. [REPORT TO CITY.] Annually, at a time and in a form fixed by the city council, the authority shall make a written report to the council giving a detailed account of its activities and of its receipts and expenditures during the preceding calendar year, together with additional matters and recommendations it deems advisable for the economic development of the city.*

*Subd. 5. [AUDITS.] The financial statements of the authority must be prepared, audited, filed, and published or posted in the manner required for the financial statements of the city that established the authority. The financial statements must permit comparison and reconciliation with the city's accounts and financial reports. The report must be filed with the state auditor by June 30 of each year. The auditor shall review the report and may accept it or, in the public interest, audit the books of the authority.*

*Subd. 6. [COMPLIANCE EXAMINATIONS.] At the request of the city or upon the auditor's initiative, the state auditor may make a legal compliance examination of the authority for that city. Each authority examined must pay the total cost of the examination, 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 must be deposited in the revolving fund of the state auditor.*

**Sec. 25. [458C.14] [ECONOMIC DEVELOPMENT DISTRICTS; SCHEDULE OF POWERS.]**

*Subdivision 1. [ESTABLISHMENT.] An economic development authority may create and define the boundaries of economic development districts at any place or places within the city if the district satisfies the requirements of section 273.73, subdivision 10, except that the district boundaries must be contiguous, and may use the powers granted in sections 13 to 33 to carry out its purposes. First the authority must hold a public hearing on the matter. At least ten days before the hearing, the authority shall publish notice of the hearing in a daily newspaper of general circulation in the city. Also, the authority shall find that an economic development district is proper and desirable to establish and develop within the city.*

*Subd. 2. [ACQUIRE PROPERTY.] The economic development authority may acquire by lease, purchase, gift, devise, or*

*condemnation proceedings the needed right, title, and interest in property to create economic development districts. It shall pay for the property out of money it receives under sections 13 to 33. It may hold and dispose of the property subject to the limits and conditions in sections 13 to 33. The title to property acquired by condemnation or purchase must be in fee simple, absolute. The authority may accept an interest in property acquired in another way subject to any condition of the grantor or donor. The condition must be consistent with the proper use of the property under sections 13 to 33. Property acquired, owned, leased, controlled, used, or occupied by the authority for any of the purposes of this section is for public governmental and municipal purposes and is exempt from taxation by the state or by its political subdivisions. The exemption applies only while the authority holds property for its own purpose. The exemption is subject to the provisions of section 272.02, subdivision 5. When property is sold it begins to be taxed again.*

*Subd. 2a. [OPTIONS.] The economic development authority may sign options to purchase, sell, or lease property.*

*Subd. 3. [EMINENT DOMAIN.] The economic development authority may use eminent domain under chapter 117, or under its city's charter to acquire property it is authorized to acquire by condemnation. The authority may acquire in this way property acquired by its owner by eminent domain or property already devoted to a public use only if its city's council approves. The authority may possess property to be condemned after it files a petition in condemnation proceedings describing the property. The authority may abandon the condemnation before taking possession.*

*Subd. 4. [CONTRACTS.] The economic development authority may make contracts for the purpose of economic development within the powers given it in sections 13 to 33. The authority may contract or arrange with the federal government, or any of its departments, with persons, public corporations, the state, or any of its political subdivisions, commissions, or agencies, for separate or joint action, on any matter related to using the authority's powers or doing its duties. The authority may contract to purchase and sell real and personal property. However, an obligation or expense must not be incurred except when existing appropriations together with the reasonable expected revenue of the authority from other sources are sufficient to discharge the obligation or pay the expense when due. The state and its municipal subdivisions are not liable on the obligations.*

*Subd. 4a. [LIMITED PARTNER.] The economic development authority may be a limited partner in a partnership whose purpose is consistent with the authority's purpose.*

*Subd. 5. [RIGHTS; EASEMENTS.] The economic development authority may acquire rights or an easement for a term of*

*years or perpetually for development of an economic development district.*

**Subd. 6. [SUPPLIES; MATERIALS.]** *The economic development authority may buy the supplies and materials it needs to carry out this section.*

**Subd. 7. [RECEIVE PUBLIC PROPERTY.]** *The economic development authority may accept land, money, or other assistance, whether by gift, loan or otherwise, in any form from the federal or state government, or an agency of either, or a local subdivision of state government to carry out sections 13 to 33 and to acquire and develop an economic development district and its facilities under this section.*

**Subd. 8. [DEVELOPMENT DISTRICT AUTHORITY.]** *The economic development authority may sell or lease land held by it for economic development in economic development districts. The authority may furnish capital equipment permanently or used exclusively on the lands or in the buildings if necessary to the purposes of the buildings or structures. The authority must intend that the buildings, structures, and equipment be leased or sold to private persons to further develop the economic development district.*

*The authority may acquire, develop, sell, or lease single or multiple tracts of land regardless of size, to be developed as a part of the economic development of the district under sections 13 to 33.*

**Subd. 9. [FOREIGN TRADE ZONE.]** *The economic development authority may apply to the board defined in United States Code, title 19, section 81a, for the right to use the powers provided in United States Code, title 19, sections 81a to 81u. If the right is granted, the authority may use the powers. One authority may apply with another authority.*

**Subd. 10. [RELATION TO CHAPTER 474.]** *The economic development authority may exercise powers and duties of a re-development agency under chapter 474, for a purpose in sections 13 to 33 or 462.411 to 462.705. The authority may also use the powers and duties in sections 13 to 33 and 462.411 to 462.705 for a purpose in chapter 474.*

**Subd. 11. [PUBLIC FACILITIES.]** *The authority may operate and maintain a public parking facility or other public facility to promote development in an economic development district.*

**Sec. 26. [458C.15] [GENERAL OBLIGATION BONDS.]**

*Subdivision 1. [AUTHORITY; PROCEDURE.] An economic development authority may issue general obligation bonds in the principal amount authorized by two-thirds majority vote of its city's council. The bonds may be issued in anticipation of income from any source. The bonds may be issued: (1) to secure funds needed by the authority to pay for acquired property or (2) for other purposes in sections 13 to 33. The bonds must be in the amount and form and bear interest at the rate set by the city council. The authority shall sell the bonds to the highest bidder. The authority shall publish notice of the time and the place for receiving bids, once at least two weeks before the bid deadline. Sections 13 to 33 govern issuance of the bonds. When those sections are silent, chapter 475 governs. The authority when issuing the bonds is a municipal corporation under chapter 475, and issuance of the bonds is subject to the provisions of chapter 475.*

*Subd. 2. [DETAIL; MATURITY.] The authority with the consent of its city's council shall set the date, denominations, place of payment, form, and details of the bonds. The bonds must mature serially. The first installment is due in not more than three years and the last in not more than 20 years from the date of issuance.*

*Subd. 3. [SIGNATURES; COUPONS; LIABILITY.] The bonds must be signed by the president of the authority, be attested by its secretary, and be countersigned by its treasurer; the signatures may be facsimile signatures. The interest coupons if any, must be attached to the bonds. The coupons must be executed and authenticated by the printed, engrossed, or lithographed facsimile signature of the authority's president and secretary. The bonds do not impose any personal liability on a member of the authority.*

*Subd. 4. [PLEDGE.] The bonds must be secured by the pledge of the full faith, credit, and resources of the issuing authority's city. The authority may pledge the full faith, credit, and resources of the city only if the city specifically authorizes the authority to do so. The city council must first decide whether the issuance of the bonds by the authority is proper in each case and if so, what amount of bonds to issue. The city council shall give specific consent in an ordinance to the pledge of the city's full faith, credit, and resources. The authority shall pay the principal amount of the bonds and the interest on it from taxes levied under this section to make the payment or from authority income from any source.*

*Subd. 5. [TAX LEVY.] An authority that issues bonds under this section, shall, before issuing them, levy a tax for each year on the taxable property in the authority's city. The tax must be for at least five percent more than the amount required to pay the principal and interest on the bonds as the principal and interest mature. The tax must be levied annually until the prin-*

*cipal and interest are paid in full. After the bonds have been delivered to the purchasers, the tax must not be repealed until the debt is paid. After the bonds are issued, the authority need not take any more action to authorize extending, assessing, and collecting the tax. The authority's secretary shall immediately send a certified copy of the levy to the county auditor. The secretary shall send with the copy full information on the bonds for which the tax is levied. The county auditor shall extend and assess the levied tax annually until the principal and interest are paid in full. The authority shall transfer the surplus from the excess levy in this section to a sinking fund after the principal and interest for which the tax was levied and collected is paid. The authority may direct its secretary to send a certificate to the county auditor before October 15 in a year. The certificate must state how much available income including the amount in the sinking fund the authority will use to pay principal or interest or both on each specified issue of the authority's bonds. The auditor shall then reduce the bond levy for that year by that amount. The authority shall then set aside the certified amount and may not use it for any purpose except to pay the principal and interest on the bonds. The taxes in this section shall be collected and sent to the authority by the county treasurer under the law on collection of other taxes. The taxes must be used only to pay the bonds when due.*

*Subd. 6. [AUTHORIZED SECURITIES.] Bonds legally issued under this chapter are authorized securities under section 50.14. A savings bank, trust company, or insurance company may invest in them. A public or municipal corporation may invest its sinking funds in them. The bonds may be pledged by a bank or trust company as security for the deposit of public money in place of a surety bond.*

*The authority's bonds are instrumentalities of a public governmental agency.*

**Sec. 27. [458C.16] [REVENUE BONDS; PLEDGE; COVENANTS.]**

*Subdivision 1. [AUTHORITY.] An economic development authority may decide by resolution to issue its revenue bonds either at one time or in series from time to time. The revenue bonds may be issued to provide money to pay to acquire land needed to operate the authority, to purchase or construct facilities, to purchase, construct, install, or furnish capital equipment to operate a facility for economic development of any kind within the city, or to pay to extend, enlarge, or improve a project under its control. The issued bonds may include the amount the authority considers necessary to establish an initial reserve to pay principal and interest on the bonds. The authority shall state in a resolution how the bonds and their attached interest coupons are to be executed.*

*Subd. 2. [FORM.] The bonds of each series issued by the authority under this section shall bear interest at a rate or rates, shall mature at the time or times within 20 years from the date of issuance and shall be in the form, whether payable to bearer, registrable as to principal, or fully registrable, as may be determined by the authority. Section 26, subdivision 6, applies to all bonds issued under this section, and the bonds and their coupons, if any, when payable to bearer, shall be negotiable instruments.*

*Subd. 3. [SALE.] The sale of revenue bonds issued by the authority shall be at public or private sale. The bonds may be sold in the manner and for the price that the authority determines to be for the best interest of the authority. The bonds may be made callable, and if so issued, may be refunded.*

*Subd. 4. [AGREEMENTS.] The authority may by resolution make an agreement or covenant with the bondholders or their trustee. The authority must first decide that the agreement or covenant is needed or desirable to do what the authority may do under this section and to assure that the revenue bonds are marketable and promptly paid.*

*Subd. 5. [REVENUE PLEDGE.] In issuing general obligation or revenue bonds, the authority may secure the payment of the principal and the interest on the bonds by a pledge of and lien on authority revenue. The revenue must come from the facility to be acquired, constructed, or improved with the bond proceeds or from other facilities named in the bond-authorizing resolutions. The authority also may secure the payment with its promise to impose, maintain, and collect enough rentals, rates and charges, for the use and occupancy of the facilities and for services furnished in connection with the use and occupancy, to pay its current expenses to operate and maintain the named facilities, and to produce and put enough net revenue in a special fund to meet the interest and principal requirements of the bonds, and to collect and keep any more money required by the resolutions. The authority shall decide what is current expense under this subdivision based on what is normal and reasonable under accepted accounting principles. Revenues pledged by the authority must not be used or pledged for any other authority purpose or to pay any other bonds issued under this section or under section 26, unless the other use or pledge is specifically authorized in the bond-authorizing resolutions.*

*Subd. 6. [NOT CITY DEBT.] Revenue bonds issued under this section are not a debt of the authority's city nor a pledge of that city's full faith and credit. The bonds are payable only from project revenue as described in this section. A revenue bond must contain on its face a statement to the effect that the economic development authority and its named city do not have to pay the bond or the interest on it except from revenue and that the faith, credit, and taxing power of the city are not pledged to pay the principal of or the interest on the bond.*



*Subd. 7. [NOT APPLICABLE.] Sections 474.01, subdivisions 7a, 7b, and 8 and 474.02, subdivision 1d, do not apply to revenue bonds issued under this section and chapter 474 if the interest on the revenue bonds is subject to both state and federal income tax or if the revenue bond proceeds are not loaned by the authority to a private person.*

*Subd. 8. [TAX INCREMENT BONDS.] Obligations secured or payable from tax increment revenues and issued pursuant to this section or section 26 are subject to the provisions of section 273.77.*

**Sec. 28. [458C.17] [SECTIONS THAT APPLY IF FEDERAL LIMIT APPLIES.]**

*Sections 474.16 to 474.23 apply to obligations issued under sections 13 to 33 that are limited by a federal limitation act defined in section 474.16, subdivision 5.*

**Sec. 29. [458C.18] [ADDITIONAL POWERS.]**

*Subdivision 1. [AS AGENT.] An economic development authority may cooperate with or act as agent for the federal or the state government, or a state public body, or an agency or instrumentality of a government or a public body to carry out sections 13 to 33 or any other related federal, state or local law in the area of economic development district improvement.*

*Subd. 2. [STUDIES, ANALYSIS, RESEARCH.] An authority may study and analyze economic development needs in the city, and ways to meet the needs. An authority may study the desirable patterns for land use for economic development and community growth and other factors affecting local economic development in the city and make the result of the studies available to the public and to industry in general. An authority may engage in research and give out information on economic development within the city.*

*Subd. 3. [PUBLIC RELATIONS.] To further an authorized purpose an authority may (1) join an official, industrial, commercial, or trade association, or another organization concerned with the purpose, (2) have a reception of officials who may contribute to advancing the city and its economic development, and (3) carry out other public relations activities to promote the city and its economic development. Activities under this subdivision have a public purpose.*

*Subd. 4. [ACCEPT PUBLIC LAND.] An authority may accept conveyances of land from all other public agencies, commissions or other units of government, if the land can be properly used by the authority in an economic development district, to carry out the purposes of sections 13 to 33.*

*Subd. 5. [ECONOMIC DEVELOPMENT.] An authority may carry out the law on economic development districts to develop and improve the lands in an economic development district to make it suitable and available for economic development uses and purposes. An authority may fill, grade, and protect the property and do anything necessary and expedient, after acquiring the property, to make it suitable and attractive as a tract for economic development. An authority may lease some or all of its lands or property and may set up local improvement districts in all or part of an economic development district.*

*In general, with respect to an economic development district, an authority may use all the powers given an economic development authority by law.*

*Subd. 6. [AS BORROWER.] An authority after authorizing bonds under section 26 or 27 may borrow to provide money immediately required for the bond purpose. The loans must not exceed the amount of the bonds. The authority shall by resolution decide the terms of the loans. The loans must be evidenced by negotiable notes due in not more than 12 months from the date of the loan payable to the order of the lender or to bearer, to be repaid with interest from the proceeds of the bonds when the bonds are issued and delivered to the bond purchasers. The loan must not be obtained from any commissioner of the authority or from any corporation, association, or other institution of which an authority commissioner is a stockholder or officer.*

*Subd. 7. [AS LENDER.] The proceeds of obligations issued by an authority under section 27 and temporary loans obtained under this section may be used to make or purchase loans for economic development facilities that the authority believes will require financing. To make or purchase the loans, the authority may enter into loan and related agreements, both before and after issuing the obligations, with persons, firms, public or private corporations, federal or state agencies, and governmental units under terms and conditions the authority considers appropriate. A governmental unit in the state may apply, contract for, and receive the loans. Chapter 475 does not apply to the loans.*

*Subd. 8. [MINED SPACE DEVELOPMENT.] Upon delegation by a municipality as provided in section 472B.08, an authority may exercise any of the delegated powers in connection with mined underground space development under sections 472B.03 to 472B.07.*

*Subd. 9. [CITY FACILITIES, SERVICES.] An authority city may furnish offices, structures, and space, stenographic, clerical, engineering, or other assistance to its authority.*

**Sec. 30. [458C.19] [SALE OF PROPERTY.]**

*Subdivision 1. [POWER.] An economic development authority may sell and convey property owned by it within the city or an economic development district. First, the authority must decide that the sale and conveyance are in the best interests of the city or district and its people, and that the transaction furthers its general plan of economic development. This section is not limited by other law on powers of economic development authorities.*

*Subd. 2. [NOTICE; HEARING.] An authority shall hold a hearing on the sale. At the hearing a taxpayer may testify for or against the sale. At least ten, but not more than 20, days before the hearing the authority shall publish notice of the hearing on the proposed sale in a newspaper. The newspaper must be published and have general circulation in the authority's county and city. The notice must describe the property to be sold and state the time and place of the hearing. The notice must also state that the public may see the terms and conditions of the sale at the authority's office and that at the hearing the authority will meet to decide if the sale is advisable.*

*Subd. 3. [DECISION; APPEAL.] The authority shall make its findings and decision on whether the sale is advisable and enter its decision on its records within 30 days of the hearing. A taxpayer may appeal the decision. The appeal is made by filing a notice of appeal with the district court in the city or economic development district's county and serving the notice on the secretary of the authority, within 20 days after the decision is entered. The only ground for appeal is that the action of the authority was arbitrary, capricious, or contrary to law.*

*Subd. 4. [TERMS.] The terms and conditions of sale of the property must include the use that the bidder will be allowed to make of it. The authority may require the purchaser to file security to assure that the property will be given that use. In deciding the sale terms and conditions the authority may consider the nature of the proposed use and the relation of the use to the improvement of the authority's city and the business and the facilities of the authority in general. The sale must be made on the authority's terms and conditions. The authority may publish an advertisement for bids on the property at the same time and in the same manner as the notice of hearing required in this section. The authority may award the sale to the bid considered by it to be most favorable considering the price and the specified intended use. The authority may also sell the property at private sale at a negotiated price if after its hearing the authority considers that sale to be in the public interest and to further the aims and purposes of sections 13 to 33.*

*Subd. 5. [ONE-YEAR DEADLINE.] The purchaser shall, within one year from the date of purchase, devote the property to its intended use, or shall begin work on the improvements to the property to devote it to that use. If the purchaser fails to do so,*

*the authority may cancel the sale and title to the property shall return to it. The authority may extend the time to comply with a condition if the purchaser has good cause. The terms of sale may contain other provisions that the authority considers necessary and proper to protect the public interest. A purchaser must not transfer title to the property within one year of purchase without the consent of the authority.*

**Subd. 6. [COVENANT RUNNING WITH THE LAND.]** *A sale made under this section must incorporate in the deed as a covenant running with the land the conditions of sections 13 to 33 relating to the use of the land. If the covenant is violated the authority may declare a breach of the covenant and seek a judicial decree from the district court declaring a forfeiture and a cancellation of the deed.*

**Subd. 7. [PLANS; SPECIFICATIONS.]** *A conveyance must not be made until the purchaser gives the authority plans and specifications to develop the property sold. The authority must approve the plans and specifications in writing. The preparation of final plans and specifications before the hearing on the sale is not required by this subdivision but the authority may make that requirement.*

**Sec. 31. [458C.20] [ADVANCES BY AUTHORITY.]**

*An authority may advance its general fund money or its credit, or both, without interest, for the objects and purposes of sections 13 to 33. The advances must be repaid from the sale or lease, or both, of developed or redeveloped lands. If the money advanced for the development or redevelopment was obtained from the sale of the authority's general obligation bonds, then the advances must have not less than the average annual interest rate that is on the authority's general obligation bonds that are outstanding at the time the advances are made. The authority may advance repaid money for more objects and purposes of sections 13 to 33 subject to repayment in the same manner. The authority must still use rentals of lands acquired with advanced money to collect and maintain reserves to secure the payment of principal and interest on revenue bonds issued to finance economic development facilities, if the rentals have been pledged for that purpose under section 27. Advances made to acquire lands and to construct facilities for recreation purposes if authorized by law need not be reimbursed under this section. Sections 13 to 33 do not exempt lands leased from the authority to a private person, or entity from assessments or taxes against the leased property while the lessee is liable for the assessments or taxes under the lease.*

**Sec. 32. [458C.22] [CITY MAY LEVY TAXES FOR ECONOMIC DEVELOPMENT AUTHORITY.]**

**Subdivision 1. [CITY TAX LEVY.]** *A city may, at the request of the authority, levy a tax in any year for the benefit of*

*the authority. The tax must be for not more than .75 mill times the assessed valuation of taxable property in the city. The tax may be levied beyond levy limits in law. The amount levied must be paid by the city treasurer to the treasurer of the authority, to be spent by the authority.*

*Subd. 2. [REVERSE REFERENDUM.] A city may increase its levy for economic development authority purposes under subdivision 1 in the following way. Its city council must first pass a resolution stating the proposed amount of levy increase. The city must then publish the resolution together with a notice of public hearing on the resolution for two successive weeks in its official newspaper or if none exists in a newspaper of general circulation in the city. The hearing must be held two to four weeks after the first publication. After the hearing, the city council may decide to take no action or may adopt a resolution authorizing the proposed increase or a lesser increase. A resolution authorizing an increase must be published in the city's official newspaper or if none exists in a newspaper of general circulation in the city. The resolution is not effective if a petition requesting a referendum on the resolution is filed with the city clerk within 30 days of publication of the resolution. The petition must be signed by voters equaling five percent of the votes cast in the city in the last general election. The election must be held pursuant to the procedure specified in section 275.58.*

**Sec. 33. [458C.23] [SPECIAL LAW; OPTIONAL USE.]**

*A city that has established a port authority by special law or that has been granted the power to establish a port authority by special law, or a city whose city council has been authorized to exercise the powers of a port authority by special law may elect to use the powers granted in sections 13 to 33. If the election is made, the powers and duties set forth in sections 13 to 33 supersede the special law and the special law must not be used anymore. The use of powers under sections 13 to 33 by a city described in this section does not impair the security of any obligations issued or contracts or agreements executed under the special law. Control, authority, and operation of any project may be transferred to the authority in the manner provided in section 17.*

**Sec. 34. [LEGISLATIVE FINDINGS.]**

*The statement of policy and the findings of the legislature in enacting Laws 1957, chapter 812, are confirmed and apply equally to the exercise of powers by economic development authorities and statutory or home rule charter cities pursuant to sections 13 to 33.*

**Sec. 35. Minnesota Statutes 1984, section 462C.02, subdivision 6, is amended to read:**

Subd. 6. "City" means any statutory or home rule charter city, or any public body which (a) is the housing and redevelopment authority in and for a city, (OR) the port authority of a city, or an economic development authority of a city established under sections 13 to 33, and (b) is authorized by ordinance to exercise, on behalf of a city, the powers conferred by sections 462C.01 to 462C.08.

Sec. 36. Minnesota Statutes 1984, section 462C.02, subdivision 9, is amended to read:

Subd. 9. "Targeted area" means

(a) a development district established pursuant to section 472A.03,

(b) a development district established pursuant to Laws 1971, Chapter 677 as amended,

(c) a redevelopment project established pursuant to section 462.521,

(d) an industrial development district established pursuant to section 458.191,

(e) a census tract in which 70 percent or more of the families have income which is 80 percent or less of the statewide median family income as estimated by the United States department of housing and urban development, (OR)

(f) an area of chronic economic distress designated by the Minnesota housing finance agency, or

(g) an economic development district established pursuant to section 25.

Sec. 37. Minnesota Statutes 1985 Supplement, section 462C.-12, subdivision 2, is amended to read:

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 this chapter and chapter 462 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 developments 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 or *economic development authority established under sections 13 to 33* 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.

Sec. 38. Minnesota Statutes 1984, section 471.88, subdivision 1, is amended to read:

Subdivision 1. The governing body of any port authority, seaway port authority, *economic development authority*, town, school district, hospital district, county, or city, by unanimous vote, may contract for goods or services with an interested officer of the governmental unit in any of the following cases.

Sec. 39. Minnesota Statutes 1984, section 471.88, subdivision 9, is amended to read:

Subd. 9. When a port authority commissioner or *economic development authority commissioner* is engaged in or employed by a firm engaged in the business of importing or exporting or general trade, it shall be lawful for the authority to do business with the commissioner or his employer provided that in the fixing of any rates affecting shippers or users of the terminal facility, said commissioner shall not vote thereon.

Sec. 40. Minnesota Statutes 1984, section 471.88, subdivision 11, is amended to read:

Subd. 11. When a commissioner of any public housing (OR), port authority, or *economic development authority* is employed

by a bank engaged in making loans or performing trust services involving real or personal property affected by any plan or such housing or port authority, no restriction shall apply to any such loans made or trust services performed by said bank if the commissioner shall disclose the nature of such loans or trust services of which he has personal knowledge, which disclosure shall be entered upon the minutes of such authority.

Sec. 41. Minnesota Statutes 1985 Supplement, section 472B.04, is amended to read:

472B.04 [POWERS OF MUNICIPALITY.]

A municipality may, to accomplish the purposes of this chapter:

(1) exercise any or all powers enumerated in chapter 458, but only if the municipality has been granted authority to exercise the powers enumerated in *sections 13 to 33*, chapters 458, 462, 472, 472A, and 474, in conjunction with the powers granted by this chapter;

(2) provide public facilities pursuant to chapters 429, 430, and any charter provision or any special law;

(3) acquire, by lease, purchase, gift, condemnation, or otherwise, land or interests in land, and convey land or interests in land. A municipality is empowered to acquire by condemnation any property, property right or interest in property, corporate or incorporeal, within its boundaries which may be needed by it for a project, for access, including surface and subsurface access, for ventilation, or for any other purpose which it finds by resolution to be needed by it in connection with mined underground space development; and the fact that the property or interest in property so needed has been acquired by the owner under the power of eminent domain, or is already devoted to a public use, or is owned by the University of Minnesota, any city, county, school district, town, other municipality, or other governmental subdivision, railroad, or public or private utility, shall not prevent its acquisition by the municipality by the exercise of the right of eminent domain hereby conferred, provided the existing use thereof is not impaired; the necessity of the taking of any property or interest in property by the municipality shall be determined by resolution duly adopted by the governing body of the municipality, which shall describe the property or interest as nearly as it may be described and state the use and purpose to which it is to be devoted; except as otherwise provided in this chapter, the right of eminent domain shall be exercised in accordance with chapter 117, 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;

(4) acting alone or with others, acquire, purchase, construct, lease, mortgage, maintain, operate, and convey projects;



- (5) borrow money to carry out the purposes of this chapter;
- (6) enter into contracts, sue and be sued and do or accomplish all other acts and things necessary or convenient to carry out the purposes and policies of this chapter; and
- (7) exercise bonding authority as provided in section 472B.05.

Sec. 42. Minnesota Statutes 1984, section 474.02, subdivision 3, is amended to read:

Subd. 3. "Redevelopment agency" means any port authority referred to in chapter 458, or any city authorized by general or special law to exercise the powers of a port authority; *any economic development authority referred to in sections 13 to 33*; any housing and redevelopment authority referred to in chapter 462 or any body authorized to exercise the powers of a housing and redevelopment authority; and any area or municipal redevelopment agency referred to in chapter 472.

Sec. 43. Minnesota Statutes 1984, section 474.16, subdivision 2, is amended to read:

Subd. 2. "Local issuer" means any home rule charter or statutory city, any town, any housing and redevelopment authority referred to in chapter 462 or any body authorized to exercise the powers of a housing and redevelopment authority, any port authority referred to in chapter 458, *any economic development authority referred to in sections 13 to 33*, or any body authorized to exercise the powers of a port authority, any area or municipal redevelopment agency referred to in chapter 472, any county, or any other municipal authority or agency established pursuant to special law other than the iron range resources and rehabilitation board, acting as an issuer of obligations pursuant to law.

Sec. 44. [EFFECTIVE DATE.]

*This article is effective the day following final enactment.*

Delete the title and insert:

"A bill for an act relating to public administration; authorizing home rule charter or statutory cities to establish economic development districts; granting powers to cities and authorities; permitting Aitkin county to levy a tax for development purposes; permitting the city of Breezy Point to increase its levy; providing for certain tax refunds in Aitkin county; permitting the establishment and providing for the powers and duties of economic development authorities; permitting an agreement to finance library construction in the city of McGregor; permitting a land exchange; permitting the establishment of special service

districts in the cities of Cambridge and Lindstrom; amending Minnesota Statutes 1984, sections 116D.04, subdivision 1a; 117.521, subdivision 3; 272.01, subdivision 2; 273.72; 273.73, subdivisions 2 and 8; 273.86, subdivision 1; 355.11, subdivision 5; 375.09; 375.18, subdivision 7; 375A.11, subdivision 3; 375A.12, subdivisions 3 and 4; 383C.17; 462C.02, subdivisions 6 and 9; 465.72; 471.88, subdivisions 1, 9, and 11; 474.02, subdivision 3; and 474.16, subdivision 2; Minnesota Statutes 1985 Supplement, sections 273.75, subdivision 4; 353.01, subdivision 2a; 386.77; 395.08; 462C.12, subdivision 2; and 472B.04; proposing coding for new law in Minnesota Statutes, chapters 375 and 458; and proposing coding for new law as Minnesota Statutes, chapter 458C; repealing Minnesota Statutes 1984, sections 394.01; 394.02; 394.03; 394.04; and 394.05."

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

Senate Conferees: FLORIAN CHMIELEWSKI, BETTY A. ADKINS and JIM GUSTAFSON.

House Conferees: PAUL ANDERS OGREN, BEN BOO and LYNN H. BECKLIN.

Ogren moved that the report of the Conference Committee on S. F. No. 1793 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1793, A bill for an act relating to local government; permitting an agreement to finance library construction in McGregor.

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.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 127 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Boerboom	Dempsey	Frederickson	Himle
Anderson, R.	Brandl	DenOuden	Frerichs	Jacobs
Backlund	Brinkman	Dimler	Greenfield	Jaros
Battaglia	Brown	Dyke	Gruenes	Johnson
Beard	Burger	Elioff	Gutknecht	Kalis
Becklin	Carlson, D.	Ellingson	Halberg	Kelly
Begich	Carlson, L.	Erickson	Hartertinger	Kiffmeyer
Bennett	Clark	Fjoslien	Hartle	Knickerbocker
Bishop	Clausnitzer	Forsythe	Haukoos	Knuth
Blatz	Cohen	Frederick	Heap	Kostohryz

Krueger	Nelson, D.	Piper	Schoenfeld	Tomlinson
Kvam	Nelson, K.	Poppenhagen	Schreiber	Tompkins
Levi	Neuenschwander	Price	Seaberg	Tunheim
Lieder	Norton	Quinn	Segal	Uphus
Long	O'Connor	Quist	Shaver	Va'an
Marsh	Ogren	Redalen	Sherman	Vanasek
McDonald	Olsen, S.	Rees	Simoneau	Vellenga
McEachern	Olson, E.	Rest	Skoglund	Voss
McKasy	Omann	Rice	Solberg	Waltman
McLaughlin	Onnen	Richter	Sparby	Weile
McPherson	Osthoff	Riveness	Stanius	Wenzel
Metzen	Otis	Rodosovich	Staten	Wynia
Miller	Ozment	Rose	Sviggum	Spk. Jennings, D.
Minne	Pappas	Sarna	Thiede	
Munger	Peterson	Schafer	Thorson	
Murphy	Piepho	Scheid	Tjornhom	

Those who voted in the negative were:

Zaffke

The bill was repassed, as amended by Conference, and its title agreed to.

### MOTIONS AND RESOLUTIONS

Kelly moved that the names of Cohen and Norton be added as authors on House Concurrent Resolution No. 13. The motion prevailed.

Carlson, D., moved that the name of Stanius be added as an author on H. F. No. 1015. The motion prevailed.

Backlund moved that his name be stricken as an author on H. F. No. 2037. The motion prevailed.

Clausnitzer moved that the name of Boo be added as an author on H. F. No. 2391. The motion prevailed.

Thorson moved that the name of Zaffke be shown as chief author and Thorson be shown as second author on H. F. No. 2406. The motion prevailed.

Sarna and Kahn introduced:

House Resolution No. 53, A house resolution congratulating Holy Cross Catholic Church upon its centennial.

The resolution was referred to the Committee on Rules and Legislative Administration.

Forsythe introduced:

House Resolution No. 54, A house resolution congratulating the boys swimming and diving team from Edina High School for winning the 1986 Boys State High School Swimming and Diving Championship.

The resolution was referred to the Committee on Rules and Legislative Administration.

Redalen introduced:

House Resolution No. 55, A house resolution congratulating the Tigers boys basketball team from Peterson High School for winning the 1986 Class A Boys State High School Region 1 Basketball Championship.

#### SUSPENSION OF RULES

Redalen moved that the rules be so far suspended that House Resolution No. 55 be now considered and be placed upon its adoption. The motion prevailed.

#### HOUSE RESOLUTION NO. 55

A house resolution congratulating the Tigers boys basketball team from Peterson High School for winning the 1986 Class A Boys State High School Region 1 Basketball Championship.

*Whereas*, competitive sports in our high schools are helpful in teaching the principles of sportsmanship and fair play to our high school students, thereby contributing to better citizenship; and

*Whereas*, high school sports promote vigorous good health of the participants; and

*Whereas*, the Tigers from Peterson High School participated in the Class A Region 1 Tournament; and

*Whereas*, the Tigers as a team made an outstanding and determined effort to win the final game of the Region 1 tournament; and

*Whereas*, the Tigers won the 1986 Class A Region 1 Basketball Championship; and

*Whereas*, Peterson High School has only 49 students in grades 10 to 12 with a senior class of 17 of whom ten are on the basketball team; and

*Whereas*, Peterson 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 Tigers of Peterson High School on the accomplishments, skill, and determination of their boys basketball team and to the team's fans. In particular, congratulations are extended to team members Tony Atkinson, Steve Agrimson, Darren Boyum, Tim Flynn, Bruce Gudmundson, Mark Honsey, Jim Hildebrand, Steve Gorder, Garrick Larson, Pat Lee, Mike Lee, Ricky Olson, David Semmen, and Tim Skalet, team managers Travis Skalet and Toby Hatlevig, and to coaches Terry Highum and Terry Pelzl.

*Be It Further Resolved* that the Chief Clerk of the House of Representatives is instructed to prepare an enrolled copy of this resolution to be authenticated by his signature and that of the Speaker and transmit it to the principal of Peterson High School.

Redalen moved that House Resolution No. 55 be now adopted. The motion prevailed and House Resolution No. 55 was adopted.

Cohen, Vellenga and Knuth introduced:

House Resolution No. 56, A house resolution congratulating the Scots girls basketball team from Highland Park High School for winning the 1986 Class AA Girls State Runner-up Championship.

#### SUSPENSION OF RULES

Cohen moved that the rules be so far suspended that House Resolution No. 56 be now considered and be placed upon its adoption. The motion prevailed.

#### HOUSE RESOLUTION NO. 56

A house resolution congratulating the Scots girls basketball team from Highland Park High School for winning the 1986 Class AA Girls State High School Basketball Runner-up Championship.

*Whereas*, competitive sports in our high schools are helpful in teaching the principles of sportsmanship and fair play to our high school students, thereby contributing to better citizenship; and

*Whereas*, high school sports promote vigorous good health of the participants; and

*Whereas*, the Scots from Highland Park High School participated in the Class AA Girls State Tournament as one of just eight teams from among the many teams that originally participated in the tournament; and

*Whereas*, the Scots won the Region 3 AA championship; and

*Whereas*, the Scots as a team made an outstanding and determined effort to win the final game of the tournament; and

*Whereas*, the Scots won the 1986 Class AA Girls Basketball State Runner-up Championship; and

*Whereas*, the Scots finished the year with an outstanding 22 and 3 win-loss record; and

*Whereas*, Highland Park 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 Scots of Highland Park High School on the accomplishments, skill, and determination of their girls 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 instructed to prepare an enrolled copy of this resolution to be authenticated by his signature and that of the Speaker and transmit it to the principal of Highland Park High School.

Cohen moved that House Resolution No. 56 be now adopted. The motion prevailed and House Resolution No. 56 was adopted.

Vanasek moved that the House now consider the Conference Committee Report on H. F. No. 1815. The Speaker ruled the Vanasek motion out of order.

#### MOTION TO ADJOURN SINE DIE

Levi moved that the House adjourn sine die.

A roll call was requested and properly seconded.

#### POINT OF ORDER

Levi raised a point of order pursuant to section 126 of "Mason's Manual of Legislative Procedure," relating to complaints against the presiding officer. The Speaker ruled the point of order well taken.

The question was taken on the Levi motion to adjourn sine die and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 68 yeas and 26 nays as follows :

Those who voted in the affirmative were :

Backlund	Erickson	Kiffmeyer	Pauly	Sviggum
Becklin	Forsythe	Knickerbocker	Picpho	Thiede
Bennett	Frederick	Kvam	Poppenhagen	Thorson
Blatz	Frederickson	Levi	Quist	Tjornhom
Boerboom	Frerichs	Marsh	Redalen	Tompkins
Boo	Gruenes	McDonald	Rees	Uphus
Burger	Gutknecht	McKasy	Richter	Valan
Carlson, D.	Hartinger	McPherson	Rose	Vaiento
Carlson, J.	Hartle	Metzen	Schafer	Waltman
Clausnitzer	Haukoos	Miller	Schreiber	Wenzel
Dempsey	Heap	Olsen, S.	Seaberg	Zaffke
DenOuden	Himle	Omann	Shaver	Spk. Jennings, D.
Dimler	Jacobs	Onnen	Sherman	
Dyke	Johnson	Ozment	Stanius	

Those who voted in the negative were :

Anderson, G.	Kalis	McLaughlin	Rest	Sparby
Beard	Kelly	Norton	Rodosovich	Staten
Carlson, L.	Knuth	Osthoff	Scheid	Tunheim
Cohen	Kostelnyz	Peterson	Schoenfeld	Welle
Greenfield	Lieder	Price	Simoneau	Wynia
Kahn				

The motion prevailed and the Speaker declared the House adjourned sine die.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

COMMUNICATIONS AND ANNOUNCEMENTS RECEIVED  
SUBSEQUENT TO ADJOURNMENT

The following communications were received:

## MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 229, A bill for an act relating to retirement; public plans generally; extending the time for termination of service to qualify for early retirement without reduction of annuities; providing health insurance benefits for certain retired teachers; changing eligibility requirements for surviving spouse benefits; regulating coverage under the unclassified employees retirement program; amending Minnesota Statutes 1984, sections 62E.14, subdivision 1; 352.12, subdivision 2; 352.91, by adding a subdivision; 352D.01; 352D.015, subdivision 5; 352D.02; 352D.06, subdivision 1; 352D.065, subdivision 5; 352D.085, subdivision 1; 353.32, subdivision 1a; 354.05, subdivisions 2 and 26; 354.44, subdivision 4; 354.46, subdivision 2; and 354A.35, subdivision 2; Minnesota Statutes 1985 Supplement, sections 136C.50, subdivision 7; 353.01, subdivision 2a; 353.657, subdivision 2a; 354.55, subdivision 11; 356.215, subdivision 4d; and 356.70, subdivision 1; Laws 1985, First Special Session chapter 7, section 31, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 62E.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 654, A bill for an act relating to crime; establishing terms of imprisonment for the crime of selling larger quantities of schedule II narcotics and hallucinogens; imposing a tax on marijuana and controlled substances; providing for the crime of using force or threats against revenue department employees; establishing a minimum jail term for burglary of a dwelling; amending Minnesota Statutes 1984, sections 152.15, subdivisions 1, 4, and 5; 609.50; 609.582, by adding a subdivision; and 609.583; proposing coding for new law as Minnesota Statutes, chapter 297D.



The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 1599, A bill for an act relating to agriculture; establishing the rural finance administration; authorizing the sale of state bonds; ratifying and approving an interstate compact on agricultural grain marketing; authorizing development of a plan for a memorial to Native Americans; establishing a mediation procedure; re-enacting an interest buydown program; authorizing certain deficiency judgments; prescribing a procedure to determine the amount of certain agricultural deficiency judgments; providing for farm advocate guidelines; reactivating the data collection task force; authorizing additional interest payments to certain family farm security program sellers; increasing the allowable width of certain trucks; authorizing trucks hauling sugar beets or potatoes to be overweight during certain periods; declaring crop ownership; prescribing a procedure for planting crop owners to recover crop value; providing for a lien; prescribing satisfaction and enforcement of liens; modifying venue to recover possession of personal property; allowing designation, sale and redemption of an agricultural homestead that is executed on and sold as part of other property; allowing designation, sale, and redemption of a homestead foreclosed on or part of other property; establishing filing requirements, enforcement, and priority of veterinarian's liens; declaring state policy relating to wild rice; increasing the homestead exemption to 160 acres; exempting agricultural property for certain purposes; providing certain rights of first refusal; establishing a legal services support program; protecting certain conservation practices; changing the agricultural land preservation pilot program; protecting certain rights-of-way from erosion; changing certain variances requiring a study; authorizing certain soil and water purification tests; appropriating money and authorizing issuance of bonds; excluding certain capital gains; amending Minnesota Statutes 1984, sections 138.585, by adding a subdivision; 160.27, subdivision 5; 169.01, subdivision 7; 169.80, subdivision 1; 169.81, subdivisions 2 and 3; 169.825, subdivisions 8, 10, 11, and by adding a subdivision; 169.832, by adding a subdivision; 169.86, subdivisions 2 and 5; 290.08, by adding a subdivision; 336.9-501; 480.24, by adding a subdivision; 480.242, subdivision 2; 500.24, by adding subdivisions; 510.02; 514.92; 542.06; 572.33, subdivision 1, and by adding a subdivision; 572.35; 580.23, subdivision 1; 581.09; Minnesota Statutes 1985 Supplement, sections 40.26; 92.50, subdivision 1; 92.501, subdivisions 1 and 2; 160.232; 168.013, sub-

division 1e; 169.862; 221.033, subdivision 3; 256.73, subdivision 2; 290.01, subdivision 20b; 290.091, subdivision 2; 290.491; 473H.10, subdivision 3; Laws 1985, chapter 19, section 2, subdivision 2, and by adding a subdivision, and section 6, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 17; 40A; 116; 222; 273; 480; 514; 550; 557; 559; 572; 580; 581; 582; and 583; proposing coding for new law as Minnesota Statutes, chapters 41B; and 236A; repealing Minnesota Statutes 1984, sections 561.11; 561.12; 561.13; 561.14; 561.15; 561.16; and 582.04.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. 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:

H. F. No. 1677, A bill for an act relating to libraries; changing the way the department of education provides certain information and other services; allowing mayors to appoint non-residents to city library board under certain circumstances; updating maintenance of effort exceptions; requiring the commissioner of education to cooperatively develop a plan for automation of state agency libraries; amending Minnesota Statutes 1984, sections 121.496; 134.09, subdivision 1; 134.31, subdivisions 2 and 3; and 134.34, subdivision 5.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 1744, A bill for an act relating to education; making technical changes to the definition of a school; providing for limited reporting by a parent providing instruction in a home; prohibiting certain proceedings against a parent providing instruction in a home; establishing a task force to make recommendations about compulsory attendance laws; amending Minnesota Statutes 1984, section 120.10, subdivision 2, and by adding subdivisions.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 1782, A bill for an act relating to natural resources; enacting the lake improvement district act; providing for the creation, powers, and termination of lake improvement districts; amending Minnesota Statutes 1984, sections 378.41; 378.-42; 378.43; 378.44; 378.46; 378.47; 378.51; 378.52; 378.54; 378.55; 378.56; 378.57; and 459.20; proposing coding for new law in Minnesota Statutes, chapter 378.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 1824, A bill for an act relating to statutes; adopting as amended a gender neutral revision of Minnesota Statutes; providing for no substantive change; granting certain editorial authority to the revisor of statutes; amending Minnesota Statutes 1984, sections 3C.10, subdivision 1; and 645.44, by adding a subdivision.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 1860, A bill for an act relating to metropolitan government; defining metropolitan agency; providing for appointments, administration, reports, and duties of metropolitan agencies; recodifying certain provisions: amending Minnesota Statutes 1984, sections 473.121, subdivisions 6 and 11, and by adding a subdivision; 473.123, subdivisions 2a, 3, and 3a; 473.-141, subdivisions 1, 2, 3, 4, and 4a; 473.146, subdivisions 1, 2, and 3; 473.149, subdivision 3; 473.161; 473.163, subdivisions 1 and 2; 473.171, subdivisions 1 and 2; 473.173, subdivisions 3

and 4; 473.194; 473.195, subdivision 4; 473.199; 473.201, subdivision 2; 473.245; 473.249, subdivision 1; 473.303, subdivisions 2, 4a, and 6; 473.373, subdivision 1; 473.377, subdivision 1; 473.409; 473.516, subdivision 2; 473.523, subdivisions 1 and 2; 473.535; 473.553, subdivision 4; 473.704, by adding a subdivision; 473.711, subdivision 4; 473.811, subdivision 7; 473.823, subdivision 3; 473.852, subdivision 8; Minnesota Statutes 1985 Supplement, sections 473.167, subdivision 3; 473.373, subdivision 4; 473.38, subdivision 2; and 473.39, subdivisions 1 and 1a; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1984, sections 473.01 to 473.11; 473.121, subdivisions 7 and 9; 473.128; 473.163, subdivisions 3 and 4; 473.193; 473.203; 473.215 to 473.219; 473.373, subdivision 3; 473.377, subdivisions 2 and 3; 473.38, subdivision 1; 473.502; 473.523, subdivision 3; and 473.802.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 1863. A bill for an act relating to crimes; providing for the waiver of the right to counsel in juvenile proceedings; clarifying the crime of failing to file a tax return; creating a presumption that property acquired during the course of certain crimes are "proceeds" of the crime for purposes of forfeiture law; amending Minnesota Statutes 1984, section 260.155, subdivision 8, and by adding a subdivision; and Minnesota Statutes 1985 Supplement, sections 290.92, subdivision 15; and 609.531, subdivision 2.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 1875. A bill for an act relating to public and municipal corporations; creating a public corporation to provide health care services, education, and research; providing for

governance of St. Paul Ramsey Medical Center and creation of a physicians and dentists subsidiary; providing for the imposition and use of certain taxes on lodging; providing for the redesign, reconstruction, and widening of Lexington avenue south of Larpenteur avenue; amending Laws 1977, chapter 402, section 2; Laws 1982, chapter 523, article 25, section 1; proposing coding for new law as Minnesota Statutes, chapter 246A; repealing Minnesota Statutes 1984, section 383A.41, as amended.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 1886, A bill for an act relating to public administration; providing for administration of Hennepin county and Minneapolis public offices; regulating certain property tax appeals; changing notice requirements for special assessments; regulating public funds deposits; amending Minnesota Statutes 1984, sections 144.214, subdivision 1; 278.05, subdivisions 1 and 4; 278.07; 278.08, subdivision 1; 325E.025, subdivision 2; 429.061, subdivision 2; and 475.66, subdivision 2; Minnesota Statutes 1985 Supplement, sections 271.01, subdivision 5; 278.01, subdivision 1; 429.061, subdivision 1; 475.66, subdivision 1; and 475.76, subdivision 1; and Laws 1969, chapter 937, section 1, subdivisions 1, as amended, 9, as amended, 11 and 15, and by adding subdivisions.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 1919, A bill for an act relating to education; imposing a limit on participation; eliminating state tuition reimbursement for courses taken for post-secondary credit; making other modifications to the post-secondary enrollment options

act; requiring the University of Minnesota, state university board, and state board for community colleges to develop policies for awarding post-secondary credit for advanced placement programs; amending Minnesota Statutes 1985 Supplement, section 123.3514, subdivisions 3, 4, 5, 6, 8, 10, and by adding subdivisions; Laws 1985, First Special Session chapter 12, article 5, section 7; proposing coding for new law in Minnesota Statutes, chapter 135A.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 1930, A bill for an act relating to law enforcement; barring traffic citation quotas; barring game and fish citation quotas; proposing coding for new law in Minnesota Statutes, chapters 84 and 299D.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 2014, A bill for an act relating to elections; providing for transfer of certain campaign debts; making changes in registration, caucuses, ballots, affidavits of candidacy and withdrawal, nominations, and election certificates; changing certain reporting requirements; amending Minnesota Statutes 1984, sections 201.018, subdivision 2; 201.12, subdivision 2; 201.15, subdivision 1; 202A.11, subdivision 2; 202A.16, subdivision 1; 204B.03; 204B.06, subdivision 1; 204B.07, subdivisions 1 and 4; 204B.09, subdivision 1; 204B.10, by adding a subdivision; 204B.12, subdivision 3; 204B.35, subdivision 2; 204C.40, subdivision 1; 204D.11, subdivisions 3, 5, and 6; 206.71, by adding a subdivision; and 208.03; Laws 1980, chapter 362, section 8, subdivision 1; and proposing coding for new law in Minnesota Statutes, chapter 10A.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 2287, A bill for an act relating to local government financing; allocating issuance authority for obligations subject to a federal volume limitation act; authorizing issuance of bonds; giving local governments certain powers; prescribing pollution control agency procedures; providing for wastewater treatment control; amending Minnesota Statutes 1984, sections 115.07, subdivision 1; 115A.14, subdivision 4; 124.214, by adding a subdivision; 273.1314, by adding a subdivision; 273.73, subdivision 10; 273.75, subdivision 2; 273.77; 298.2211, subdivision 1; 412.301; 429.091, subdivision 8; 430.12; 459.35; 462.556; 462A.03, subdivision 13; 462C.02, subdivision 6; 462C.06; 462C.07, subdivision 1; 471.59, subdivision 11; 472.09, subdivision 8; 474.01, subdivisions 6 and 7b; 474.02, by adding a subdivision; 475.55, subdivision 1, and by adding a subdivision; 475.77; Minnesota Statutes 1985 Supplement, sections 273.1314, subdivision 16a; 273.75, subdivision 4; 458.1941; 462.445, subdivision 13; 475.56; 475.60, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 115, 116, 297A, 340A, and 475; proposing coding for new law as Minnesota Statutes, chapters 471A, 474A; repealing Minnesota Statutes 1984, sections 462C.09, subdivision 4; 474.16, subdivisions 1, 2, and 5; 474.21; 474.25; Minnesota Statutes 1985 Supplement, sections 116J.58, subdivision 4; 462C.09, subdivisions 1, 2a, 3, 5, and 6; 474.16, subdivisions 3, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15; 474.17; 474.19; 474.20; 474.23; and 474.26.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 2294, A bill for an act relating to St. Louis county; education and labor; removing persons from civil service in independent school district No. 709, Duluth; providing for grants for hot lunches in rural schools; amending Laws 1967, chapter 252, section 2, as amended; proposing coding for new law in Minnesota Statutes, chapter 383C; repealing Minnesota Statutes 1984, section 383C.391.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVER, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 2331, A bill for an act relating to gambling; prohibiting certain betting practices relating to horse racing; requiring persons appointed to the charitable gambling control board to be confirmed by the senate; permitting the board to impose civil penalties; permitting local investigation fees: creating a new class of license for raffles; changing requirements for distributors; requiring the registration of manufacturers; providing for collection of certain taxes by distributors; changing reporting and recordkeeping requirements for organizations; providing for maximum prizes for pull-tabs; requiring towns to be notified; exempting certain organizations from regulation and taxation; amending Minnesota Statutes 1984, sections 240.25, subdivision 2; 240.26, subdivisions 1 and 2; 349.12, subdivisions 13 and 17, and by adding a subdivision; 349.15; 349.151, subdivisions 2 and 4; 349.16, subdivision 3, and by adding a subdivision: 349.161, subdivision 1, and by adding a subdivision; 349.162; 349.17, by adding a subdivision; 349.18, subdivision 2; 349.19, subdivisions 5 and 6; 349.211, by adding a subdivision; 349.212; 349.213; 349.214, subdivision 2, and by adding a subdivision; 349.31, subdivision 1; 609.75, subdivision 3; and 609.761; Minnesota Statutes 1985 Supplement, section 349.212, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 349.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVER, Secretary of the Senate



**Mr. Speaker:**

I hereby announce that the Senate refuses to concur in the House amendments to:

S. F. No. 1648, A bill for an act relating to firearms; permitting certain licensed dealers and manufacturers to own or possess machine guns and short-barreled shotguns for certain purposes; amending Minnesota Statutes 1984, section 609.67, subdivisions 3 and 4.

And the Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee Mr. Belanger, Ms. Berglin and Mr. Nelson.

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

**Mr. Speaker:**

I hereby announce the adoption by the Senate of the following House Concurrent Resolution, herewith returned:

House Concurrent Resolution No. 15, A concurrent resolution establishing days of remembrance of the victims of the Holocaust.

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. 16, A concurrent resolution relating to the delivery of bills to the governor after final adjournment.

PATRICK E. FLAHAVEN, Secretary of the Senate

STATE OF MINNESOTA  
OFFICE OF THE GOVERNOR  
SAINT PAUL 55155

March 14, 1986

The Honorable David M. Jennings  
Speaker of the House  
463 State Office Building  
St. Paul, Minnesota 55155

Dear Sir:

I have the honor of informing you that I have received, signed, and deposited in the Office of the Secretary of State the following House Files:

H. F. No. 1727, relating to agriculture; moving Wadena county from area one to area four for purposes of potato industry promotion.

H. F. No. 2265, relating to juvenile justice; providing for membership terms, removal, and filling of vacancies on the juvenile justice advisory committee.

Sincerely,

RUDY PERPICH  
Governor

STATE OF MINNESOTA  
OFFICE OF THE GOVERNOR  
SAINT PAUL 55155

March 17, 1986

The Honorable David M. Jennings  
Speaker of the House  
463 State Office Building  
St. Paul, Minnesota 55155

Dear Sir:

I have the honor of informing you that I have received, signed, and deposited in the Office of the Secretary of State the following House File:

H. F. No. 2317, relating to corporations; providing for the resignation of registered agents of foreign corporations.

Sincerely,

RUDY PERPICH  
Governor

STATE OF MINNESOTA  
OFFICE OF THE SECRETARY OF STATE  
ST. PAUL 55155

March 17, 1986

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 1986 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:

<i>S.F.</i> No.	<i>H.F.</i> No.	<i>Session Laws</i> <i>Chapter No.</i>	<i>Date Approved</i> 1986	<i>Date Filed</i> 1986
	1727	318	March 14	March 14
	2265	319	March 14	March 14
496		320	March 14	March 14
1349		321	March 14	March 14
1597		322	March 14	March 14
1851		323	March 14	March 14
2069		324	March 17	March 17
2018		325	March 17	March 17
1919		326	March 17	March 17
1797		327	March 17	March 17
1794		328	March 17	March 17
1742		329	March 17	March 17
5		330	March 17	March 17
	2317	331	March 17	March 17

Sincerely,

JOAN ANDERSON GROWE  
Secretary of State

STATE OF MINNESOTA  
OFFICE OF THE GOVERNOR  
SAINT PAUL 55155

March 19, 1986

The Honorable David M. Jennings  
Speaker of the House  
463 State Office Building  
St. Paul, Minnesota 55155

Dear Sir:

I have the honor of informing you that I have received, signed, and deposited in the Office of the Secretary of State the following House Files:

H. F. No. 671, relating to financial institutions; authorizing interstate acquisition and formation of banks between this state and certain other states on a reciprocal basis.

H. F. No. 1800, relating to local government; authorizing the counties of Becker, Grant, Hubbard, Otter Tail, Stevens, Todd, Traverse, Wadena, and Wilkin to enter into contracts and agreements for solid waste management.

H. F. No. 1807, relating to local government; providing for the coordination of various development authorities in the city of Moorhead and Clay county; providing an exception from the Moorhead police civil service system for the chief and deputy chief of police.

H. F. No. 1821, relating to real property; requiring condominium plats after July 31, 1986; requiring certification by a registered land surveyor only, that condominium plat accurately depicts certain required information.

H. F. No. 1897, relating to commerce; motor fuel franchises; extending the temporary prohibition on certain building alterations that eliminate service bays.

H. F. No. 1980, relating to state government; authorizing the Indian affairs council to enter contracts and to accept grants and gifts.

H. F. No. 2111, relating to the city of Medina; authorizing a payment by the city for utility construction.

H. F. No. 2143, relating to utilities; permitting certain energy cost adjustments.

H. F. No. 2236, relating to the city of Grand Rapids; permitting the creation of the Central School commission.

H. F. No. 2418, relating to Washington county; permitting the county to finance water systems on behalf of cities and towns in the county by the issuance of county general obligation bonds.

H. F. No. 651, relating to health; authorizing inclusion of physical fitness therapies in grant programs for the mentally ill; providing for study of the administration of mental health services; requiring a report to the legislature.

H. F. No. 1664, relating to local government; regulating contracts for the purchase of fuel by a municipality required for generation of municipal power; allowing municipalities to contract to buy sheltered workshop products without getting competitive bids.

H. F. No. 1730, relating to crime; correcting certain erroneous, omitted, and obsolete references in and to the criminal sexual conduct statutes; clarifying requirements in investigation of child abuse.

H. F. No. 1773, relating to consumer protection; regulating the distribution of tobacco products; providing remedies; clarifying a definition.

H. F. No. 1806, relating to financial institutions; permitting state banks and credit unions to offer self-directed individual retirement accounts; removing loans made by the energy and economic development authority from a bank's lending limitations.

H. F. No. 1838, relating to agriculture; defining "milk", "skim milk", and "lowfat milk".

H. F. No. 1871, relating to veterans; providing for payment of compensation to certain patients and residents of state institutions.

H. F. No. 1926, relating to state investments; establishing various accounts within the supplemental investment fund; providing for the administration of the accounts and for the investment and valuation of shares within each account.

H. F. No. 1940, relating to Stearns county; authorizing the Stearns county board to designate the county auditor as the local registrar of the county.

H. F. No. 1984, relating to commerce; regulating securities; regulating the assignment of certain real property loans and the administration of certain escrow accounts; providing certain exemptions; regulating real estate brokers and salespersons;

modifying re-examination requirements; providing trust account requirements for licensees acting as principals; granting certain enforcement powers to the commissioner; providing certain remedies; requiring storage of abstracts of title within Minnesota.

H. F. No. 2035, relating to retirement; police and firefighters' relief associations; standardizing auditing requirements; clarifying various duties and responsibilities in the management of local associations; auditing, financial reporting, and state aid for the Winona police relief association.

H. F. No. 2068, relating to the city of Litchfield; permitting certain investments of municipal power agency funds.

H. F. No. 2017, relating to crimes; opening juvenile court hearings to the public in certain circumstances; making certain videotaped statements admissible in proceedings involving physical or sexual abuse against a child.

H. F. No. 2023, relating to elections; changing certain procedures in absentee voting; increasing minimum number of election judges in certain precincts; changing certain official ballots for judicial candidates; requiring vendor bonds for certain voting systems; requiring public notice and demonstration for new voting equipment; authorizing standard ballot format; limiting number of ballots at single counting centers.

H. F. No. 2185, relating to state government; providing for the purchase, use, administration, or disposal of certain fees, services, and property within the jurisdiction of the commissioner of administration.

H. F. No. 2195, relating to the city of McIntosh; authorizing the city to issue bonds in excess of its net debt limitations.

H. F. No. 2216, relating to land surveying; providing for the surveying of lands by a county board; providing for the establishment of an office of county surveyor or the assignment of its duties; increasing the amount the Olmsted county board may appropriate annually for use as a contingent fund; providing a penalty.

H. F. No. 2344, relating to St. Louis county; making certain offices appointive; allowing the county board to assign certain offices to the unclassified service.

H. F. No. 2351, relating to state real estate; permitting the sale of the old Shakopee correctional facility to the local government units.

H. F. No. 2464, relating to the city of Bowlus; permitting the city to exceed its debt limit for a firehall.

Sincerely,  
RUDY PERPICH  
Governor

STATE OF MINNESOTA  
OFFICE OF THE SECRETARY OF STATE  
ST. PAUL 55155

March 19, 1986

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 1986 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:

<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Date Approved 1986</i>	<i>Date Filed 1986</i>
1319		332	March 19	March 19
1701		333	March 19	March 19
1886		334	March 19	March 19
1939		335	March 19	March 19
2035		336	March 19	March 19
2079		337	March 19	March 19
2094		338	March 19	March 19
	671	339	March 19	March 19
	1800	340	March 19	March 19
	1807	341	March 19	March 19
	1821	342	March 19	March 19

<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Date Approved 1986</i>	<i>Date Filed 1986</i>
	1897	343	March 19	March 19
	1980	344	March 19	March 19
	2111	345	March 19	March 19
	2143	346	March 19	March 19
	2236	347	March 19	March 19
	2418	348	March 19	March 19
	651	349	March 19	March 19
	1664	350	March 19	March 19
	1730	351	March 19	March 19
	1773	352	March 19	March 19
	1806	353	March 19	March 19
	1838	354	March 19	March 19
	1871	355	March 19	March 19
	1926	356	March 19	March 19
	1940	357	March 19	March 19
	1984	358	March 19	March 19
	2035	359	March 19	March 19
	2068	360	March 19	March 19
	2017	361	March 19	March 19
	2023	362	March 19	March 19
	2185	363	March 19	March 19
	2195	364	March 19	March 19
	2216	365	March 19	March 19
	2344	366	March 19	March 19
	2351	367	March 19	March 19



<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Date Approved 1986</i>	<i>Date Filed 1986</i>
	2464	368	March 19	March 19
1441		369	March 19	March 19
1515		370	March 19	March 19
1580		371	March 19	March 19
1619		372	March 19	March 19
1642		373	March 19	March 19
1680		374	March 19	March 19
1703		375	March 19	March 19
1823		376	March 19	March 19
1848		377	March 19	March 19
1914		378	March 19	March 19
1966		379	March 19	March 19
2135		380	March 19	March 19
2245		381	March 19	March 19

Sincerely,

JOAN ANDERSON GROWE  
Secretary of State

STATE OF MINNESOTA  
OFFICE OF THE GOVERNOR  
SAINT PAUL 55155

March 20, 1986

The Honorable David M. Jennings  
Speaker of the House  
463 State Office Building  
St. Paul, Minnesota 55155

Dear Sir:

I have the honor of informing you that I have received, signed, and deposited in the Office of the Secretary of State the following House Files:

H. F. No. 628, relating to natural resources; providing for conservation easements on marginal agricultural lands; improving fish and wildlife habitat; requiring planning for wildlife resources and habitat management; creating a private match program; changing the funding source for certain county payments; creating new accounts in the state treasury; authorizing the sale of state bonds; appropriating money.

H. F. No. 2427, relating to state lands; authorizing exchange of state property with Minnesota transportation museum property.

H. F. No. 839, relating to crimes; prohibiting escape from custody by certain mental patients.

Sincerely,  
**RUDY PERPICH**  
 Governor

STATE OF MINNESOTA  
 OFFICE OF THE SECRETARY OF STATE  
 ST. PAUL 55155

March 20, 1986

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 1986 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:

<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Date Approved 1986</i>	<i>Date Filed 1986</i>
1975		382	March 20	March 20
	628	383	March 20	March 20
	2427	384	March 20	March 20
	839	385	March 20	March 20
1526		386	March 20	March 20

Sincerely,  
**JOAN ANDERSON GROWE**  
 Secretary of State

STATE OF MINNESOTA  
OFFICE OF THE GOVERNOR  
SAINT PAUL 55155

March 21, 1986

The Honorable David M. Jennings  
Speaker of the House  
463 State Office Building  
St. Paul, Minnesota 55155

Dear Sir:

I have the honor of informing you that I have received, signed, and deposited in the Office of the Secretary of State the following House Files:

H. F. No. 1185, relating to transportation; advertising devices; authorizing advertising on certain telephone booths.

H. F. No. 1844, relating to crimes; creating certain crimes against an unborn child; prohibiting acts which cause the death of or injury to an unborn child; imposing penalties.

H. F. No. 1911, relating to natural resources; authorizing watershed management organizations to establish taxing districts within minor watershed units of watersheds.

H. F. No. 2100, relating to agriculture; state agricultural society; removing the time and geographical restrictions on the society's ability to impose certain restrictions on performers at the state fairgrounds.

H. F. No. 2123, relating to the city of Bloomington; authorizing the city to impose certain taxes; increasing the distribution levy from the metropolitan revenue distribution for the city for a specific time period; permitting the city to establish a special taxing district; authorizing the port authority of the city to pledge certain tax revenues to pay certain bonds and permitting it to develop leased land; authorizing development in accordance with the Generic EIS and Generic Indirect Source Permit.

H. F. No. 2329, relating to Dakota county; authorizing the issuance of bonds for the construction of library buildings and an annual levy for debt retirement.

H. F. No. 2394, relating to veterans; requiring the POW-MIA flag to be flown on the capitol; providing for the use of department of veterans affairs resources by certain organizations.

Sincerely,

RUDY PERPICH  
Governor

STATE OF MINNESOTA  
 OFFICE OF THE SECRETARY OF STATE  
 ST. PAUL 55155

March 21, 1986

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 1986 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:

<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Date Approved 1986</i>	<i>Date Filed 1986</i>
	1185	387	March 21	March 21
	1844	388	March 21	March 21
	1911	389	March 21	March 21
	2100	390	March 21	March 21
	2123	391	March 21	March 21
	2329	392	March 21	March 21
	2394	393	March 21	March 21
912		394	March 21	March 21
1581		395	March 21	March 21
1671		396	March 21	March 21
1782		397	March 21	March 21

Sincerely,

JOAN ANDERSON GROWE  
 Secretary of State

STATE OF MINNESOTA  
OFFICE OF THE GOVERNOR  
SAINT PAUL 55155

March 24, 1986

The Honorable David M. Jennings  
Speaker of the House  
463 State Office Building  
St. Paul, Minnesota 55155

Dear Sir:

I have the honor of informing you that I have received, signed, and deposited in the Office of the Secretary of State the following House Files:

H. F. No. 1599, relating to agriculture; establishing the rural finance administration; authorizing the sale of state bonds; ratifying and approving an interstate compact on agricultural grain marketing; authorizing development of a plan for a memorial to Native Americans; establishing a mediation procedure; re-enacting an interest buy-down program; authorizing certain deficiency judgments; prescribing a procedure to determine the amount of certain agricultural deficiency judgments; providing for farm advocate guidelines; reactivating the data collection task force; authorizing additional interest payments to certain family farm security program sellers; increasing the allowable width of certain trucks; authorizing trucks hauling sugar beets or potatoes to be overweight during certain periods; declaring crop ownership; prescribing a procedure for planting crop owners to recover crop value; providing for a lien; prescribing satisfaction and enforcement of liens; modifying venue to recover possession of personal property; allowing designation, sale and redemption of an agricultural homestead that is executed on and sold as part of other property; allowing designation, sale and redemption of a homestead foreclosed on or part of other property; establishing filing requirements, enforcement, and priority of veterinarian's liens; declaring state policy relating to wild rice; increasing the homestead exemption to 160 acres; exempting agricultural property for certain purposes; providing certain rights of first refusal; establishing a legal services support program; protecting certain conservation practices; changing the agricultural land preservation pilot program; protecting certain rights-of-way from erosion; changing certain variances requiring a study; authorizing certain soil and water purification tests; appropriating money and authorizing issuance of bonds; excluding certain capital gains.

H. F. No. 450, relating to children; establishing a state children's trust fund for the prevention of child abuse and neglect; establishing an advisory council to assist the commissioner of public safety in administering the fund; creating a surcharge on certified copies of birth certificates to fund the trust fund; appropriating money.

H. F. No. 1793, relating to natural resources; authorizing stocking of fish in certain streams where public access is granted; regulating certain repairs to drainage ditches in Anoka county.

H. F. No. 1968, relating to environment; prohibiting certain disposal of hazardous waste; providing for the selection of locations for and developers of hazardous waste stabilization and containment facilities; authorizing establishment of county solid waste management service areas; providing for financing of certain improvements; authorizing the city of Babbitt to exercise certain powers for solid waste management purposes; authorizing St. Louis county to enter into joint powers agreements with the city of Babbitt.

H. F. No. 1970, relating to state lands; prescribing appraisal for conveyance of surplus state land in Dakota county to the city of Hastings.

H. F. No. 2051, relating to the city of St. Paul; permitting the establishment of special service districts in the city and providing taxing and other authority.

H. F. No. 2081, relating to human services; directing the commissioner of human services to create a mental health service system; setting forth requirements for a mental health service system.

H. F. No. 2138, relating to natural resources; disposition of wild rice license fees; extending the effective date of Laws 1984, chapter 539.

H. F. No. 2256, relating to partnerships; revising the Uniform Limited Partnership Act; stating duties and powers of limited partners and partnerships.

H. F. No. 2263, relating to corporations; regulating control share acquisitions; providing for solicitations of proxies and meetings of shareholders.

H. F. No. 2466, relating to natural resources; authorizing additions to and deletions from certain state parks and recreational areas; providing for the maintenance of roads; providing access to Forestville state park.

H. F. No. 2405, relating to the city of Minneapolis; changing the time of election of certain board members; extending certain terms.

H. F. No. 1772, relating to courts; increasing fees to be collected; clarifying existing fee statutes; increasing the penalty assessment imposed on persons convicted of crimes; clarifying

the purpose for which it may be used; providing for the standard of care of trustees; authorizing certain investments of trust property; providing for powers of trustees.

H. F. No. 1782, relating to natural resources; enacting the lake improvement district act; providing for the creation, powers, and termination of lake improvement districts.

H. F. No. 1824, relating to statutes; adopting as amended a gender neutral revision of Minnesota Statutes; providing for no substantive change; granting certain editorial authority to the revisor of statutes.

H. F. No. 1835, relating to crimes; prohibiting the solicitation of children to engage in sexual conduct; clarifying certain language relating to deprivation of parental rights; requiring certain notifications; imposing a penalty.

H. F. No. 1863, relating to crimes; providing for the waiver of the right to counsel in juvenile proceedings; clarifying the crime of failing to file a tax return; creating a presumption that property acquired during the course of certain crimes are "proceeds" of the crime for the purposes of forfeiture law.

H. F. No. 1919, relating to education; imposing a limit on participation; eliminating state tuition reimbursement for courses taken for post-secondary credit; making other modifications to the post-secondary enrollment options act; requiring the University of Minnesota, state university board, and state board of community colleges to develop policies for awarding post-secondary credit for advanced placement programs.

H. F. No. 2012, relating to crimes; imposing a duty on the juvenile court to insure family reunification; increasing penalties for soliciting or inducing an individual under the age of 13 to practice prostitution; imposing criminal liability on persons who receive profit from prostitution if they have reason to know it was derived from prostitution; imposing criminal penalties on persons who allow juvenile prostitutes to reside in their dwelling; providing for a penalty assessment; authorizing counties to develop a program of intervention services for juvenile prostitutes.

H. F. No. 2169, relating to public lands; providing for maximum lease rates; providing for an endowment fund and the disposition of proceeds of the land acquisition account; permitting Winona county to convey certain real estate to a county agricultural society.

H. F. No. 2170, relating to wild animals; authorizing the captive propagation and sale of raptors.

H. F. No. 2210, relating to public disasters; providing for certain unemployment compensation liability; providing for certain valuation in the city of Litchfield.

H. F. No. 1971, A resolution memorializing the President and Congress of the United States to enact the Mississippi River National Heritage Corridor Act of 1986.

Sincerely,  
**RUDY PERPICH**  
 Governor

STATE OF MINNESOTA  
 OFFICE OF THE SECRETARY OF STATE  
 ST. PAUL 55155

March 25, 1986

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 1986 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:

<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Date Approved 1986</i>	<i>Date Filed 1986</i>
	1599	398	March 21	March 21
1793		399	March 24	March 24
1725		400	March 24	March 24
31		401	March 24	March 24
125		402	March 24	March 24
1193		403	March 24	March 24
1721		404	March 24	March 24
1730		405	March 24	March 24
1732		406	March 24	March 24



<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Date Approved 1986</i>	<i>Date Filed 1986</i>
1745		407	March 24	March 24
1839		408	March 24	March 24
1869		409	March 24	March 24
1880		410	March 24	March 24
1940		411	March 24	March 24
1950		412	March 24	March 24
1965		413	March 24	March 24
1980		414	March 24	March 24
2067		415	March 24	March 24
2090		416	March 24	March 24
2101		417	March 24	March 24
2116		418	March 24	March 24
2127		419	March 24	March 24
2147		420	March 24	March 24
2171		421	March 24	March 24
2179		422	March 24	March 24
	450	423	March 24	March 24
	1793	424	March 24	March 24
	1968	425	March 24	March 24
	1970	426	March 24	March 24
	2051	427	March 24	March 24
	2081	428	March 24	March 24
	2138	429	March 24	March 24
	2256	430	March 24	March 24

JOURNAL OF THE HOUSE

8601

<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Date Approved 1986</i>	<i>Date Filed 1986</i>
	2263	431	March 24	March 24
	2466	432	March 24	March 24
	2405	433	March 24	March 24
164		434	March 25	March 25
1014		435	March 25	March 25
1850		436	March 25	March 25
1912		437	March 25	March 25
1930		438	March 25	March 25
1949		439	March 25	March 25
2087		440	March 25	March 25
2280		441	March 25	March 25
	1772	442	March 25	March 25
	1782	443	March 25	March 25
	1824	444	March 25	March 25
	1835	445	March 25	March 25
	1863	446	March 25	March 25
	1919	447	March 25	March 25
	2012	448	March 25	March 25
	2169	449	March 25	March 25
	2170	450	March 25	March 25
	2210	451	March 25	March 25
1971	Resolution No. 7		March 24	March 24

Sincerely,

JOAN ANDERSON GROWE  
Secretary of State

STATE OF MINNESOTA  
OFFICE OF THE GOVERNOR  
SAINT PAUL 55155

March 25, 1986

The Honorable David M. Jennings  
Speaker of the House  
463 State Office Building  
St. Paul, Minnesota 55155

Dear Sir:

I have the honor of informing you that I have received, signed, and deposited in the Office of the Secretary of State the following House Files:

H. F. No. 2407, relating to state lands; directing transfer of the Croft Mine park, and all artifacts, machinery, and other personal property used in its operation, to any one or a combination of the city of Ironton, the city of Crosby, and the Croft historical park board.

H. F. No. 229, relating to retirement; public plans generally; extending the time for termination of service to qualify for early retirement without reduction of annuities; providing health insurance benefits for certain retired teachers; changing eligibility requirements for surviving spouse benefits; regulating coverage under the unclassified employees retirement program.

H. F. No. 418, relating to local government; clarifying the correction of inequitable compensation relationships.

H. F. No. 1860, relating to metropolitan government; defining metropolitan agency; providing for appointments, administration, reports, and duties of metropolitan agencies; recodifying certain provisions.

H. F. No. 1873, relating to workers' compensation; regulating the obligations and administration of the special compensation fund; restricting liability for out-of-state injuries; regulating the payment and right of benefits; compensation court of appeals; regulating attorneys' fees; relating to jurisdiction of issues of medical causation; providing for the administration of claims; providing penalties.

H. F. No. 1875, relating to public and municipal corporations; creating a public corporation to provide health care services, education, and research; providing for governance of St. Paul Ramsey Medical Center and creation of a physicians and dentists subsidiary; providing for the imposition and use of certain

taxes on lodging; providing for the redesign, reconstruction, and widening of Lexington avenue south of Larpenteur avenue.

H. F. No. 1958, relating to crimes; regulating entry to burial sites; providing protections and rights of victims of crime; making changes in the crime victims reparations act; providing for the treatment of certain witnesses.

H. F. No. 2044, relating to compensation of certain public employees; altering the responsibility for establishing the salary of the state court administrator and district court administrator; authorizing the board of medical examiners to set the salary of its executive secretary within certain limits.

H. F. No. 2287, relating to local government financing; allocating issuance authority for obligations subject to a federal volume limitation act; authorizing issuance of bonds; giving local governments certain powers; prescribing pollution control agency procedures; providing for waste water treatment control.

H. F. No. 2294, relating to St. Louis county; education and labor; removing persons from civil service in independent school district No. 709, Duluth; providing for grants for hot lunches in rural schools.

H. F. No. 2331, relating to gambling; prohibiting certain betting practices relating to horse racing; requiring persons appointed to the charitable gambling control board to be confirmed by the senate; permitting the board to impose civil penalties; permitting local investigation fees; creating a new class of license for raffles; changing requirements for distributors; requiring the registration of manufacturers; providing for collection of certain taxes by distributors; changing reporting and recordkeeping requirements for organizations; providing for maximum prizes for pull-tabs; requiring towns to be notified; exempting certain organizations from regulation and taxation.

H. F. No. 2364, relating to transportation; clarifying procedures in certain contested matters brought before the transportation regulation board; permitting the transportation regulation board to grant clearance variances without evidentiary hearings in certain cases; permitting the transportation regulation board to approve certain rate changes and applications for track abandonment or discontinuance of service in certain cases without a public hearing; providing a maximum fine for motor carrier violations involving transportation of hazardous materials.

Sincerely,

RUDY PERPICH  
Governor

STATE OF MINNESOTA  
OFFICE OF THE SECRETARY OF STATE  
ST. PAUL 55155

March 26, 1986

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 1986 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:

<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Date Approved 1986</i>	<i>Date Filed 1986</i>
1065		452	March 25	March 25
1641		453	March 25	March 25
1910		454	March 25	March 25
2078		455	March 25	March 25
2161		456	March 25	March 25
	2407	457	March 25	March 25
	229	458	March 25	March 25
	418	459	March 25	March 25
	1860	460	March 25	March 25
	1873	461	March 25	March 25
	1875	462	March 25	March 25
	1958	463	March 25	March 25
	2044	464	March 25	March 25
	2287	465	March 25	March 25
	2294	466	March 25	March 25
	2331	467	March 25	March 25
	2364	468	March 25	March 25

Sincerely,

JOAN ANDERSON GROWE  
Secretary of State

STATE OF MINNESOTA  
OFFICE OF THE GOVERNOR  
SAINT PAUL 55155

April 1, 1986

The Honorable David M. Jennings  
Speaker of the House  
463 State Office Building  
St. Paul, Minnesota 55155

Dear Sir:

I have the honor of informing you that I have received, signed, and deposited in the Office of the Secretary of State the following House Files:

H. F. No. 654, relating to crime; establishing terms of imprisonment for the crime of selling larger quantities of schedule II narcotics and hallucinogens; imposing a tax on marijuana and controlled substances; providing for the crime of using force or threats against revenue department employees; establishing a minimum jail term for burglary of a dwelling.

H. F. No. 1677, relating to libraries; changing the way the department of education provides certain information and other services; allowing mayors to appoint nonresidents to city library boards under certain circumstances; updating maintenance of effort exceptions; requiring the commissioner of education to cooperatively develop a plan for automation of state agency libraries.

H. F. No. 1744, relating to education; making technical changes to the definition of a school; providing for limited reporting by a parent providing instruction in a home; prohibiting certain proceedings against a parent providing instruction in a home; establishing a task force to make recommendations about compulsory attendance laws.

H. F. No. 1886, relating to public administration; providing for administration of Hennepin county and Minneapolis public offices; regulating certain property tax appeals; changing notice requirements for special assessments; regulating public funds deposits.

H. F. No. 1930, relating to law enforcement; barring traffic citation quotas; barring game and fish citation quotas; proposing coding for new law in Minnesota Statutes, chapters 84 and 299D.

H. F. No. 2014, relating to elections; providing for transfer of certain campaign debts; making changes in registration, cau-

cuses, ballots, affidavits of candidacy and withdrawal, nominations, and election certificates; changing certain reporting requirements.

Sincerely,

**RUDY PERPICH**  
Governor

STATE OF MINNESOTA  
OFFICE OF THE SECRETARY OF STATE  
ST. PAUL 55155

April 1, 1986

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 1986 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:

<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Date Approved 1986</i>	<i>Date Filed 1986</i>
2102		469	April 1	April 1
	654	470	April 1	April 1
	1677	471	April 1	April 1
	1744	472	April 1	April 1
	1886	473	April 1	April 1
	1930	474	April 1	April 1
	2014	475	April 1	April 1

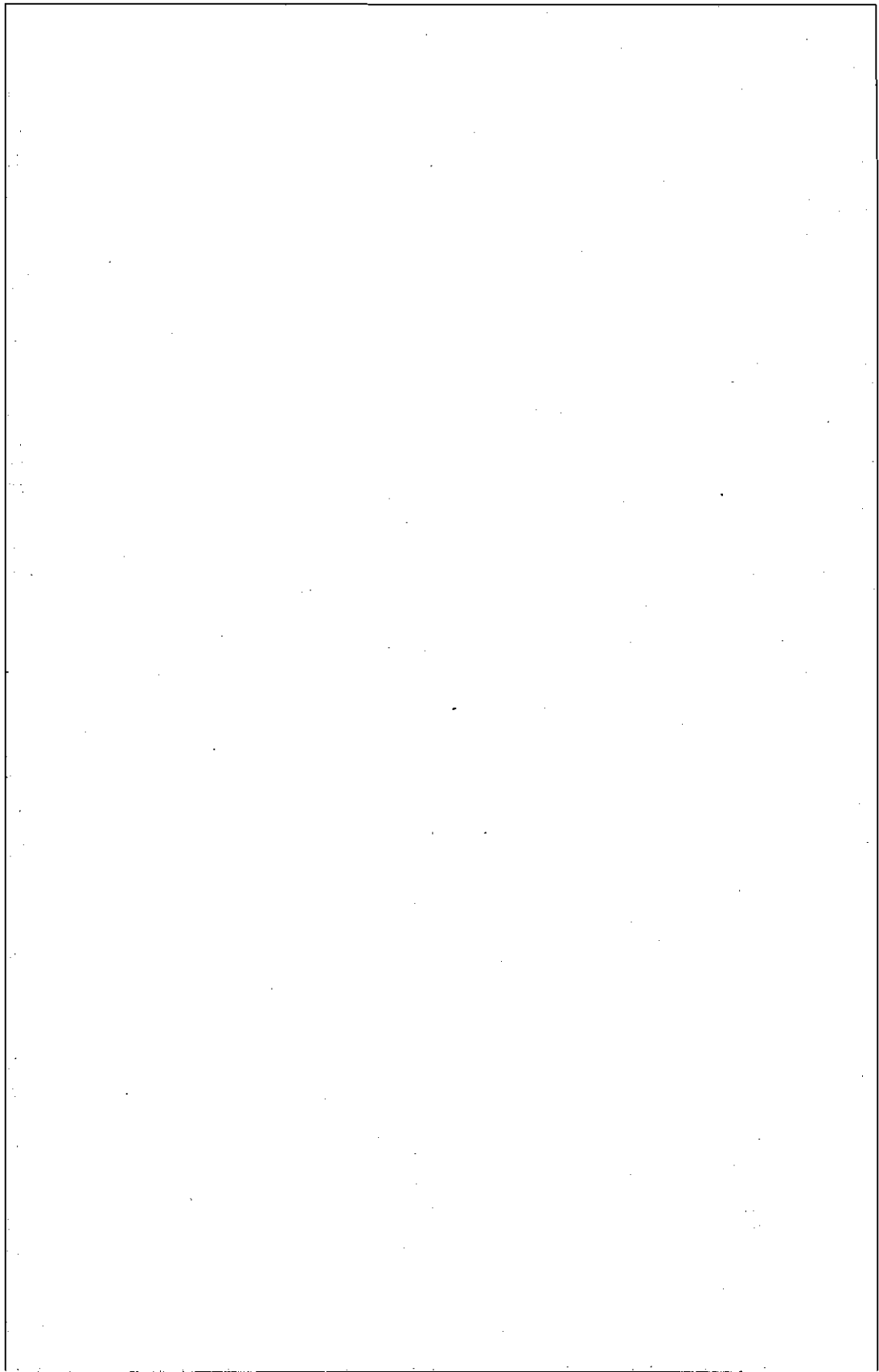
Sincerely,

**JOAN ANDERSON GROWE**  
Secretary of State

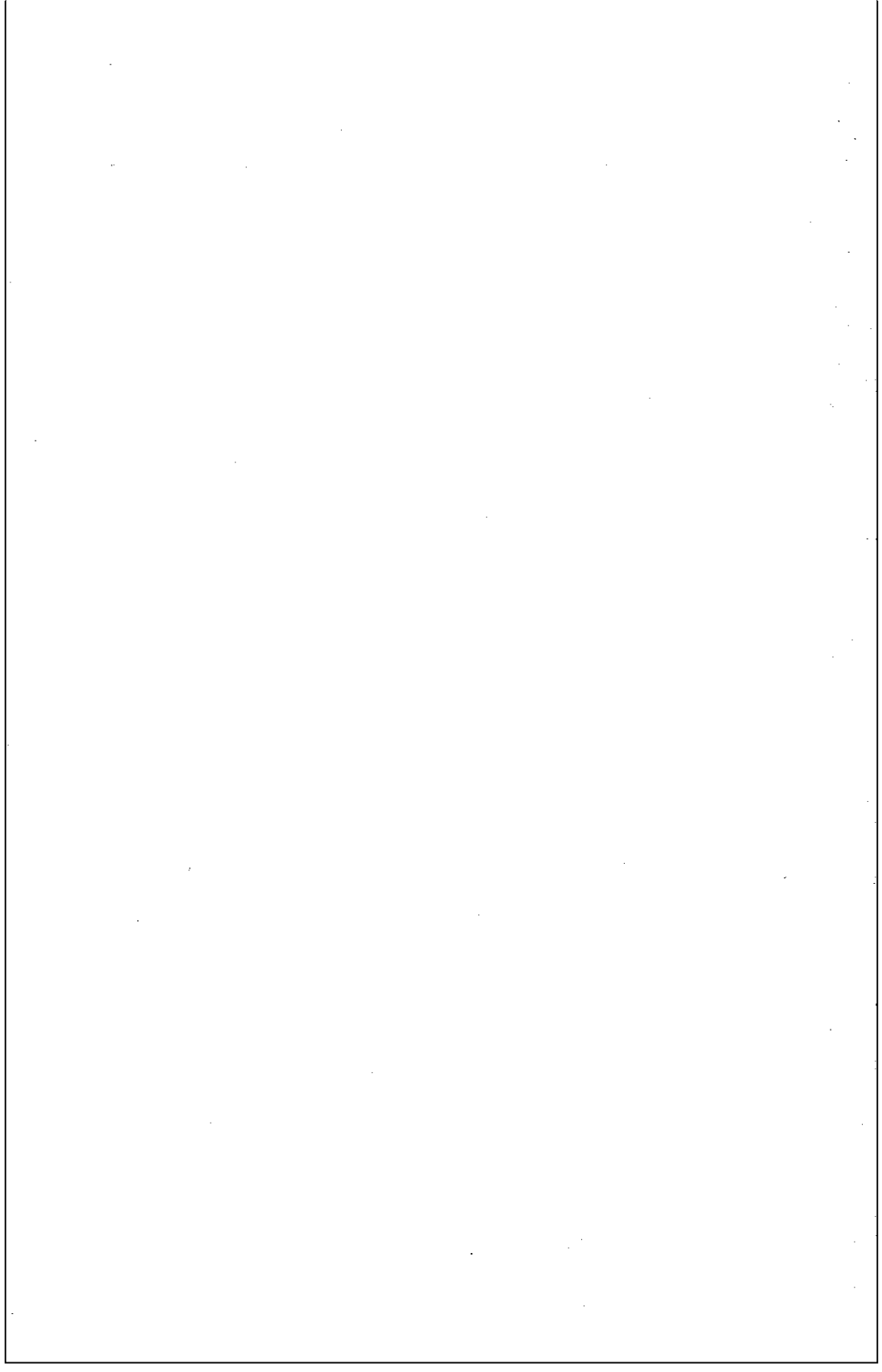
**CERTIFICATE**

I certify that the Journal of the House for Monday, March 17, 1986, including subsequent proceedings, has been corrected and is hereby approved.

**EDWARD A. BURDICK**, Chief Clerk, House of Representatives







**JOURNAL**  
**OF THE**  
**HOUSE**  
**OF REPRESENTATIVES**

**SPECIAL SESSION**

**OF THE**  
**LEGISLATURE**

**STATE OF MINNESOTA**

**1986**

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**RAMALEY PRINTING COMPANY**





## STATE OF MINNESOTA

## SPECIAL SESSION - 1986

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FIRST DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, APRIL 2, 1986

In obedience to the Proclamation of the Honorable Rudy Perpich, Governor of the State of Minnesota, summoning the two Houses of the Legislature to meet in Special Session, the members of the House of Representatives assembled in the chamber of the House of Representatives at the Capitol in Saint Paul on Wednesday, the second day of April, 1986, at 12:00 noon.

## PROCLAMATION FOR SPECIAL SESSION 1986

*Whereas*, The Minnesota Legislature adjourned without completing action on certain bills relating to budget, revenues, farm security loan guarantees and other matters affecting the health, safety and welfare of Minnesota citizens; and

*Whereas*, The people of Minnesota are best served by an orderly conclusion of legislative business, with a limited agenda and prior agreement on laws to be enacted; and

*Whereas*, Article IV, Section 12 of the Constitution of the State of Minnesota provides that a special session of the Legislature may be called on extraordinary occasions; and

*Whereas*, Elected leaders of the Legislature have agreed on an agenda and procedures to complete a special session in the shortest time possible;

*Now, Therefore*, I, Rudy Perpich, Governor of the State of Minnesota, do hereby summon you, members of the Legislature, to convene in Special Session on Wednesday, April 2, 1986, at 12 o'clock noon on that day, in the Capitol in Saint Paul, Minnesota.

*In Witness Whereof*, I have hereunto set my hand and caused the Great Seal of the State of Minnesota to be affixed at the State Capitol this first day of April in the year of our Lord one

thousand nine hundred and eighty-six, and of the State the one hundred-twenty-seventh.

JOAN ANDERSON GROWE  
Secretary of State

RUDY PERPICH  
Governor

At the hour of 12:00 noon and pursuant to the Proclamation of the Governor and pursuant to Minnesota Statutes 1984, Section 3.073, the Honorable David M. Jennings, Speaker of the House, called the House of Representatives to order.

Prayer was offered by Reverend Howard C. Gravrock, House Chaplain.

The Chief Clerk called the roll by legislative districts in numerical order and the following members answered to their names:

District 1A	.....	Jim Tunheim
District 1B	.....	Wallace (Wally) Sparby
District 2A	.....	Bernie Lieder
District 2B	.....	Edgar Olson
District 3A	.....	Bob Neuenschwander
District 3B	.....	Loren A. Solberg
District 4A	.....	Ted Thorson
District 4B	.....	Maurice Zaffke
District 5A	.....	Dominic J. Elioff
District 5B	.....	Lona Minne
District 6A	.....	David P. Battaglia
District 6B	.....	Joseph R. Begich
District 7A	.....	Willard Munger
District 7B	.....	Mike Jaros
District 8A	.....	Mary Murphy
District 8B	.....	Ben Boo
District 9A	.....	Joel Carlson
District 9B	.....	Merlyn Valan
District 10A	.....	Dennis Poppenhagen
District 10B	.....	Bob Anderson
District 11A	.....	Chuck Brown
District 11B	.....	Dave Fjoslien
District 12A	.....	Don Richter
District 12B	.....	Richard "Rick" Krueger
District 13A	.....	Paul M. (T D) Thiede
District 13B	.....	Stephen G. Wenzel
District 14A	.....	Paul Anders Ogren
District 14B	.....	Doug Carlson
District 15A	.....	Sylvester Uphus
District 15B	.....	Alan W. Welle
District 16A	.....	Ben Omann
District 16B	.....	B. J. Brinkman
District 17A	.....	Marcus Marsh
District 17B	.....	Dave Gruenes
District 18A	.....	Jerome "J P" Peterson

District 18B	Ralph R. Kiffmeyer
District 19A	Lynn H. Becklin
District 19B	Loren G. Jennings
District 20A	Glen H. Anderson
District 20B	Howard Miller
District 21A	Adolph Kvam
District 21B	Gaylin DenOuden
District 22A	Bob McEachern
District 22B	Tony Onnen
District 23A	Terry Dempsey
District 23B	Allen Quist
District 24A	Mark Piepho
District 24B	Marcel "Sal" Frederick
District 25A	Robert E. Vanasek
District 25B	Peter Rodosovich
District 26A	Steven Sviggum
District 26B	Bob Waltman
District 27A	Jim Boerboom
District 27B	Wendell O. Erickson
District 28A	Carol Dyke
District 28B	Dennis C. Frederickson
District 29A	David M. Jennings
District 29B	Henry Kalis
District 30A	Dean Hartle
District 30B	Jerry Schoenfeld
District 31A	Bob Haukoos
District 31B	Pat Piper
District 32A	Donald L. Frerichs
District 32B	Elton R. Redalen
District 33A	Gil Gutknecht
District 33B	Dave Bishop
District 34A	Virgil J. Johnson
District 34B	Tim Sherman
District 35A	Gary Schafer
District 35B	K. J. McDonald
District 36A	Chuck Dimler
District 36B	Tom Rees
District 37A	Eileen Tompkins
District 37B	Dennis Ozment
District 38A	Charles C. Halberg
District 38B	Art Seaberg
District 39A	Bert J. McKasy
District 39B	James P. Metzen
District 40A	Chris Tjornhom
District 40B	Phillip J. "Phil" Riveness
District 41A	John Himle
District 41B	Kathleen Blatz
District 42A	Sidney Pauly
District 42B	Mary Forsythe
District 43A	John Burger
District 43B	Jerry Knickerbocker
District 44A	Sally Olsen
District 44B	Gloria Segal
District 45A	Craig Shaver

District 45B	.....	Jim Heap
District 46A	.....	Ann H. Rest
District 46B	.....	Lyndon R. Carlson
District 47A	.....	Linda Scheid
District 47B	.....	Robert L. "Bob" Ellingson
District 48A	.....	Dale A. Clausnitzer
District 48B	.....	Bill Schreiber
District 49A	.....	Darby Nelson
District 49B	.....	Joel Jacobs
District 50A	.....	John M. Hartinger
District 50B	.....	Joe Quinn
District 51A	.....	Gordon Backlund
District 51B	.....	
District 52A	.....	Gordon O. Voss
District 52B	.....	Dan Knuth
District 53A	.....	Tony Bennett
District 53B	.....	Brad Stanius
District 54A	.....	Don Valento
District 54B	.....	Dick Kostohryz
District 55A	.....	Connie Levi
District 55B	.....	Harriet McPherson
District 56A	.....	Len Price
District 56B	.....	Pat Beard
District 57A	.....	James I. Rice
District 57B	.....	Randy W. Staten
District 58A	.....	John J. Sarna
District 58B	.....	Phyllis Kahn
District 59A	.....	Dee Long
District 59B	.....	Todd Otis
District 60A	.....	Karen Clark
District 60B	.....	Peter McLaughlin
District 61A	.....	Lee Greenfield
District 61B	.....	Wesley J. "Wes" Skoglund
District 62A	.....	Ken Nelson
District 62B	.....	John E. Brandl
District 63A	.....	John Rose
District 63B	.....	Ann Wynia
District 64A	.....	Kathleen Vellenga
District 64B	.....	Dick Cohen
District 65A	.....	Fred C. Norton
District 65B	.....	Sandy Pappas
District 66A	.....	Tom Osthoff
District 66B	.....	Richard M. O'Connor
District 67A	.....	Randy C. Kelly
District 67B	.....	John Tomlinson

133 members answered to the call by legislative district.

Simoneau was excused.

The roll was called in alphabetical order and the following members were present:

Anderson, G.	Battaglia	Begich	Blatz	Brandl
Anderson, R.	Beard	Bennett	Boerboom	Brinkman
Backlund	Becklin	Bishop	Boo	Brown

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

The Speaker declared a quorum was present and pursuant to Minnesota Statutes 1984, Section 3.073, the Speaker declared the House of Representatives organized for the 1986 Special Session.

Levi moved that the Chief Clerk be and is hereby instructed to inform the Senate and the Governor by message that the House of Representatives is now duly organized pursuant to law for this Special Session. The motion prevailed.

## INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Schreiber and Forsythe introduced:

H. F. No. 1, A bill for an act relating to government in this state; updating the income tax law to conform with federal tax law changes; making administrative and technical changes in the income tax law; providing for direct payments of fire and police state aids; requiring a one-year sales ratio study; changing dates for payments of certain state aids; delaying date for payment of second half taxes on agricultural property; authorizing reciprocal agreements with other states regarding interstate vehicles; requiring a report on the sales ratio study; eliminating a durational restriction on a special levy in Clearwater county; providing for delay of certain aid payments and altering computations; adjusting the computation and payment of local government aids; expanding tax clearance authority; expanding tax collection authority of the department of revenue; authorizing the department to file tax liens against homestead property; increasing the rate of interest to be paid on tax refunds; changing



times for payment of certain taxes on liquor, cigarettes, tobacco products, and insurance premiums; imposing certain requirements on liquor wholesalers; altering enterprise zone provisions; providing for certain examinations; delaying transfer of motor vehicle excise taxes; reinstating the bottle tax; reducing the ethanol credit and providing payments to ethanol producers; adjusting income and asset criteria for recipients of medical assistance; repealing the provision for suspension of income tax indexing; making technical changes in property tax and other miscellaneous tax laws; transferring certain positions within the department of natural resources; establishing priorities for expenditure of additional revenues; reducing certain appropriations for education with certain conditions; adjusting complements; setting the foundation formula allowance and the amount to be raised by the basic maintenance mill rate; altering certain education aid and levy formulas and requirements; authorizing levies in certain school districts; making changes in certain pension, retirement, and social security provisions; limiting eligibility for school bus driver endorsements; providing for insurance coverage, expense allowances, board duties, office location, class days, building construction, approval on certain capital improvements involving certain post-secondary education systems; providing for community emergency response hazardous substance protection; transferring certain funds between agencies; requiring certain studies and reports; imposing penalties; appropriating money; amending Minnesota Statutes 1984, sections 15.38, subdivision 3; 60A.15, subdivision 2; 60A.17, by adding a subdivision; 69.021, subdivisions 4, 5, 7, and 9; 69.031, subdivision 3; 69.54; 82.22, subdivision 3; 82.27, by adding a subdivision; 121.901, subdivision 2; 123.71, subdivision 1; 124.195, subdivisions 3, 5, and by adding a subdivision; 124.32, subdivision 1c; 124.573, subdivision 3; 124.71, subdivision 2; 136.14; 143.10, by adding a subdivision; 150A.08, by adding a subdivision; 162.06, subdivision 1; 162.12, subdivision 1; 270.12, subdivision 2; 270.69, by adding a subdivision; 270.72, subdivisions 1, 2, and 3; 270A.03, subdivision 5; 273.072, subdivision 1; 273.1391, subdivision 3; 275.125, subdivision 9, and by adding a subdivision; 276.09; 276.10; 276.11; 278.03; 279.01, as amended; 290.067, subdivision 2; 290.281, subdivision 5; 290.34, subdivision 2; 290.36; 290.50, subdivision 3; 290.53, subdivision 2; 290.56, subdivision 3; 290.61; 290A.03, subdivision 8; 296.16, subdivision 1; 296.17, subdivision 6, and by adding a subdivision; 297.07, subdivisions 1 and 4; 297.23, subdivision 1; 297.35, subdivisions 5 and 8; 297A.27, by adding a subdivision; 297A.43; 297B.09, subdivision 2; 298.24, subdivision 1; 299F.21; 326.20, by adding a subdivision; 364.09; and 477A.015; Minnesota Statutes 1985 Supplement, sections 15A.081, subdivision 8; 16A.15, subdivisions 1 and 6; 16A.1541; 60A.17, subdivision 1a; 69.031, subdivision 1; 116C.63, subdivision 4; 121.904, subdivision 4c; 124.155, subdivision 2; 124.17, subdivision 1a; 124.195, subdivision 11; 124.2131, subdivision 3; 124.2161, subdivision 6; 124.2162, subdivision 2; 124.2163, subdivision 2; 124.225, subdivisions 7b and 10; 124.245, subdivisions 1 and 3; 124.271, subdivision 2b; 124.573, subdivision 2; 124A.02, subdivisions 9

and 15; 124A.03, subdivision 1a; 129B.38, subdivision 1; 136C.07, subdivision 5a; 136C.35; 147.021, by adding a subdivision; 256B.06, subdivision 1; 270.063; 270.69, subdivisions 2, 3, and 4; 270.76; 270.77; 273.11, subdivision 8; 273.124, subdivisions 6, 8, 9, 10, 11, and by adding a subdivision; 273.13, subdivisions 15a, 26, 28, and 30; 273.1314, subdivisions 6 and 16a, as amended; 273.136; 273.42, subdivision 2; 274.19, subdivisions 1 and 8; 275.125, subdivisions 8, 11a, and 11c; 278.05, subdivision 5; 279.06; 287.12; 287.29, subdivision 1; 290.01, subdivision 20; 290.06, subdivision 3g; 290.068, subdivision 3; 290.079, subdivision 1; 290.089, subdivision 3; 290.09, subdivision 7; 290.091, subdivision 2; 290.095, subdivisions 9 and 11; 290.10; 290.12, subdivision 2; 290.13, subdivision 1; 290.132, subdivision 1; 290.14; 290.16, subdivisions 7 and 15; 290.17, subdivision 2; 290.21, subdivisions 4 and 8; 290.41, subdivision 1; 290.92, subdivision 2a; 290.93, subdivision 10; 290A.03, subdivisions 3, 6, and 13; 296.02, subdivision 7; 296.22, subdivision 13; 297.35, subdivision 1; 297C.02, by adding a subdivision; 297C.03, subdivision 1; 297C.04; 297C.05, subdivision 2; 298.28, subdivision 1; 354.43, subdivision 3; 354A.12, subdivision 2; 355.208; 355.287; 355.46, subdivision 3; 477A.011, subdivisions 10 and 14; 477A.012; and 477A.013; Laws 1985, chapter 289, section 5, subdivision 2; and section 7; Laws 1985, First Special Session chapter 12, article 1, section 36, subdivision 3; article 2, section 15, subdivision 2; article 3, section 28, subdivisions 9 and 10; article 4, section 11, subdivision 6; article 5, section 10, subdivisions 2 and 4; article 6, section 28, subdivisions 11, 16, 17, and 20; article 8, section 60, subdivisions 1 and 4; section 62, subdivisions 2, 3, 4, 6, 8, 9, 12, 13, 14, 15, and 17; section 63, subdivisions 2 and 3; section 64, subdivision 2; article 9, section 3, subdivisions 2 and 3; article 11, section 21, subdivision 3; chapter 14, article 11, section 13; proposing coding for new law in Minnesota Statutes, chapters 41A; 135A; 256; 270; 276; 297A; and 299F; 458; repealing Minnesota Statutes 1984, sections 69.031, subdivision 4; 121.495; 124A.031, subdivision 2; 136.063; 270.72, subdivision 5; 275.125, subdivision 16; 290.06, subdivision 15; 290.39, subdivision 1a; and 290A.04, subdivision 2f; Minnesota Statutes 1985 Supplement, sections 16A.154; 124.245, subdivisions 2 and 5; 129B.38; 275.125, subdivision 11b; and 290.06, subdivision 2f; Laws 1985, First Special Session chapter 14, article 21, sections 16 and 17.

The bill was read for the first time. There being no objection, H. F. No. 1 was laid on the table.

Valan introduced:

H. F. No. 2, A bill for an act relating to the family farm security program; authorizing the issuance of general obligation bonds to finance certain payments to be made by the state on family farm loan guarantees; providing an additional payment to certain sellers; appropriating money; amending Minnesota Statutes 1984, sections 41.51; 41.56, subdivision 4b; and 41.57,

by adding a subdivision; Minnesota Statutes 1985 Supplement, section 41.61; and proposing coding for new law in Minnesota Statutes, chapter 41.

The bill was read for the first time. There being no objection, H. F. No. 2 was laid on the table.

Himle introduced:

H. F. No. 3, 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; providing instructions to the revisor; correcting various legislative enactments; providing for the exclusion of the homestead from the augmented estate; providing for the inclusion of certain insurance and other items in the augmented estate; establishing a standard for best interests of wards or conservatees; requiring findings regarding best interests; amending Minnesota Statutes 1984, sections 8.32, subdivision 2; 10A.01, subdivision 11; 10A.04, subdivision 4a; 16A.631; 46.044, as amended; 47.58, subdivision 5; 62D.22, subdivision 8; 116J.70, subdivision 2a; 116M.08, subdivision 17; 121.15, subdivision 2; 124A.02, subdivision 14; 136D.74, subdivision 2; 144.224; 169.045, subdivision 7, as amended; 176A.01, subdivision 1; 179A.10, subdivision 3; 253B.02, subdivision 4a; 260.015, subdivision 24; 260.245; 275.125, subdivision 9, as amended; 298.22, subdivision 3; 327C.07, subdivision 3a; 349.15, as amended; 349.212, subdivisions 2 and 4, as amended; 349.214, subdivision 2; 383A.23, subdivision 5; 385.24; 403.12, subdivision 1; 414.061, subdivisions 4 and 4a; 424A.001, subdivision 7, as added; 462A.21, subdivision 8a; 471.992, as amended; 487.191; 494.03; 518B.01, subdivision 2; 525.539, by adding a subdivision; 525.544; 525.551, subdivision 5; 525.61; 571.495, subdivision 2; 590.01, subdivision 1; 609.346, subdivision 3; 609.347, subdivision 3; 609.348; 609.35; 611A.03, subdivision 3; 628.26; Minnesota Statutes 1985 Supplement, sections 47.20, subdivision 6c; 64B.05, subdivision 1; 64B.37, subdivision 2; 69.011, subdivision 1; 97.50, subdivision 1; 116M.03, subdivision 28; 124.32, subdivision 1d; 145.917, subdivision 4; 147.01, subdivision 4; 147.073, subdivision 1; 168.013, subdivision 1e, as amended; 168.27, subdivision 11; 248.07, subdivision 7; 256B.091, subdivision 4; 256D.37, subdivision 1; 256F.05, subdivision 4; 256F.06, subdivision 1; 273.124, subdivision 5; 297C.03, subdivision 1; 298.02, subdivision 1; 298.225, subdivision 1, as amended; 298.28, subdivision 1, as amended; 340A.404, subdivision 5; 340A.409, subdivision 1; 340A.410, by adding a subdivision; 340A.412, subdivisions 1 and 9; 340A.415; 340A.702; 340A.802, subdivision 1; 349.212, subdivision 1, as amended; 356.216; 358.44; 414.061, subdivision 5; 458.16, subdivision 6; 473.831, subdivision 1; 524.2-109; 524.2-202; 524.2-205; 525.145; 527.41; 527.42; 527.43; 528.15; 609.344, subdivision 1; 609.345, subdivision 1; 609.346,

subdivision 2; 609.3471; 626.556, subdivision 2; 631.045; 1986 Regular Session H. F. No. 1886, section 21; Laws 1986, chapters 339, sections 6, subdivision 1; 8; 15, subdivision 1; 16; and 17; 358, section 12; 359, section 27; 365, section 22; 372, section 1, subdivision 1; 383, section 17, subdivision 5; 391, section 7; 394, section 10, subdivision 6; 398, article 1, section 11, subdivision 5; article 2, section 3, subdivision 2; article 6, section 2, subdivision 2; article 29, section 1, subdivision 27; 416, section 4; 417, section 1; 441, section 15; 455, section 21, subdivision 1; 456, section 1, subdivision 2; 460, sections 7, subdivisions 1 and 2; 48; 49; 50; and 59; 465, article 1, sections 11; 20, subdivision 9; article 2, section 25; 467, section 24, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 206 and 340A; repealing Minnesota Statutes 1984, section 35.067; 383A.-23, subdivisions 2, 3, and 4; 403.12, subdivisions 2 and 3; repealing Laws 1984, chapter 560, section 24; Laws 1985, chapters 248, sections 28 and 29; 252, section 24; Laws 1985, First Special Session chapters 9, article 2, section 89; 14, article 3, section 13; 14, article 4, sections 37 and 91; Laws 1986, chapter 399, article 2.

The bill was read for the first time. There being no objection, H. F. No. 3 was laid on the table.

#### HOUSE ADVISORIES

The following House Advisories were introduced:

McKasy, Valento, Quinn and Kostohryz introduced:

H. A. No. 1, A proposal to study the responsibility of the Minnesota High School League to member schools.

The advisory was referred to the Committee on General Legislation and Veterans Affairs.

Stanisus and Long introduced:

H. A. No. 2, A proposal to study the disciplinary procedures of health care licensing boards.

The advisory was referred to the Committee on Judiciary.

Marsh introduced:

H. A. No. 3, A proposal to study the colors and markings of security guard uniforms.

The advisory was referred to the Committee on Crime and Family Law.

## MOTION TO TAKE FROM THE TABLE

Schreiber moved that H. F. No. 1 be taken from the table. The motion prevailed and H. F. No. 1 was taken from the table.

H. F. No. 1 was reported to the House.

## SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Schreiber moved that the rule therein be suspended and an urgency be declared so that H. F. No. 1 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Schreiber moved that the rules of the House be so far suspended that H. F. No. 1 be given its second and third readings and be placed upon its final passage. The motion prevailed.

H. F. No. 1 was read for the second time.

Osthoff moved to amend H. F. No. 1, as follows:

Page 164, line 34, delete "*the day following final enactment*" and insert "*January 1, 1987*"

A roll call was requested and properly seconded.

The question was taken on the Osthoff amendment and the roll was called. There were 32 yeas and 87 nays as follows:

Those who voted in the affirmative were:

Bishop	Jennings, L.	Nelson, K.	Peterson	Staten
Boo	Kahn	Norton	Piper	Tomlinson
Brandl	Kelly	O'Connor	Rice	Vellenga
Brinkman	Kostohryz	Ogren	Rose	Voss
Clark	Long	Osthoff	Scheid	
Cohen	McLaughlin	Otis	Segal	
Greenfield	Nelson, D.	Pappas	Solberg	

Those who voted in the negative were:

Anderson, G.	Carlson, D.	Gutknecht	Levi	Omann
Anderson, R.	Carlson, J.	Halberg	Lieder	Onnen
Backlund	Carlson, L.	Hartinger	Marsh	Ozment
Battaglia	Clausnitzer	Hartle	McEachern	Pauly
Beard	Dempsey	Haukoos	McPherson	Picpho
Becklin	Dimler	Himle	Metzen	Poppenhagen
Begich	Dyke	Jacobs	Miller	Price
Bennett	Elioff	Johnson	Minne	Quinn
Blatz	Erickson	Kalis	Munger	Quist
Boerboom	Forsythe	Kiffmeyer	Murphy	Redalen
Brown	Frederick	Krueger	Neuenschwander	Rees
Burger	Frederickson	Kvam	Olsen, S.	Rest

Richter  
Riveness  
Rodosovich  
Sarna  
Schafer  
Schreiber

Seaberg  
Shaver  
Sherman  
Skoglund  
Sparby  
Stanius

Sviggum  
Thiede  
Thorson  
Tjornhom  
Tompkins

Tunheim  
Uphus  
Valan  
Valento  
Vanasek

Waltman  
Welle  
Wenzel  
Wynia  
Spk. Jennings, D.

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

Voss and Ogren moved to amend H. F. No. 1, as follows:

Page 135, line 20 to page 136, line 24, delete section 20

Page 143, line 10, delete "*23 and 26*" and insert "*22 and 25*"

Page 150, line 43, delete "*35*" and insert "*34*"

Page 150, line 44, delete "*21, 31,*" and insert "*20, 30,*"

Page 151, line 1, delete "*36, and 37*" and insert "*35, and 36*"

Page 151, line 4, delete everything after the period

Page 151, line 5, delete everything before "*Sections*"

Page 151, line 5, delete "*22 to 28 and 32 to 34*" and insert "*21 to 27 and 31 to 33*"

Renumber the sections in sequence

Amend the title as follows:

Page 2, line 25, delete "*290.53, subdivision 2;*"

A roll call was requested and properly seconded.

The question was taken on the Voss and Ogren amendment and the roll was called. There were 62 yeas and 63 nays as follows:

Those who voted in the affirmative were:

Anderson, G.  
Battaglia  
Beard  
Brandl  
Brinkman  
Brown  
Carlson, L.  
Clark  
Cohen

Elioff  
Ellingson  
Greenfield  
Jacobs  
Jaros  
Jennings, L.  
Kahn  
Kalis  
Kelly

Knuth  
Kostohryz  
Krueger  
Lieder  
Long  
McEachern  
McLaughlin  
Metzen  
Minne

Munger  
Murphy  
Nelson, D.  
Nelson, K.  
Norton  
O'Connor  
Ogren  
Olson, E.

Osthoff  
Otis  
Pappas  
Peterson  
Piper  
Price  
Quinn  
Rees  
Rice

Riveness	Schoenfeld	Sparby	Vanasek	Welle
Rodosovich	Segal	Staten	Vellenga	Wenzel
Sarna	Skoglund	Tunheim	Voss	Wynia
Scheid	Solberg			

Those who voted in the negative were:

Anderson, R.	Dimler	Heap	Onnen	Sviggum
Backlund	Dyke	Himle	Ozment	Thiede
Becklin	Erickson	Johnson	Pauly	Thorson
Begich	Fjoslien	Kiffmeyer	Piepho	Tjornhom
Bennett	Forsythe	Knickerbocker	Quist	Tompkins
Bishop	Frederick	Kvam	Rcdalen	Uphus
Boerboom	Frederickson	Levi	Richter	Valan
Boo	Frerichs	Marsh	Rose	Valento
Burger	Gruenes	McKasy	Schafer	Waltman
Carlson, D.	Gutknecht	McPherson	Schreiber	Zaffke
Clausnitzer	Halberg	Miller	Seaberg	Spk. Jennings, D.
Dempsey	Hartle	Olsen, S.	Sherman	
DenOuden	Haukoos	Omann	Stanius	

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

Norton moved to amend H. F. No. 1, as follows:

Page 112, after line 29, insert a new section to read:

*"Section 11. [DIRECTION TO COMMISSIONER OF EMPLOYEE RELATIONS.] Notwithstanding any other law to the contrary, the commissioner of employee relations shall develop a policy whereby, to the maximum extent possible, necessary employee reductions are implemented proportionally among managerial, supervisory and non-supervisory employees within each affected agency."*

Renumber the remaining sections

A roll call was requested and properly seconded.

#### CALL OF THE HOUSE

On the motion of Voss and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Anderson, R.	Brinkman	Elioff	Hartering	Kelly
Backlund	Burger	Ellingson	Hartle	Kiffmeyer
Battaglia	Carlson, D.	Erickson	Haukoos	Knuth
Beard	Carlson, L.	Fjoslien	Heap	Kostohryz
Becklin	Clark	Forsythe	Himle	Krueger
Begich	Clausnitzer	Frederick	Jaros	Kvam
Bennett	Cohen	Frerichs	Jennings, L.	Levi
Bishop	Dempsey	Greenfield	Johnson	Lieder
Boo	DenOuden	Gruenes	Kahn	Long
Brandl	Dyke	Gutknecht	Kalis	McDonald

McEachern	Ogren	Price	Seaberg	Tompkins
McKasy	Olsen, S.	Quinn	Segal	Tunheim
McLaughlin	Olson, E.	Quist	Shaver	Uphus
McPherson	Omann	Redalen	Sherman	Valan
Metzen	Onnen	Rees	Skoglund	Valento
Miller	Osthoff	Rest	Solberg	Vanasek
Minne	Otis	Richter	Sparby	Vellenga
Munger	Ozment	Riveness	Stanius	Voss
Murphy	Pappas	Rodosovich	Staten	Waltman
Nelson, D.	Pauly	Rose	Sviggum	Welle
Nelson, K.	Peterson	Sarna	Thiede	Wenzel
Neuenschwander	Piepho	Schafer	Thorson	Wynia
Norton	Piper	Scheid	Tjornhom	Zaffke
O'Connor	Popenhagen	Schreiber	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 Speaker called Halberg to the Chair.

The question recurred on the Norton amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 60 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Metzen	Otis	Segal
Battaglia	Jennings, L.	Minne	Pappas	Solberg
Beard	Kahn	Munger	Peterson	Sparby
Begich	Kalis	Murphy	Piper	Staten
Brinkman	Kelly	Nelson, D.	Price	Tomlinson
Brown	Knuth	Nelson, K.	Rest	Tunheim
Carlson, D.	Kostohryz	Neuenschwander	Rice	Vanasek
Carlson, L.	Krueger	Norton	Riveness	Vellenga
Clark	Lieder	O'Connor	Rodosovich	Voss
Cohen	Long	Ogren	Sarna	Welle
Elioff	McEachern	Olson, E.	Scheid	Wenzel
Ellingson	McLaughlin	Osthoff	Schoenfeld	Wynia

Those who voted in the negative were:

Anderson, R.	Clausnitzer	Halberg	Levi	Popenhagen
Backlund	Dempsey	Hartinger	Marsh	Quist
Becklin	Dimler	Hartle	McKasy	Redalen
Bennett	Dyke	Haukoos	McPherson	Rees
Bishop	Erickson	Heap	Miller	Richter
Blatz	Fjoslien	Himle	Olsen, S.	Rose
Boerboom	Forsythe	Jacobs	Omann	Schafer
Boo	Frederick	Johnson	Onnen	Schreiber
Brandt	Frerichs	Kiffmeyer	Ozment	Seaberg
Burger	Gruenes	Knickerbocker	Pauly	Shaver
Carlson, J.	Gutknecht	Kvam	Piepho	Sherman



Stanius	Thorson	Uphus	Valento	Zaffke
Sviggum	Tjornhom	Valan	Waltman	Spk. Jennings, D.
Thiede	Tompkins			

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

Tomlinson, Voss, Kelly, Osthoff and Staten moved to amend H. F. No. 1, as follows:

Page 111, delete lines 7 to 22 and insert after line 6:

*"(1) one-half of any excess must be restricted for use as the budget and cash flow reserve account and one-half must be used to restore the appropriation reductions to state board of vocational technical education, state board for community colleges, state university board, board of regents of the University of Minnesota and education programs reduced pursuant to article 9 except that no restoration of appropriation reductions shall be made for F.I.C.A. and transportation aid enacted by the 1986 legislature, prorated among the boards and programs in proportion to those appropriation reductions, but not to exceed the amount of those appropriation reductions;*

*(2) any amount remaining after the application of clause (1), must be used to restore the budget and cash flow reserve account to \$450,000,000; and*

*(3) any amount remaining after the application of clauses (1) and (2) shall be used as provided in section 3."*

Page 111, line 23, strike "(2)" and insert "(1)"

A roll call was requested and properly seconded.

The question was taken on the Tomlinson et al., amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 63 yeas and 65 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Cohen	Kalis	McLaughlin	Norton
Battaglia	Elioff	Kelly	Meizen	O'Connor
Beard	Ellingson	Knuth	Minne	Ogren
Begich	Greenfield	Kostohryz	Munger	Olson, E.
Brinkman	Jacobs	Krueger	Murphy	Osthoff
Brown	Jaros	Lieder	Nelson, D.	Otis
Carlson, L.	Jennings, L.	Long	Nelson, K.	Pappas
Clark	Kahn	McEachern	Neuenschwander	Peterson

Piper	Riveness	Segal	Tomlinson	Welle
Price	Rodosovich	Skoglund	Tunheim	Wenzel
Quinn	Sarna	Solberg	Vanasek	Wynia
Rest	Scheid	Sparby	Vellenga	
Rice	Schoenfeld	Staten	Voss	

Those who voted in the negative were:

Anderson, R.	Dyke	Heap	Ozment	Sherman
Backlund	Erickson	Johnson	Pauly	Stanius
Becklin	Fjoslien	Kiffmeyer	Piepho	Sviggum
Bennett	Forsythe	Knickerbocker	Poppenhagen	Thiede
Bishop	Frederick	Kvam	Quist	Thorson
Blatz	Frederickson	Levi	Redalen	Tjernhom
Boo	Frerichs	Marsh	Rees	Tompkins
Burger	Gruenes	McKasy	Richter	Uphus
Carlson, D.	Gutknecht	McPherson	Rose	Valan
Carlson, J.	Halberg	Miller	Schafer	Valento
Clausnitzer	Hartinger	Olsen, S.	Schreiber	Waltman
Dempsey	Hartle	Omann	Seaberg	Zaffke
DenOuden	Haukoos	Onnen	Shaver	Spk. Jennings, D.

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

Vanasek moved to amend H. F. No. 1, as follows:

Page 131, lines 2 to 10, delete section 12

Page 131, lines 25 to 31, delete section 14

Page 143, line 10, delete "23 and 26" and insert "21 and 24"

Page 150, line 43, delete "35" and insert "33"

Page 150, line 44, delete "21, 31" and insert "19, 29"

Page 151, line 1, delete "36, and 37" and insert "34, and 35"

Page 151, line 2, delete "17" and insert "15" and delete "18" and insert "16"

Page 151, line 4, delete "20" and insert "18"

Page 151, line 5, delete "22 to 23 and 32 to 34" and insert "20 to 26 and 30 to 32"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 18, delete "authorizing"

Page 1, delete line 19

Page 1, line 20, delete "property;"

Page 2, line 18, delete "270.69, by"

Page 2, line 19, delete "adding a subdivision;"

Page 2, line 46, delete ", 3,"

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 64 yeas and 65 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	McEachern	Otis	Segal
Anderson, R.	Greenfield	McLaughlin	Pappas	Skoglund
Battaglia	Jacobs	Metzen	Peterson	Solberg
Beard	Jaros	Minne	Piper	Sparby
Begich	Jennings, L.	Munger	Price	Staten
Bishop	Kahn	Murphy	Quinn	Tomlinson
Brandl	Kalis	Nelson, K.	Rest	Tunheim
Brinkman	Kelly	Neuenschwander	Rice	Vanasek
Brown	Knuth	Norton	Riveness	Voss
Carlson, L.	Kostohryz	O'Connor	Rodosovich	Welle
Clark	Krueger	Ogren	Sarna	Wenzel
Cohen	Lieder	Olson, E.	Scheid	Wynia
Elioff	Long	Osthoff	Schoenfeld	

Those who voted in the negative were:

Backlund	Dyke	Heap	Onnen	Sherman
Becklin	Erickson	Himle	Ozment	Stanius
Bennett	Fjoslien	Johnson	Pauly	Sviglum
Blatz	Forsythe	Kiffmeyer	Piepho	Thiede
Boerboom	Frederick	Knickerbocker	Poppenhagen	Thorson
Boo	Frederickson	Kvam	Quist	Tjornhom
Burger	Frerichs	Levi	Redalen	Tompkins
Carlson, D.	Gruenes	Marsh	Rees	Uphus
Carlson, J.	Gutknecht	McKasy	Richter	Valan
Clausnitzer	Halberg	McPherson	Rose	Valento
Dempsey	Hartinger	Miller	Schafer	Waltman
DenOuden	Hartle	Nelson, D.	Schreiber	Zaffke
Dimler	Haukoos	Olsen, S.	Seaberg	Spk. Jennings, D.

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

Vanasek moved to amend H. F. No. 1, as follows:

Page 129, line 31 to page 130, line 14, delete section 10

Page 143, line 10, delete "23 and 26" and insert "22 and 25"

Page 150, line 43, delete "35" and insert "34"

Page 150, line 44, delete "21, 31" and insert "20, 30"

Page 151, line 1, delete "36, and 37" and insert "35, and 36"

Page 151, line 2, delete "17" and insert "16" and delete "18" and insert "17"

Page 151, line 4, delete "20" and insert "19"

Page 151, line 5, delete "22 to 28 and 32 to 34" and insert "21 to 27 and 31 to 33"

Renumber the sections

Amend the title as follows:

Page 2, line 45, delete "270.063;"

A roll call was requested and properly seconded.

The Speaker resumed the Chair.

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 59 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Minne	Peterson	Solberg
Anderson, R.	Jacobs	Munger	Piper	Sparby
Battaglia	Jennings, L.	Murphy	Price	Staten
Beard	Kahn	Nelson, K.	Quinn	Tomlinson
Begich	Kalis	Neuenschwander	Rees	Tunheim
Brinkman	Kelly	Norton	Rest	Vanasek
Brown	Kostohryz	O'Connor	Rice	Vellenga
Carlson, L.	Krueger	Ogren	Rodosovich	Voss
Clark	Lieder	Olson, E.	Sarna	Welle
Cohen	McEachern	Osthoff	Scheid	Wenzel
Elioff	McLaughlin	Otis	Schoenfeld	Wynia
Ellingson	Metzen	Pappas	Segal	

Those who voted in the negative were:

Backlund	Bishop	Boo	Carlson, J.	DenOuden
Becklin	Blatz	Brandl	Clausnitzer	Dimler
Bennett	Boerboom	Carlson, D.	Dempsey	Dyke

Erickson	Himle	McPherson	Richter	Thorson
Forsythe	Johnson	Miller	Riveness	Tompkins
Frederick	Kiffmeyer	Olsen, S.	Rose	Uphus
Frederickson	Knickerbocker	Omman	Schafer	Valan
Frerichs	Knuth	Onnen	Schreiber	Valento
Gruenes	Kvam	Ozment	Seaberg	Waltman
Gutknecht	Levi	Pauly	Sherman	Zaffke
Halberg	Long	Piepho	Skoglund	Spk. Jennings, D.
Hartinger	Marsh	Poppenhagen	Stanius	
Hartle	McDonald	Quist	Sviggum	
Haukoos	McKasy	Redalen	Thiede	

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

Kahn; Nelson, D.; Long; Munger and Wynia moved to amend H. F. No. 1, as follows:

Page 213, delete Article 11

A roll call was requested and properly seconded.

The question was taken on the Kahn, et al., amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 44 yeas and 82 nays as follows:

Those who voted in the affirmative were:

Brandl	Jaros	McLaughlin	Pappas	Skoglund
Brinkman	Jennings, L.	Metzen	Peterson	Staten
Brown	Kahn	Munger	Piper	Tomlinson
Carlson, L.	Kalis	Nelson, D.	Rest	Vanasek
Clark	Kelly	Nelson, K.	Rice	Vellenga
Cohen	Knuth	Norton	Riveness	Voss
Ellingson	Kostohryz	O'Connor	Rose	Welle
Greenfield	Lieder	Osthoff	Scheid	Wynia
Jacobs	Long	Otis	Segal	

Those who voted in the negative were:

Anderson, R.	Denpsey	Haukoos	McPherson	Poppenhagen
Backlund	DenOuden	Heap	Miller	Quinn
Battaglia	Dyke	Himle	Minne	Quist
Beard	Elioff	Johnson	Murphy	Redalen
Becklin	Erickson	Kiffmeyer	Neuenschwander	Rees
Begich	Fjoslien	Knickerbocker	Ogren	Richter
Bennett	Forsythe	Krueger	Olsen, S.	Rodosovich
Blatz	Frederick	Kvam	Olsen, E.	Sarna
Boo	Frederickson	Levi	Omman	Schafer
Burger	Frerichs	Marsh	Onnen	Schoenfeld
Carlson, D.	Gruenes	McDonald	Ozment	Schreiber
Carlson, J.	Gutknecht	McEachern	Pauly	Seaberg
Clausnitzer	Hartle	McKasy	Piepho	Shaver

Sherman	Sviggum	Tompkins	Valan	Wenzel
Solberg	Thiede	Tunheim	Valento	Zaffke
Sparby	Thorson	Uphus	Waltman	Spk. Jennings, D.
Stanius	Tjornhom			

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

Himle moved to amend H. F. No. 1, as follows:

Page 199, line 30, delete "agreements" and insert "an agreement"

Page 199, line 31, delete "and the city of"

Page 199, line 32, delete "Bloomington"

The motion prevailed and the amendment was adopted.

Fjoslien moved to amend H. F. No. 1, as amended, as follows:

Page 151, line 25, after "producers" insert "*of ethanol or agricultural grade alcohol, for use as a motor fuel,*"

The motion prevailed and the amendment was adopted.

Kelly moved to amend H. F. No. 1, as amended, as follows:

Page 163, after line 32, insert:

"Sec. 15. Minnesota Statutes 1985 Supplement, section 609.101, is amended to read:

**609.101 [SURCHARGE ON FINES, ASSESSMENTS.]**

When a court sentences a person convicted of a felony, gross misdemeanor, or misdemeanor, other than a petty misdemeanor such as a traffic or parking violation, and if the sentence does not include payment of a fine, the court shall impose an assessment of not less than \$20 nor more than \$40. If the sentence for the felony, gross misdemeanor, or misdemeanor includes payment of a fine of any amount, including a fine of less than \$100, the court shall impose a surcharge on the fine of ten percent of the fine. This section applies whether or not the person is sentenced to imprisonment and when the sentence is suspended. The court may, upon a showing of indigency or undue hardship upon the convicted person or his immediate family, waive payment or authorize payment of the assessment or surcharge in installments.

The court shall collect and forward to the commissioner of finance the total amount of the assessment or surcharge and the commissioner shall credit all money so forwarded to (THE GENERAL FUND FOR THE PURPOSES OF PROVIDING SERVICES, ASSISTANCE, OR REPARATIONS OR A COMBINATION, TO VICTIMS OF CRIMES THROUGH PROGRAMS ESTABLISHED UNDER SECTIONS 611A.21 TO 611A.36, UNDER CHAPTERS 256D AND 299B) a *crime victim and witness account, which is established as a special account in the state treasury.*

*Money credited to the crime victim and witness account may be appropriated for but is not limited to the following purposes:*

(1) *use for crime victim reparations under sections 611A.51 to 611A.68;*

(2) *use by the crime victim and witness advisory council established under section 611A.71; and*

(3) *to supplement the federally funded activities of the crime victim ombudsman under section 611A.74.*

If the convicted person is sentenced to imprisonment, the chief executive officer of the correctional facility in which the convicted person is incarcerated may collect the assessment or surcharge from any earnings the inmate accrues for work performed in the correctional facility and forward the amount to the commissioner of finance."

Renumber the remaining sections

Page 164, line 34, delete "15" and insert "16"

Page 164, line 35, delete "18" and insert "19"

Page 164, line 35, after the period insert "Section 15 is effective July 1, 1987."

Amend the title as follows:

Page 2, line 69, delete "and" and after "477A.013;" insert "and 609.101;"

A roll call was requested and properly seconded.

The question was taken on the Kelly amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The motion prevailed and the amendment was adopted.

H. F. No. 1, as amended, was read for the third time.

#### MOTION FOR RECONSIDERATION

Ogren moved that the action whereby H. F. No. 1, as amended, was given its third reading be now reconsidered.

A roll call was requested and properly seconded.

The question was taken on the Ogren motion 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.	Brandl	Elioff	Kahn	Long
Anderson, R.	Brinkman	Ellingson	Kalis	McEachern
Battaglia	Brown	Greenfield	Knuth	McLaughlin
Beard	Carlson, L.	Jacobs	Kostohryz	Metzen
Begich	Clark	Jaros	Krueger	Minne
Bishop	Cohen	Jennings, L.	Lieder	Munger



Nelson, D.	Osthoff	Rest	Seaberg	Tunheim
Nelson, K.	Otis	Rice	Segal	Vanasek
Neuenschwander	Pappas	Riveness	Skoglund	Vellenga
Norton	Peterson	Rodosovich	Solberg	Voss
O'Connor	Piper	Sarna	Sparby	Welle
Ogren	Price	Scheid	Staten	Wenzel
Olson, E.	Quinn	Schoenfeld	Tomlinson	Wynia

Those who voted in the negative were:

Backlund	Fjoslien	Johnson	Onnen	Sherman
Becklin	Forsythe	Kiffmeyer	Ozment	Stanius
Bennett	Frederick	Knickerbocker	Pauly	Sviggum
Blatz	Frederickson	Kvam	Piepho	Thiede
Boerboom	Frerichs	Levi	Poppenhagen	Thorson
Burger	Gruenes	Marsh	Quist	Tjornhom
Carlson, J.	Gutknecht	McDonald	Redalen	Tompkins
Clausnitzer	Halberg	McKasy	Rees	Uphus
Dempsey	Hartinger	McPherson	Richter	Valan
DenOuden	Hartle	Miller	Rose	Valento
Dimler	Haukoos	Murphy	Schafer	Waltman
Dyke	Heap	Olsen, S.	Schreiber	Zaffke
Erickson	Himle	Omann	Shaver	Spk. Jennings, D.

The motion did not prevail.

H. F. No. 1, A bill for an act relating to government in this state; updating the income tax law to conform with federal tax law changes; making administrative and technical changes in the income tax law; providing for direct payments of fire and police state aids; requiring a one-year sales ratio study; changing dates for payments of certain state aids; delaying date for payment of second half taxes on agricultural property; authorizing reciprocal agreements with other states regarding interstate vehicles; requiring a report on the sales ratio study; eliminating a durational restriction on a special levy in Clearwater county; providing for delay of certain aid payments and altering computations; adjusting the computation and payment of local government aids; expanding tax clearance authority; expanding tax collection authority of the department of revenue; authorizing the department to file tax liens against homestead property; increasing the rate of interest to be paid on tax refunds; changing times for payment of certain taxes on liquor, cigarettes, tobacco products, and insurance premiums; imposing certain requirements on liquor wholesalers; altering enterprise zone provisions; providing for certain examinations; delaying transfer of motor vehicle excise taxes; reinstating the bottle tax; reducing the ethanol credit and providing payments to ethanol producers; adjusting income and asset criteria for recipients of medical assistance; repealing the provision for suspension of income tax indexing; making technical changes in property tax and other miscellaneous tax laws; transferring certain positions within the department of natural resources; establishing priorities for expenditure of additional revenues; reducing certain appropriations for education with certain conditions; adjusting complements; setting the foundation formula allowance and the amount to be raised by the basic maintenance mill rate; altering certain

education aid and levy formulas and requirements; authorizing levies in certain school districts; making changes in certain pension, retirement, and social security provisions; limiting eligibility for school bus driver endorsements; providing for insurance coverage, expense allowances, board duties, office location, class days, building construction, approval on certain capital improvements involving certain post-secondary education systems; providing for community emergency response hazardous substance protection; transferring certain funds between agencies; requiring certain studies and reports; imposing penalties; appropriating money; amending Minnesota Statutes 1984, sections 15.38, subdivision 3; 60A.15, subdivision 2; 60A.17, by adding a subdivision; 69.021, subdivisions 4, 5, 7, and 9; 69.031, subdivision 3; 69.54; 82.22, subdivision 3; 82.27, by adding a subdivision; 121.901, subdivision 2; 123.71, subdivision 1; 124.195, subdivisions 3, 5, and by adding a subdivision; 124.32, subdivision 1c; 124.573, subdivision 3; 124.71, subdivision 2; 136.14; 148.10, by adding a subdivision; 150A.08, by adding a subdivision; 162.06, subdivision 1; 162.12, subdivision 1; 270.12, subdivision 2; 270.69, by adding a subdivision; 270.72, subdivisions 1, 2, and 3; 270A.03, subdivision 5; 273.072, subdivision 1; 273.1391, subdivision 3; 275.125, subdivision 9, and by adding a subdivision; 276.09; 276.10; 276.11; 278.03; 279.01, as amended; 290.067, subdivision 2; 290.281, subdivision 5; 290.34, subdivision 2; 290.36; 290.50, subdivision 3; 290.53, subdivision 2; 290.56, subdivision 3; 290.61; 290A.03, subdivision 8; 296.16, subdivision 1; 296.17, subdivision 6, and by adding a subdivision; 297.07, subdivisions 1 and 4; 297.23, subdivision 1; 297.35, subdivisions 5 and 8; 297A.27, by adding a subdivision; 297A.43; 297B.09, subdivision 2; 298.24, subdivision 1; 299F.21; 326.20, by adding a subdivision; 364.09; and 477A.015; Minnesota Statutes 1985 Supplement, sections 15A.031, subdivision 8; 16A.15, subdivisions 1 and 6; 16A.1541; 60A.17, subdivision 1a; 69.031, subdivision 1; 116C.63, subdivision 4; 121.904, subdivision 4c; 124.155, subdivision 2; 124.17, subdivision 1a; 124.195, subdivision 11; 124.2131, subdivision 3; 124.2161, subdivision 6; 124.2162, subdivision 2; 124.2163, subdivision 2; 124.225, subdivisions 7b and 10; 124.245, subdivisions 1 and 3; 124.271, subdivision 2b; 124.573, subdivision 2; 124A.02, subdivisions 9 and 15; 124A.03, subdivision 1a; 129B.38, subdivision 1; 136C.07, subdivision 5a; 136C.35; 147.021, by adding a subdivision; 256B.06, subdivision 1; 270.063; 270.69, subdivisions 2, 3, and 4; 270.76; 270.77; 273.11, subdivision 8; 273.124, subdivisions 6, 8, 9, 10, 11, and by adding a subdivision; 273.13, subdivisions 15a, 26, 28, and 30; 273.1314, subdivisions 6 and 16a, as amended; 273.136; 273.42, subdivision 2; 274.19, subdivisions 1 and 8; 275.125, subdivisions 8, 11a, and 11c; 278.05, subdivision 5; 279.06; 287.12; 287.29, subdivision 1; 290.01, subdivision 20; 290.06, subdivision 3g; 290.068, subdivision 3; 290.079, subdivision 1; 290.089, subdivision 3; 290.09, subdivision 7; 290.091, subdivision 2; 290.095, subdivisions 9 and 11; 290.10; 290.12, subdivision 2; 290.13, subdivision 1; 290.132, subdivision 1; 290.14; 290.16, subdivisions 7 and 15; 290.17, subdivision 2; 290.21, subdivisions 4 and 8; 290.41, subdivision 1; 290.92, sub-

division 2a; 290.93, subdivision 10; 290A.03, subdivisions 3, 6, and 13; 296.02, subdivision 7; 296.22, subdivision 13; 297.35, subdivision 1; 297C.02, by adding a subdivision; 297C.03, subdivision 1; 297C.04; 297C.05, subdivision 2; 298.28, subdivision 1; 354.43, subdivision 3; 354A.12, subdivision 2; 355.208; 355.287; 355.46, subdivision 3; 477A.011, subdivisions 10 and 14; 477A.012; 477A.013; and 609.101; Laws 1985, chapter 289, section 5, subdivision 2; and section 7; Laws 1985, First Special Session chapter 12, article 1, section 36, subdivision 3; article 2, section 15, subdivision 2; article 3, section 28, subdivisions 9 and 10; article 4, section 11, subdivision 6; article 5, section 10, subdivisions 2 and 4; article 6, section 28, subdivisions 11, 16, 17, and 20, article 8, section 60, subdivisions 1 and 4; section 62, subdivisions 2, 3, 4, 6, 8, 9, 12, 13, 14, 15, and 17; section 63, subdivisions 2 and 3; section 64, subdivision 2; article 9, section 3, subdivisions 2 and 3; article 11, section 21, subdivision 3; chapter 14, article 11, section 13; proposing coding for new law in Minnesota Statutes, chapters 41A; 135A; 256; 270; 276; 297A; and 299F; 458; repealing Minnesota Statutes 1984, sections 69.031, subdivision 4; 121.495; 124A.031, subdivision 2; 136.063; 270.72, subdivision 5; 275.125, subdivision 16; 290.06, subdivision 15; 290.39, subdivision 1a; and 290A.04, subdivision 2f; Minnesota Statutes 1985 Supplement, sections 16A.154; 124.245, subdivisions 2 and 5; 129B.38; 275.125, subdivision 11b; and 290.06, subdivision 2f; Laws 1985, First Special Session chapter 14, article 21, sections 16 and 17.

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.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 91 yeas and 39 nays as follows:

Those who voted in the affirmative were:

Backlund	Dyke	Kelly	Onnen	Sherman
Battaglia	Elioff	Kiffmeyer	Ozment	Stanius
Beard	Erickson	Knickerbocker	Pappas	Sviggum
Becklin	Forsythe	Knuth	Pauly	Thiede
Begich	Frederick	Kostohryz	Piepho	Thorson
Bennett	Frederickson	Krueger	Piper	Tjornhom
Blatz	Frerichs	Kvam	Price	Tomlinson
Boerboom	Gruenes	Levi	Quist	Tompkins
Boo	Gutknecht	Lieder	Redalen	Tunheim
Brinkman	Halberg	Marsh	Rees	Uphus
Brown	Hartinger	McDonald	Rest	Valan
Burger	Hartle	McKasy	Richter	Valento
Carlson, D.	Haukoos	McPherson	Rose	Waltman
Carlson, J.	Heap	Metzen	Schafer	Zaffke
Carlson, L.	Himle	Miller	Schoenfeld	Spk. Jennings, D.
Clausnitzer	Jacobs	Minne	Schreiber	
Dempsey	Jennings, L.	Neuenschwander	Seaberg	
DenOuden	Johnson	Olsen, S.	Segal	
Dimler	Kalis	Omann	Shaver	

Those who voted in the negative were:

Anderson, G.	Kahn	Norton	Rice	Staten
Brandl	Long	O'Connor	Riveness	Vanasek
Clark	McEachern	Ogren	Rodosovich	Vellenga
Cohen	McLaughlin	Olson, E.	Sarna	Voss
Ellingson	Munger	Osthoff	Scheid	Welle
Fjoslien	Murphy	Otis	Skoglund	Wenzel
Greenfield	Nelson, D.	Peterson	Solberg	Wynia
Jaros	Nelson, K.	Quinn	Sparby	

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

#### MOTION TO TAKE FROM THE TABLE

Valan moved that H. F. No. 2 be taken from the table. The motion prevailed and H. F. No. 2 was taken from the table.

H. F. No. 2 was reported to the House.

#### SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Valan moved that the rule therein be suspended and an urgency be declared so that H. F. No. 2 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Valan moved that the rules of the House be so far suspended that H. F. No. 2 be given its second and third readings and be placed upon its final passage. The motion prevailed.

H. F. No. 2 was read for the second time.

McDonald moved to amend H. F. No. 2, as follows:

Page 1, after line 13, insert:

#### "ARTICLE 1"

Page 8, after line 13, insert:

#### "ARTICLE 2

Section 1. Laws 1986, chapter 398, article 1, section 7, subdivision 2, is amended to read:

Subd. 2. [AGRICULTURAL PROPERTY.] "Agricultural property" means real property that is principally used for farming as defined in section 500.24, subdivision 2, paragraph (a), and raising poultry, and personal property that is used as security to finance a farm operation or used as part of a farm opera-

tion including equipment, crops, livestock, and proceeds of the security. "Agricultural property" (SHALL ALSO) *does not include (AGRICULTURALLY RELATED BUSINESSES AS DEFINED BY THE COMMISSION) personal property that is subject to a possessory lien under sections 514.18 to 514.22.*

Sec. 2. Laws 1986, chapter 398, article 1, section 7, subdivision 8, is amended to read:

Subd. 8. [SERVE.] "Serve" means (1) personal service as in a district court civil action; (2) *service by certified mail using return receipt signed by addressee only; or (3) actual delivery of required documents with signed receipt.*

Sec. 3. Laws 1986, chapter 398, article 1, section 7, is amended by adding a subdivision to read:

Subd. 7a. [NECESSARY FARM OPERATING EXPENSES.] *As used in section 12, "necessary farm operating expenses" means a sum or sums adequate to continue, during the mediation period, farm operations begun prior to the notice of default. "Necessary farm operating expenses" does not include expenses for increasing the scale of an on-going farming operation or planting additional crops.*

Sec. 4. Laws 1986, chapter 398, article 1, section 7, is amended by adding a subdivision to read:

Subd. 7b. [NECESSARY LIVING EXPENSES.] *As used in section 12, "necessary living expenses" means a sum approximately equal to the amount to which the family would be entitled if eligible for payments under section 256.74.*

Sec. 5. Laws 1986, chapter 398, article 1, section 9, subdivision 2, is amended to read:

Subd. 2. [DEBTORS.] (a) Except as provided in paragraph (b) the farmer-lender mediation act applies to a debtor who is:

(1) a person operating a family farm as defined in section 500.24, subdivision 2;

(2) a family farm corporation as defined in section 500.24, subdivision 2; or

(3) an authorized farm corporation as defined in section 500.24, subdivision 2 (; OR)

((4) AN OWNER OF AN AGRICULTURALLY RELATED BUSINESS).

(b) The farmer-lender mediation act does not apply to a debtor who owns and leases less than 60 acres with less than \$20,000 in gross sales of agricultural products the preceding year (, EXCEPT FOR AN OWNER OF AN AGRICULTURALLY RELATED BUSINESS AS DEFINED BY THE DIRECTOR).

Sec. 6. Laws 1986, chapter 398, article 1, section 9, is amended by adding a subdivision to read:

*Subd. 3. [FINANCIAL INSTITUTION UNDER CEASE AND DESIST ORDER.] Upon the request of an institution, as defined in section 46.23, subdivision 4, the commissioner of commerce may exempt the institution from the farmer-lender mediation act without a hearing or contested case proceeding if:*

*(1) the institution is subject to a cease and desist order issued under sections 46.23 to 46.33; and*

*(2) the commissioner determines that exemption is essential to the financial survival of the institution.*

*The commissioner shall notify the director that the institution is exempt from mediation. The director shall notify the mediator that the institution is exempt. The reason for the exemption is confidential.*

Sec. 7. [583.255] [CERTIFICATION OF MEDIATION COMPLETION.]

*Upon the request of a debtor or creditor, the director shall certify that the debtor has completed voluntary or mandatory mediation as evidenced by a written agreement under Laws 1986, chapter 398, article 1, or another mediation program. A debtor may request mediation only once under Laws 1986, chapter 398, article 1, section 11, subdivision 2. A debtor who has been certified as having completed mediation may not request mediation under Laws 1986, chapter 398, article 1, section 11, subdivision 2.*

Sec. 8. Laws 1986, chapter 398, article 1, section 11, subdivision 2, is amended to read:

**Subd. 2. [MEDIATION REQUEST.] (a)** A debtor must file a mediation request form with the director by 14 days after receiving a mediation notice. The mediation request form must state all known creditors. The director shall make mediation request forms available in the county recorder's and county extension office of each county.

(b) A debtor who fails to file a timely mediation request waives the right to mediation under the farmer-lender mediation act. The director shall notify a creditor stating that the creditor

may proceed against the agricultural property because the debtor has failed to file a mediation request.

(c) If a debtor has not received a mediation notice and is subject to a proceeding of a creditor enforcing a debt against agricultural property under chapter 580 or 581 or sections 336.9-501 to 336.9-508, terminating a contract for deed to purchase agricultural property under section 559.21, or garnishing, levying on, executing on, seizing, or attaching agricultural property, the debtor may file a mediation request with the (COMMISSION) *director*. The mediation request form must indicate that the debtor has not received a mediation notice.

Sec. 9. Laws 1986, chapter 398, article 1, section 12, is amended to read:

Subdivision 1. [OBLIGATION OF GOOD FAITH.] The parties must engage in mediation in good faith. Not participating in good faith includes: (1) a failure on a regular or continuing basis to attend and participate in mediation sessions without cause; (2) failure to provide full information regarding the financial obligations of the parties and other creditors; (3) failure of the creditor to designate a representative to participate in the mediation with (ADEQUATE) authority to *make binding commitments within one business day* to fully settle, compromise, or otherwise mediate the matter; (4) lack of a written statement of debt restructuring alternatives and a statement of reasons why alternatives are unacceptable to one of the parties; (5) failure of (THE) a creditor to release *funds from the sale of farm products* to the debtor for necessary living and farm operating expenses; or (6) other similar behavior which evidences lack of good faith by the party. A failure to agree to reduce, restructure, refinance, or forgive debt does not, in itself, evidence lack of good faith by the creditor.

Subd. 2. [LACK OF GOOD FAITH AFFIDAVIT; MEDIATOR'S RESPONSIBILITY.] If the mediator determines that either party is not participating in good faith as defined in subdivision 1, the mediator shall file an affidavit indicating the reasons for the finding with the (AGRICULTURAL EXTENSION SERVICE) *director* and (BOTH) *with parties to the mediation*.

Subd. 3. [CREDITOR'S LACK OF GOOD FAITH; COURT SUPERVISED MEDIATION.] If the mediator finds the creditor has not participated in mediation in good faith, the debtor may require court supervised mandatory mediation by filing the affidavit with the district court of the county where the property is located with a request for court supervision of mediation and (FILING) *servng* a copy of the request (WITH) *on* the creditor. Upon request the court shall require both parties to mediate under the supervision of the court in good faith for a period of not (LESS) *more* than 60 days. All creditor remedies must be

suspended during this period. The court may issue orders necessary to effect good faith mediation. Following the (60 DAY) *mediation* period, if the court finds the creditor has not participated in mediation in good faith, the court shall by order suspend the creditor's remedies for an additional period of 180 days. A creditor found by the mediator not to have participated in good faith shall pay attorneys' fees and costs of the debtor requesting court-supervision of mediation or additional suspension of creditor's remedies.

Subd. 4. [DEBTOR LACK OF GOOD FAITH.] A creditor may immediately proceed with creditor's remedies upon receipt of a mediator's affidavit of a debtor's lack of good faith notwithstanding any other requirements of sections 5 to 17.

Sec. 10. Laws 1986, chapter 398, article 1, section 13, is amended to read:

Sec. 13. [583.28] [CREDITOR NOT ATTENDING MEDIATION MEETING.]

Subdivision 1. [FILING AND EFFECT OF CLAIM FORM.] A creditor that is notified of the initial mediation meeting is subject to and bound by a mediation agreement if the creditor does not attend mediation meetings unless the creditor files a claim form. In lieu of attending a mediation meeting, a creditor may file a notice of claim and proof of claim on a claim form with the mediator before the scheduled meeting. By filing a claim form the creditor agrees to be bound by a mediation agreement reached at the mediation meeting unless an objection is filed within the time specified. The mediator must notify the creditors who have filed claim forms of the terms of any agreement (REACHED AT THE FARM MEDIATION BOARD MEETING).

Subd. 2. [OBJECTIONS TO AGREEMENTS.] A creditor who has filed a claim form may serve a written objection to the terms of the agreement on the mediator and the debtor (BY) *within* ten days after receiving notice of the agreement. If a creditor files an objection to the terms of an agreement, the mediator (MAY) *shall* meet again with debtors and creditors (BY) *within* ten days after receiving the objection to (ATTEMPT TO REACH) *mediate* a new agreement. Notwithstanding the mediation period under section 11, subdivision 8, if an objection is filed, the mediator (MAY) *shall* call mediation meetings during the ten-day period following receipt of the objection.

Sec. 11. [583.285] [RULES.]

*The state court administrator, in consultation with the director of the bureau of mediation services and the director of the Uni-*



*versity of Minnesota agricultural extension service, shall make rules under chapter 14, to implement the farmer-lender mediation act. The state court administrator may adopt emergency rules.*

Sec. 12. Laws 1986, chapter 398, article 1, section 14, is amended to read:

Sec. 14. [583.29] [PRIVATE DATA.]

All data regarding the finances of individual debtors and creditors created, collected, and maintained by the mediators or the (DEBT RESTRUCTURING COMMISSION) *director* are classified as private data on individuals under section 13.02, subdivision 12, or nonpublic data under section 13.02, subdivision 9.

Sec. 13. Laws 1986, chapter 398, article 29, section 1, subdivision 7, is amended to read:

Subd. 7. [(AVTI AND UNIVERSITY OF MINNESOTA TECHNICAL COLLEGES) *FARM BUSINESS MANAGEMENT TRAINING TUITION SUPPLEMENT.*] \$1,350,000 is appropriated from the general fund to the state board of vocational technical education, for the biennium ending June 30, 1987, for the following services in proportions deemed necessary by the board to (THE AGRICULTURAL) *independent school districts, area* vocational technical institutes, and the University of Minnesota two-year technical colleges for:

- (1) reduced tuition costs for existing farm business management and small business management programs; and
- (2) additional farm business management programs and workshops.

Sec. 14. Laws 1986, chapter 398, article 20, section 1, is amended to read:

Subd. 6. [DISPOSAL OF LAND.] A state or federal agency or a corporation, other than a family farm corporation or an authorized farm corporation, when leasing or selling farm land or a farm homestead, must offer or make a good faith effort to offer land for sale or lease to the immediately preceding former owner at a price no higher than the highest price offered by a third party that is acceptable to the seller or lessor. *An offer to lease to the former owner is required only on the first occasion on which the property is leased. An offer to sell to the former owner is required only on the first occasion on which the property is sold.* An offer delivered by certified mail to the former owner's last known address is a good faith offer. This subdivision does not apply to a sale or lease that occurs after the seller or lessor has held the property for five years.

The former owner must exercise the right to lease farm land within (30) *five* days after receiving an offer to lease under this subdivision. The former owner must exercise the right to buy farm land within (90) *30* days after receiving an offer to buy under this subdivision. *This subdivision does not apply if the former owner is a bankruptcy estate.*

Sec. 15. [REPEALER.]

*Laws 1986, chapter 398, article 1, section 7, subdivision 3, is repealed.*

Sec. 16. [EFFECTIVE DATE.]

*This article is effective the day following final enactment.*

ARTICLE 3

Section 1. Laws 1986, chapter 398, article 8, section 1, is amended to read:

Section 1. [41.595] [FAMILY FARM SECURITY INTEREST EXCLUSIONS.]

(a) The commissioner shall annually pay to qualified sellers of property, financed by a family farm security loan, an amount approximately equal to the additional state income tax paid as a result of the inclusion in gross income of the interest and payment adjustment earned on a seller-sponsored family farm security loan.

(b) The payment amount must be determined as follows:

(1) In order to qualify for a payment, the seller must apply to the commissioner. The application must include a copy of the seller's 1985 state income tax return and any other information that the commissioner requests to verify that the applicant is a qualified seller. The commissioner shall recompute the seller's total state income tax liability that would be due if the interest and payment adjustment amounts were not includable in gross income for state income tax purposes. The commissioner may require the seller to compute these amounts as part of the application. For calendar year 1986 the amount of the payment equals the reduction in state income tax liability that would occur if the interest and payment adjustment were not included in gross income for state tax purposes.

(2) For calendar years beginning with 1987, the additional payment amount must be determined as follows:

(i) The calendar year 1986 payment must be divided by the amount of interest and payment adjustment received during calendar year 1986.

(ii) The resulting quotient must be multiplied by the interest and payment adjustment received for the calendar year.

(iii) The product determined under clause (ii) is the payment for the calendar year.

(c) If for a tax year after 1986 the qualified seller's taxable income has changed substantially, the commissioner may provide by rule that upon reapplication a later tax year will be used to compute the quotient under clause (b) (2) (i).

(d) The commissioner may make the payments under this (SUBDIVISION) *section* in the same manner provided for the payment adjustment under *section 41.57*, subdivision 2.

(e) For purposes of this (SUBDIVISION) *section*, the following terms have the meanings given:

(1) "Gross income" means gross income as defined for purposes of chapter 290.

(2) "Qualified seller" means an individual who sold farm land under a seller-sponsored loan prior to July 1, 1985, and who is a resident of Minnesota during the calendar year and subject to the payment of Minnesota income taxes.

Sec. 2. Laws 1986, chapter 398, article 19, section 5, subdivision 1, is amended to read:

Subdivision 1. [DEFICIENCY ALLOWED.] (a) Except as provided in this section, a person holding a mortgage may obtain a deficiency judgment against the mortgagor if the amount a person holding a mortgage receives from a foreclosure sale is less than:

(1) the amount remaining unpaid on the mortgage under chapter 580; or

(2) the amount of the judgment entered under chapter 581.

(b) Except as provided in (SUBDIVISION) *subdivisions 3 and 5*, the judgment may not be for more than the difference between the amount received from the foreclosure sale less expenses and costs and:

(1) for a foreclosure by advertisement, the total amount that attaches to the sale proceeds under chapter 580; or

(2) for a foreclosure by action, the amount of the judgment entered under chapter 581.

Sec. 3. Laws 1986, chapter 398, article 23, section 1, subdivision 4, is amended to read:

Subd. 4. [COMMISSIONER'S INTEREST INDEX.] "Commissioner's interest index" means an interest rate that is three percent above the current lending rate of the Federal (INTEREST) *Intermediate* Credit Bank to production credit associations as certified each month by the commissioner.

Sec. 4. [EFFECTIVE DATE.]

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

Amend the title accordingly

A roll call was requested and properly seconded.

Schoenfeld moved to amend the McDonald amendment to H. F. No. 2.

A roll call was requested and properly seconded.

Bishop requested a division of the Schoenfeld amendment to the McDonald amendment to H. F. No. 2.

The first portion of the Schoenfeld amendment to the McDonald amendment to H. F. No. 2, reads as follows:

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

The question was taken on the first portion of the Schoenfeld amendment to the McDonald amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 57 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jaros	Munger	Price	Sparby
Anderson, R.	Jennings, L.	Nelson, D.	Quinn	Tomlinson
Beard	Kahn	Nelson, K.	Redalen	Tunheim
Brandl	Kalis	Neuenschwander	Rest	Vanasek
Brown	Kelly	Norton	Rice	Vellenga
Carlson, D.	Knuth	Ogren	Riveness	Voss
Carlson, L.	Kostohryz	Olson, E.	Rodosovich	Welle
Clark	Krueger	Osthoff	Sarna	Wenzel
Cohen	Lieder	Otis	Scheid	Wynia
Ellingson	Long	Pappas	Schoenfeld	
Greenfield	McEachern	Peterson	Segal	
Jacobs	McLaughlin	Piper	Skoglund	

Those who voted in the negative were:

Backlund	Frederickson	Kvam	Poppenhagen	Thorson
Bennett	Frerichs	Levi	Quist	Tjornhom
Bishop	Gruenes	Marsh	Rees	Tompkins
Blatz	Gutknecht	McDonald	Richter	Uphus
Boerboom	Halberg	McKasy	Rose	Valan
Boo	Hartinger	McPherson	Schafer	Valento
Burger	Hartle	Miller	Schreiber	Waltman
Carlson, J.	Haukoos	Murphy	Seaberg	Zaffke
Dempsey	Heap	Olsen, S.	Shaver	Spk. Jennings, D.
Dyke	Himle	Onnen	Sherman	
Erickson	Johnson	Ozment	Stanius	
Forsythe	Kiffmeyer	Pauly	Sviggum	
Frederick	Knickerbocker	Piepho	Thiede	

The motion did not prevail and the first portion of the Schoenfeld amendment to the McDonald amendment to H. F. No. 2 was not adopted.

The second portion of the Schoenfeld amendment to the McDonald amendment to H. F. No. 2, reads as follows:

Page 7, line 20, delete "*Five*" and insert "*10*"

Page 7, line 22, delete "*30*" and insert "*60*"

The question was taken on the second portion of the Schoenfeld amendment to the McDonald amendment 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:

Anderson, G.	Fjoslien	McEachern	Otis	Segal
Battaglia	Greenfield	McLaughlin	Pappas	Skoglund
Beard	Gutknecht	Metzen	Peterson	Solberg
Bishop	Halberg	Munger	Piper	Sparby
Brandl	Hartle	Murphy	Price	Stanius
Brinkman	Jacobs	Nelson, D.	Quinn	Staten
Brown	Jaros	Nelson, K.	Redalen	Tomlinson
Carlson, D.	Jennings, L.	Neuenschwander	Rees	Tunheim
Carlson, L.	Kahn	Norton	Rest	Valan
Clark	Kalis	O'Connor	Rice	Vanasek
Cohen	Kelly	Ogren	Richter	Vellenga
Dimler	Knuth	Olsen, S.	Riveness	Voss
Dyke	Kostohryz	Olson, E.	Rodosovich	Welle
Elioff	Krueger	Omann	Sarna	Wenzel
Ellingson	Lieder	Onnen	Scheid	Wynia
Erickson	Long	Osthoff	Schoenfeld	

Those who voted in the negative were:

Anderson, R.	Forsythe	Kiffmeyer	Piepho	Thorson
Backlund	Frederick	Knickerbocker	Poppenhagen	Tjornhom
Bennett	Frederickson	Kvam	Quist	Tompkins
Blatz	Frerichs	Levi	Rose	Uphus
Boerboom	Gruenes	Marsh	Schafer	Valento
Boo	Hartinger	McDonald	Seaberg	Waltman
Burger	Haukoos	McPherson	Shaver	Zaffke
Carlson, J.	Heap	Miller	Sherman	Spk. Jennings, D.
Dempsey	Himle	Ozment	Swiggum	
DenOuden	Johnson	Pauly	Thiede	

The motion prevailed and the second portion of the Schoenfeld amendment to the McDonald amendment to H. F. No. 2 was adopted.

Schoenfeld moved to amend the McDonald amendment, as amended, to H. F. No. 2, as follows:

Page 2, line 4, delete "*farm*" and insert "*normal farming*"

Page 2, line 5, delete "*begun prior to the notice of default*"

A roll call was requested and properly seconded.

The question was taken on the Schoenfeld amendment to the McDonald amendment, as amended, and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 55 yeas and 66 nays as follows:

Those who voted in the affirmative were:

Anderson, C.	Cohen	Lieder	Osthoff	Segal
Battaglia	Elioff	Long	Otis	Skoglund
Beard	Greenfield	McLaughlin	Peterson	Solberg
Begich	Jaros	Minne	Piper	Sparby
Bishop	Jennings, L.	Munger	Price	Tunheim
Brandl	Kahn	Murphy	Quinn	Vanasek
Brinkman	Kalis	Nelson, D.	Rest	Vellenga
Brown	Kelly	Nelson, K.	Rivness	Voss
Carlson, D.	Knuth	Neuenschwander	Rodosovich	Welle
Carlson, L.	Kostohryz	Norton	Scheid	Wenzel
Clark	Krueger	Olson, E.	Schoenfeld	Wynia

Those who voted in the negative were:

Anderson, R.	Boo	Dyke	Frerichs	Haukoos
Backlund	Burger	Erickson	Gruenes	Heap
Becklin	Carlson, J.	Fjoslie	Gutknecht	Himle
Bennett	Clausnitzer	Forsythe	Halberg	Johnson
Blatz	Dempsey	Frederick	Hartinger	Kiffmeyer
Boerboom	DenOuden	Frederickson	Harle	Knickerbocker

Kvam	Olsen, S.	Redalen	Shaver	Tompkins
Levi	Omann	Rees	Sherman	Uphus
Marsh	Onnen	Richter	Stanius	Valan
McDonald	Pauly	Rose	Sviggum	Valento
McKasy	Piepho	Schafer	Thiede	Waltman
McPherson	Poppenhagen	Schreiber	Thorson	Zaffke
Metzen	Quist	Seaberg	Tjornhom	Spk. Jennings, D.
Miller				

The motion did not prevail and the amendment to the amendment was not adopted.

Schoenfeld moved to amend the McDonald amendment, as amended, to H. F. No. 2, as follows:

Page 3, line 15, after "once" insert "*per creditor action*"

Page 3, line 16, delete "A"

Page 3, delete lines 17, 18 and 19

A roll call was requested and properly seconded.

The question was taken on the Schoenfeld amendment to the McDonald amendment, as amended, and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 53 yeas and 65 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	Tunheim
Becklin	Kahn	Nelson, D.	Rest	Vanasek
Brandl	Kelly	Nelson, K.	Riveness	Vellenga
Brown	Knuth	Neuenschwander	Rodosovich	Voss
Carlson, L.	Kostohryz	Norton	Scheid	Welle
Clark	Krueger	Olson, E.	Schoenfeld	Wenzel
Cohen	Lieder	Otis	Segal	Wynia
Elioff	Long	Pappas	Skoglund	
Greenfield	McLaughlin	Peterson	Solberg	

Those who voted in the negative were:

Anderson, R.	Clausnitzer	Frerichs	Kiffmeyer	Miller
Backlund	Dempsey	Gruenes	Knickerbocker	Olsen, S.
Bennett	DenOuden	Gutknecht	Kvam	Omann
Boerboom	Dyke	Hartinger	Levi	Onnen
Boo	Erickson	Hartle	Marsh	Ozment
Brinkman	Fjoslien	Haukoos	McDonald	Pauly
Burger	Forsythe	Heap	McKasy	Piepho
Carlson, D.	Frederick	Himle	McPherson	Poppenhagen
Carlson, J.	Frederickson	Johnson	Metzen	Quist

Redalen	Schafer	Sherman	Tjornhom	Valento
Rees	Schreiber	Sviggum	Tompkins	Waltman
Richter	Seaberg	Thiede	Uphus	Zaffke
Rose	Shaver	Thorson	Valan	Spk. Jennings, D.

The motion did not prevail and the amendment to the amendment was not adopted.

Schoenfeld moved to amend the McDonald amendment, as amended, to H. F. No. 2, as follows:

Page 3, line 15, after "*once*" insert "*per creditor action*"

A roll call was requested and properly seconded.

The Speaker called Halberg to the Chair.

The question was taken on the Schoenfeld amendment to the McDonald amendment, as amended, and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 59 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Minne	Peterson	Skoglund
Battaglia	Jaros	Munger	Piper	Solberg
Beard	Jennings, L.	Murphy	Price	Sparby
Becklin	Kahn	Nelson, D.	Quinn	Staten
Begich	Kalis	Nelson, K.	Rest	Tunheim
Brandl	Kelly	Neuenschwander	Rice	Vanasek
Brown	Knuth	Norton	Rivness	Vellenga
Carlson, L.	Kostohryz	Ogren	Rodosovich	Voss
Clark	Krueger	Oison, E.	Sarna	Welle
Cohen	Lieder	Osthoff	Scheid	Wenzel
Elioff	Long	Otis	Schoenfeld	Wynia
Ellingson	McLaughlin	Pappas	Segal	

Those who voted in the negative were:

Anderson, R.	Fjoslien	Johnson	Ozment	Stanisus
Backlund	Forsythe	Kiffmeyer	Pauly	Sviggum
Bennett	Frederick	Knickerbocker	Piepho	Thiede
Bishop	Frederickson	Kvam	Poppenhagen	Thorson
Boerboom	Frerichs	Levi	Quist	Tjornhom
Boo	Gruenes	Marsh	Redalen	Tompkins
Brinkman	Gutknecht	McDonald	Rees	Uphus
Burger	Halberg	McKasy	Richter	Valan
Carlson, J.	Hartering	McPherson	Rose	Valento
Clausnitzer	Hartle	Metzen	Schafer	Waltman
Dempsey	Haukoos	Miller	Schreiber	Zaffke
DenOuden	Heap	Olsen, S.	Seaberg	Spk. Jennings, D.
Dyke	Himle	Ormann	Shaver	
Erickson	Jacobs	Onnen	Sherman	

The motion did not prevail and the amendment to the amendment was not adopted.



The question recurred on the McDonald amendment, as amended, and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 68 yeas and 58 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dimler	Heap	Ozment	Stanius
Backlund	Dyke	Himle	Pauly	Sviggum
Becklin	Erickson	Johnson	Piepho	Thiede
Bennett	Fjoslien	Kiffmeyer	Poppenhagen	Thorson
Bishop	Forsythe	Kvam	Quist	Tjornhom
Blatz	Frederick	Levi	Redalen	Tompkins
Boerboom	Frederickson	Marsh	Rees	Uphus
Boo	Frerichs	McDonald	Richter	Valan
Burger	Gruenes	McKasy	Rose	Valento
Carlson, D.	Gutknecht	McPherson	Schafer	Waltman
Carlson, J.	Halberg	Miller	Schreiber	Zaffke
Clausnitzer	Hartinger	Olsen, S.	Seaberg	Spk. Jennings, D.
Dempsey	Hartle	Omann	Shaver	
DenOuden	Haukoos	Onnen	Sherman	

Those who voted in the negative were:

Anderson, G.	Greenfield	Minne	Peterson	Solberg
Battaglia	Jacobs	Munger	Piper	Sparby
Beard	Jaros	Murphy	Price	Staten
Begich	Jennings, L.	Nelson, D.	Quinn	Tunheim
Brandl	Kahn	Nelson, K.	Rest	Vanasek
Brinkman	Kalis	Neuenschwander	Rice	Vellenga
Brown	Kelly	Norton	Riveness	Voss
Carlson, L.	Knuth	Ogren	Rodosovich	Welle
Clark	Kostohryz	Olson, E.	Scheid	Wenzel
Cohen	Krueger	Osthoff	Schoenfeld	Wynia
Elioff	Long	Otis	Segal	
Ellingson	McLaughlin	Pappas	Skoglund	

The motion prevailed and the amendment, as amended, was adopted.

Schreiber moved to amend H. F. No. 2, as amended, as follows:

Page 7, after line 22, insert:

*"Sec. 6. [FAMILY FARM SECURITY ACT ADDITIONAL INTEREST PAYMENTS.] \$740,000 is appropriated to the commissioner of agriculture from the general fund for the biennium ending June 30, 1987 in order to make the payments required by Section 3."*

Page 8, after line 10, insert:

*"Sec. 7. [REPEALER.]*

*Laws 1986, chapter 398, articles 8 and 29, section 1, subdivision 6, are repealed."*

Page 8, line 12, delete "6" and insert "7"

Renumber the remaining sections

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

The Speaker resumed the Chair.

H. F. No. 2, A bill for an act relating to the family farm security program; authorizing the issuance of general obligation bonds to finance certain payments to be made by the state on family farm loan guarantees; providing an additional payment to certain sellers; appropriating money; amending Minnesota Statutes 1984, sections 41.51; 41.56, subdivision 4b; and 41.57, by adding a subdivision; Minnesota Statutes 1985 Supplement, section 41.61; and proposing coding for new law in Minnesota Statutes, chapter 41.

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 69 yeas and 62 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dyke	Johnson	Onnen	Sherman
Backlund	Erickson	Kiffmeyer	Ozment	Sparby
Becklin	Forsythe	Knickerbocker	Pauly	Stanius
Bennett	Frederick	Kvam	Piepho	Sviggum
Bishop	Frederickson	Levi	Poppenhagen	Thiede
Blatz	Frerichs	Lieder	Quist	Thorson
Boerboom	Cruenes	Marsh	Redalen	Tompkins
Boo	Gutknecht	McDonald	Rees	Uphus
Burger	Halberg	McKasy	Richter	Valan
Carlson, D.	Hartinger	McPherson	Rose	Valento
Carlson, J.	Hartle	Miller	Schafer	Waltman
Dempsey	Haukoos	Olsen, S.	Schreiber	Zaffke
DenOuden	Heap	Olson, E.	Seaberg	Spk. Jennings, D.
Dimler	Himle	Omann	Shaver	

Those who voted in the negative were:

Anderson, G.	Greenfield	Metzen	Peterson	Solberg
Battaglia	Jacobs	Minne	Piper	Staten
Beard	Jaros	Munger	Price	Tjornhom
Begich	Jennings, L.	Murphy	Quinn	Tunheim
Brandl	Kahn	Nelson, D.	Rest	Vanasek
Brinkman	Kalis	Nelson, K.	Rice	Vellenga
Brown	Kelly	Neuenschwander	Riveness	Voss
Carlson, L.	Knuth	Norton	Rodosovich	Welle
Clark	Kostohryz	O'Connor	Sarna	Wenzel
Clausnitzer	Krueger	Ogren	Scheid	Wynia
Cohen	Long	Osthoff	Schoenfeld	
Elioff	McEachern	Otis	Segal	
Fjoslien	McLaughlin	Pappas	Skoglund	

The bill was not passed, as amended.

Nelson, K., was excused for the remainder of today's session.

### MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

This is to notify you that the Senate is now duly organized pursuant to the Minnesota Constitution and Minnesota Statutes.

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. 1, A bill for an act relating to government in this state; updating the income tax law to conform with federal tax law changes; making administrative and technical changes in the income tax law; providing for direct payments of fire and police state aids; requiring a one-year sales ratio study; changing dates for payments of certain state aids; delaying date for payment of second half taxes on agricultural property; authorizing reciprocal agreements with other states regarding interstate vehicles; requiring a report on the sales ratio study; eliminating a durational restriction on a special levy in Clearwater county; providing for delay of certain aid payments and altering computations; adjusting the computation and payment of local government aids; expanding tax clearance authority; expanding tax collection authority of the department of revenue; authorizing the department to file tax liens against homestead property; increasing the rate of interest to be paid on tax refunds; changing times for payment of certain taxes on liquor, cigarettes, tobacco products, and insurance premiums; imposing certain requirements on liquor whole-

salers; altering enterprise zone provisions; providing for certain examinations; delaying transfer of motor vehicle excise taxes; reinstating the bottle tax; reducing the ethanol credit and providing payments to ethanol producers; adjusting income and asset criteria for recipients of medical assistance; repealing the provision for suspension of income tax indexing; making technical changes in property tax and other miscellaneous tax laws; transferring certain positions within the department of natural resources; establishing priorities for expenditure of additional revenues; reducing certain appropriations for education with certain conditions; adjusting complements; setting the foundation formula allowance and the amount to be raised by the basic maintenance mill rate; altering certain education aid and levy formulas and requirements; authorizing levies in certain school districts; making changes in certain pension, retirement, and social security provisions; limiting eligibility for school bus driver endorsements; providing for insurance coverage, expense allowances, board duties, office location, class days, building construction, approval on certain capital improvements involving certain post-secondary education systems; providing for community emergency response hazardous substance protection; transferring certain funds between agencies; requiring certain studies and reports; imposing penalties; appropriating money; amending Minnesota Statutes 1984, sections 15.38, subdivision 3; 60A.15, subdivision 2; 60A.17, by adding a subdivision; 69.021, subdivisions 4, 5, 7, and 9; 69.031, subdivision 3; 69.54; 82.22, subdivision 3; 82.27, by adding a subdivision; 121.901, subdivision 2; 123.71, subdivision 1; 124.195, subdivisions 3, 5, and by adding a subdivision; 124.32, subdivision 1c; 124.573, subdivision 3; 124.71, subdivision 2; 136.14; 148.10, by adding a subdivision; 150A.08, by adding a subdivision; 162.06, subdivision 1; 162.12, subdivision 1; 270.12, subdivision 2; 270.69, by adding a subdivision; 270.72, subdivisions 1, 2, and 3; 270A.03, subdivision 5; 273.072, subdivision 1; 273.1391, subdivision 3; 275.125, subdivision 9, and by adding a subdivision; 276.09; 276.10; 276.11; 278.03; 279.01, as amended; 290.067, subdivision 2; 290.281, subdivision 5; 290.34, subdivision 2; 290.36; 290.50, subdivision 3; 290.53, subdivision 2; 290.56, subdivision 3; 290.61; 290A.03, subdivision 8; 296.16, subdivision 1; 296.17, subdivision 6, and by adding a subdivision; 297.07, subdivisions 1 and 4; 297.23, subdivision 1; 297.35, subdivisions 5 and 8; 297A.27, by adding a subdivision; 297A.43; 297B.09, subdivision 2; 298.24, subdivision 1; 299F.21; 326.20, by adding a subdivision; 364.09; and 477A.015; Minnesota Statutes 1985 Supplement, sections 15A.081, subdivision 8; 16A.15, subdivisions 1 and 6; 16A.1541; 60A.17, subdivision 1a; 69.031, subdivision 1; 116C.63, subdivision 4; 121.904, subdivision 4c; 124.155, subdivision 2; 124.17, subdivision 1a; 124.195, subdivision 11; 124.2131, subdivision 3; 124.2161, subdivision 6; 124.2162, subdivision 2; 124.2163, subdivision 2; 124.225, subdivisions 7b and 10; 124.245, subdivisions 1 and 3; 124.271, subdivision 2b; 124.573, subdivision 2; 124A.02, subdivisions 9 and 15; 124A.03, subdivision 1a; 129B.38, subdivision 1; 136C.07, subdivision 5a; 136C.35; 147.021, by adding a subdivision; 256B.06, subdivision 1; 270.063; 270.69, subdivisions

2, 3, and 4; 270.76; 270.77; 273.11, subdivision 8; 273.124, subdivisions 6, 8, 9, 10, 11, and by adding a subdivision; 273.13, subdivisions 15a, 26, 28, and 30; 273.1314, subdivisions 6 and 16a, as amended; 273.136; 273.42, subdivision 2; 274.19, subdivisions 1 and 8; 275.125, subdivisions 8, 11a, and 11c; 278.05, subdivision 5; 279.06; 287.12; 287.29, subdivision 1; 290.01, subdivision 20; 290.06, subdivision 3g; 290.068, subdivision 3; 290.079, subdivision 1; 290.089, subdivision 3; 290.09, subdivision 7; 290.091, subdivision 2; 290.095, subdivisions 9 and 11; 290.10; 290.12, subdivision 2; 290.13, subdivision 1; 290.132, subdivision 1; 290.14; 290.16, subdivisions 7 and 15; 290.17, subdivision 2; 290.21, subdivisions 4 and 8; 290.41, subdivision 1; 290.92, subdivision 2a; 290.93, subdivision 10; 290A.03, subdivisions 3, 6, and 13; 296.02, subdivision 7; 296.22, subdivision 13; 297.35, subdivision 1; 297C.02, by adding a subdivision; 297C.03, subdivision 1; 297C.04; 297C.05, subdivision 2; 298.28, subdivision 1; 354.43, subdivision 3; 354A.12, subdivision 2; 355.208; 355.287; 355.46, subdivision 3; 477A.011, subdivisions 10 and 14; 477A.012; 477A.013; and 609.101; Laws 1985, chapter 289, section 5, subdivision 2; and section 7; Laws 1985, First Special Session chapter 12, article 1, section 36, subdivision 3; article 2, section 15, subdivision 2; article 3, section 28, subdivisions 9 and 10; article 4, section 11, subdivision 6; article 5, section 10, subdivisions 2 and 4; article 6, section 28, subdivisions 11, 16, 17, and 20, article 8, section 60, subdivisions 1 and 4; section 62, subdivisions 2, 3, 4, 6, 8, 9, 12, 13, 14, 15, and 17; section 63, subdivisions 2 and 3; section 64, subdivision 2; article 9, section 3, subdivisions 2 and 3; article 11, section 21, subdivision 3; chapter 14, article 11, section 13; proposing coding for new law in Minnesota Statutes, chapters 41A; 135A; 256; 270; 276; 297A; and 299F; 458; repealing Minnesota Statutes 1984, sections 69.031, subdivision 4; 121.495; 124A.031, subdivision 2; 136.063; 270.72, subdivision 5; 275.125, subdivision 16; 290.06, subdivision 15; 290.39, subdivision 1a; and 290A.04, subdivision 2f; Minnesota Statutes 1985 Supplement, sections 16A.154; 124.245, subdivisions 2 and 5; 129B.38; 275.125, subdivision 11b; and 290.06, subdivision 2f; Laws 1985, First Special Session chapter 14, article 21, sections 16 and 17.

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. 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### FIRST READING OF SENATE BILLS

S. F. No. 1, 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; providing instructions to the revisor; correcting various legislative enactments; providing for the exclusion of the homestead from the augmented estate; providing for the inclusion of certain insurance and other items in the augmented estate; establishing a standard for best interests of wards or conservatees; requiring findings regarding best interests; amending Minnesota Statutes 1984, sections 8.32, subdivision 2; 10A.01, subdivision 11; 10A.04, subdivision 4a; 16A.631; 46.044, as amended; 47.58, subdivision 5; 62D.22, subdivision 8; 116J.70, subdivision 2a; 116M.08, subdivision 17; 121.15, subdivision 2; 124A.02, subdivision 14; 136D.74, subdivision 2; 144.224; 169.045, subdivision 7, as amended; 176A.01, subdivision 1; 179A.10, subdivision 3; 253B.02, subdivision 4a; 260.015, subdivision 24; 260.245; 275.125, subdivision 9, as amended; 298.22, subdivision 3; 327C.07, subdivision 3a; 349.15, as amended; 349.212, subdivisions 2 and 4, as amended; 349.214, subdivision 2; 383A.23, subdivision 5; 385.24; 403.12, subdivision 1; 414.061, subdivisions 4 and 4a; 424A.001, subdivision 7, as added; 462A.21, subdivision 8a; 471.992, as amended; 487.191; 494.03; 518B.01, subdivision 2; 525.539, by adding a subdivision; 525.544; 525.551, subdivision 5; 525.61; 571.495, subdivision 2; 590.01, subdivision 1; 609.346, subdivision 3; 609.347, subdivision 3; 609.348; 609.35; 611A.03, subdivision 3; 628.26; Minnesota Statutes 1985 Supplement, sections 47.20, subdivision 6c; 64B.05, subdivision 1; 64B.37, subdivision 2; 69.011, subdivision 1; 97.50, subdivision 1; 116M.03, subdivision 28; 124.32, subdivision 1d; 145.917, subdivision 4; 147.01, subdivision 4; 147.073, subdivision 1; 168.013, subdivision 1e, as amended; 168.27, subdivision 11; 248.07, subdivision 7; 256B.091, subdivision 4; 256D.37, subdivision 1; 256F.05, subdivision 4; 256F.06, subdivision 1; 273.124, subdivision 5; 297C.03, subdivision 1; 298.02, subdivision 1; 298.225, subdivision 1, as amended; 298.28, subdivision 1, as amended; 340A.404, subdivision 5; 340A.409, subdivision 1; 340A.410, by adding a subdivision; 340A.412, subdivisions 1 and 9; 340A.415; 340A.702; 340A.802, subdivision 1; 349.212, subdivision 1, as amended; 356.216; 358.44; 414.061, subdivision 5; 458.16, subdivision 6; 473.831, subdivision 1; 524.2-109; 524.2-202; 524.2-205; 525.145; 527.41; 527.42; 527.43; 528.15; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivision 2; 609.3471; 626.556, subdivision 2; 631.045; 1986 Regular Session H. F. No. 1886, section 21; Laws 1986, chapters 339, sections 6, subdivision 1; 8; 15, subdivision 1; 16; and 17; 353, section 12; 359, section 27; 365, section 22; 372, section 1, subdivision 1; 383, section 17, subdivision 5; 391, section 7; 394, section 10, subdivision 6; 398, article 1, section 11, subdivision 5; article 2, section 3, subdivision 2; article 6, section 2, subdivision 2; article 29, section 1, subdivision 27; 416, section 4; 417, section 1; 441, section 15; 455, section 21, subdivision 1; 456, section 1, subdivision 2; 460, sections 7, subdivisions 1 and 2; 48; 49; 50; and 59; 465, article 1, sections 11; 20, subdivision 9; article 2, section 25; 467, section 24, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 206 and 340A; repealing Minnesota Statutes 1984, section 35.067; 383A.-

23, subdivisions 2, 3, and 4; 403.12, subdivisions 2 and 3; repealing Laws 1984, chapter 560, section 24; Laws 1985, chapters 248, sections 28 and 29; 252, section 24; Laws 1985, First Special Session chapters 9, article 2, section 89; 14, article 3, section 13; 14, article 4, sections 37 and 91; Laws 1986, chapter 399, article 2.

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, Himle moved that the rule therein be suspended and an urgency be declared so that S. F. No. 1 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Himle moved that the rules of the House be so far suspended that S. F. No. 1 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 1 was read for the second time.

S. F. No. 1, 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; providing instructions to the revisor; correcting various legislative enactments; providing for the exclusion of the homestead from the augmented estate; providing for the inclusion of certain insurance and other items in the augmented estate; establishing a standard for best interests of wards or conservatees; requiring findings regarding best interests; amending Minnesota Statutes 1984, sections 8.32, subdivision 2; 10A.01, subdivision 11; 10A.04, subdivision 4a; 16A.631; 46.044, as amended; 47.58, subdivision 5; 62D.22, subdivision 8; 116J.70, subdivision 2a; 116M.08, subdivision 17; 121.15, subdivision 2; 124A.02, subdivision 14; 136D.74, subdivision 2; 144.224; 169.045, subdivision 7, as amended; 176A.01, subdivision 1; 179A.10, subdivision 3; 253B.02, subdivision 4a; 260.015, subdivision 24; 260.245; 275.125, subdivision 9, as amended; 298.22, subdivision 3; 327C.07, subdivision 3a; 349.15, as amended; 349.212, subdivisions 2 and 4, as amended; 349.214, subdivision 2; 383A.23, subdivision 5; 385.24; 403.12, subdivision 1; 414.061, subdivisions 4 and 4a; 424A.001, subdivision 7, as added; 462A.21, subdivision 8a; 471.992, as amended; 487.191; 494.03; 518B.01, subdivision 2; 525.539, by adding a subdivision; 525.544; 525.551, subdivision 5; 525.61; 571.495, subdivision 2; 590.01, subdivision 1; 609.346, subdivision 3; 609.347, subdivision 3; 609.348; 609.35; 611A.03, subdivision 3; 628.26; Minnesota Statutes 1985 Supplement, sections 47.20, subdivision 6c; 64B.05, subdivision 1; 64B.37, subdivision 2; 69.011, subdivision 1; 97.50, subdivision 1; 116M.03, subdivision 28; 124.32, subdivision 1d;

145.917, subdivision 4; 147.01, subdivision 4; 147.073, subdivision 1; 168.013, subdivision 1e, as amended; 168.27, subdivision 11; 248.07, subdivision 7; 256B.091, subdivision 4; 256D.37, subdivision 1; 256F.05, subdivision 4; 256F.06, subdivision 1; 273.124, subdivision 5; 297C.03, subdivision 1; 298.02, subdivision 1; 298.225, subdivision 1, as amended; 298.28, subdivision 1, as amended; 340A.404, subdivision 5; 340A.409, subdivision 1; 340A.410, by adding a subdivision; 340A.412, subdivisions 1 and 9; 340A.415; 340A.702; 340A.802, subdivision 1; 349.212, subdivision 1, as amended; 356.216; 358.44; 414.061, subdivision 5; 458.16, subdivision 6; 473.831, subdivision 1; 524.2-109; 524.2-202; 524.2-205; 525.145; 527.41; 527.42; 527.43; 528.15; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivision 2; 609.3471; 626.556, subdivision 2; 631.045; 1986 Regular Session H. F. No. 1886, section 21; Laws 1986, chapters 339, sections 6, subdivision 1; 8; 15, subdivision 1; 16; and 17; 358, section 12; 359, section 27; 365, section 22; 372, section 1, subdivision 1; 383, section 17, subdivision 5; 391, section 7; 394, section 10, subdivision 6; 398, article 1, section 11, subdivision 5; article 2, section 3, subdivision 2; article 6, section 2, subdivision 2; article 29, section 1, subdivision 27; 416, section 4; 417, section 1; 441, section 15; 455, section 21, subdivision 1; 456, section 1, subdivision 2; 460, sections 7, subdivisions 1 and 2; 48; 49; 50; and 59; 465, article 1, sections 11; 20, subdivision 9; article 2, section 25; 467, section 24, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 206 and 340A; repealing Minnesota Statutes 1984, section 35.067; 383A.23, subdivisions 2, 3, and 4; 403.12, subdivisions 2 and 3; repealing Laws 1984, chapter 560, section 24; Laws 1985, chapters 248, sections 28 and 29; 252, section 24; Laws 1985, First Special Session chapters 9, article 2, section 89; 14, article 3, section 13; 14, article 4, sections 37 and 91; Laws 1986, chapter 399, article 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.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 118 yeas and 7 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Blatz	Carlson, L.	Fjoslien	Hartinger
Anderson, R.	Boerboom	Clark	Forsythe	Hartle
Backlund	Boo	Clausnitzer	Frederick	Haukoos
Battaglia	Brandl	Cohen	Frederickson	Heap
Beard	Brinkman	Dempsey	Frerichs	Himle
Becklin	Brown	Dyke	Greenfield	Jaros
Begich	Burger	Elioff	Gruenes	Jennings, L.
Bennett	Carlson, D.	Ellingson	Gutknecht	Johnson
Bishop	Carlson, J.	Erickson	Halberg	Kahn



Kalis	Metzen	Pauly	Schafer	Tompkins
Kelly	Minne	Peterson	Scheid	Tunheim
Kiffmeyer	Munger	Piepho	Schoenfeld	Uphus
Knickerbocker	Murphy	Piper	Schreiber	Valan
Knuth	Nelson, D.	Poppenhagen	Segal	Valento
Krueger	Neuenschwander	Price	Shaver	Vanasek
Kvam	Norton	Quinn	Sherman	Vellenga
Levi	O'Connor	Quist	Skoglund	Voss
Lieder	Olson, E.	Rees	Solberg	Waltman
Long	Omann	Rest	Sparby	Wenzel
Marsh	Onnen	Rice	Stanius	Wynia
McDonald	Osthoff	Richter	Staten	Zaffke
McKasy	Otis	Riveness	Sviggum	Spk. Jennings, D.
McLaughlin	Ozment	Rose	Thorson	
McPherson	Pappas	Sarna	Tjornhom	

Those who voted in the negative were:

DenOuden	McEachern	Rodosovich	Seaberg	Thiede
Kostohryz	Olsen, S.			

The bill was passed and its title agreed to.

Hartinger was excused for the remainder of today's session.

There being no objection the House recessed subject to the call of the Chair.

#### RECESS

#### RECONVENED

The House reconvened and was called to order by the Speaker.

#### MOTIONS FOR RECONSIDERATION

Schoenfeld moved that the vote whereby H. F. No. 2, as amended, was not passed earlier today be now reconsidered. The motion prevailed.

Levi moved that the action whereby H. F. No. 2, as amended, was given its third reading earlier today be now reconsidered. The motion prevailed.

H. F. No. 2, as amended, was reported to the House.

McDonald moved to amend H. F. No. 2, as amended, as follows:

In the McDonald amendment, page 3, delete Section 7

A roll call was requested and properly seconded.

The question was taken on the McDonald amendment and the roll was called.

Levi moved that those not voting be excused from voting. The motion prevailed.

There were 104 yeas and 21 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dimler	Krueger	Otis	Sherman
Anderson, R.	Dyke	Levi	Pappas	Skoglund
Backlund	Elioff	Lieder	Pauly	Solberg
Battaglia	Ellingson	Long	Peterson	Sparby
Beard	Erickson	McDonald	Piper	Stanius
Becklin	Fjoslien	McEachern	Poppenhagen	Staten
Begich	Forsythe	McKasy	Price	Thorson
Bennett	Frederick	McLaughlin	Quinn	Tjornhom
Bishop	Frederickson	McPherson	Redalen	Tompkins
Boerboom	Greenfield	Metzen	Rees	Tunheim
Boo	Halberg	Minne	Rest	Uphus
Brandl	Hartle	Munger	Rice	Valan
Brinkman	Jacobs	Murphy	Riveness	Valento
Brown	Jennings, L.	Nelson, D.	Rodosovich	Vanasek
Burger	Johnson	Neuenschwander	Rose	Velleuga
Carlson, J.	Kahn	Norton	Sarna	Voss
Carlson, L.	Kalis	Ogren	Scheid	Welle
Clark	Kelly	Olson, E.	Schoenfeld	Wenzel
Clausnitzer	Kiffmeyer	Omann	Seaberg	Wynia
Cohen	Knuth	Onnen	Segal	Spk. Jennings, D.
Dempsey	Kostohryz	Osthoff	Shaver	

Those who voted in the negative were:

Blatz	Haukoos	Miller	Piepho	Sviggum
DenOuden	Heap	O'Connor	Quist	Thiede
Frerichs	Himle	Olsen, S.	Schafer	Waltman
Gruenes	Marsh	Ozment	Schreiber	Zaffke
Gutknecht				

The motion prevailed and the amendment was adopted.

H. F. No. 2, A bill for an act relating to the family farm security program; authorizing the issuance of general obligation bonds to finance certain payments to be made by the state on family farm loan guarantees; providing an additional payment to certain sellers; appropriating money; amending Minnesota Statutes 1984, sections 41.51; 41.56, subdivision 4b; and 41.57, by adding a subdivision; Minnesota Statutes 1985 Supplement, section 41.61; and proposing coding for new law in Minnesota Statutes, chapter 41.

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 106 yeas and 19 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Elioff	Krueger	Pappas	Stanius
Backlund	Ellingson	Kvam	Pauly	Staten
Battaglia	Erickson	Levi	Peterson	Sviglum
Beard	Forsythe	Lieder	Piper	Thorson
Becklin	Frederick	Long	Poppenhagen	Tjornhom
Begich	Frederickson	Marsh	Price	Tompkins
Bennett	Frerichs	McDonald	Quinn	Tunheim
Bishop	Gruenes	McEachern	Quist	Uphus
Blatz	Gutknecht	McKasy	Redalen	Valan
Boerboom	Halberg	McPherson	Rees	Valento
Boo	Hartle	Metzen	Rest	Vanasek
Brandl	Haukoos	Miller	Ricc	Vellenga
Brinkman	Heap	Minne	Riveness	Waltman
Burger	Himle	Munger	Rose	Welle
Carlson, J.	Jacobs	Neuenschwander	Schafer	Wenzel
Carlson, L.	Jennings, L.	Norton	Schreiber	Wynia
Clausnitzer	Johnson	Olsen, S.	Seaberg	Zaffke
Cohen	Kalis	Olson, E.	Segal	Spk. Jennings, D.
Dempsey	Kelly	Omann	Shaver	
DenOuden	Kiffmeyer	Onnen	Skoglund	
Dimler	Knickerbocker	Otis	Solberg	
Dyke	Knuth	Ozment	Sparby	

Those who voted in the negative were:

Anderson, G.	Greenfield	Murphy	Osthoff	Scheid
Brown	Kahn	Nelson, D.	Piepho	Schoenfeld
Clark	Kostohryz	O'Connor	Rodosovich	Voss
Fjoslien	McLaughlin	Ogren	Sarna	

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

## MOTIONS AND RESOLUTIONS

Kalis and Piper introduced:

House Resolution No. 1, A house resolution commending the citizens of Blue Earth for their celebration of 100 years of educational excellence, to mark the 100th year of graduations and to celebrate with a Centennial Reunion June 27-28.

### SUSPENSION OF RULES

Kalis moved that the rules be so far suspended that House Resolution No. 1 be now considered and be placed upon its adoption. The motion prevailed.

### HOUSE RESOLUTION NO. 1

A house resolution commending the citizens of Blue Earth for their celebration of 100 years of educational excellence, to mark the 100th year of graduations and to celebrate with a Centennial Reunion June 27-28.

*Whereas*, the citizens of Blue Earth, Minnesota, have demonstrated spirit, initiative, and a spirit of gratitude in planning a centennial reunion; and

*Whereas*, focus is being placed on the importance to all Minnesota citizens of the high quality of Minnesota education; and

*Whereas*, those many individuals, teachers, administrators, and board members who have contributed to the excellent education afforded the students deserve to be commended and thanked; *Now, Therefore*,

*Be It Resolved* by the House of Representatives of the State of Minnesota that it commends the citizens of Blue Earth for their June 1986 school reunion.

*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 organizer of the Blue Earth school reunion.

Kalis moved that House Resolution No. 1 be now adopted. The motion prevailed and House Resolution No. 1 was adopted.

Kalis introduced:

House Resolution No. 2, A house resolution congratulating the girls basketball team from Bricelyn High School for participating in the 1986 Class A Girls State High School Basketball Championship.

#### SUSPENSION OF RULES

Kalis moved that the rules be so far suspended that House Resolution No. 2 be now considered and be placed upon its adoption. The motion prevailed.

#### HOUSE RESOLUTION NO. 2

A house resolution congratulating the girls basketball team from Bricelyn High School for participating in the 1986 Class A Girls State High School Basketball Championship.

*Whereas*, competitive sports in our high schools are helpful in teaching the principles of sportsmanship and fair play to our high school students, thereby contributing to better citizenship; and

*Whereas*, high school sports promote vigorous good health of the participants; and

*Whereas*, the girls basketball team from Bricelyn participated in the Class A Girls State Basketball Tournament as one of just 8 teams from among the many teams that originally participated in the tournament; and

*Whereas*, Bricelyn won the Region 2A Girls Basketball Championship; and

*Whereas*, the girls basketball team, as a team, made an outstanding and determined effort to win the tournament; and

*Whereas*, Bricelyn finished the year with an outstanding 24 and 2 win-loss record; and

*Whereas*, Bricelyn High School was the smallest school in the tournament with an enrollment of only 52; and

*Whereas*, Bricelyn 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 girls basketball team of Bricelyn High School on the accomplishments, skill, and determination of their girls basketball team and to the team's coach, and the team's fans.

*Be It Further Resolved* that the Chief Clerk of the House of Representatives is instructed to prepare an enrolled copy of this resolution to be authenticated by his signature and that of the Speaker and transmit it to the principal of Bricelyn High School.

Kalis moved that House Resolution No. 2 be now adopted. The motion prevailed and House Resolution No. 2 was adopted.

Levi moved that the Chief Clerk be and he is hereby authorized to correct and approve the Journal of the House, 1986 Special Session, for today, Wednesday, April 2, 1986, and that he be authorized to include in the Journal for today any subsequent proceedings and any appointments to legislative interim committees or commissions created by legislative action or by law. The motion prevailed.

Levi moved that the Chief Clerk be and he is hereby instructed to inform the Senate and the Governor by message that the House of Representatives is about to adjourn this 1986 Special Session sine die. The motion prevailed.

MOTION TO ADJOURN SPECIAL SESSION SINE DIE

Levi moved that the House adjourn sine die for the 1986 Special Session. The motion prevailed and the Speaker declared the House stands adjourned sine die for the 1986 Special Session.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

COMMUNICATIONS AND ANNOUNCEMENTS RECEIVED  
SUBSEQUENT TO ADJOURNMENT OF THE 1986 SPECIAL SESSION

## MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

This is to notify you that the Senate is about to adjourn the 1986 Special Session sine die.

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. 2, A bill for an act relating to the family farm security program; authorizing the issuance of general obligation bonds to finance certain payments to be made by the state on family farm loan guarantees; providing an additional payment to certain sellers; appropriating money; amending Minnesota Statutes 1984, sections 41.51; 41.56, subdivision 4b; and 41.57, by adding a subdivision; Minnesota Statutes 1985 Supplement, section 41.61; and proposing coding for new law in Minnesota Statutes, chapter 41.

PATRICK E. FLAHAVEN, Secretary of the Senate

STATE OF MINNESOTA  
OFFICE OF THE GOVERNOR  
SAINT PAUL 55155

April 9, 1986

The Honorable David M. Jennings  
Speaker of the House  
463 State Office Building  
St. Paul, Minnesota 55155

Dear Sir:

I have the honor of informing you that I have received, signed and deposited in the Office of the Secretary of State the following House File:

Special Session H. F. No. 1, relating to government in this state; updating the income tax law to conform with federal tax law changes; making administrative and technical changes in the income tax law; providing for direct payments of fire and

police state aids; requiring a one-year sales ratio study; changing dates for payments of certain state aids; delaying date for payment of second half taxes on agricultural property; authorizing reciprocal agreements with other states regarding interstate vehicles; requiring a report on the sales ratio study; eliminating a durational restriction on a special levy in Clearwater county; providing for delay of certain aid payments and altering computations; adjusting the computation and payment of local government aids; expanding tax clearance authority; expanding tax collection authority of the department of revenue; authorizing the department to file tax liens against homestead property; increasing the rate of interest to be paid in tax refunds; changing times for payment of certain taxes on liquor, cigarettes, tobacco products, and insurance premiums; imposing certain requirements on liquor wholesalers; altering enterprise zone provisions; providing for certain examinations; delaying transfer of motor vehicle excise taxes; reinstating the bottle tax; reducing the ethanol credit and providing payments to ethanol producers; adjusting income and asset criteria for recipients of medical assistance; repealing the provision for suspension of income tax indexing; making technical changes in property tax and other miscellaneous tax laws; transferring certain positions within the department of natural resources; establishing priorities for expenditure of additional revenues; reducing certain appropriations for education with certain conditions; adjusting complements; setting the foundation formula allowance and the amount to be raised by the basic maintenance mill rate; altering certain education aids and levy formulas and requirements; authorizing levies in certain school districts; making changes in certain pension, retirement, and social security provisions; limiting eligibility for school bus driver endorsements; providing for insurance coverage, expense allowances, board duties, office location, class days, building construction, approval on certain capitol improvements involving certain post-secondary education systems; providing for community emergency response hazardous substance protection; transferring certain funds between agencies; requiring certain studies and reports; imposing penalties; appropriating money.

Sincerely,

RUDY PERPICH  
Governor

STATE OF MINNESOTA  
OFFICE OF THE SECRETARY OF STATE  
ST. PAUL 55155

April 9, 1986

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 act of the 1986 Special Session of the State Legislature has been received from the Office of the Governor and is deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Special Session Laws Chapter No.</i>	<i>Date Approved 1986</i>	<i>Date Filed 1986</i>
	1	1	April 9	April 9

Sincerely,

JOAN ANDERSON GROWE  
Secretary of State

STATE OF MINNESOTA  
OFFICE OF THE GOVERNOR  
SAINT PAUL 55155

April 11, 1986

The Honorable David M. Jennings  
Speaker of the House  
463 State Office Building  
St. Paul, Minnesota 55155

Dear Sir:

I have the honor of informing you that I have received, signed, and deposited in the Office of the Secretary of State the following House File:

Special Session H. F. No. 2, relating to agriculture; authorizing the issuance of general obligation bonds to finance certain payments to be made by the state on family farm loan guarantees; providing an additional payment to certain sellers; adjusting certain provisions of the 1986 farm bill relating to mediation, farm business management training, disposal of farm land by corporations and agencies, deficiencies, and interest; appropriating money.

Sincerely,

RUDY PERPICH  
Governor

STATE OF MINNESOTA  
OFFICE OF THE SECRETARY OF STATE  
ST. PAUL 55155

April 11, 1986

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 act of the 1986 Special Session of the State Legislature has been received from the Office of the Governor and is deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S.F.</i> No.	<i>H.F.</i> No.	<i>Special</i> <i>Session Laws</i> <i>Chapter No.</i>	<i>Date Approved</i> 1986	<i>Date Filed</i> 1986
	2	2	April 11	April 11
1		3	April 11	April 11

Sincerely,

JOAN ANDERSON GROWE  
Secretary of State

CERTIFICATE

I certify that the 1986 Special Session Journal of the House for Wednesday, April 2, 1986, including subsequent proceedings, has been corrected and is hereby approved.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

